Department for Work and Pensions

Research Report No 495

Evaluation of the Fair Cities Pilots 2007

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A report of research carried out by the Institute for Employment Studies on behalf of the Department for Work and Pensions
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## Abbreviations

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<th>Description</th>
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<tr>
<td>ALM</td>
<td>Active Labour Market</td>
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<tr>
<td>BET</td>
<td>Basic Employability Training</td>
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<tr>
<td>BDM</td>
<td>Business Development Manager</td>
</tr>
<tr>
<td>CRB</td>
<td>Criminal Records Bureau</td>
</tr>
<tr>
<td>DWP</td>
<td>Department for Work and Pensions</td>
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<tr>
<td>EDMF</td>
<td>Employment Development and Modernisation Fund</td>
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<tr>
<td>ESF</td>
<td>European Social Fund</td>
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<tr>
<td>ESOL</td>
<td>English for Speakers of Other Languages</td>
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<tr>
<td>IAG</td>
<td>Information, Advice and Guidance</td>
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<tr>
<td>IB</td>
<td>Incapacity Benefit</td>
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<td>IS</td>
<td>Income Support</td>
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<td>JSA</td>
<td>Jobseeker’s Allowance</td>
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<td>LEP</td>
<td>Local Employment Partnership</td>
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<td>LSC</td>
<td>Learning and Skills Council</td>
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<td>MI</td>
<td>Management Information</td>
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<td>NEP</td>
<td>National Employment Panel</td>
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<tr>
<td>NI</td>
<td>National Insurance</td>
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<tr>
<td>PCSO</td>
<td>Police Community Support Officer</td>
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<td>SME</td>
<td>Small and Medium Sized Enterprises</td>
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Glossary of terms

Pilot Entrant = Referred for Assessment

Outreach from Pilot has reached potential candidates. Eligible candidates at the outreach stage are referred for assessment for a Fair Cities pipeline. In order to be eligible candidates must, for example:

- live within the prescribed catchment area;
- not be in employment;
- be eligible to work in the UK;
- satisfy minimum employer requirements, where appropriate (e.g., some employers will not employ anyone with a criminal record).

Outreach can take many forms, such as through community organisations, Jobcentre Plus and providers. Once referred, candidates are invited to an open day where they are assessed against the criteria for specific employer pipelines.

Pipeline Entrant = Course Start

Candidates who are successful at assessment stage and start a Fair Cities training course on an employer pipeline.

Pipeline Completer = Course Complete

Candidates who successfully complete pipeline training.

Long Term Unemployed

Candidates who state they have not worked for six months or longer, whatever their benefit status, so this may include inactive individuals.
Summary

This report sets out final results from the evaluation of the Fair Cities Pilots.

In September 2007, the Pilots had enjoyed two full years of operation and were about to enter their final six months of activity. Since their inception, they have enjoyed significant success in building strong, Local Boards, made up largely of the chief executives of leading local employers and these have provided the Pilots with an enormously powerful and persuasive presence, particularly within the employer constituency but also with other local stakeholders. In building local platforms, the Pilots overcame major difficulties, which arose through the combination of their commitment to operating independently of the mainstream and the necessity of doing this at speed, from scratch, and often subject to conventions and protocols which did not entirely suit their novel approach and ambitious objectives. The Pilots have shown that the Fair Cities proposition is an extremely attractive one to many employers, although it has only proved suitable for relatively large organisations, and none of the Pilots has had significant success in drawing in Small and Medium Sized Enterprises (SMEs).

Among the 180 pipelines that the Pilots built, have been several which fully reflect their ambitions and objectives. They have provided jobs of sufficient quality to transform the lives of the individuals moving into them and to provide their employers with reliable and committed workers. However, for the most part, pipelines were generally short (2.5 weeks), small (with an average of 14 beneficiaries to feed 11 vacancies) and inefficient (with only about five of these vacancies actually filled). Consequently, the Pilots have operated on a significantly smaller scale than was envisaged and that their cost structure warranted. As a result, they demonstrate very high gross unit costs, at over £7,500 per job entry, excluding the cost of the central secretariat.

The Pilots have come close to meeting only one of their four key operational objectives:

1. they successfully targeted beneficiaries from ethnic minorities (at 75 per cent of job entrants);
2. however, they helped far fewer than planned (with 802 job entries in September 2007 and an estimated 1,003 by March 2008, compared with an objective of 4,421);
hiring rates among pipeline completors were low (at 40 per cent); and
sustainability of employment was far lower than envisaged (49 per cent at 13 weeks compared with the 70 per cent target).

Although the Pilots have been very successful in reaching individuals from ethnic minority backgrounds, beyond this, there is evidence that the Pilots have had difficulty in helping people with more profound labour market disadvantages. The Pilots’ reach, beyond fairly readily employable individuals, coming forward on a voluntary basis, has not been demonstrated. In addition, the relatively small scale on which the Pilots have operated, means that there is scant evidence of any significant long-term impact on corporate employment cultures and hiring practices, on training provider responsiveness and flexibility or on expectations and self-confidence in the target communities.

As prototype initiatives, the Pilots have demonstrated some clear lessons for future demand-led interventions. Of these, the most important seem to be:

• the absolute necessity of cultivating robust links with employers;
• the deployment of skilled and employer-credible staff, operating in an account management role and so knitting together the three strands involved in pipeline building (employer, provider and beneficiaries);
• the need to integrate pipelines with provision for deeper rooted constraints on employability;
• demand-led pipeline content is likely to be much more diverse than previous generations of active labour market programmes and this requires much more flexible arrangements for procurement and contracting to build customised provision delivery of service;
• achieving greater sustainability in employment requires more active management and deliberate intervention than relying on the pull-factor of a ‘good’ job or retention-related contracts with training providers;
• there seems to be no necessity or advantage in restricting a demand-led approach, either to certain wards or to priority beneficiary groups. There seems a strong case for interventions of this kind to be city-based. In this sense, the Pilots’ experience is very relevant to the emerging Cities Strategy.
1 Introduction

1.1 Aims and objectives of the Fair Cities Pilots

The Fair Cities Pilots make up an experimental programme, designed by the National Employment Panel (NEP), which aims to increase the number of disadvantaged ethnic minority residents who gain steady work and new careers and to test the effectiveness and value-for-money of the demand-led approach in tackling disadvantage in the labour market.

The NEP initiated the Fair Cities programme and established Pilots in Bradford, Birmingham and Brent in November 2004. A Central Secretariat was established, with a Director appointed in January 2005. Local Directors and their teams were appointed during the spring and summer of that year and the first beneficiaries entered employment in November 2005. Funding for the Pilots ran through until March 2008.

The Fair Cities Pilots worked to three formal objectives:

• to increase the number of disadvantaged ethnic minority residents who gain steady work and new careers. This is achieved through three main strategies:
  – meeting employer demand for job-ready candidates;
  – encouraging fair and effective employer recruitment and promotion practices; and
  – increasing the responsiveness of the local employment and skills system to business and ethnic minority needs;

• to test the effectiveness and value-for-money of the demand-led approach in tackling disadvantage in the labour market;

• to apply practical lessons from the development and implementation of Fair Cities throughout the welfare-to-work system.
Two important and distinctive features of these Pilots have been that:

- the administration, delivery and strategic decision-making of the initiative has been locally based. Whilst NEP provided funding and guidance on overall Fair Cities policy and the Learning and Skills Councils (LSC) and Jobcentre Plus provided support in delivery, each Pilot has been granted a high degree of autonomy to develop workforce strategies that meet their own locally identified needs;

- local employers have constituted the key players among the several different groups of stakeholders and they provided the Pilots, both strategically and at the level of individual projects, with a ‘demand-led’ approach, providing interventions tailored to meet the requirements of specific employers’ vacancies, rather than generic support of beneficiaries in the open labour market.

In short, the Pilots have been designed to increase the responsiveness of the employment and skills system to business and ethnic minority needs, and in so doing, to meet real, identified employer demand with assured job-ready candidates. By targeting this activity, they have sought to increase the number of disadvantaged ethnic minority residents who gain steady work and new careers. In the longer term, they have aimed to encourage fair and effective employer recruitment and promotion practices.

1.2 Aims and objectives of evaluation

When the evaluation was originally conceived, the extent to which, and manner in which, some of the Pilots’ aims would be met remained to be established due to uncertainty about the scale, locations and ways in which the Pilots would operate and the character, quality and accessibility of Pilot Management Information (MI) and other relevant data.

As a result, the evaluation design offered a two-phased approach, in which:

- Phase 1 would run from May to late 2005 and would:
  - provide early insight into the objectives, organisation and activities of the Pilots;
  - assess the practicability of different approaches to meeting the more quantitative and comparative aspects of the brief;
  - involve a mix of documentary review, initial analysis of any Pilot MI data and qualitative research with key Pilot leaders, with Pilot staff and the beneficiaries they are working with; and with the Pilots’ local stakeholders and partners, particularly employers, local community representatives, Jobcentre Plus and other local labour market actors and training providers;
  - provide an interim report embodying such early insights about implementation in practice.
This first interim report\(^1\) was completed in November 2005. A summary of its key findings is included at Appendix A.

- Phase 2 of the research was formally agreed with the Steering Group in late 2005. This aimed to:
  - review and assess the Fair Cities Pilots as a means of delivering labour market interventions in disadvantaged communities;
  - identify and assess the immediate and ongoing impact of the Pilots on the beneficiaries;
  - assess the impact of the Pilots on participating employers and on the employer community; and
  - review and assess the effect of the Pilots on the local employment, training and community support infrastructure.

An interim report\(^2\) set out the substantive results achieved by the Pilots at September 2006. The main findings from that report are summarised at Appendix B.

The present report completes Phase 2 of the evaluation, and presents the position at September 2007, some two and a half years after the Pilots began operation.

### 1.3 Phase 2: Research methodology

The research methodologies adopted for this work were discussed at length in our previous report, *Evaluation of the Fair Cities Pilots: Revised Proposal for the Substantive Phase of the Research*, IES, 2006. It was proposed there that the present phase of the research would comprise a series of integrated fieldwork phases, during the course of 2006, each covering four key areas of interest:

- case study qualitative research with Pilots and the Central Secretariat;
- qualitative research with stakeholder and community organisations;
- case study qualitative research with employers;
- qualitative research with providers;

and supplemented by access to documentary records, some participant observation at key meetings and (when it became available) analysis of the Fair Cities MI system, in particular as it related to beneficiary flows and outcomes.

Thus, since early spring of 2006, a rolling programme of face-to-face interviews with key actors at all levels within the Pilots themselves, and the various organisations with whom they have worked, has been undertaken. IES has also

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had the advantage of access to the Fair Cities MI data since July 2006 and we present our final analyses of them in this report.

1.4 Summary of main findings

Chapter 2 describes the essential features of the novel and innovative Fair Cities Pilots initiative. In doing so, several important themes emerged, as follows:

• The Pilots’ strong central design imperatives, combined with their wish for grounded local implementation, has provided the Pilots with a complicated leadership matrix but one which has generally worked well.

• There has been significant success in building strong, representative Local Boards and these have been crucial in drawing in employers and job vacancies. However, and notwithstanding a small number of really successful cases, employer engagement has generally been with a restricted set of larger employers, typically offering a small number of vacancies and often on a one-off basis.

• The decision to operate the Pilots outside the mainstream, allied to the lack of existing launch platforms locally, led to significant delay in implementing Pilot activity and there have been ongoing administrative difficulties on account of a poor fit between the Pilots’ aims and the capabilities and conventions of the organisations through whom they have been obliged to work.

• Funding arrangements have been piecemeal and slow to cohere. Partly as a result, the Pilots have operated on a significantly smaller scale than the notional funding available might have supported.

• The first year of operation necessarily largely focused on capacity building. The subsequent 18 months of operation have suggested that the Pilots’ many and varied objectives have simply been too ambitious, with the result that three of the four core targets have not been achieved. A more restricted set of objectives might have been more appropriate and provided a sharper focus around which to prioritise delivery.

• As the Pilots have gained experience in building pipelines, it has become evident that there is a need to develop ways of dealing with less job-ready individuals, perhaps through multi-speed, multi-track pipelines, reflecting the diverse needs of jobseekers, in addition to those of employers.

• Demand leadership has proved more complicated to follow in practice than it might seem in theory. Typically, the quantitative element in the equation has proved difficult to manage, as the numbers of vacancies offered by employers has tended to shrink during the rather extended period of pipeline building. So, too, on the qualitative side, it has proved difficult to devise pipeline content to fit precisely into the gap between the employers’ hiring standards and the jobseekers’ capability.
Chapter 3 draws together data about the activities of the Pilots since their inception, focusing specifically on the outcomes attained. It shows that:

- the number of job entries secured with Fair Cities employers after two and a half years of operation has been disappointingly small – at 802 by the end of September 2007; this represents less than 20 per cent of the three-year target of 4,424. The monthly rate of job entries has remained fairly constant throughout and this should provide for a final outcome in the region of 1,000 job entries when the Pilots close in March 2008;

- targeting results have been mixed:
  - 75 per cent of job entrants are known to come from ethnic minority backgrounds and among them, Asian (or Asian British) and black (or black British) ethnicity are by far the most common, at 35 and 33 per cent of job entrants respectively;
  - well over half the job entrants (57 per cent) had worked in the 12 months before they joined the Pilots;
  - nearly two in three job entrants (61 per cent) had not been in receipt of benefit when they joined the Pilots and another 31 per cent had been on Jobseeker’s Allowance (JSA). Only seven per cent had been on Incapacity Benefit (IB) or Income Support (IS) at that time;
  - overall, just 44 per cent of job entrants to Fair Cities had an address within one of the target wards, compared with the target of 65 per cent;

- the quality of the jobs on offer seems to be good. Looking just at the jobs attached to pipelines that had actually started running at the end of September 2007, the overall average gross hourly rate for jobs associated with them was £6.89;

- the main reasons underpinning the low volume of job entries are identified as:
  - staff capacity constraints among the key Business Development Manager role restricted the number of pipelines successfully developed;
  - small numbers of vacancies offered to each pipeline by employers and further reduced during the (lengthy) process of developing a pipeline to fill them;
  - low hiring rates (40 per cent on average) among those successfully completing pipeline training;

- despite variation from one Pilot to the next and one pipeline to the next, overall sustainability of employment after hiring has also been disappointing, with just 49 per cent of job entrants still in work at 13 weeks, compared with a target of 70 per cent;

- finally, the average gross cost per job entry across all three and including the cost of the Central Secretariat has been high, at £8,903. If the costs of the centre are excluded, the gross cost falls to £7,572.
Chapter 4 considers the character and diversity of the pipelines themselves. It shows that:

- by the end of September 2007, the Pilots had successfully delivered 180 pipelines for some 52 employers. A high rate of repeat business, particularly in Birmingham, explains the disparity between these two figures and attests also to a high level of satisfaction among these employers with the outcomes from their pipelines;

- these pipelines were generally short (two and a half weeks), small (with an average of 14 beneficiaries to feed 11 vacancies) and inefficient (with only about five of these vacancies actually filled). In addition to these low hiring rates, significant translation and shrinkage effects were observed, which together reduced the number of vacancies effectively open to these pipelines;

- as they were custom-built around the needs of particular employers and jobs, the pipelines demonstrated considerable diversity in length and content; almost all, however, provided training and support in the preparation of beneficiaries to understand and perform well in the employers’ selection procedures which lay at the end of the pipelines. A minority supplemented this offer with significant skill training and these pipelines were generally significantly more selective on entry, lasted longer and demonstrated better hiring rates. There had been some experimentation with pre-pipeline training to remedy basic skill and language deficits among potential beneficiaries but there had been insufficient time for any reliable results to appear about their efficacy;

- thus, across all three areas and over two years of delivery, three different conceptions of pipeline design and content were evident:
  - very short pipelines which concentrate on polishing up virtually job-ready candidates by helping them to successfully negotiate fairly complex and rigorous selection procedures. They help candidates to get jobs with the kinds of high-end employer with whom they would previously have stood little or no chance;
  - medium length, and sometimes quite lengthy, pipelines which also focus on more-or-less job-ready candidates, which also provide help and guidance with unfamiliar selection procedures but which additionally provide substantive job skills and enable candidates to get jobs that they would previously not have been able to do;
  - longer provision, designed to remedy more profound shortcomings in employability and intended to help candidates who previously would not have been able to find a job at all;

- the research also suggested that while there is a place for each of these kinds of pipeline, there might also be a place for a multi-speed pipeline which contained all three of these types into a single pipeline with three different speed lanes. None of the Pilots had really developed anything like this in practice but clearly they would offer the potential to combine demand-led, employer-friendliness at one end, with the capacity to reach deeper into disadvantaged communities at the other;
both through inference (above) and through direct response to interview, participating employers indicated a high level of satisfaction with the pipelines. In our view, this derived from two sources:

– the first was the success of the Pilots in devising customised provision that recognised and sought to serve these employers’ sometimes exacting requirements;

– the second was the selectivity which the Pilots applied at the entrance to pipelines and which the employers supplemented at their exit.

Chapter 5 is concerned with Pilot beneficiaries who were recruited into a job and looks in particular at their experiences of employment and progression. It shows that:

• job entrants were largely from ethnic minority backgrounds and prime age groups and they tended to have had some, often recent, experience of employment. They were generally well motivated and were not generally without qualifications, although these tended to be at Level 1 or 2;

• they had mainly been recruited to entry level jobs (ie at the bottom of the internal labour market) in large employing organisations. The size and position in the labour market of these employers (ie towards the top) meant that the jobs themselves usually required qualifications above the entry level in the National Qualifications Framework. Although the entry requirements of these jobs was not generally high and varied somewhat between the different Pilots, they tended to be higher than they would have been among less prestigious employers;

• in terms of pay levels, non-pay benefits, corporate policies towards equity/fairness, access to training and access to promotion opportunities, these jobs undoubtedly represented an attractive opportunity for entrants who may have experienced disadvantage in their previous labour market experience. Furthermore, job quality and relatively high pay rates appear to be associated with higher (sometimes much higher) retention rates. However, this combination does not seem to have been sufficient to support high levels of retention and consequently, progression across the Pilots as a whole. Although 49 per cent at 13 weeks is not significantly different from what many mainstream employment programmes achieve (New Deal, for example), it falls very short of their 70 per cent retention target;

• low retention rates seem to follow mainly from the lack of any systematic and proactive process of post-employment support and the main reason for its absence has been inadequate contractual requirements on the providers to deliver it. There is some evidence to suggest that some jobs had simply not been suitable for particular kinds of beneficiary and the spread of realistic job previews across the pipelines reflects a developing awareness of the need to secure a good subjective fit between job and entrant;
• although there were a small number of contrary cases, there is little evidence that the Pilots have made a significant impact overall on corporate employment culture, policy or behaviour among employers who took part. This is perhaps unsurprising, given the limited lifetime of the Pilots and the relatively small numbers of vacancies filled by Pilot beneficiaries.

Chapter 6 focuses on how the Pilots have engaged and worked with employers. It shows that:

• Fair Cities staff were the primary route via which employers, many of whom were Board members, were engaged. Employers become involved with Fair Cities, primarily because they had a recruitment need or in response to skills shortages, but also to try to increase the diversity of their workforce. Corporate social responsibility was a less important reason for engagement at an operational level than for CEOs and on its own did not comprise a sufficient business case for involvement;

• Fair Cities tended to engage with large employers, many of whom had multi-staged recruitment processes. The types of jobs Fair Cities worked with did not reflect the full range of opportunities available in the local economies. There were some kinds of employer who had been targeted in all the Pilot areas, often because the success of one Pilot had led the others to work with the same sector; recruitment of Police Community Support Officers (PCSOs) into Police Authorities is a good example of this. Once involved with Fair Cities, many employers went on to be involved with multiple pipelines;

• the jobs offered by Fair Cities employers tended to be full-time, with rates of pay above the minimum wage. The full-time nature of the employment opportunities may be one reason why two in three job entrants were male. The jobs tended to offer career progression, in the main because of the organisation’s size. However, the skill requirements of many of the jobs often required the skills equivalent to Level 2 qualifications (five GCSEs A*-C). This was not always a good match to the skills of individuals in the target communities and could not be bridged in many instances by the amount of training offered via the pipelines. Only 14 per cent of job entrants had no prior qualifications;

• the vacancies offered to Fair Cities tended not to be ring-fenced and employers were simultaneously recruiting via other methods. Employers tended to offer candidates who successfully completed the pipeline access to the first stage of their recruitment process, which was often not an interview;

• Fair Cities staff and providers encouraged employers to be involved in pipelines to increase beneficiaries’ understanding of the available roles and the employer, although this could be time-consuming for the employer to undertake, particularly if there were multiple pipelines;

• few employers made changes to their recruitment and selection processes and criteria for Fair Cities candidates. High development costs and low numbers of job entrants have meant that the Pilots have been an interesting experiment rather than the shape of things to come.
Chapter 7 explores the role of the training providers in the Pilots. It shows that:

- we found no evidence that the Pilots had caused any long-term shift in the capacity of training providers to align their operations with the needs of a demand-led approach. We concluded that the Pilots had operated on too small a scale, over too short a timeframe, to encourage significant investments from providers in making such a shift;

- in the short-term, however, and drawing on their existing capabilities, the local provider-base had responded reasonably well to the ‘demand-led’ requirements and worked with Fair Cities and employers to incorporate employer-specific elements into the pipelines, alongside work on developing more generic skills;

- the necessity for the Pilots to work through the procurement arrangements and criteria of third parties, meant that the contracting process was often difficult for both sides but in the main it worked sufficiently well to provide the Pilots with access to their preferred providers;

- the Pilots’ account management approach worked well and enabled Fair Cities to understand the needs of both employers and providers and mediate between them where necessary;

- contracts were often based on job outcomes and retention, both of which fell well below the rates envisaged at the outset. While such contracts might represent a necessary means of driving provider performance, they have proved not to be a sufficient one and this is particularly clear in the area of sustainability of employment;

- the contracts often lacked the required flexibility to make them work as effectively as these issues came to light. Providers frequently found that the Fair Cities contracts they signed two years previously were no longer relevant for the changes made within the scheme but there was insufficient flexibility to restructure the contracts in the light of experience;

- in the longer-term, more flexible contracting arrangements, perhaps based on a Framework Agreement model, with pre-approved providers, might be more appropriate for procurement across numerous, small and diverse pipelines.

Chapter 8 examines the ways in which the Fair Cities Pilots have engaged with and recruited beneficiaries to the programme. It shows that:

- while there has been little overall difficulty targeting ethnic minority communities or in securing satisfactory volumes of joiners to the Pilots, the Pilots have continued to face challenges around engaging with the other target beneficiary groups. Indeed, it was noted in the interim report that Fair Cities faced a major challenge to extend the benefits of the initiative to the more disadvantaged within their target cohort. However, at this time, it was too early to identify which models would emerge as best able to deal with this challenge;

• while all three Pilots operated different models and at different times, they all experienced some common problems in their approaches to beneficiary engagement;

• underpinning this has been the difficulty the Pilots have had in resolving the conflict between the characteristics of the target groups, the selection preferences of employers and the estimates of outcome-incentivised training providers about who represents the best chances of joining the Pilot;

• significant proportions of the potential beneficiary intake seem to possess disadvantages which make them unsuitable to the relatively speedy preparation offered by many of the pipelines and the selection criteria of participating employers. Basic skill shortcomings and language barriers were the most common difficulty here but personal and circumstantial barriers as well as vocational shortcomings have been widely cited;

• while all three of the Fair Cities models adapted and developed over time and with experience, three strong lessons about beneficiary engagement have emerged from the experience across all the Pilots. These have been identified as the following features:

  – **The separation of outreach/beneficiary engagement and provision**: There is very little evidence that contracting providers to undertake beneficiary engagement has better aligned the assessment of beneficiaries’ competencies and the expectations of the employer. Through the experience of the Fair Cities Pilots, providers have instead leaned more heavily towards the employers’ needs by recruiting the most job-ready candidates, either because of inexperience in undertaking outreach activities (especially with the target groups) or because of the financial incentive attached to referrals.

  – **The use of an external agency to help co-ordinate beneficiary engagement**: The use of an external agency (such as Reed in Brent and the hubs in Birmingham), can potentially draw on, and co-ordinate, referrals from wider networks of community organisations and welfare-to-work agencies already active in the area. Acting as a single point of contact for individuals coming through to the Fair Cities pipelines, this feature of beneficiary engagement has been shown to deliver satisfactory volumes of beneficiaries, ease staff capacity within the Pilots and, in the case of Birmingham, usefully build trust and relationships with other agencies to provide a ‘supply brokerage’ to assist the throughput of beneficiaries. While there were difficulties in ensuring that this approach engaged the target groups in both Brent and Birmingham, this risk can be potentially offset by ensuring that the Pilot retains overall control (in-house) for beneficiary engagement.
Overall control of beneficiary engagement should remain in-house: From the experience of all three Pilots, it is evident that overall control over the process of beneficiary engagement should remain within the Pilots to control for the risk of potential shortcomings and bias in the selection/throughput of beneficiaries by external agencies and organisations. From discussions with the Pilots, which all, at some stage, implemented this feature, there was a high degree of convergence over the benefits of having a Fair Cities member of staff responsible for overseeing the process of beneficiary engagement by other agencies but also for complementing these existing efforts by developing direct links with community organisations;

• it is possible to conclude that the in-house model best lends itself to accommodating these three key features that have emerged through the experiences and lessons from across the Pilots. Importantly, the in-house model demonstrates the best potential to resolve the potential conflict between the characteristics of the target groups and the selection preferences of employers. It does this both by allowing the Pilots to draw upon wider expertise and networks already engaged with potential beneficiaries, while simultaneously controlling for the characteristics of the beneficiary flow through its own outreach activities. However, as the experience of the Birmingham Pilot has demonstrated, it is not enough to simply have the model in operation; the in-house mechanism for controlling beneficiary selection should be realised to its full potential if target groups are to be successfully engaged.

Chapter 9 sets out our broad conclusions and policy recommendations arising from the research. It argues that five aspects of the Pilots’ operation must be regarded as broadly successful. These are:

• Success in building employer leadership: The active and visible leadership of the three Pilots by local, strong and influential Boards, made up largely of the chief executives of leading local employers, has provided the Pilots with an enormously powerful and persuasive presence, particularly within the employer constituency but also beyond this, with other local stakeholders, notably local employment/skills/regeneration partnerships, training providers and community organisations.

• Success in building independent operating platforms: In building effective local operations, the Pilots overcame major difficulties, which arose through the combination of their commitment to operating independently of the mainstream and the necessity of doing this at speed, from scratch, and often subject to conventions and protocols which did not entirely suit their novel approach and ambitious objectives. It is, therefore, much to the Pilots’ credit that they rose above these difficulties to build highly professional teams through which to pursue their objectives.
• **Successful, but restricted employer engagement**: The Fair Cities proposition was an extremely attractive one to many employers and the Pilots showed that under the right circumstances, and with the right delivery arrangements, employer interest is likely to be high. Beyond this, however, lies an important potential constraint on the wider applicability of the Fair Cities model; it has only proved suitable for relatively large organisations and none of the Pilots has had significant success in drawing in Small and Medium Sized Enterprises (SMEs).

• **Success in building demand-led pipelines into high quality jobs with reputable employers**: Among the 180-odd pipelines that the Pilots built, have been several which fully reflect these ambitions of the Pilots. They have provided jobs of sufficient quality to transform the lives of the individuals moving into them, and to provide their employers with reliable and committed workers.

• **Success in focusing on ethnic minority beneficiaries**: Three-quarters of Pilot job entrants were from ethnic minority communities and indeed, in two of the Pilots, this proportion rose to between 80 and 90 per cent.

There have been some further aspects of the Pilots’ work that have been much less successful. These are:

– **Scale and scalability**: The low level of job entries has had some important consequences for the Pilots, not just in terms of a high cost-per-job reckoning but also in constraining much of the positive and energising impact which the Pilots hoped to have on the training infrastructure and through demonstration-effects within the target communities.

– **Low hiring rates**: Low hiring rates have seriously undermined the overall efficiency of the pipelines. Where they have been high, these have been longer pipelines, often with a higher vocational training element, which has significantly increased the attractiveness of the beneficiaries to the employer but has also raised the cost of the provision.

– **Sustainability of employment**: Over-reliance on the ‘pull’ factor of good jobs and on provider payments which are weighted to reward sustained job outcomes have led to disappointing sustainability outcomes. They have been far lower than was envisaged at the outset and have been an inadequate basis for the Pilots’ aspiration to promote career advancement.

– **Creaming**: Although the Pilots have been very successful in reaching individuals from ethnic minority backgrounds, beyond this, there is evidence that the Pilots have had difficulty in reaching out to, or in helping, people with more profound labour market disadvantages. The Pilots’ reach, beyond fairly readily employable individuals, coming forward on a voluntary basis, has not been demonstrated.

– **High cost**: The relatively high operational costs of the Pilots make them look a significantly more expensive proposition than most comparable initiatives.
The key policy implications of the research are:

- **Getting rolling**: It took far longer than expected to set up the Fair Cities Pilots and there is a strong case for projects of this kind to have time, funding and specialist staff support to get their operation off the ground. The Pilots would have benefited greatly and future active labour market projects would do similarly, from a capacity-building ‘year zero’.

- **Too many aims**: The Pilots’ design was either ambitious or innovative (usually both) at virtually every point. Few of these aims have been achieved in a complete or unqualified manner, and some hardly at all. It seems reasonable to suggest that a more restricted set of objectives might have been more appropriate and provided a sharper focus around which to prioritise delivery.

- **Cultivating links with employers**: As Jobcentre Plus and Department for Work and Pensions (DWP) develop Local Employment Partnerships (LEPs), they can usefully learn from the Pilots’ experiences and methods of drawing in major local business leaders, winning credibility among the employer community and establishing demonstration effects, which others will be keen to emulate. They will, however, need to find ways of extending these links beyond the relatively restricted cohort of large organisations with which the Pilots operated.

- **Overcoming operational problems**: Implementation of the Jobs Pledge is likely to face exactly the shrinkage, translation and low hiring rate problems which have significantly undermined the efficiency of the Fair Cities’ pipelines. We present some suggestions, drawn from the Pilots’ experience, as to how this might be done.

- **Account Manager role**: In working to build the LEPs and deliver against the Jobs Pledge, Jobcentre Plus will encounter a need for high quality, experienced and employer-credible staff if they are to successfully engage with the employer community. The Pilots also quickly converged on the most appropriate means of deployment of these staff; in an account management role, which would knit together the three strands involved in pipeline building.

- **Flexible procurement and contracting to build customised provision**: The Pilots showed that demand-led pipeline content is likely to be much more diverse than previous generations of active labour market provision. This suggests the need to have procurement arrangements, such as a Framework Agreements approach, to provide for a much more flexible delivery of service than the current arrangements easily do.

- **Voluntarism and beneficiary recruitment**: As the Pilots have not worked with any mandated individuals, they tell us nothing about the willingness of, say, New Deal participants to pursue these jobs, or of their ability to compete effectively for them or of their acceptability to employers. We suggest how the Pilots’ approach may need to be modified to work effectively with mandatory participants and how mandatory skills health checks among longer-term unemployed individuals could provide Jobcentre Plus with an effective and systematic means of sifting this customer group before putting them forward to fulfil their side of any Jobs Pledge.
• **Integration with provision for deeper rooted constraints on employability:** Potential beneficiaries, with more profound constraints on their immediate employability, need longer/more substantial support than Pilot pipelines have typically offered. The extension of the skills health check proposals to include all those in receipt of JSA provides a sound basis for at least identifying these difficulties at an earlier stage. There will remain a difficulty in integrating more extended provision with a ‘finishing school’ of demand-led pipelines.

• **Find routes to cost effectiveness:** Any successor programme to the Pilots will need to:
  – increase beneficiary volumes, through seeking repeat business, drawing on a wider employer engagement and deploying sufficient resource, particularly in the key role of Account Manager/Business Development Manager, to convert leads into pipelines;
  – increase pipeline efficiency and improve hiring rates through securing a better understanding of employers’ selection practices and criteria, undertaking better job matching orienting towards less demanding jobs, recycling failed trainees and working more closely with existing initiatives.

• **Achieving greater sustainability in employment:** Sustainability requires more active management and deliberate intervention than just relying on the pull-factor of a ‘good’ job. Furthermore, contracts with training providers should require specific actions to deliver to achieve good retention results and perhaps rely less on financial incentives structured around them.

• **Broader targeting:** There seems to be no necessary, or particularly advantageous, reason why a demand-led approach should be restricted either to certain wards or to priority beneficiary groups. There seems a strong case, then, for interventions of this kind to be city-based, rather than more narrowly focused. In this sense, the Pilots’ experience is very relevant to the emerging Cities Strategy.
2 Design, governance and delivery

This chapter sets out the most important design features of the Fair Cities Pilots and then goes on to describe the ways in which these have been operationalised. Because the Pilots have sought to deliver an intervention which is different in many important respects from mainstream active labour market programmes, it is important that these structural, design and operational features are well understood at the outset.

Accordingly, the chapter covers the following areas:

- key design elements of the Pilots; including employer leadership, demand-led provision and targeting of particular disadvantaged communities;
- key delivery elements; including the National Steering Group, the Central Secretariat, the Local Boards and teams, finance and budgets and external stakeholders and partners;
- key design and delivery lessons.

The chapter ends with a brief note about the diversity (of circumstance, intention and outcome) evident between the three Pilot sites and how this variety is treated throughout the rest of the report.

2.1 Key design elements

The 2004 National Employment Panel (NEP) report: *Fair Cities: Employer-led Efforts That Produce Results for Ethnic Minorities*[^4], sets out the key features of previous, mostly American, initiatives of this kind and showed what it takes to organise, manage and sustain these kinds of employer-led initiatives. Drawing directly on this review, the Fair Cities Pilots represent an approach to active labour market programmes which in many ways is quite distinct from previous mainstream

[^4]: http://www.nationalemploymentpanel.gov.uk/work/faircities.htm
interventions but which prefigures several elements which are likely to be more prevalent in the future. These include, for example, a more emphatic role for employers, the specific and precise targeting on hard-to-help groups and the greater emphasis on customisation around diverse needs and circumstances.⁵

The 2004 NEP report sets out five key design elements, which have greatly influenced the design of the Fair Cities Pilots, and these represent a convenient means of summarising the essential features of the Pilots. These were discussed in some detail in our earlier interim report⁶ and our discussion here is shorter, but still the five sections which follow show how the Pilots have implemented these key features of the initiative, and then in the sixth, we set out some further features of the Pilots which are also of central importance in understanding their operations.

### 2.1.1 Employer leadership and strategic direction

Although the terms ‘employer-led’ and ‘demand-led’ are often used interchangeably, there is an important distinction to be made between the employer leadership at the level of strategy (which we take to be employer-led) and the customisation of particular initiatives to make them more sensitive to employers’ needs (which we take to be demand-led).

The employer-leadership of the Fair Cities Pilots has been secured through their responsiveness to a National Steering Group (which has strong employer membership) and the three Local Boards (which are almost entirely composed of leading local employers). At the national level, the Fair Cities Steering Group has been responsible for ensuring that the Pilots have operated according to the Fair Cities design principles, has provided a focal point for plans and performance to be reviewed, and has advised on the whether the programme was on target to deliver its objectives. The three Local Boards have similarly been responsible for setting the strategic direction of the individual Pilots and reviewing progress against their local business plans.

The membership of these Boards is shown in Appendix A and it is clear that the Pilots have successfully engaged the active support and involvement of key employer representatives at both levels, which goes well beyond the ‘business-backed’ character of some earlier UK initiatives, such as early employer involvement with the New Deal.

### 2.1.2 Responsiveness to employer demand and business needs

A more obvious way in which the activities of the Fair Cities Pilots contrasts with mainstream programmes, is that they have sought to build interventions which prepare disadvantaged jobseekers for specific vacancies and their associated personal and skill requirements. This approach stands in marked contrast to

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⁵ *In work, better off: next steps to full employment*, Department for Work and Pensions, July 2007, Cm 7130.

mainstream welfare-to-work provision, which focuses more on the provision of generic employability skills and jobsearch competence. They have achieved this by constructing discrete initiatives (called pipelines, hereafter) with specific employers. Down these pipelines, from employer to the training provider, flow the precise job and skill requirements, and selection criteria and recruitment processes, for which beneficiaries are to be prepared. Up the pipelines, the training provider delivers training and job preparation courses which focus precisely on these needs and requirements. In effect, beneficiaries receive specific help geared to known requirements, rather than general help geared to generic requirements.

This flexible and customised content at the programme delivery-level has been the key feature of the Pilots’ ‘demand-led’ design and is discussed in detail in Chapter 4.

2.1.3 Customised services that help ethnic minorities succeed in employment

The Fair Cities Pilots have explicitly recognised the need both to improve employment opportunities for members of ethnic minority communities, while simultaneously helping employers access a previously under- or un-used labour supply which they may find helpful in tight labour market conditions. Beneficiary eligibility has not been restricted to members of ethnic minority groups but rather, Pilot operations have been targeted at wards within the cities which are known to have both high proportions of individuals from ethnic minority backgrounds and high rates of unemployment and inactivity within them. To this end, the Pilots have had a core target that 65 per cent of job entrants should come from these wards. The wards, and the Pilots’ success in using them to focus on their ethnic minority-community beneficiaries, are discussed in Chapter 3.

Success in employment has included retention, job quality and progression, as well as simply getting hired. To this end, the Pilots have been committed both to work with individual beneficiaries to get them into, and keep them in, ‘good’ jobs, and to work with employers to help them improve the responsiveness of their HR policies and practices to the longer-term benefit of ethnic minority employees and recruits. Once in work, the Pilots have sought to offer ongoing support, both to keep individual beneficiaries in work and to help them progress to better jobs through internal promotion or job changes. Their activities in this respect are discussed in Chapter 5.

2.1.4 Local capacity and infrastructure to mobilise and support employer-led partnerships

The Pilots have not provided any training or support directly but have sought to work through, and to energise, existing training providers. By grounding themselves firmly and visibly in local areas and by establishing a professional intermediary body between local employers and training providers, the Pilots have hoped to improve the responsiveness of training provision to the needs of both local employers and the target beneficiaries. Whatever the exact spatial focus, be it at neighbourhood, ward or city level, the building of capacity within the cities
themselves, working together in partnership with other city-based organisations, is intended to promote the effectiveness of training and job preparation support in the light of specific employer requirements and assessed beneficiary needs. The means through which the Pilots have approached this and the success they have achieved, are discussed in Chapter 7.

2.1.5 Commitment to monitoring and meeting outcomes

The Pilot character of this initiative and the fact that, within the UK, approaches of this kind have been relatively uncommon, together place a high emphasis on monitoring progress, both as a means of making medium-term adjustments and of assessing longer-term outcomes. Although the formal entry criteria to a Fair Cities pipeline are relatively unconstrained (beneficiaries need only be without work; they need not be from an ethnic minority group or to come from one of the target wards), the cost-effectiveness of the Pilots requires them to attract a high proportion of individuals who are in receipt of benefit and who are unlikely to have found work otherwise. Consequently, keeping a close watch on the circumstances of entrants is quite an important priority. The outcomes from the Pilots, to September 2007, are discussed in Chapter 3.

In addition, the intention to support beneficiaries on a potentially long ‘journey’ (out of unemployment, through a training course, through a selection procedure, into work and job progression) has placed an additional emphasis on the need for a fairly sophisticated Management Information (MI) system to track beneficiaries. Finally, the intention to secure all of this through third parties, on a commercial basis, has provided further rationale for a detailed, reliable and ‘real time’ database.

2.2 Some further key features of the Pilots

The five elements outlined above constitute the key formal design features of the Pilots, but there are some other facets, which are less prominent in the literature, but which are both essential in making them work and crucial to understanding why and how they might do so. These are discussed below.

2.2.1 Substitution

The Fair Cities Pilots were never intended to be a job creation scheme. Almost all of the vacancies they have filled would probably have been filled in their absence but they would almost certainly not have been filled by members of the Pilots’ target communities. Notwithstanding the possibility that labour shortages might have precluded some of the vacancies being filled in the short term, for the most part the Pilots have worked to effect a substitution in favour of their target beneficiaries at the expense of other jobseekers. Substitution rates are, therefore, likely to be high.
2.2.2 Voluntarism

Participation in the Pilots has been voluntary for beneficiaries. This is important in two respects: On the one hand, winning employer support for the Pilots has probably been made easier, in view of their likely aversion to ‘pressed men’, ie people mandated to apply for their vacancies under threat of losing their benefit. On the other, it has restricted the applicability of the Pilots among potential beneficiaries, in particular by making participants in the core mainstream labour market programmes (ie New Deal 18-24 and New Deal 25 plus) ineligible for Fair Cities, because they were mandated to take part in them.

This has proved to be an unfortunate design feature of the Pilots, because it has prevented them from exploring the potential for demand-led provision and an enhanced sensitivity to employers’ needs, to chip away at employers’ widespread reluctance to work with beneficiaries who are not volunteers. The Pilot has, therefore, been able to throw no light on the appropriateness of this approach for mandatory beneficiaries.

JSA recipients who were not at present taking part in a mandatory programme of this kind have been able, of course, to take part in the Pilots, but the ‘16 hour rule’, which restricts the amount of time that they can spend on activities which make them unavailable for work, has made their participation in the Pilots effectively a part-time affair.

2.2.3 ‘Guaranteed’ vacancies

If participation has been voluntary, then the question arises as to the ‘drivers’ which have encouraged potential beneficiaries to take part. To some extent, they might well be expected to take part anyway (most unemployed jobseekers try to maximise their chances by trying any number of different avenues until one comes off); to some extent they have been pulled towards the Pilots by the perceived quality of the jobs that the pipelines are directed towards. However, by far the most important draw has been the perceived ‘guaranteed’ character of the vacancies.

It is important to be quite clear on this point. The Pilots have not guaranteed jobs to their beneficiaries, still less a specific job at the end of a specific pipeline. Nor have they expected employers to guarantee to hire people who complete one of the pipelines. The most that has been guaranteed to a beneficiary who completes a pipeline is access to that employer’s selection system. In most cases, this has effectively meant an assured interview but the complexity and multi-phased character of some employers’ selection procedures, has meant that some beneficiaries have been rejected before reaching an interview stage; in some cases on account of shortcomings in their job application or CV, in others as a result of a telephone screening interview, in still others as a result of a Criminal Records Bureau (CRB) problem coming to light late in the day and so on.

Certainly the vacancies have been real ones and certainly it can be plausibly maintained that Fair Cities pipelines have arguably been the most favourable
means of getting one of them, but it is not a sufficient criterion. The jobseeker must still meet the hiring standards and selection criteria and processes laid down by the employer. It should be said, however, that even with all these provisos, the proximity to a real and high quality job to which the pipelines will bring jobseekers does represent an extremely strong gravitational pull.

### 2.2.4 Branding and intermediaries

The Pilots have created and enjoyed a strong brand image, but this has faced largely towards employers, whom the Pilots have been seeking to recruit to a high quality programme and to training providers through whom the Pilots have sought to work. The brand has not been greatly used in work with beneficiaries, who may not even have known the genesis of the training programmes in which they were taking part. As discussed already, although the Pilots played a direct role in the design of individual pipelines, they have not delivered them themselves but most often they have contracted with local organisations both to recruit potential beneficiaries and to deliver the training. Sometimes these have been the same organisation but more often recruitment has been handled by organisations who are community-based or who are ‘jobseeker-based’; the former bring their outreach capability and exploit roots in local communities which may have taken many years to develop; the latter may be private employment agencies or may be part of the public mainstream job-broking and Information, Advice and Guidance (IAG) system, with Jobcentre Plus being an important source of such referrals.

Where private or third sector organisations are concerned, particularly in delivering pipeline content, the Pilots have faced a substantial managerial challenge in devising and deploying contractual arrangements, payment regimes and monitoring procedures appropriate to task these providers to delivering a fairly non-standard service.

### 2.2.5 A free service

Neither jobseeker nor employer is charged for the help they both receive through the Pilots.\(^7\)

### 2.2.6 Degrees of disadvantage

The Pilots have been designed to help people who are at some considerable disadvantage in a competitive labour market. Yet at the same time, they aimed to provide employers with job-ready candidates and furthermore, to do so through training courses which have not been, on average, particularly long (about two and a half weeks – see Chapter 4). These design features combine to limit

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\(^7\) In the very earliest design discussions, the idea of charging employers for this provision was mooted. However, it was soon dropped, as inappropriate for an entirely new and untested initiative. Core Treasury funding was then supplemented from European Social Fund (ESF) and any need to charge employers also receded.
the extent to which the Pilots might work constructively with people suffering from very profound or perhaps multiple disadvantages. A good example of this problem concerns shortcomings in language skills, one of the central reasons why members of ethnic minority communities face particular disadvantages in seeking work and progressing when they find it. While it might be possible to identify this constraint when individuals first come into contact with Fair Cities and perhaps to arrange referral to appropriate support, there seems to be little prospect for including significant English for Speakers of Other Languages (ESOL) training within the ambit of what are generally short pipelines. As we will show in Chapter 4, the Pilots have encountered this difficulty and in some cases come up with ways of circumventing it, perhaps through working with other providers who had delivered earlier, and perhaps more fundamental, help to bring the more severely disadvantaged individuals to a point where they are close to being job-ready. The Pilots have certainly not been averse to working with other providers to achieve mutually advantageous results; indeed, one of their objectives has been to plug gaps within the existing framework of support and guidance for putative jobseekers. Nevertheless, the limited capability of the Fair Cities model to address more profound barriers to employment, has presented a strong tendency to orient towards the most employable within the target communities. The characteristics of beneficiaries are discussed in Chapter 3.

2.3 Key delivery elements

These, then, are the central design features of the Fair Cities Pilots, both those which are prominent in the Fair Cities formal objectives and literature and some less obvious ones, which are equally important in understanding the essential characteristics of the Pilot's operations. It is to these delivery features that we now turn.

2.4 The National Steering Group

The NEP has delegated full responsibility for the delivery of the Fair Cities Pilots to the National Steering Group, meeting originally quarterly and subsequently bi-annually and comprising 11 members, representing the NEP, major employers, the local Fair Cities Boards and the relevant public authorities. Between full Steering Group meetings, a smaller sub-group has met regularly with the three local project directors. In practice, the Steering Group is mindful of the strong commitment to local leadership in these Pilots and has, therefore, not sought to exercise undue detailed control over local developments.

2.5 The Local Boards

The delivery of the Pilots has leaned more obviously on the Local Boards for guidance and direction than it has on the National Boards. Their role has been to:
• set a clear strategy for closing the local employment gaps;
• approve and oversee performance of the local Fair Cities strategy and business plan;
• promote the initiative to other local employers;
• ensure that other bodies, such as public agencies, community organisations, etc. are fully involved.

We noted in our earlier reports that the existence and prominence of the Local Boards provided a crucial and early axis well before the local Directors and teams were in place, around which interest in the initiative could be cohered and confidence among potential funders fostered. This provided a real sense of grounded, local initiative from the outset, as well as tangible evidence for the commitment of key local employers.

For the most part, Local Board membership has comprised the CEOs of large employers based, or with significant presence, in the cities. The Local Boards are not wholly made up of employers of course; there is also some representation of other local stakeholders, such as Jobcentre Plus and the Learning and Skills Council (LSC). Recruitment to Local Boards amongst employers has largely been achieved through peer group persuasion, particularly on the part of the Chairs and, as evinced by the composition of the Boards (see Appendix A), this has been very successful.

As the Pilots moved out of their set-up phase, other roles have increased in emphasis. Thus, as the capacity to establish and deliver pipelines has been developed, there has emerged an ongoing need to draw more employers in – as pipeline sponsors, not necessarily Board members. CEO credibility with peers has been widely cited on all sides as a crucial mechanism for getting the initial attention of possible employer sponsors. As the delivery phase of the Pilots now draws to a close, it is undoubtedly clear that the commitment and public visibility of leading, local employers has contributed enormously to the operation of the Pilots. This has been registered both directly, in that many (although not all) Board members have offered vacancies within their own organisations, and indirectly, in lending credibility to the Pilots’ activities within the wider employer constituency. Where this support was less evident or was less effectively utilised, the Pilots had to work much harder to win the confidence of potential employer participants.

Fair Cities leaders have fairly unanimously taken the view that representatives of the HR function within employing organisations are unlikely to be seen as sufficiently senior to deliver this ‘ambassador’ role on the Pilots’ behalf. Whether or not this is true, it has opened up a gap within some of the organisations that have sponsored pipelines, between on the one hand, the CEO’s public commitment which has initiated the organisation’s participation, and the more mundane day-to-day activities which turn that commitment into a viable pipeline. Most of the participating employers have been large and complex organisations, often with a
decentralised delivery of strong and formal recruitment and selection protocols, frequently across multiple establishments by general/departmental/site managers. This has frequently posed a difficulty for the Pilots; either, the CEO has retained an active interest, in which case it could become a time- and effort-consuming task, or responsibility has devolved to the relevant line/departmental/site managers, who often had strongly competing priorities and less of a personal commitment to the success of the pipeline. This transition has been an important factor in the frequent ‘shrinkage’ of the number of vacancies offered to the Pilots, between initial senior commitment and ground-level vacancies practically available.

2.6 The Directors

If the presence and influence of the Local Boards has been a major feature underpinning the success of the Pilots, then character and competence of the Pilot Director has been arguably just as important. Although the Fair Cities model does have strong ‘top-down’ design elements, a great deal is determined at local level, and there has been considerable room, both for adapting to local circumstances and for trying out different approaches to delivery.

Looking beyond the role of the Directors in working with their Boards to build a credible local presence, there have been two absolutely central roles that have relied greatly on the local Directors:

- **Securing employer commitment to take part in the Pilot**: typically, potential future employer participants in the Pilot would be ‘spotted and warmed up’ by one of the Board members, on a rolling, peer recruitment basis. It would then usually fall to the Director to turn this potential interest into a genuine opening. As a result, the credibility of the Directors with CEO and similar senior managers among local employers has been of extreme importance in securing their participation.

- **Operational management**: the Pilots have not enjoyed the benefit of functional specialist managers, in areas like finance, personnel, administration, IT, etc. As a result, virtually all of this managerial responsibility has fallen on the Directors’ shoulders. Furthermore, as we have shown, in terms of the standing start, the lack of any local operational infrastructure, the necessity to work through third party organisations, etc., it did not fall lightly.

There was a general consensus among the Directors that this second responsibility took up far more of their time and energy than they had expected and in some cases stretched their capabilities further than envisaged.

A further difficulty which the Pilots encountered was that, for a variety of reasons, there were considerable personnel changes among the Pilots’ leadership during their implementation. One of the three Pilot Directors left to take up a senior role in the local Chamber of Commerce, another was transferred to responsibilities within the Central Secretariat and the third took up the role of Fair Cities Director, when that post became vacant. Some staff changes might be expected to constrain
the work of any three-year experiment but it would seem that Fair Cities was particularly unlucky in this respect.

2.7 The local teams

The local teams were each about the same size, with about half a dozen staff in post at any one time but initially, were somewhat differently structured. These different approaches are discussed in our interim report\(^8\) and there is no need to repeat them here because over time there was some important convergence between the three, particularly in the way in which the employer engagement function was organised.

The model of employer engagement which emerged centred on a kind of account management role, which for convenience we refer to here as the Business Development Manager role. This role centred on the central responsibility for taking forward the ‘in principle’ commitment secured via the Board and the Director and turning this into a viable, effective pipeline. It, therefore, required the knitting together of three stands:

- establishing the precise character of the employer’s labour requirements and finding out how their selection procedures and criteria operated to secure them;
- liaising with both the employer and the training provider to identify the kinds of activity and support which would form the content of the pipeline; and
- securing interest in entry to this pipeline from potential beneficiaries who simultaneously met the Pilot’s general eligibility criteria and who were likely to be able to meet the employer’s selection criteria once they have passed through the pipeline.

In at least one of the Pilots, these three strands (employer marketing, training provider liaison and community engagement) were initially functionally distinct, yet over time, in all three Pilots, this combined model focused on specific pipelines and combining the necessary inputs to build and deliver them effectively, became the standard modus operandi.

2.8 Central Secretariat

The Fair Cities Central Secretariat comprised the Director and three policy leads, who were responsible for policy/communications, planning/performance and partnerships. There was, in addition, a programme manager, responsible for the general infrastructure of the project and finance/administration support staff. The Director reported to the National Steering Group and was in turn reported to by the three Pilot Directors.

\(^8\) Op. cit.
The early decision by NEP to develop Fair Cities as a freestanding initiative outside the infrastructure of Jobcentre Plus⁹ had important consequences for the Central Secretariat, and indeed for the Pilots as a whole; on the one hand it meant that it would have an important managerial, leadership and co-ordination role but on the other it would do so virtually from ground zero, without the advantage of significant infrastructure, procedures, staff or resources already in place.¹⁰ Although several key staff had some previous experience of active labour market programmes, this was uncommon.

As we pointed out in our interim report¹¹, delay in establishing the Central Secretariat has added to the difficulty. The Director was appointed in January 2005, by which time two key development workers had both come to the end of their contracts and left and although the Local Boards were successfully recruiting members, there was a period when the Pilots enjoyed neither significant central, nor local, resource to begin to develop or implement the Boards’ plans.

It is no exaggeration to say, then, that this combination of independence from the mainstream and delay meant that the Central Secretariat was faced with the need to reinvent the wheel (in terms of devising and implementing the many activities needed to effect roll-out) while simultaneously setting out to deliver the Pilots’ ambitious objectives. Despite these difficulties, which are discussed in more detail in our interim report¹², the central and local teams were mostly in place by October 2005 and the flow of beneficiaries into employment started at the close of the year.

2.9 Financing the Pilots

The Fair Cities Pilots’ funding derives from two sources:

- £8.7m of funding was provided by the UK Treasury from central Government’s Employment Development and Modernisation Fund (EDMF). This was originally envisaged largely to cover set-up, infrastructure and staffing costs, during the three years 2004/05, 2005/06 and 2006/07, plus initial programme delivery. After some initial preparatory work during 2004/05, this was planned to be disbursed, with about £2.2m to each Pilot and £1.7m to the centre, plus a small contingency reserve. This anticipated spend was associated with an indicative job ‘target’ of 2,475, ie 825 jobs per Pilot.

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⁹ This may not have been an altogether free choice, as there were some doubts about Jobcentre Plus’ readiness to deliver the Pilot.

¹⁰ They did, however, benefit from close liaison with, and support from, Jobcentre Plus Partnerships Division, and locally from Jobcentre Plus Regional and District Offices.


- ESF. It was originally intended to supplement this core funding through an additional ESF income stream, largely to support programme delivery. This was not handled centrally but rather with the three Pilots each applying separately to ESF, with anticipated funding of around £5 million each, envisaged to cover the bulk of anticipated spend on programme delivery.

The actual expenditure of the Pilots has been far less than this potential funding, at an estimated £8m for the entire three years up to March 2008 and there have been a number of factors contributing to this:

- Early changes in the Fair Cities business model, most particularly around the possibility of introducing a further three Pilots in subsequent years (as indicated in the original funding bid) led to uncertainty on the Pilots’ part about just how much EDMF monies they really could confidently expect to receive.

- Delay in implementing the Pilots and an extended capacity-building phase led to considerable underspend in the first year of operation, with the Pilots spending only half of the £2.6m budgeted for 2004/05. Although the confusion surrounding virement was eventually sorted out, with most of the original funding passing forward into the delivery phase, this (in combination with the issue noted above about the overall size of the budget) introduced a considerable level of uncertainty into the planning of the Fair Cities roll-out within the Central Secretariat.

- Securing agreement for access to the ESF monies took a very long time. ESF funding for Birmingham, for example, was not released until 18 months into the project. Furthermore, some of the ESF funding which was secured was not readily applicable to the Pilots’ planned activities, with the Birmingham Pilot ESF funding in particular derived from an ESF Priority 1 (Lifelong Learning) funding stream, which was not readily compatible with the kinds of activities which the core model of the Pilot proposed.

- The administration of the Pilot budget has proved to be extremely complicated, such that it is has taken an enormous proportion of the time of senior staff within the Central Secretariat. The independent character of the Pilots carried with it the unfortunate consequence that they have been severely limited in their capacity to receive and to spend public funds and that this has largely to be achieved through a third party. Not only has this proved quite complicated in itself to set up and administer, it has also meant that the third parties’ rules and procedures have additionally had to be complied with, in the disbursement of monies which the Pilots had believed had been provided for them to use quite flexibly as their Pilot status might require.

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Jobcentre Plus has been that third party as far as the overall responsibility for EDMF funding is concerned. LSC has acted as local Managing Agents in Birmingham and Bradford and in Brent these roles have been split between various third party organisations (for HR) and Jobcentre Plus (for procurement).
However, while all of these factors have introduced an element of delay, constraint or administrative hassle into the funding arrangements, by far the largest factor underlying the spending pattern of the Pilots has been that the overall scale of operation of the three Pilots has been much smaller than originally envisaged.

During the three years of operation, it is estimated that only around 80 per cent of the EDMF funding will be spent, and that the ESF spend will only be about £2.5m, as Table 2.2 shows.
### Table 2.1  Fair Cities budgets and expenditure, by year: 2005/06 to 2007/08

<table>
<thead>
<tr>
<th></th>
<th>2005/06 Budget</th>
<th>2005/06 Spend</th>
<th>2006/07 Budget</th>
<th>2006/07 Spend</th>
<th>2007/08 Budget</th>
<th>Spend to Sept 2007</th>
<th>Est. spend full year</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDMF Pilots</td>
<td>£1,850,000</td>
<td>£1,115,223</td>
<td>£2,800,000</td>
<td>£2,287,345</td>
<td>£1,950,000</td>
<td>£774,921</td>
<td>£1,901,909*</td>
</tr>
<tr>
<td>EDMF Central</td>
<td>£740,000</td>
<td>£147,340</td>
<td>£500,000</td>
<td>£625,752</td>
<td>£500,000</td>
<td>£294,604</td>
<td>£635,814*</td>
</tr>
<tr>
<td>EDMF Total</td>
<td>£2,590,000</td>
<td>£1,262,563</td>
<td>£3,300,000</td>
<td>£2,913,097</td>
<td>£2,450,000</td>
<td>£1,069,525</td>
<td>£2,537,723*</td>
</tr>
<tr>
<td>ESF</td>
<td>£0</td>
<td>£0</td>
<td>N/A</td>
<td>£1,271,482</td>
<td>£5,170,000</td>
<td>£623,785</td>
<td>£1,247,570**</td>
</tr>
<tr>
<td>Total</td>
<td>£2,590,000</td>
<td>£1,262,563</td>
<td>N/A</td>
<td>£4,184,579</td>
<td>£7,620,000</td>
<td>£1,693,310</td>
<td>£3,785,293</td>
</tr>
</tbody>
</table>

Source: Fair Cities; * = Fair Cities estimate for 2007/08 full year; ** = IES estimate for full year.

### Table 2.2  Fair Cities budgets and expenditure, three years: 2005/06 to 2007/08

<table>
<thead>
<tr>
<th></th>
<th>Total 3 years Budget</th>
<th>Total to Sept 2007 Spend</th>
<th>Total 3 years Est. spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDMF Pilots</td>
<td>£6,600,000</td>
<td>£4,177,489</td>
<td>£5,304,477</td>
</tr>
<tr>
<td>EDMF Central</td>
<td>£1,740,000</td>
<td>£1,067,696</td>
<td>£1,408,906</td>
</tr>
<tr>
<td>EDMF Total</td>
<td>£8,340,000</td>
<td>£5,245,185</td>
<td>£6,713,383</td>
</tr>
<tr>
<td>ESF</td>
<td>N/A</td>
<td>£1,895,267</td>
<td>£2,519,052</td>
</tr>
<tr>
<td>Total</td>
<td>N/A</td>
<td>£7,140,451</td>
<td>£9,232434</td>
</tr>
</tbody>
</table>

Source: Fair Cities; estimates as above.
2.10 Fair Cities targets

The Pilots have worked towards the attainment of four key performance targets, relating to:

- the number of jobs they sought to fill;
- the proportion of these jobs that would be filled by people from the target wards;
- the quality of the Pilots’ pre-employment training in producing candidates employers will want to hire; and
- their subsequent sustainability in employment.

These targets are quantified in the first column of Table 2.3, while in the second column we show how far these had been attained after two and a half years of operation, with some explanatory notes in the third. The outcomes shown in the second column are discussed in detail in the next chapter.

Table 2.3 Fair Cities Pilots targets

<table>
<thead>
<tr>
<th>Fair Cities core targets</th>
<th>Attained at September 2007</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,424 job entries by March 2008</td>
<td>802 (IES estimate for March 2008 = 1,003)</td>
<td>05-06 no target 06-07 2,414 07-08 2,010 (from business plans)</td>
</tr>
<tr>
<td>65 per cent of job entrants from Fair Cities target wards</td>
<td>44 per cent</td>
<td>Wards targets were largely a means for ensuring a high ethnic minority participation. This has been secured, with 75 per cent of jobs filled from minority groups.</td>
</tr>
<tr>
<td>70 per cent of candidates interviewed start work</td>
<td>64 per cent</td>
<td>Target based on assumption that all pipeline completors would be interviewed. This has not happened. Thus, only 40 per cent of completors have been hired.</td>
</tr>
<tr>
<td>70 per cent retention in employment</td>
<td>49 per cent at 13 weeks, 30 per cent at 26 weeks</td>
<td>Target based on 13 weeks retention rate, although not explicit.</td>
</tr>
</tbody>
</table>

Source: Fair Cities MI, IES.

It is evident that the Pilots have wholly failed to meet two of these key targets. They seem likely to have attained only about a quarter of the number of job entries that they had aspired to, and the sustainability in employment of these job entrants was only about two-thirds of the duration sought.\(^\text{14}\)

\(^{14}\) On average, but one of the Pilots nearly attained the 70 per cent rate: Brent, at 65 per cent at 13 weeks.
They also largely failed to meet their spatial target, for drawing job entrants from particular target wards but it should be noted that this was largely a means to an end (ie that of drawing in high proportions of people from ethnic minority backgrounds who are concentrated in these wards). This ultimate objective was well met, in any case, with three-quarters of the job entrants coming from these backgrounds.

Finally, the Pilots came very close to meeting their target for converting interviewees into employees, with nearly two-thirds of those interviewed taking up work with the employer in question. However, this target was not a good indicator of the effectiveness of the Pilots’ training and job preparation activities, because many people who successfully completed this training did not even get an interview; all in all, just 40 per cent of beneficiaries who completed their pipelines were hired by the employer in question.

2.11 Key design and delivery lessons

The Pilots’ design was either ambitious or innovative (usually both) at virtually every point. They tried to combine:

• secure access to high quality jobs;
• with employers at the top of the labour market;
• for a disadvantaged client group;
• drawn from highly deprived city wards;
• independently from welfare-to-work provision already serving them;
• through training customised to meet specific, rather than generic, employer needs;
• on a large scale;
• leading to employment progression for individuals;
• energising training providers to offer more flexible training provision;
• spreading the intrinsic benefits of ethnic minority recruitment and employment widely in the employer community.

As we will show below, few of these aims have been achieved in a complete or unqualified manner and some hardly at all. It seems reasonable to suggest that a more restricted set of objectives might have been more appropriate and provided a sharper focus around which to prioritise delivery.

Secondly, and despite the good intentions and commitment of all the individuals and stakeholder organisations involved, there seems little doubt that the operational platforms from which these ambitious objectives were to be secured have never been satisfactory. The lack of fit-for-purpose platforms led to an over-extended capacity-building phase of the delivery, has soaked up significant
managerial resources to maintain them and has seriously constrained and restricted the flexibility of Pilot operations. Overt independence from the welfare-to-work mainstream may well have significantly increased the readiness of employers to engage with the Pilots, but it has simultaneously constrained their capacity to deliver.

Thirdly, it is undoubtedly clear that the commitment and public visibility of leading, local employers has contributed enormously to the operation of the Pilots, both directly, in that most Board members have offered vacancies within their own organisations, and indirectly, in lending credibility to the Pilots’ activities within the wider employer constituency. Where this support was less evident or was less effectively utilised, the Pilots had to work much harder to enter this milieu, found it more difficult to build archetypical pipelines and were correspondingly tempted towards more generic provision. It is, however, less clear that either the Local Boards or the National Steering Group has exercised a decisive strategic influence on the operations of the Pilots. We will show below that there has been significant variation and diversity between the three Pilots, that there has been significant ad hoc responsiveness to local labour market conditions, that there has been interesting experimentation in both activity and organisation and finally, that there is evidence of some convergence around ‘what works’, drawn largely from experience, rather than blueprint or marching orders. In retrospect, this seems to us to represent a real strength of the Pilots, with broad, but not restrictive, national guidance and informed local facilitation/support, combining to empower the Pilot Directors to implement the Fair Cities model in ways reflecting local circumstances.

Fourthly, and perhaps especially in the light of this significant level of autonomy, the strength, deployment and commitment of the local teams have been crucial in determining the extent to which and the ways in which, the model has been delivered in practice. Fair Cities has pursued a ‘high pay’ strategy to attract and secure high calibre staff to a time-limited experiment; broadly speaking this means that pay rates are roughly a grade above what they would be in a corresponding Jobcentre Plus Pilot. This has paid dividends for the Pilots in that the calibre of staff has generally been impressively high and this has been important in grappling with the deficiencies of their operational platforms and with the inevitable uncertainty experienced, and creativity required, from a Pilot of this degree novelty. It has also significantly helped the responsiveness of the Pilots to the serious and potentially disruptive changes among senior staff (change of Programme Director, change of two Pilot Directors, etc.) and the inevitable exodus of staff in the final year of the Pilot. By contrast, and notwithstanding some key secondments from the mainstream, there does seem to have been a shortage of prior experience in managing and implementing welfare-to-work programmes. This was most evident among the Central Secretariat but was certainly also the case among the Pilots themselves. The quality of the Pilots’ staff helped them to rise above these problems but a leavening with more experience might have avoided them altogether.
A fifth overarching lesson about the Fair Cities model which we can draw from the Pilots’ experience is that there is a contradiction between the diverse qualities and needs of individuals in the target client group and the single-bore pipeline model, which delivers a more-or-less fixed quotient of preparatory training and support to those moving through it. In effect, the pipelines may well be customised to meet particular employers’ needs but they have not been sufficiently varied according to the needs of the jobseekers. To their credit, all the Pilots have recognised this difficulty and have responded to it in various ways (which are discussed in Chapter 4). Most often, they have simply intensified their selection screen on entry to particular pipelines, to make sure that a group with a more-or-less common level of employability was taken in but this leaves the problem of exclusion for those who were either more, or less, employable. There has been some experimentation with very short pipelines selecting from the former group of relatively job-ready clients; these have foundered on the sometimes short supply of such individuals in the target communities and/or on the ‘substitution’ argument that such individuals are already well provided for in the labour market. Conversely, there has been some effort to provide more intense preparation, usually involving basic skills provision, before pipeline entry for the latter; these have confronted the difficulty of aligning a lengthy training period with the short time for which employers will typically hold open privileged access to their vacancies. The need recognised by all the Pilots is to find a way of dealing with less job-ready individuals, perhaps through multi-track, multi-speed pipelines, but none has satisfactorily developed them.

The sixth design lesson which the Pilots have taught concerns the volatility and fluidity of the demand in the ‘demand-led’ mantra. Firstly, it has proved difficult to fix the quantitative element in the equation, as the number of vacancies which employers agree to hold open for a pipeline has tended to shrink while the pipelines were being built and flowing. In part, this is the consequence of other, parallel, recruitment streams, including commercially motivated private employment agencies, being held open and their simply filling the vacancies more quickly than Fair Cities has been able to do. In part, it is the result of a ‘whittling down’ process, whereby CEO estimates of the likely number of vacancies that Fair Cities can ‘have’ are shaved down by successive interventions of HR professionals and line/departmental/site managers. Finally, this shrinkage has been caused by an unanticipated delay in, or disappearance of, the vacancies in question as business prospects have altered while pipelines were being prepared. Secondly, the qualitative element in the equation has proved problematic as Pilot development staff have sought to translate recruitment and selection criteria, which are often expressed in formal terms, into sets of activities and training content which will bring pipeline entrants up to the requisite standards. They have also to ensure, in so far as possible, that the selection process and criteria will recognise and credit the often informal, or at least uncertificated, manner in which pipeline completers meet these standards. This process has often proved extremely time-consuming and has not always been successful.
If ‘demand’ has proved rather more complicated to map in practice, so too has the recruitment and selection process, particularly as manifest in some of the most sophisticated and rule-bound employers whom Fair Cities has targeted and, for different reasons, among those making extensive use of external employment agencies to fill their vacancies. Fair Cities beneficiaries are guaranteed an entrée to this selection process but it has turned out to be rather more complicated and certainly more lengthy than perhaps the Fair Cities blueprint had in mind, and the result, as we will show in the next chapter, is an extraordinarily high, and completely unexpected, fall out between successful pipeline completion and job start. This has led to serious shortcomings in the efficiency of the pipelines and has undermined the cost-effectiveness of the work.

Despite the Pilots’ many objectives, they have not tested the applicability of the model to mandated clients. As a result, they have not been able to test whether the kinds of preparation on offer would be suitable for such clients, nor whether employers would be attracted to pipelines supplying them. As a result, an important facet of the Pilots’ wider potential for replication in the mainstream remains entirely untested.

Finally, although it is important to recognise that the approach to recruitment and initial job preparation developed by Fair Cities has been taken up and developed by a small number of participating employers, this has generally not been the case. Many employer participants have taken part once, often for entirely opportunistic reasons. As a result, some of Fair Cities’ broader and longer term ambitions have not been achieved; there is only modest evidence of significant cultural change among employers, little or no evidence that the Pilots’ messages about the positive benefits of diversity have been widely taken up among employers. In part, this is of course due to the restricted ambit of the Pilots; working almost exclusively with the largest employers who arguably have least to learn in this respect. In part, it is also due to a retreat by the Pilots from these less tangible longer term goals, when the difficulty of meeting their core job-entry targets became clearer. It may of course simply be that such ambitions were always going to be beyond the grasp of a relatively small and short experimental programme, but it remains the case, nevertheless, that they have not been attained.

2.12 Variations between the three Pilots

Implementation in three sites was designed to test the Fair Cities approach in different labour market and community circumstances and the relative autonomy allowed to the three local Boards and Directors was perceived as a means of adopting the approach to these different contexts.

By contrast, and for the most part, this evaluation has, of necessity, focused on general patterns which were observed and experienced across all three Pilots (albeit sometimes to different extents), concentrated on the mid-case or average outcomes rather than the best- or worst-case extremes and sought to identify
general lessons of relevance to future labour market policies in diverse, but generally urban, contexts across the UK. It is important though, that the varied approaches and experiences of the three Pilot sites are borne in mind in the following analysis and to this end, we provide separate results for all three, as well as an ‘All Pilots’ average, in the quantitative assessment of outcomes which follows in Chapter 3.

In addition though, and to help readers keep in mind the variety which underpinned these average outcomes and shared experiences, we provide below a brief summary of the key axes around which this diversity turned.

2.12.1 Brent

Faced with a relatively small labour market within the borough, the Pilot expanded its employer-focus to include job prospects with suitable employers across London. It, therefore, enjoyed the largest and most buoyant labour market environment, and the one most ridden with labour shortage.

After an early period of some experimentation, the Pilot focused on relatively lengthy pipelines, with relatively high vocational skill content\textsuperscript{15}, for a relatively small group of employers with whom it built generally excellent relationships and substantial repeat business. The Pilot used an Account Manager role to manage these pipelines from the outset. On the beneficiary side, the Brent Pilot demonstrated excellent targeting by ethnicity and an above-average concentration on the target wards.

Although job entry volumes were smaller than the other two Pilots, the job quality (at least as expressed in potential earnings) tended to be higher and job retention was generally high and sometimes exceptionally so.

2.12.2 Bradford

The Bradford Pilot was faced with the smallest and least buoyant labour market of the three. Furthermore, it was the least able of the three to secure a reasonable flow of potential vacancies from its own local Board. This Pilot’s target wards had the highest inactive component, the lowest quotient of recent work experience and the least well-qualified potential beneficiaries.

The Bradford Pilot tended towards the shortest pipelines, with the least skill training content\textsuperscript{16}. The Pilot adopted the Account Manager role late.

Despite this, the Bradford Pilot was by far the most effective in placing beneficiaries in jobs (see Table 3.17), and so accounted for the highest number of job entries among the three Pilots. Retention rates were unfortunately low and on average these jobs offered the lowest average pay rates, albeit in line with local market rates.

\textsuperscript{15} ‘Model B’ pipelines: see Section 4.4.2.

\textsuperscript{16} ‘Model A’ pipelines: see Section 4.4.2.
2.12.3 Birmingham

Like Brent, the Birmingham Pilot also enjoyed a relatively large and buoyant labour market, with a substantial volume of large employers facing labour shortages. It further enjoyed the most developed and active employment and training support infrastructure within the city and a reasonable flow of vacancies from the local Board.

The Birmingham Pilot developed the most and most heterogeneous range of pipelines and was an early adopter of the Account Manager approach to building them. Beneficiary targeting was weakest in Birmingham, both in terms of ethnicity and target wards. However, this Pilot oriented most towards people with more profound deficiencies in their employability, although not finding wholly satisfactory ways of adopting the Fair Cities model to meet their needs.

The volume of job entries was relatively high in Birmingham, however, but the efficiency of individual pipelines in achieving them was low and subsequent retention was poor.

2.13 Summary

This chapter has described the essential features of a novel and innovative initiative. In doing so, several important themes have emerged, as follows:

• The Pilots’ strong central design imperatives, combined with their wish for grounded local implementation, has provided the Pilots with a complicated leadership matrix but one which has generally worked well.

• There has been significant success in building strong, representative Local Boards and these have been crucial in drawing in employers and job vacancies. However, and notwithstanding a small number of really successful cases, employer engagement has generally been with a restricted set of larger employers, typically offering a small number of vacancies and often on a one-off basis.

• The decision to operate the Pilots outside the mainstream, allied to the lack of existing launch platforms locally, led to significant delay in implementing Pilot activity and there have been ongoing administrative difficulties on account of a poor fit between the Pilots’ aims and the capabilities and conventions of the organisations through whom they have been obliged to work.

• Funding arrangements have been piecemeal and slow to cohere. Partly as a result, the Pilots have operated on a significantly smaller scale than the notional funding available might have supported.

• The first year of operation necessarily largely focused on capacity building. The subsequent 18 months of operation have suggested that the Pilots’ many and varied objectives have simply been too ambitious, with the result that three of the four core targets have not been achieved. A more restricted set of objectives might have been more appropriate and provided a sharper focus around which to prioritise delivery.
• As the Pilots have gained experience in building pipelines, it has become evident that there is a need to develop ways of dealing with less job-ready individuals, perhaps through multi-speed, multi-track pipelines, reflecting the diverse needs of jobseekers, in addition to those of employers.

• Demand leadership has proved more complicated to follow in practice than it might seem in theory. Typically, the quantitative element in the equation has proved difficult to manage, as the numbers of vacancies offered by employers have tended to shrink during the rather extended period of pipeline building. So, too, on the qualitative side, it has proved difficult to devise pipeline content to fit precisely into the gap between the employer’s hiring standards and the jobseeker’s capability.
3  Pilot outcomes at September 2007

This chapter draws together data about the activities of the Pilots since their inception, focusing specifically on the outcomes attained. It looks in turn at:

- beneficiary volumes: these are reviewed at different points in a putative beneficiary’s journey through a Fair Cities pipeline, as they register with the Pilot, take part in a pipeline providing them with pre-employment preparatory training, enter the employer’s selection procedure and finally take up a job with that employer. Thus, we look in turn at the numbers of individuals who have:
  - entered the Pilots;
  - actually started on one or other of the Pilots’ pipelines;
  - been interviewed for a job with the employer associated with that pipeline; and
  - actually started work with that employer;
- factors underpinning the relatively low volumes of job entry observed;
- beneficiary targeting: this assesses how far the Pilots have successfully focused their activities on the targeted beneficiaries;
- spatial targeting: this considers the Pilots’ approach to, and success in, focusing their activities on certain target wards;
- job targeting: this reviews the kind of jobs which the Pilots secured for their beneficiaries;
- sustainability of employment outcomes among those hired;
- cost per job.

The results discussed here are drawn from the Pilots’ Management Information (MI) system at the end of September 2007. This MI system is designed to provide results in ‘real-time’ and although there may be some small lag in data entry, effectively these data show the actual position at that time.
In effect, the results presented here show what the Pilots had achieved after two and a half years of their three year funding provision or almost two years after their first job entry was recorded.

The quality of the MI system data has continually improved throughout the lifespan of the Pilots and is generally accurate and reliable. Having said this, there are still some areas in which the data are more complete than others and due allowance is made for this in the text that follows.

3.1 Beneficiary volumes

This section of the chapter sets out the overall volume of beneficiaries who have been involved with one or other of the Pilots during their first two and a half years of operation. Their involvement is measured at certain important points in the beneficiaries’ journey into, through and out of the Pilots, and these are summarised in Table 3.1.

<table>
<thead>
<tr>
<th>Volume at September 2007</th>
<th>Pilot entrants</th>
<th>Course(s) started</th>
<th>Course(s) completed</th>
<th>Course(s) left early</th>
<th>Interview</th>
<th>Job start</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent</td>
<td>1,475</td>
<td>656</td>
<td>509</td>
<td>107</td>
<td>408</td>
<td>193</td>
</tr>
<tr>
<td>Bradford</td>
<td>918</td>
<td>465</td>
<td>464</td>
<td>0</td>
<td>372</td>
<td>309</td>
</tr>
<tr>
<td>Birmingham</td>
<td>1,827</td>
<td>1,137</td>
<td>1,018</td>
<td>104</td>
<td>484</td>
<td>300</td>
</tr>
<tr>
<td>All Pilots</td>
<td>4,220</td>
<td>2,258</td>
<td>1,991</td>
<td>211</td>
<td>1,264</td>
<td>802</td>
</tr>
</tbody>
</table>

Source: Fair Cities MI, IES.

Here, we can see that the number of job entries secured with Fair Cities employers stood at 802 after 30 months of operation. There is a host of qualifying factors which might be set against this result (for example, that there may be unrecorded job starts with other employers or that there are significant numbers who will be hired but who are still tied up in employers’ selection procedures and so on) but while each of these apologia has some small merit, they do not collectively amount to a significant upwards revision of a total that can only be described as disappointing. They amount to not much more than one job entry per member of staff per month.

They amount, too, to only a small fraction of the overall target for job entries which the Fair Cities Board committed to the Pilots. This global target was 4,424 job entries by March 2008. During the past 12 months, the Pilots have achieved an average of 39 job entries a month and if we apply this to the final six months, and also overlook any possible reduction in job entries as the Pilots start to wind up, then the total number of job entries by March 2008 seems set to be about 1,003, or less than a quarter of the target.

In the four sections which follow, we review these quantitative results at each key stage of the beneficiaries’ journey through the Pilots and then turn, in the fifth, to identify the key factors which have constrained the rate of job entries so sharply.
3.1.1 Entry and assessment

There is some conceptual difficulty around the issue of when, exactly, a potential beneficiary becomes an entrant to one of the Pilots. The MI system provides a base figure of just over 4,500 individuals who have had some engagement with one or other of the Pilots but for many of them this seems to have been quite casual, and has not resulted in anything more substantial. Many of them will certainly have entered the MI system by virtue of having attended an open day, which became the most common means of drawing in suitable entrants. But they may have moved on, perhaps because on closer inspection they were not really attracted to the vacancies on offer. By contrast, the Pilots themselves may have deemed them ineligible because they did not meet one or other of the early filter criteria.17 Some of them, of course, may simply be waiting to move further into the Pilots but we would expect this to be a small proportion and one, furthermore, which declined sharply over time, as more and more pipelines came on stream.

Discussions with the Pilots themselves have led us to focus on a somewhat smaller figure, which seems to represent a more significant level of serious intent on both sides. This is recognised in the MI system as ‘referred for assessment’. Although the Pilots themselves argue that a proportion of these individuals were never serious prospects, our view is that this category implies that (1) the Pilots themselves or their outreach agents, thought that they were eligible, (2) the employer in question had not deemed them unsuitable if they had interviewed them at the open day, (3) that they had no obvious basic skills deficiencies (these were sometimes tested at the open day but again, not always) and (4) that the individual was still interested. In any case, it is necessary to start from some point in the dataset which signifies entry to the Pilots and this is the best one available. Readers may wish to keep in mind that it may contain a small number of individuals who ought properly to have been excluded from the data but who cannot now be identified. For this reason, in the analysis which follows we only rarely use this figure as a base for estimating flows through the Pilots.

By September 2007, some 4,220 individuals had been referred for assessment and we are taking this to represent formal entry into the Pilot and a measure of some seriousness of intent on both sides. The delivery and content of this assessment varied somewhat, both from Pilot to Pilot and over time as the Pilots refined their operational norms but it was usually conducted with a view to entry into a particular pipeline and consequently for known vacancies, with known selection criteria and hiring procedures that lay at the end of it. It clearly acted as a more formidable filter than the initial one, because, of the 4,220 who had been referred for assessment, only 2,258 (ie just 54 per cent) had actually joined a pipeline.

17 There were four such initial selection criteria, although they do not seem to have been always and everywhere applied systematically, namely: (1) did they live in the target wards or not? (2) were they working at the time or not? (3) were they mandated to any public welfare-to-work programme at the time? and (4) did their answers to these questions check out when proof was required?
The corresponding proportion a year earlier, in September 2006, when we drew the data for our earlier interim report\(^ \text{18} \), was 58 per cent, so it seems safe to conclude that a very sharp entry filter indeed is a typical and structural feature of the operation of the Pilots and not just an early start-up blockage. It seemed to us then, and it still seems so, that it was a serious matter of concern that nearly two years into their operation, only just over half the people showing sufficient enthusiasm for, and interest in, the Pilots to formally register with them, have actually started on a pipeline. In that earlier report we considered the several possible causes of this filter, indicating that the final phases of the research would look more closely into this. This further research indicates two key factors which have been causing this:

- The underlying source of this entry constraint has been low volumes of pipeline places, and this has caused a mismatch between high volumes of registrants and low intake volumes. The design of the pipelines, and in particular their ‘custom-built’ character, means that the Pilots can hardly be expected to have a regular flow of pipelines seeking to recruit beneficiaries on a regular basis, in the way that interventions offering more standardised provision might, for example, schedule three or four courses a week on an ongoing basis. Furthermore, individual pipelines have been relatively small, each offering relatively few places.

- A contributory factor has been the high level of selectivity applied by the Pilots to potential beneficiaries who have shown interest in particular pipelines and been initially deemed suitable. In effect, the volume mismatch at this point has required a numerical reduction in volume and this has, in turn, permitted the application of a selective quality filter. The assessments were, therefore, designed to provide a more selective filter than the ‘open day’ one discussed above and focused more on the individuals’ suitability for one of the jobs in question and the likelihood that they might get it with the benefit of the pipeline training envisaged, rather than their eligibility.

The entry constraint has not fundamentally been caused by either a shortage of assessment capacity or by significant proportions of potential beneficiaries drifting off between acceptance and referral, although the latter, in particular, was observed, as people perhaps decided that the job was not for them or found work elsewhere.

### 3.1.2 Entry to training

In line with the Fair Cities approach, rather than joining a queue for provision with distant or uncertain start times, beneficiaries have been mainly referred to specific pipelines with known vacancies and start times. As above, by September 2007, 4,220 people had joined the Pilot\(^ \text{19} \) and of them, 2,258 (54 per cent) had joined


\(^{19}\) That is had been ‘referred for assessment’. These are referred to in the following tables simply as ‘Entrants’. 
a pipeline\textsuperscript{20}. While there has been some internal transfer of applicants who were not selected for one pipeline to another, the ‘one-off’ and customised nature of the pipelines has limited this severely. Thus, although a few of the 1,962 who had not then joined a pipeline would do so eventually (ie either they were waiting for it to start or they would be transferred to another, later pipeline), most were simply rejected.

However, among the 2,258 starters, some 88 per cent had completed their course of training. In assessing this completion rate, it should be kept in mind that some individuals would still have been taking part in a pipeline and so could not add to the completers’ number.

Nevertheless, this quite high proportion is consistent with our earlier finding, that the majority of pipelines are of rather limited duration. Discussions with Pilot staff suggest that, despite some longer ones, pipelines have generally been no longer than two weeks and in some cases they have been shorter.

Another possible reason for differences between the volume of starters and completers would be that individuals left provision early. This is certainly evident, but does not seem to have been particularly problematic with the pipelines that have operated so far. Thus, at the end of September 2007, only nine per cent of starters left their course early. This is a good, ie low, drop-out rate by the standards of other active labour market programmes but should be seen in the context of courses that are relatively short. There are some data deficiencies which may be distorting the picture somewhat at this point – for example, the lack of any early drop-out at all reported from Bradford (which seems unlikely and may be distorting the data somewhat). There are data on reasons for drop-out stated but not coded in the database. Nevertheless, a review of the reasons recorded for drop-out indicate that dissatisfaction with provision was not particularly important. The main reasons seem to have been either that the individual found a job elsewhere and left the pipeline to take it up or that their personal circumstances had altered and this would have made either continuing to participate in provision or taking up the job if they were to be offered it, difficult or impossible for them.

It would seem, therefore, that the relatively strong ‘pull’ factor of ‘good’ jobs and ‘assured access’ to them is operating not just as a strong incentive to join a Pilot but also to stick with the training provided throughout the duration of the course.

3.1.3 Interviews for jobs

As discussed in Chapter 2, the Pilots do not expect employers to guarantee to hire people who complete one of the pipelines. The most that is assured is that the employer will seriously consider successful pipeline completers for employment; the employer is under no obligation to employ. In practice, what this assured entry to

\textsuperscript{20} Similarly, in the tables that follow, and in the Fair Cities MI, these are referred to as ‘Course starts’.
the selection process often involves is rather more complicated and extended than a simple interview, because the selection procedures themselves are often long and complicated, involving perhaps the completion of a substantial application form, participation in psychometric or other testing, multiple interviews, follow-up of references and Criminal Records Bureau (CRB) checks.

This has provided the Pilots with two problems:

- First, in the real world, beneficiaries have encountered selection procedures which are probably far more sophisticated and labyrinthine than the norm, because the Pilots have mainly oriented towards large employing organisations as sources of vacancies. Certainly, a part of the pipeline training which beneficiaries have received has focused on preparing them for such procedures but nevertheless, they remain objectively highly selective (that is, after all, their purpose) and subjectively fairly forbidding, particularly perhaps for someone who has not worked for some time and perhaps never for such large and formally structured organisations.

- Secondly, the MI system could not be expected to map this complexity, and so is largely restricted to two questions: did they get an interview? and if so, were they successful? ie offered a job.

Thus, on the one hand, we might reasonably expect significant numbers of people who complete pipelines to find difficulty with the selection system with which they are now confronted and on the other, the MI is not designed to track their progress through it very effectively. Nevertheless, it is worth looking at the ‘did they get an interview’ marker, because it gives some indication of candidates’ progression, albeit only partial.

The data show that only about two-thirds (63 per cent) of those who successfully completed a pipeline had been given an interview. Interestingly, this figure is 80 per cent for two of the Pilots but less than half (48 per cent) in the third and this unfortunately, and perhaps, unrepresentatively, pulls down the average considerably. It may be that recording problems underlie some of this low average, and the large inter-Pilot variation seems to confirm this. Once again, it seems likely that, at this point, there would be a few people in the database who had completed their courses and were due for an interview but had yet to receive it.

### 3.1.4 Job entries

As we showed in Table 3.1, the total number of job entries secured with Fair Cities employers was just 802 after 30 months of operation.

In view of our discussion about the complexity of many of the selection procedures which lie between completing a pipeline course and starting work, we might reasonably expect there to be some delay between course completion, consequent job offer and job entry. Nevertheless, we would expect that this proportion would fall over time, as the numbers who had passed completely through the system increased proportionate to those still in it and so we would not expect that the
successful job entry of those still passing through the selection procedures would make a substantial difference to this volume of job entries.

The fact that only 40 per cent of beneficiaries successfully completing a Fair Cities pipeline have been hired by the organisation for whom the pipeline was designed, indicates a fairly high level of mismatch on the employer side of the hiring equation. This might be thought particularly worrying when we recall the high level of selectivity in the choice of individuals entering the pipelines in the first place and the considerable attention to customisation of pipeline content to meet employer requirements.

It might be suggested that this small number of job entries is at least partly caused by the combination of the standing start which the Pilots certainly experienced and the relative novelty of the demand-led approach which the Pilots have pursued. If this was a credible explanation then we might expect that the job entry rate would have increased over time as the Pilots really got into their stride and as good working practices were identified and pursued. However, there is little or no evidence to suggest that this acceleration has happened, as Figure 3.1 shows.

**Figure 3.1 Cumulative job entries, November 2005 to September 2007**

![Cumulative job entries graph]

Source: Fair Cities Ml, IES

**3.2 Why has the scale of Pilot operations been so low?**

Our interim report\(^2\) identified the low volume and steady-state growth of job entries as a feature of Pilot performance in September 2006 and part of the subsequent research has focused on identifying why this should be. We have identified three factors:
• **Staff capacity constraints**: With the partial exception of Bradford, the Pilots have been readily able to find a sufficient number of large employers who were willing to offer vacancies to the Fair Cities team. However, the conversion of such potential interest into active collaboration has proved to be a lengthy and time-consuming process. The key personnel responsible for effecting this conversion have been the Pilots’ Business Development Managers (BDMs), and although each Pilot has structured this role somewhat differently, they have all faced the same difficulty: the very tight limits on the number of employers with whom these BDMs can work simultaneously if they are to deliver the high quality, highly customised, demand-led intervention that the Fair Cities model entails. The high level of skill and insight which this relationship demands of the BDM has severely restricted their number in quite small Pilot teams and this capacity constraint has been the principal determinant of the number of employers with whom the Pilots have been able to work and hence, the number of vacancies to which they have had access. This constraint is discussed in Chapter 4.

• **Employer tentativeness and shrinkage**: Those employers who have taken part in the Pilots have generally recognised the novelty and untested character of the Pilots’ approach and have consequently each committed only relatively small numbers of vacancies for the Pilots to fill. Furthermore, they have generally declined to offer these vacancies on an exclusive basis to the Pilots, but maintained their usual recruitment activities to fill them also. This has been important in two respects:

  – most obviously, employers often tended to continue to fill the target vacancies by their usual methods. Shortcomings with these conventional approaches have, of course, been an important reason for employers’ interest in Fair Cities in the first place but they have rarely gummed up altogether. As a result, a twin-track system has generally operated to reduce the number of hypothetical vacancies which the employers have offered to a somewhat smaller number; but

  – in addition, employers frequently continued to use other (i.e. non-Fair Cities) third parties to fill these vacancies, most importantly, private employment agencies. We have already indicated in Chapter 2, that the use of external employment agencies often made the recruitment and selection process more opaque and difficult for pipeline designers to fully comprehend; here we can also note that the potential commercial disadvantage to these agencies if one of the Pilots was to fill ‘their’ vacancies, did not make for an easy relationship, and served as a further factor in reducing the Pilots’ actual access to the nominated vacancies. The ways in which employers and the Pilots interacted is discussed more fully in Chapters 4 and 6.
• **Pipeline inefficiency:** The two factors identified previously have combined to ensure that there have been relatively small numbers of pipelines and that each pipeline has itself been relatively small. The third constraint is that these pipelines have not, in fact, been a very efficient means of moving the people who wanted to join them into employment. From the results given above, we can see that for every 100 people who tried to join a pipeline, only 54 of them were chosen to join it, five of them did not complete the course, 19 of them completed the course but did not receive an interview afterwards and only 19 were hired. This constraint is discussed at greater length at the end of this chapter.

### 3.3 Beneficiary targeting

While Fair Cities focuses specifically on ethnic minority communities, it has the potential to improve the welfare-to-work service for all people facing the dual barriers of disadvantage and discrimination. In this section, we review the characteristics of the people with whom the Pilots have actually engaged. It is worth noting that these data are derived from self-completion forms and have not been independently verified. While this is hardly likely to be a problem with such categories as gender or age, the results for ‘qualifications held’ and ‘time since last worked’ might be less reliable and should be treated as indicative.

#### 3.3.1 Gender

There are no specific gender targets which the Pilots have sought to achieve. However, as Table 3.2 shows, men account for 63 per cent of the total intake across all three Pilots, but their representation falls away somewhat during the beneficiary journey, such that men account for only just over half of all the job entries.

**Table 3.2 Gender breakdown of Fair Cities beneficiaries, at September 2007**

<table>
<thead>
<tr>
<th></th>
<th>Entrants % male</th>
<th>Course starts % male</th>
<th>Course completed % male</th>
<th>Interviewed % male</th>
<th>Job start % male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent</td>
<td>68</td>
<td>68</td>
<td>67</td>
<td>69</td>
<td>64</td>
</tr>
<tr>
<td>Bradford</td>
<td>54</td>
<td>55</td>
<td>55</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>Birmingham</td>
<td>63</td>
<td>61</td>
<td>61</td>
<td>46</td>
<td>56</td>
</tr>
<tr>
<td>All Pilots</td>
<td>63</td>
<td>62</td>
<td>61</td>
<td>53</td>
<td>53</td>
</tr>
<tr>
<td><strong>N =</strong></td>
<td><strong>4,220</strong></td>
<td><strong>2,258</strong></td>
<td><strong>1,991</strong></td>
<td><strong>1,264</strong></td>
<td><strong>802</strong></td>
</tr>
</tbody>
</table>

Source: Fair Cities MI, IES.

#### 3.3.2 Age

As with gender, the Pilots had no particular target with regard to the age groups whom they have been trying to serve. However, it is instructive to see which age groups have been attracted to, and helped by, their activities. These are addressed in Table 3.3.
Table 3.3  Age breakdown of Fair Cities beneficiaries, at September 2007

<table>
<thead>
<tr>
<th></th>
<th>Entrants</th>
<th>Course starts</th>
<th>Course completed</th>
<th>Interviewed</th>
<th>Job start</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 20s</td>
<td>12</td>
<td>11</td>
<td>11</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>21-30</td>
<td>38</td>
<td>42</td>
<td>42</td>
<td>46</td>
<td>47</td>
</tr>
<tr>
<td>31-40</td>
<td>24</td>
<td>22</td>
<td>22</td>
<td>23</td>
<td>22</td>
</tr>
<tr>
<td>41-50</td>
<td>20</td>
<td>18</td>
<td>19</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Over 50s</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>N</td>
<td>2,354</td>
<td>2,447</td>
<td>2,110</td>
<td>1,316</td>
<td>737</td>
</tr>
</tbody>
</table>

Source: Fair Cities MI, IES.

Here, we can see that entry has been concentrated among the prime age groups, with nearly two-thirds of Pilot entrants (62 per cent) aged between 20 and 40. Furthermore, these age groups appear to have been rather more successful than the others throughout all of the subsequent stages, such that their proportion within the cohort has risen to 69 per cent among those starting work.

3.3.3  Ethnicity

As discussed above, the Pilots are explicitly targeted at disadvantaged ethnic minority groups, although entry into the Pilots is not restricted to people from them. Rather, the Pilots are targeted at wards within the cities which are known to have high proportions of individuals from ethnic minority backgrounds within them and to have high rates of unemployment and inactivity.

As Table 3.4 shows, three-quarters of job entrants are known to come from ethnic minority backgrounds and among them black (or black British) and Asian (or Asian British) ethnicity are by far the most common, at 33 and 35 per cent of job entrants respectively.

Table 3.4  Ethnicity breakdown of Fair Cities beneficiaries, at September 2007

<table>
<thead>
<tr>
<th></th>
<th>Entrants</th>
<th>Course starts</th>
<th>Course completed</th>
<th>Interviewed</th>
<th>Job start</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian or Asian British</td>
<td>29</td>
<td>26</td>
<td>27</td>
<td>32</td>
<td>35</td>
</tr>
<tr>
<td>Black or black British</td>
<td>36</td>
<td>36</td>
<td>34</td>
<td>37</td>
<td>33</td>
</tr>
<tr>
<td>Other ethnic minority groups</td>
<td>7</td>
<td>8</td>
<td>8</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>White</td>
<td>24</td>
<td>26</td>
<td>27</td>
<td>20</td>
<td>23</td>
</tr>
<tr>
<td>Don’t know/Prefer not to say</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>N</td>
<td>4,220</td>
<td>2,258</td>
<td>1,991</td>
<td>1,264</td>
<td>802</td>
</tr>
</tbody>
</table>

Source: Fair Cities MI, IES.
There are only very small differences in the relative success rates between the different ethnic groups as they move through the pipelines and into employment.

There is, however, an interesting difference between the separate Pilots in the extent to which they have successfully focused on ethnic minority groups, as we can see from Table 3.5.

Table 3.5 Ethnicity breakdown of Fair Cities beneficiaries, at September 2007 – proportion known to belong to a (non-white) ethnic minority group

<table>
<thead>
<tr>
<th>% from minority group</th>
<th>Entrants %</th>
<th>Course starts %</th>
<th>Course completed %</th>
<th>Interviewed %</th>
<th>Job start %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent</td>
<td>82</td>
<td>83</td>
<td>82</td>
<td>82</td>
<td>80</td>
</tr>
<tr>
<td>Bradford</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>88</td>
<td>88</td>
</tr>
<tr>
<td>Birmingham</td>
<td>60</td>
<td>56</td>
<td>56</td>
<td>63</td>
<td>57</td>
</tr>
<tr>
<td>All Pilots</td>
<td>73</td>
<td>70</td>
<td>69</td>
<td>77</td>
<td>75</td>
</tr>
<tr>
<td>N =</td>
<td>4,220</td>
<td>2,258</td>
<td>1,991</td>
<td>1,264</td>
<td>802</td>
</tr>
</tbody>
</table>

Source: Fair Cities MI, IES.

Here, we can see that Birmingham has been much less successful in its ethnicity targeting than either of the other two Pilots; fully 35 per cent of entrants and 38 per cent of job entrants in Birmingham were white.

3.3.4 Benefit status

The net cost effectiveness of many labour market programmes relies quite strongly on high benefit savings associated with having a high proportion of beneficiaries moving off benefit and into work. However, social exclusion of many within ethnic minority communities means that they are often not in receipt of such benefits. Consequently, effective targeting of Fair Cities pipelines on such communities is likely to bring significant proportions of people into them who are without work but not on benefit.

While there are no targets for the previous benefit status of Fair Cities beneficiaries, we can see from Table 3.6, that 61 per cent of the job entries were among people who had not previously been claiming benefit.
At the same time, the table also shows that a high proportion of entrants (40 per cent) had been economically active on entry to the programme and were in receipt of JSA. Those on JSA were less likely than average to be offered a job, with those not on any benefit seeming to have the best job outcomes all round.

### 3.3.5 Time since last worked

A substantial proportion of beneficiaries (nearly a fifth) had provided no information about how recently they had worked but the MI system shows that a quarter of job entrants might be regarded as long-term unemployed or inactive; that is to say they had not worked for at least a year. Among them, those who had never previously worked form only a small proportion (three per cent overall).

Conversely, it is among the relatively short-term unemployed/inactive that the bulk of job entrants are to be found, with over half (57 per cent) having worked within the previous 12 months. In part this reflects a conscious decision to target non-benefit customers, especially in Bradford where there are high numbers of non-working, non-benefit individuals and in some part, it reflects the fact that the Pilots could not deal with longer-term unemployed people if they were mandated to a New Deal or an Employment Zone.

### Table 3.7 Breakdown of Fair Cities beneficiaries at September 2007, by time since last worked

<table>
<thead>
<tr>
<th>Time Since Last Worked</th>
<th>Entrants %</th>
<th>Course Starts %</th>
<th>Course Completed %</th>
<th>Interviewed %</th>
<th>Job start %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never worked before</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>More than three years</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>2-3 years</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>1-2 years</td>
<td>12</td>
<td>13</td>
<td>13</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>6-12 months</td>
<td>17</td>
<td>18</td>
<td>18</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>Less than six months</td>
<td>37</td>
<td>37</td>
<td>37</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td>Refused/don’t know</td>
<td>17</td>
<td>15</td>
<td>15</td>
<td>18</td>
<td>19</td>
</tr>
<tr>
<td>N =</td>
<td>4,220</td>
<td>2,258</td>
<td>1,991</td>
<td>1,264</td>
<td>802</td>
</tr>
</tbody>
</table>

Source: Fair Cities MI, IES.
3.3.6 Distance from work

Both the ‘time since last worked’ and ‘benefit status’ variables provide some insight into the extent to which the Pilots have reached into areas of deeply entrenched worklessness. However, by combining them we can secure a better assessment of the proximity of beneficiaries to the labour market or their likely exclusion from it.

We have combined the two variables in a manner which we feel reflects an increasing distance from employability, as follows:

- **Worked in past six months** (all beneficiaries, whatever their benefit status): we regard this group as broadly the most readily employable; they manifestly were so within the recent past and have the advantage to a future employer of a relatively recent record of employment.

- **On Jobseeker’s Allowance (JSA), but not worked in past six months**: to qualify for JSA, this group must have worked at some point in the past and must be actively engaged in jobsearch. However, their lengthy absence from work would suggest significant barriers to ready re-employment.

- **Not on benefit and not worked in past six months**: this group, too, would probably face significant barriers to entering or re-entering the labour market. They are, however, less likely than those on JSA to be active jobsearchers or to have worked at any point in the past.

- **On Income Support (IS)/Incapacity Benefit (IB) and not worked in past six months**: this seems to be the group most distant from the labour market. Among IB recipients, the likelihood of return to work declines rapidly with time and these have not worked for at least six months. IS recipients are often lone parents and although they may return to work relatively easily at some point (ie when their children are thought to be old enough to leave), they too are a difficult group to help before that point is reached.

Granted that this taxonomy is entirely an ad hoc one, it does represent, in our view, a reasonable gradation between relatively easy-to-help groups and those more entrenched in their exclusion from work. Table 3.8 shows their distribution at different points in the beneficiary journey.
Table 3.8  Breakdown of Fair Cities beneficiaries at September 2007, by distance from work

<table>
<thead>
<tr>
<th>All Pilots</th>
<th>Entrants</th>
<th>Course starts</th>
<th>Course completed</th>
<th>Interviewed</th>
<th>Job start</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worked in past six months (all – ie whatever benefit they were on)</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>46</td>
<td>47</td>
</tr>
<tr>
<td>On JSA but not worked in past six months</td>
<td>24</td>
<td>23</td>
<td>23</td>
<td>20</td>
<td>18</td>
</tr>
<tr>
<td>Not on benefit and not worked in past six months</td>
<td>24</td>
<td>25</td>
<td>26</td>
<td>26</td>
<td>28</td>
</tr>
<tr>
<td>On IS/IB and not worked in past six months</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>N =</td>
<td>3,460</td>
<td>1,852</td>
<td>1,633</td>
<td>1,036</td>
<td>658</td>
</tr>
</tbody>
</table>

Source: Fair Cities MI, IES.

Unfortunately, when the variables for ‘time since last worked’ and ‘benefit status on entry to Fair Cities’ is combined, the dataset is not complete and for some 18 per cent of entrants there are incomplete records. Nevertheless, looking at the 82 per cent of entrants for whom we have these data, we can see that:

- 47 per cent of job entrants had worked at some point during the previous six months, whatever benefit they had previously been on; and
- a further 18 per cent had not worked so recently, but were in receipt of JSA.

We also know (not shown in the table) that about half of those who had worked in the past six months were also on JSA and so it seems fair to conclude that about seven in ten of job entrants were relatively active jobseekers, having either been in work fairly recently or being required to seek it as a condition of their benefit eligibility.

By contrast, those who appear to have been experiencing extended periods of inactivity, form a relatively small proportion of the job entry cohort. We can see that:

- over a quarter (28 per cent) had not worked in the previous six months and were not on any benefit at all; and
- a further seven per cent had also not worked during the previous six months and were in receipt of IS or IB.

On this evidence, it does not seem that the Pilots had been very successful in helping groups who might be regarded as seriously socially excluded by virtue of their experiencing deeply entrenched and prolonged worklessness and inactivity.
3.3.7 Qualifications

There is considerable variety in the extent to which academic or vocational qualifications were held among beneficiaries. About a quarter of job entrants said that they were qualified to NVQ3/A-level or better, slightly more held O-level/GCSEs and 13 per cent had vocational qualifications at GNVQ Level 1 or 2. Just 14 per cent held no qualifications at all.

Table 3.9 Breakdown of Fair Cities beneficiaries at September 2007, by highest qualification

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Entrants</th>
<th>Course starts</th>
<th>Course completed</th>
<th>Interviewed</th>
<th>Job start</th>
</tr>
</thead>
<tbody>
<tr>
<td>No formal qualifications</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>GCSE/O-level/CSE or equivalent</td>
<td>30</td>
<td>29</td>
<td>29</td>
<td>30</td>
<td>28</td>
</tr>
<tr>
<td>Vocational qualifications (SVQ/GNVQ 1 and 2 or equivalent)</td>
<td>14</td>
<td>15</td>
<td>15</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>A-level/NVQ 3 or equivalent</td>
<td>12</td>
<td>11</td>
<td>11</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Bachelors degree/NVQ 4/HND or equivalent</td>
<td>10</td>
<td>8</td>
<td>8</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Masters/PHD or equivalent</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Still studying</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Refused/don’t know</td>
<td>15</td>
<td>18</td>
<td>17</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Overseas qualification</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>N=</td>
<td>4,220</td>
<td>2,258</td>
<td>1,991</td>
<td>1,264</td>
<td>802</td>
</tr>
</tbody>
</table>

Source: Fair Cities MI, IES.

3.4 Spatial targeting

As we discussed in Chapter 2, the Fair Cities Pilots have sought to improve employment opportunities for members of ethnic minority communities. The principal means through which they have tried to do this has been through targeting the active promotion of the pipelines at wards within the cities which are known to have high proportions of individuals from ethnic minority backgrounds within them and also known to have high rates of unemployment and inactivity. Although the Pilots do not have overt targets for ethnic minority representation, and nor do they have a ‘labour market exclusion’ entry criterion other than that the applicant is not working at the time of their application, they do nevertheless have an explicit target that 65 per cent of job entrants are from Fair Cities target wards.

This section considers the Pilots’ experiences and achievements in the use of this spatial targeting.
3.4.1 Have the Pilots targeted the ‘right’ places?

With a strategic objective of narrowing the employment gap for ethnic minorities, the Pilots have sought to focus their activities on city wards which combine both high levels of worklessness and high concentrations of ethnic minority groups. Table 3.10 shows that the target wards have been very well chosen in both these respects.

In particular, we note that:

- ethnic minorities comprise some 65 per cent of the working age population in all 11 of the original target wards (60 per cent when the additional Brent wards are taken into account) compared with 38 per cent in the three Pilot sites (two cities and one borough) taken together;

- the employment rate is significantly lower in both the 11, and subsequently 16, target wards than it is in the three Pilot sites overall, at only 40 per cent (46 per cent) compared with 65 per cent overall;

- finally, the third column shows that residents of these wards who are from ethnic minority backgrounds have significantly lower employment rates than are found among ethnic minority groups across the three sites as a whole, at only 37 per cent (or 40 per cent with the additional Brent wards) compared with 52 per cent (and with 65 per cent for members of all ethnic groups).
### Table 3.10 Population and employment characteristics of target wards and cities

<table>
<thead>
<tr>
<th></th>
<th>Ethnic minority component in population</th>
<th>Employment rate</th>
<th>Ethnic minority employment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>37%</td>
<td>63%</td>
<td>49%</td>
</tr>
<tr>
<td>Aston</td>
<td>67%</td>
<td>37%</td>
<td>34%</td>
</tr>
<tr>
<td>Lozells and East Handsworth</td>
<td>80%</td>
<td>38%</td>
<td>37%</td>
</tr>
<tr>
<td>Sparkbrook</td>
<td>74%</td>
<td>33%</td>
<td>29%</td>
</tr>
<tr>
<td>Bradford</td>
<td>23%</td>
<td>69%</td>
<td>44%</td>
</tr>
<tr>
<td>Bowling</td>
<td>31%</td>
<td>48%</td>
<td>37%</td>
</tr>
<tr>
<td>Bradford Moor</td>
<td>68%</td>
<td>39%</td>
<td>33%</td>
</tr>
<tr>
<td>Little Horton</td>
<td>45%</td>
<td>39%</td>
<td>32%</td>
</tr>
<tr>
<td>Toller</td>
<td>70%</td>
<td>41%</td>
<td>36%</td>
</tr>
<tr>
<td>University</td>
<td>68%</td>
<td>31%</td>
<td>30%</td>
</tr>
<tr>
<td>Brent¹</td>
<td>64%</td>
<td>65%</td>
<td>62%</td>
</tr>
<tr>
<td>Stonebridge</td>
<td>66%</td>
<td>49%</td>
<td>48%</td>
</tr>
<tr>
<td>Wembley Central</td>
<td>78%</td>
<td>56%</td>
<td>56%</td>
</tr>
<tr>
<td>Harlesden</td>
<td>59%</td>
<td>54%</td>
<td>50%</td>
</tr>
<tr>
<td>Kilburn</td>
<td>40%</td>
<td>59%</td>
<td>50%</td>
</tr>
<tr>
<td>Kensal Green</td>
<td>44%</td>
<td>62%</td>
<td>54%</td>
</tr>
<tr>
<td>Barnhill</td>
<td>55%</td>
<td>58%</td>
<td>55%</td>
</tr>
<tr>
<td>Dudden Hill</td>
<td>44%</td>
<td>61%</td>
<td>54%</td>
</tr>
<tr>
<td>Willesden Green</td>
<td>41%</td>
<td>61%</td>
<td>52%</td>
</tr>
<tr>
<td>All Pilot wards (with original Brent wards)</td>
<td>65%</td>
<td>40%</td>
<td>37%</td>
</tr>
<tr>
<td>All Pilot wards (with extra Brent wards)</td>
<td>60%</td>
<td>46%</td>
<td>40%</td>
</tr>
<tr>
<td>All cities</td>
<td>38%</td>
<td>65%</td>
<td>52%</td>
</tr>
</tbody>
</table>

Source: Data for cities are from Annual Population Survey 2006; data for wards are from Census of Population 2001.²²

¹ During its second year of operation, the Brent Pilot decided that its initial wards represented too small a pool from which to fill the jobs that it had secured, and expanded its target wards from 16 per cent of the Borough to almost half.

²² It might be thought that these differences are significantly exaggerated by the unavoidable difference between the quite recent data from the three sites as a whole and the older data for the wards, for example because of the rise in employment rates since 2001 and the different population growth rates between minority populations and the average. We have undertaken various simulations to offset these two effects, to find that they do not make major differences to the overall conclusions cited here.
3.4.2 Have the target wards been big enough?

If the target wards have been ‘right’ in the sense of their ethnic and labour market make-up, there remains the question about their size in comparison to the local labour markets as a whole.

On the one hand, the tighter the targeting, the smaller are these target communities are likely to be in terms of the overall labour market, and the more restricted the choice of potential beneficiary to be selected from the target community for employment in that wider labour market, ie the Pilots will be fishing in a smaller pond, and it may be more difficult as a result to find people from within this more restricted target community who will be suitable for, or interested in, the jobs which the Pilots have been able to secure. There is, in addition, the question of location and acceptable travel-to-work times, which are known to be problematic for many individuals in workless communities. For a given number of jobs to which the Pilots secure access at various locations across the cities, it would seem logical to suppose that the smaller the target communities, the more physically distant from the ‘average job’ they are likely to be and so the more prevalent would travel cost/time barriers be to job entry prospects.

On the other hand, the smaller the target community, the more resource can be focused on the potential beneficiaries who live there, ie it ought to be easier to undertake outreach work, the terrain becomes familiar more quickly to outreach workers, word of mouth in the community operates more effectively, etc. In addition, if Fair Cities aims for some kind of ‘community demonstration effect’, ie they are able to show to residents that good jobs can be accessed by people like them, then there might be a legacy effect on community expectations and aspirations. It seems sensible to think that the smaller the community for a fixed volume of job entries, the more likely would be a positive effect on the local population’s attitudes and beliefs.

As a result, there are good arguments both ways, for larger target communities and for smaller ones, and the Fair Cities Pilots reveal some interesting differences in this respect, as Table 3.11 shows.
Even allowing for the fact that city boundaries are not always consistent with labour markets and travel-to-work areas, it is clear that the Pilots chose targets of very different sizes relative to their city/borough and therefore, employer/vacancy constituencies. While Birmingham was trying to fill its vacancies from wards representing just nine per cent of the city population, Bradford’s target wards comprised almost a quarter of the city. The Brent Pilot took the strategic decision during its second year of operation that its initial wards represented too small a pool from which to fill the jobs that it had secured and expanded its target wards from 16 per cent of the Borough to almost half.

We will revisit these different target sizes below, when looking at the extent to which people taking up a Fair Cities job actually came from within these target wards. However, before doing so, it may be worth noting that there is more obvious convergence around the absolute size of the target constituencies than their relative sizes; all three Pilots ended up with target constituencies of between 55,000 and 80,000 residents of working age. The convergence is even more marked if we concentrate just on those without work in these communities and more precisely still on those not working and from an ethnic minority background. Here, we can see that the three Pilots have all arrived at target communities of around 35,000 non-working residents, of whom about 25,000 are from an ethnic minority background.

### 3.4.3 Have the Pilots hit the targets wards and communities?

We have already shown, in Section 3.2.2, that fully three-quarters of Pilot job entrants were from ethnic minority communities, although this rate varied

---

**Table 3.11 Size of target communities**

<table>
<thead>
<tr>
<th>City/ borough and Pilot wards</th>
<th>Population of working age</th>
<th>Target wards as percentage of city/borough</th>
<th>Number of potential non-working beneficiaries</th>
<th>Number of potential non-working ethnic minority beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>598,000</td>
<td></td>
<td>221,600</td>
<td>111,700</td>
</tr>
<tr>
<td>Birmingham Pilot wards</td>
<td>55,250</td>
<td>9%</td>
<td>35,247</td>
<td>26,905</td>
</tr>
<tr>
<td>Bradford</td>
<td>288,800</td>
<td></td>
<td>88,900</td>
<td>37,300</td>
</tr>
<tr>
<td>Bradford Pilot wards</td>
<td>65,505</td>
<td>23%</td>
<td>38,676</td>
<td>24,396</td>
</tr>
<tr>
<td>Brent</td>
<td>174,100</td>
<td></td>
<td>60,500</td>
<td>42,200</td>
</tr>
<tr>
<td>Brent Pilot wards (1)</td>
<td>28,527</td>
<td>16%</td>
<td>13,679</td>
<td>9,492</td>
</tr>
<tr>
<td>Brent Pilot wards (2)</td>
<td>78,302</td>
<td>45%</td>
<td>33,822</td>
<td>20,084</td>
</tr>
</tbody>
</table>

Source: Data for cities are from Annual Population Survey 2006; Base data for wards are from Census of Population 2001, but updated to 2006 assuming that the ethnic minority population in each ward changes in line with changes in the population in the city/borough as a whole.
considerably between Bradford/Brent and Birmingham, where only just over half of job entrants came from ethnic minority backgrounds. However, as Table 3.12 below shows, this has not always been achieved by restricting Pilot activity to the Pilot wards.

Table 3.12 Breakdown of Fair Cities beneficiaries at September 2007, by target ward

<table>
<thead>
<tr>
<th></th>
<th>Entrants</th>
<th>Course starts</th>
<th>Course completed</th>
<th>Interviewed</th>
<th>Job start</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bradford</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Birmingham</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Pilots</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>4,220</td>
<td>2,258</td>
<td>1,991</td>
<td>1,264</td>
<td>802</td>
</tr>
</tbody>
</table>

Source: Fair Cities MI, IES.

1 The Brent results are calculated using the target wards that applied at the time that the beneficiary entered the Pilot. These were considerably expanded in late 2006.

Overall, less than half (44 per cent) of those who found jobs through the Pilots had an address within one of the target wards. This clearly falls well below the target of 65 per cent.

There are, however, considerable variations between the three Pilots in this respect, with Bradford showing a far higher proportion of job entrants from within its target wards (69 per cent) and Birmingham showing a remarkably small fraction (only 14 per cent). These variations align with those shown in Table 3.10 and in some measure with those shown earlier in Table 3.5. Table 3.13 brings them together for convenience.

Table 3.13 Spatial and ethnic targeting, at September 2007

<table>
<thead>
<tr>
<th>Target wards as percentage of city/borough</th>
<th>Job starts within target wards</th>
<th>Job starts from ethnic minority group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent</td>
<td>16-45</td>
<td>50</td>
</tr>
<tr>
<td>Bradford</td>
<td>9</td>
<td>14</td>
</tr>
<tr>
<td>Birmingham</td>
<td>44</td>
<td>75</td>
</tr>
<tr>
<td>All Pilots</td>
<td>802</td>
<td>802</td>
</tr>
</tbody>
</table>

Source: Fair Cities MI, IES.
Here, we can see that the more restricted the target wards in the context of the city/borough as a whole, the less likely are the job entries to be concentrated in them and the less likely are the job starts to be confined to beneficiaries from the ethnic minority groups.

3.5 Job quality

In addition to targeting beneficiaries, the Pilots have also sought to find ‘good’ jobs for them and in this they seem to have been relatively successful. Although the criterion used to assess job quality here – the hourly pay rate – is of course entirely inadequate, it is the only available quantitative indicator. Additionally, not all the pipelines have provided pay rates in the same form and where we have had to convert annual or other salaries into an hourly pay rate, we have used the convention of 52 weeks at 40 hours a week to convert them.

Looking just at the jobs attached to pipelines that had actually started running at the end of September 2007, the overall average gross hourly rate for jobs associated with them was £6.89, well above the minimum wage (£5.52 an hour for people aged 22 and over, who constitute nearly 90 per cent of the Pilots’ job entrants).

Table 3.14 Average hourly pay rates for Fair Cities job entrants, at September 2006 and 2007

<table>
<thead>
<tr>
<th></th>
<th>Average hourly rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 2006</td>
</tr>
<tr>
<td>Brent</td>
<td>£11.49</td>
</tr>
<tr>
<td>Bradford</td>
<td>£5.61</td>
</tr>
<tr>
<td>Birmingham</td>
<td>£5.08</td>
</tr>
<tr>
<td>All Pilots average</td>
<td>£7.39</td>
</tr>
</tbody>
</table>

Source: Fair Cities MI, IES.

As Table 3.14 shows, there is evidence of interesting variations both between the three Pilots and over time in the average wage rates for job entries at end of September 2006 and 2007. It is clear that, throughout, the Brent wage rates have been considerably above those in the other two areas. This seems to be more than just a reflection of the London labour market effect on local wages; the Brent jobs have had a higher component of more technical/semi-professional jobs and have been correspondingly less likely to involve care, call centre or bar work. However, over time this gap seems to have narrowed, with the average starter rate in Brent falling somewhat and corresponding rises in both Birmingham and Brent. It may be worth recalling that all three Pilots had worked to improve the accuracy of their data inputs over this period and so the contrast may also owe something to changes in data quality between the two dates.
In addition, in all three Pilots, there was a considerable range around this average. In Birmingham, pay rates ranged from £9.30 an hour for food sector production workers to the then minimum wage of £5.05 in hospitality and catering, while in Bradford, they varied from £8.40\(^{23}\) for call centre jobs, again down to minimum wage for varied catering and service sector jobs. In Brent, where this data was provided on an estimated salary basis, likely earnings varied from £30,000 and £23,000 a year for black cab and bus drivers respectively, down to £10,265 for telesales workers.

Of course, basic pay rates are only a part of the various elements of jobs which together make up an estimate of their quality or attractiveness. It is worth noting here that virtually all these jobs were full-time and permanent appointments and that many offered good opportunities for overtime or shift premia; we might reasonably expect that actual earnings over the course of time would be even more attractive than the base pay rates suggest. In addition, most of the organisations for whom these pipelines were built were large organisations, generally offering good opportunities for on-the-job training and progression to better jobs. It was not the case that Pilot beneficiaries enjoyed better access to these than other recruits might have done but rather, that they enjoyed such access which they would have been much less likely to have found in smaller organisations with less well developed internal labour markets. For the same reason, these recruits also almost certainly enjoyed better non-pay conditions of employment than they would have done in smaller organisations. Thus, generally speaking, it seems fair to conclude that the Pilots have succeeded, on average, in securing entry to reasonably good quality jobs for their beneficiaries, in terms of the pay, benefits and opportunities which they offered. These issues are discussed at greater length in Chapter 5.

### 3.6 Sustainability in employment

The Fair Cities Pilots have important ambitions which go well beyond simply placing jobless individuals into work. They seek to find relatively high quality jobs (and as we have shown above, there is evidence to suggest that they are, in part, attaining this goal) and additionally to promote the retention and progression of individuals, so that they both stay in work and also improve their employment prospects and experiences. The sustainability of employment is, therefore, an important facet of the overall efficiency of the initiative, even though it takes place, by definition, after the pipelines have been left. It is a mark of the importance of sustainability that it appears in the Pilots’ core targets; their objective is that 70 per cent of job entrants should still be in employment 13 weeks after being hired.

\(^{23}\) A handful of Bradford job outcomes had higher starting rates but these were exclusively drawn from Bradford’s early ‘job broking’ experiments and were restricted to one or two job entrants only in each case.
Before moving on to discuss how far the Pilots have attained this, it should be said that the ‘reach’ of the Fair Cities MI system begins to deteriorate when individuals leave the pipeline. Not only is it intrinsically difficult to keep tabs on individuals who have moved on but some of them may well have moved on to a completely different employer. In addition, it has proven difficult to secure commitment to providing retention data, both from providers and employers alike. For these reasons we warned in our earlier interim report\(^{24}\) that the analysis of retention should be treated with some care, since it was based on quite partial and incomplete data. However, since that time, the Pilots have taken some pains to improve the quality of the data, and of course there are now more records in it so estimates of employment sustainability are at least based on a larger sample.

The Pilots’ results for sustainability of employment are shown in Table 3.15.

### Table 3.15  Sustainability of employment among Fair Cities beneficiaries, at September 2007

<table>
<thead>
<tr>
<th></th>
<th>Potential 13-week retention</th>
<th>Actual 13-week retention</th>
<th>Percentage retained at 13 weeks</th>
<th>Potential 26-week retention</th>
<th>Actual 26-week retention</th>
<th>Percentage retained at 26 weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent</td>
<td>160</td>
<td>123</td>
<td>77</td>
<td>126</td>
<td>90</td>
<td>71</td>
</tr>
<tr>
<td>Bradford</td>
<td>306</td>
<td>152</td>
<td>50</td>
<td>281</td>
<td>43</td>
<td>15</td>
</tr>
<tr>
<td>Birmingham</td>
<td>229</td>
<td>66</td>
<td>29</td>
<td>181</td>
<td>42</td>
<td>23</td>
</tr>
<tr>
<td>All Pilots</td>
<td>695</td>
<td>341</td>
<td>49</td>
<td>588</td>
<td>175</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: Fair Cities MI, IES.

Of course, some of the 802 job starts were so recent that they could not yet have been at work for 13 weeks. Allowing for this, we observe that 695 of the job starts were at least 13 weeks ago and 588 of them 26 weeks previously. Of these individuals:

- 49 per cent of them are known to be still in work (ie in any job, not just the original Fair Cities one) at 13 weeks; and
- 30 per cent of them are known to be still in work (again, in any job) at 26 weeks.

Clearly, sustainability has been far lower than the rates envisaged at the outset and reflected in the target of 70 per cent at 13 weeks. It is worth noting, however, that there are major differences between the three Pilots in this respect, with extremely high retention, exceeding the (ambitious) Pilot retention target, observed in Brent and much poorer results in both Birmingham\(^{25}\) and Bradford.


\(^{25}\) At least some measure of Birmingham’s low retention rates derive from below average data in this respect. Improved data, collated in Birmingham but after our cut-off date of September 2007 suggests a 13 week retention rate of 41 per cent.
Larger volumes in these two Pilots magnify their poor retention results to pull down the overall average significantly. It is also important here to allow for the probability that numerous beneficiaries may still be in work at either 13 or 26 weeks but without the knowledge of the Pilots. Nevertheless, even allowing for this, these sustainability results look poor, particularly in view of the Pilots’ overt focus on sustained employment and subsequent progression at work.

Retention rates also vary considerably according to the characteristics of the beneficiaries and the jobs in question. Thus, we can see in Table 3.16 that the higher than average pay rates in Brent have been associated with a retention pattern which is both high and sustained over 26 weeks.

Table 3.16  Sustainability of employment among Fair Cities beneficiaries, by characteristics, at September 2007

<table>
<thead>
<tr>
<th></th>
<th>13-weeks retention</th>
<th>26-weeks retention</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>49</td>
<td>30</td>
</tr>
<tr>
<td>Brent £8.35</td>
<td>77</td>
<td>71</td>
</tr>
<tr>
<td>Bradford £6.00</td>
<td>50</td>
<td>15</td>
</tr>
<tr>
<td>Birmingham £6.86</td>
<td>29</td>
<td>23</td>
</tr>
<tr>
<td>Male</td>
<td>49</td>
<td>27</td>
</tr>
<tr>
<td>Female</td>
<td>43</td>
<td>26</td>
</tr>
<tr>
<td>Asian or Asian British</td>
<td>53</td>
<td>27</td>
</tr>
<tr>
<td>Black or black British</td>
<td>44</td>
<td>30</td>
</tr>
<tr>
<td>Other ethnic minority group</td>
<td>35</td>
<td>20</td>
</tr>
<tr>
<td>White</td>
<td>44</td>
<td>27</td>
</tr>
<tr>
<td>Never worked before</td>
<td>50</td>
<td>22</td>
</tr>
<tr>
<td>More than three years</td>
<td>37</td>
<td>26</td>
</tr>
<tr>
<td>2-3 years since worked</td>
<td>46</td>
<td>35</td>
</tr>
<tr>
<td>1-2 years since worked</td>
<td>37</td>
<td>20</td>
</tr>
<tr>
<td>6-12 months since worked</td>
<td>48</td>
<td>23</td>
</tr>
<tr>
<td>Less than six months</td>
<td>53</td>
<td>31</td>
</tr>
<tr>
<td>IB</td>
<td>40</td>
<td>25</td>
</tr>
<tr>
<td>IS</td>
<td>52</td>
<td>32</td>
</tr>
<tr>
<td>JSA</td>
<td>54</td>
<td>37</td>
</tr>
<tr>
<td>Non-benefit</td>
<td>41</td>
<td>23</td>
</tr>
<tr>
<td>Target ward</td>
<td>55</td>
<td>28</td>
</tr>
<tr>
<td>Not target ward</td>
<td>39</td>
<td>26</td>
</tr>
</tbody>
</table>

Source: Fair Cities MI, IES.

Other features which are similarly associated with high retention have been: membership of an Asian or Asian British ethnic minority group, having been out of work for less than six months, having been previously in receipt of JSA (or IS but the number of IS beneficiaries was very low) and living in one or other of the target wards.
It seems, therefore, that high retention has generally followed from entry into quality jobs and good progression opportunities but that other facets of the beneficiary cohort may also have been important in this respect. As we will show in Chapter 5, there has not been much evidence of active in-work support for job entrants. It seems likely, however, that once the hiring has taken place, employers find difficulty in focusing actively on this, relatively small, cohort of new joiners and positively avoid offering them significantly different/better support than they offer to their ‘regular’ recruits. Despite significant financial returns to retention, neither have the training providers shown much activity in this area, tending to rely instead on the centripetal attraction of ‘good’ jobs that the beneficiaries might be keen to hang on to if they could. The data suggest that this may well not be sufficient to support individuals adequately who are entering a relatively new milieu from a perhaps extended period without work.

3.7 Pipeline efficiency

The Fair Cities pipelines have demonstrated a novel means of assisting the transfer of individuals out of inactivity/unemployment into work. However, the discussion above has shown that the scale on which they have achieved this has been far smaller than was originally hoped. As we have shown above, in large measure this was due to the Pilots operating on a somewhat smaller overall scale than was originally intended but there seems to be no doubt that it was also due in part to certain inefficient aspects of the pipelines’ design and operation and it is to these that we now turn.

Table 3.17 draws on the Pilots’ MI data at September 2007 to show how efficiently the Pilots processed entrants into sustained job outcomes, by considering the case of an average 100 entrants to each of the three Pilots (and a fourth entry cohort of 100 for the Pilots as a whole).

It is important to remember that this entry cohort had already been slimmed down somewhat (from about 107, as discussed in Section 3.1.1) through the application of an early, pre-entry, eligibility filter.
Table 3.17  Pipeline efficiency: progression through pipelines per 100 entrants

<table>
<thead>
<tr>
<th>Pilot</th>
<th>Pilot entrants</th>
<th>Course(s) started</th>
<th>Course(s) completed</th>
<th>Interviewed</th>
<th>Job start</th>
<th>Retained at 13 weeks</th>
<th>Retained at 26 weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent</td>
<td>100</td>
<td>44</td>
<td>35</td>
<td>28</td>
<td>13</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Bradford</td>
<td>100</td>
<td>51</td>
<td>51</td>
<td>41</td>
<td>34</td>
<td>17</td>
<td>5</td>
</tr>
<tr>
<td>Birmingham</td>
<td>100</td>
<td>62</td>
<td>56</td>
<td>26</td>
<td>16</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>All Pilots</td>
<td>100</td>
<td>54</td>
<td>47</td>
<td>30</td>
<td>19</td>
<td>8</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Fair Cities MI, IES.
The table clearly shows that for every 100 beneficiaries entering the Pilots, only 19 have started work with a Fair Cities employer and only four were still employed six months later.

We can see that there are two key points at which large numbers of entrants drop or leak out of the pipelines and which contribute to this low overall efficiency, as follows:

• **Failure to start a pipeline**: only just over half (54 per cent) of all those who were accepted as eligible Pilot beneficiaries had actually found a place on a pipeline. While there were numerous contributory factors\(^{26}\) to this high dropout rate, our analysis suggests that the most important of them were:
  
  – insufficient pipeline capacity, caused by a combination of restricted capacity of the Pilots to organise them and the small volumes of beneficiaries on any one pipeline; and
  
  – high levels of selectivity applied by pipeline managers in identifying appropriate starters.

• **Low hiring rates among successful pipeline graduates**: as discussed above, employers’ selection procedures were generally more complex and multi-staged than the MI system had anticipated but at whatever point these successful completors dropped out, they did so in alarmingly high volumes, with the result that only 19 per cent of pipeline entrants ended up in a Fair Cities job. Hiring rates among completors varied around the average of 40 per cent, from 67 per cent in Bradford to 29 per cent in Birmingham.

It may be of course, that neither of these two areas of inefficiency should be regarded as unduly problematic; they may instead be regarded as inescapable facets of demand-led programmes of this kind. The entry constraint may simply reflect the proper caution about selection of pipeline managers who wanted to put forward only the most suitable applicants to participating employers and more particularly, only those whom they felt could meet the requisite hiring standards after an average of only two and a half weeks of preparation. The hiring constraint may be thought of in much the same way; it could be seen as the proper reflection of the high hiring standards of some of the best employers in the city; indeed, several of our employer interviewees when asked about the ‘low’ hiring rate, commented that 40 per cent was pretty much par for the course among their regular job applicants for these kind of jobs.

We pointed to these areas of inefficiency in our interim report\(^{27}\) a year earlier, and our interviews with Pilot staff showed that in the meanwhile they had made significant efforts to improve the efficiency of the pipelines in these areas. However,

\(^{26}\) Including drop-out among beneficiaries themselves, late identification of ineligibility, etc.

\(^{27}\) Op. cit.
over that time, neither improved significantly\textsuperscript{28} and the hiring rate actually fell from 47 per cent to 40. In our view, this suggests that there are real limits to the degree to which these areas of inefficiency can reasonably be changed within the design and operational parameters with which these Pilots have operated. Thus, while it might be that there remains some scope for improving the hiring rate, by, for example, getting a better insight into employers’ real (ie tacit as well as overt) hiring criteria and further fine-tuning the training content to meet the relevant hiring criteria, this would seem to be a quite restricted avenue.

Our conclusion, therefore, is that the efficiencies demonstrated by the pipelines over a period of around two years are intrinsically low and are likely to remain so under any similar cost, targeting and operational parameters.

3.8 Cost per job estimates

An important measure of the effectiveness of any programme is the gross cost per job filled and estimates for this are shown below. There are a number of points which should usefully be kept in mind in interpreting them.

Our interim report\textsuperscript{29}, based on Pilot expenditure and job entries at September 2006, estimated gross costs per job at £10,350 (or £12,715 including the costs of the Central Secretariat). However, these estimates were based on just 248 job entries at that time, and we noted then that any cost per job estimates are likely to be high in the early days of any programme. Not only do all the set up costs fall on the first, possibly few, job entries but also the ratio of beneficiaries still in the programme to those who have finished and entered work is likely to be high. Consequently, a relatively high cost is unavoidably applied to a relatively small job outcome. However, by September 2007, the Fair Cities Pilots had been operational for two and a half years of their three year funding provision or almost two years after their first job entry was recorded. In our view, this constitutes a sufficient ‘run’ for the cost-per-job estimates to be more robust indicators of average cost, and as we have seen above, they are now based on a significantly higher volume of job entries (802).

About 16 per cent of the Fair Cities spend has been taken up by the Central Secretariat and its activities. It is a moot point whether or not this spending should be included in any calculation or not. On the one hand, mainstream programmes based within Jobcentre Plus rarely take into account the full value of the support with which this provides them and indeed, it is often very difficult to disentangle these in order to estimate them correctly. To include the central costs of Fair Cities may, therefore, make the Pilots’ activities look relatively expensive. On the other hand, Fair Cities was established outside the mainstream by design and not by accident; in effect it has chosen to forego some of the advantages of mainstream

\textsuperscript{28} The entry constraint loosened slightly, from 52 per cent of joiners having started a pipeline to 54 per cent.

\textsuperscript{29} Op. cit.
support and in this light it is more reasonable to include the central administrative and other costs thereby incurred. Table 3.18 shows results both including and excluding this central spend. Where it is included, we have simply allocated it evenly between the three Pilots.

Finally, it is worth noting that gross costs per job will of course be moderated by the savings on benefit payments which might otherwise have been made to job entrants and also by the tax which they will now be paying on income from work. However, in addition, because Fair Cities was not a job creation initiative, there are likely to have been high rates of substitution also and so there may also have been negative exchequer effects from individuals who would otherwise have taken the jobs filled by Fair Cities beneficiaries. Accurate data on these offsetting effects are unavailable and are, in any case, subject to a high degree of subjectivity in their application and for this reason, we do not propose to complicate the results further at this stage by introducing them.

The table shows year-to-date and cumulative job entry and expenditure results for the three Pilots both including and excluding the central expenditure.

Table 3.18 Cost per job estimates (at September 2007)

<table>
<thead>
<tr>
<th></th>
<th>Expenditure to September 2007</th>
<th>Job entries</th>
<th>Gross costs per job</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs including centre</td>
<td>£7,140,451</td>
<td>802</td>
<td>£8,903</td>
</tr>
<tr>
<td>Costs excluding centre</td>
<td>£6,072,755</td>
<td>802</td>
<td>£7,572</td>
</tr>
</tbody>
</table>

Source: Fair Cities, IES.

We can see that:

- the gross cost per job entry across all three Pilots and including the cost of the Central Secretariat was £8,903.
- if the costs of the centre are excluded, the gross cost falls to £7,572.

There are significant costs associated with worklessness, as estimates presented in the Freud Report indicate.

‘The fiscal gain of a year-long move into employment by a claimant on one of the three main benefits is substantial. I estimate that the savings in terms of gross costs to the Department of moving an average recipient of incapacity benefits into work is £5,900, with wider exchequer gains (offsetting direct and indirect taxes paid with additional tax credits) raising this figure to £9,000. The equivalent figures for Jobseeker’s Allowance are £4,100 and £8,100 respectively. For lone parents on Income Support the Department savings are £4,400, with no further Exchequer savings because of the weight of extra tax credits balancing other tax revenues.’

---

30 We have noted previously that some 61 per cent of job entrants were not in receipt of any benefit.

It may be worth noting that subsequent updated estimates provided by DWP suggest that the average gross and net savings for an IB job entrant are £6,000 and £8,200 respectively. Similarly, the new figures for JSA are £3,500 and £7,000 and for lone parents claiming IS the figures are £5,000 and £4,700 (for lone parents the higher tax credits more than offset the additional taxes and National Insurance (NI) contributions paid).

Relatively few of the Pilots’ job entrants had previously been on IB or IS but almost a third of them had previously been in receipt of JSA and it is evident that for these beneficiaries, the Pilots’ gross costs were about twice the direct costs of their remaining on JSA but about equal to the overall Exchequer gain of their entering work.

However, by comparison with cost estimates made for other active labour market programmes in the UK, it is evident that the costs cited here look disproportionately high. These DWP estimates are shown in Table 3.19.

It is important to note that these estimates have not been made on a rigorously standardised basis across all the programmes. In particular, some (shown in italics) include administrative overhead costs, and these are more strictly comparable with the Fair Cities costs including the centre (ie £8,903). Most of these estimates do not include such an element, and they are more properly comparable with the Fair Cities estimate excluding the centre (ie £7,572). In addition, nor are these estimates as recent as the Fair Cities costs; in fact they date from 2005/06, while the Fair Cities costs are based on the period 2005/07. Thus, the comparison should be regarded as indicative rather than definitive.

However, we can see that there is considerable diversity in unit costs, reflecting the wide variation in what each programme comprises and the varied needs of the client groups they address. Despite this variety, it is evident that only four other programmes have higher gross costs per job estimate than Fair Cities. Furthermore, these four programmes either focus on people with some of the most profound barriers to finding and keeping employment or they are substantive training programmes. The scope of the intervention they offer is far more substantial than the relatively short courses provided by Fair Cities and the disadvantage demonstrated by their beneficiaries seems to be far more serious than the picture revealed in the tables earlier in this chapter; as we have seen already, Pilot beneficiaries did not, for the most part, demonstrate comparable constraints, but were rather more noteworthy for their relatively high level of employability on entry to the Pilots.
Table 3.19  Gross cost per job estimates: UK labour market programmes

<table>
<thead>
<tr>
<th>Jobseekers</th>
<th>Lone parents and partners</th>
<th>Disability programmes</th>
<th>Training programmes</th>
<th>Area-based initiatives</th>
<th>Employment Zones</th>
<th>Fair Cities 2005/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobseekers</td>
<td></td>
<td>Basic Sills</td>
<td></td>
<td>£30,800</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lone parents and</td>
<td></td>
<td>Remploy Businesses</td>
<td>£19,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>partners</td>
<td></td>
<td>WBLA-BET</td>
<td>£17,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disability</td>
<td></td>
<td>Workprep</td>
<td>£7,600</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>programmes</td>
<td></td>
<td>WBLA-LOT</td>
<td>£6,300</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td></td>
<td>Link Up</td>
<td>£4,700</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>programmes</td>
<td></td>
<td>Workstep</td>
<td>£4,800</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Area-based</td>
<td></td>
<td>Progress 2 work</td>
<td>£3,600</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>initiatives</td>
<td></td>
<td>Interwork</td>
<td>£3,800</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment Zones</td>
<td></td>
<td>ND25+</td>
<td>£3,600</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zones</td>
<td></td>
<td>NDYP</td>
<td>£2,600</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment Zones</td>
<td></td>
<td>Pathways to Work</td>
<td>£2,400</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zones</td>
<td></td>
<td>NDLP</td>
<td>£2,300</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment Zones</td>
<td></td>
<td>NDP</td>
<td>£2,300</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zones</td>
<td></td>
<td>NDL50+</td>
<td>£800</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment Zones</td>
<td></td>
<td>NDLP</td>
<td>£800</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zones</td>
<td></td>
<td>ND50+</td>
<td>£400</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment Zones</td>
<td></td>
<td>Work Trials</td>
<td>£200</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zones</td>
<td></td>
<td>Action Teams</td>
<td>£2,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: DWP (by communication), FC, IES. NB Italics = includes Departmental Expenditure Limit administration expenditure.
3.9 Summary

The number of job entries secured with Fair Cities employers after two and a half years of operation has been disappointingly small; at 802 by the end of September 2007, this represents less than 20 per cent of the three year target of 4,424. The monthly rate of job entries has remained fairly constant throughout and this should provide for a final outcome in the region of 1,000 job entries when the Pilots close in March 2008.

Targeting results have been mixed:

- 75 per cent of job entrants are known to come from ethnic minority backgrounds and among them, Asian (or Asian British) and black (or black British) ethnicity are by far the most common, at 35 and 33 per cent of job entrants respectively.
- Well over half the job entrants (57 per cent) had worked in the 12 months before they joined the Pilots.
- Nearly two in three job entrants (61 per cent) had not been in receipt of benefit when they joined the Pilots and another 31 per cent had been on JSA. Only seven per cent had been on IB or IS at that time.
- Overall, just 44 per cent of job entrants to Fair Cities had an address within one of the target wards, compared with the target of 65 per cent.

The quality of the jobs on offer seems to be good. Looking just at the jobs attached to pipelines that had actually started running at the end of September 2007, the overall average gross hourly rate for jobs associated with them was £6.89.

The main reasons underpinning the low volume of job entries are identified as:

- staff capacity constraints among the key BDM role restricted the number of pipelines successfully developed;
- small numbers of vacancies offered to each pipeline by employers and further reduced during the (lengthy) process of developing a pipeline to fill them;
- low hiring rates (40 per cent on average) among those successfully completing pipeline training.

Despite variation from one Pilot to the next, and one pipeline to the next, overall sustainability of employment after hiring has also been disappointing, with just 49 per cent of job entrants still in work at 13 weeks, compared with a target of 70 per cent.

Finally, the average gross cost per job entry across all three and including the cost of the Central Secretariat, has been high, at £8,903. If the costs of the centre are excluded, the gross cost falls to £7,572.
4  Fair Cities pipelines: design, operation and job entry

In the previous chapter, we looked at the numbers of beneficiaries joining, moving through and leaving Fair Cities’ pipelines. In this chapter, we consider, in more detail, the character of the pipelines themselves, and look in turn at:

- common design features of pipelines;
- pipeline dimensions and their implications for beneficiary volumes;
- pipeline design process;
- pipeline content;
- clusters of common pipeline types; and
- employer assessments of pipelines.

4.1  Pipeline characteristics

Despite the fact that the Pilots have been quite strongly ‘model-led’ (ie they had a distinctive and quite radical vision of what they sought to do and how it would vary from the mainstream), there has, nevertheless, been considerable variation in the characteristics of the pipelines that have been delivered, both between the three Pilots and within them from one pipeline to the next. In part, this variation has been the result of the different labour market circumstances in each of the three sites, in part, it reflects the requirements of different employers and occupational groups but it also reflects a learning process within the three Pilots about what works – what works best, what doesn’t work very well and what doesn’t work at all. In fact, the early months of the pipelines witnessed quite a bit of experimentation and the later ones some marked convergence around several practical aspects of design and delivery.
In setting out the main characteristics of ‘a Fair Cities pipeline’ we overlook, for the moment, all these different sources and kinds of variation and concentrate on the essential core features that have been most in evidence across the piece.

- **Alignment around single employers**: Almost all of the pipelines have been attached to single, specific employers, often, indeed, to single sites within them. There has been some experimentation with groups of employers orchestrated by the Pilots (for example in Brent, among Small and Medium Sized Enterprises (SMEs)) and with similar employers drawn together by their common needs or circumstances (ie sectoral, occupational or locational) but these have neither been on a large scale, nor conspicuously successful.

- **Focused on the offer of multiple, linked vacancies**: In order to benefit from economies of scale, virtually all of the pipelines designed and funded by Fair Cities have involved more than one vacancy. However, they have not always involved many more than one and generally speaking, the number of vacancies involved per pipeline has been small. Moreover, some early experimentation in Bradford focused on filling single vacancies but this was eventually phased out.\(^{32}\)

- **Occupationally grouped vacancies**: Generally speaking, pipelines focused on jobs that were clustered around common features, most often occupational. Not only did this give a better focus for the pipeline training content, it also made it easier to describe the opportunity to potential beneficiaries. Where some organisations had committed themselves, at CEO level, to filling a particular number of vacancies through the Pilots, but these were not attached to specific common occupational groups, the Pilots faced real difficulties in translating this commitment into coherent pipelines.

- **Customised content to meet the selection criteria for these specific vacancies in that specific employer**: Although some of the early Bradford work centred on general preparation for the labour market in general and notwithstanding the experimentation with clusters of employers, the pipelines otherwise focused exclusively on specific jobs in a specific employer context. This meant that, in theory, all the selection criteria, recruitment processes and employer expectations could be ascertained and used to formulate pipeline content, which would:

- **Deliver pre-employment training to the selected beneficiaries**: In preparing individuals to fill these vacancies, the Pilots had to make significant selection decisions, which reflected both their general targeting objectives and their insight into the employer’s formal (and also informal and sometimes implicit) hiring criteria.

\(^{32}\) It is important to note that the results presented in Chapter 3 draw on the full results of the Pilots whatever the specific form of the pipelines involved. However, in the data presented here we have excluded some of the vacancies filled through these essentially job-brokering activities on grounds that they did not really meet the minimum criteria to constitute pipelines.
• Assured access to consideration for the target vacancies by pipeline completors: Successful pipeline graduates have enjoyed a guaranteed access to the employer’s selection procedures and an assurance that their application will be properly considered. In practice, none of the vacancies that had been offered by employers were ring-fenced exclusively for Fair Cities beneficiaries. Employers have often used Fair Cities pipelines to supplement their own normal recruitment practices, which have generally continued to run in parallel with the pipelines. In part, this reflected employers’ understandable reluctance to commit exclusively to an untried recruitment source but also their concern to maintain unrestricted and fair access to their vacancies, as generally required by their Equal Opportunities policies.

• Preparing a level playing field: Although the Pilots have not been able to guarantee employment at the end of pipelines, they have prepared beneficiaries to participate on a more level playing field with other potential (albeit non-Fair Cities) recruits coming from other avenues.

4.2 Pipeline throughput

The scale on which the Pilots have operated has been determined by a number of factors but key among them have been the number of pipelines built and fulfilled, their duration, the number of beneficiaries flowing down each pipeline and the hiring rate achieved at the end of it. We discuss these in turn.

4.2.1 The number of pipelines

Data provided by the Pilots at the end of September 2007\textsuperscript{33} shows that, up to that time, some 180 pipelines have been delivered (or were in the process of being delivered) by the Pilots. Table 4.1 gives an overview of pipeline activity in each of the Pilot sites.

As the table shows, the distribution of the pipelines has varied between the Pilots rather than being equally divided by them. Bradford and Brent had delivered the lowest number of pipelines (37 and 32 in total to date, respectively, since the Pilots began) while the Birmingham Pilot had delivered the lion’s share of all the pipelines (with 111 in total to date).

\textsuperscript{33} And so compatible with the data drawn from the Management Information (MI) system which is presented in Chapter 3, but not drawn exclusively from the same source, and not including job entries secured through ‘job-broking’ activities.
Table 4.1  Pipeline activity in the Fair Cities Pilots, by end September 2007

<table>
<thead>
<tr>
<th>Pilot</th>
<th>Number of pipelines</th>
<th>Number of employers</th>
<th>Average pipeline duration - weeks</th>
<th>Duration percentages*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Up to 1 week</td>
</tr>
<tr>
<td>Birmingham</td>
<td>111</td>
<td>21</td>
<td>2</td>
<td>68%</td>
</tr>
<tr>
<td>Bradford**</td>
<td>32</td>
<td>18</td>
<td>1</td>
<td>95%</td>
</tr>
<tr>
<td>Brent</td>
<td>37</td>
<td>13</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>All Pilots</td>
<td>180</td>
<td>52</td>
<td>2.4</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Notes: *includes only pipelines for which duration data is held; ** excludes earlier Fair Cities activities which have been reclassified as job broking activities.

Source: Fair Cities MI, IES.

An important consideration here, of course, is the extent to which Pilots have taken advantage of repeat business and run multiple pipelines for the same employer. The table clearly shows that one reason why Birmingham has delivered the most pipelines is that it has managed to secure more repeat business, delivering an average of five pipelines per employer. By comparison, Brent has delivered around three pipelines per employer and Bradford less than two.

On the one hand, the degree of repeat business experienced by the Pilots, and in the Birmingham Pilot in particular, is an indication of the degree to which employers are satisfied with the Pilots and the pipeline approach. Indeed, employers have usually responded very positively when questioned about their experience of Fair Cities and the pipeline model. However, the amount of repeat business, and the relatively low number of employers that have sponsored pipelines with Fair Cities to date (52 employers in all across all of the Pilot areas) also point to a number of difficulties associated with employer engagement. The difficulties appear to centre on how the Pilots have been able (or unable in many cases) to get more employers on board, which has been further compounded by the resource demands associated with account managing the pipelines. Employer engagement staff have often been busy enough managing the pipelines that they have secured and this has tended to limit the number of new employers who could be successfully drawn in.

4.2.2  Duration of pipelines

Working within a given budget, the longer pipelines run, the more expensive they will be, and the fewer can be delivered. Table 4.1 also shows that there have been quite distinct differences in duration, both between and within the three sites. If we take the Pilots as a whole, pipelines have lasted an average of just less than two and a half weeks. Once again, though, on closer inspection the picture alters somewhat when we focus on each individual Pilot site. In Brent, the pipelines have tended to be longer: six of their 37 pipelines (16 per cent) have lasted for 12 weeks...
or more, with a further 18 pipelines (or 49 per cent) lasting between four and ten weeks. In Birmingham, by far the majority of pipelines (101 from a total of 111, or 91 per cent) have lasted for less than four weeks (and most of these have been delivered over a four-to-six day period). Only ten pipelines (or nine per cent of the total) in the Birmingham Pilot area have lasted four or more weeks. The pipelines in Bradford have all been delivered in under two weeks, with no exception. In fact, most of their pipelines have been delivered in one week or less.

### 4.2.3 Number of beneficiaries per pipeline

A key variable in the number of beneficiaries that the Pilots have been able to help is the number which each pipeline has been able to accommodate. Here, the Pilots have not had an entirely free hand, as the number of places is clearly dictated by the number of vacancies offered by employers and as we have suggested in Chapter 2 and go on to discuss in more detail in Chapter 6, this has generally been small.

Using data supplied by the Pilots and adjusting this to remove the effect of job-brokering activities, Table 4.2 shows an estimate of the average size of pipelines for each Pilot and for the programme as a whole.

#### Table 4.2 Estimates of beneficiaries per pipeline, to September 2007

<table>
<thead>
<tr>
<th></th>
<th>Total vacancies</th>
<th>Number of pipelines</th>
<th>Vacancies per pipeline*</th>
<th>Beneficiaries per pipeline*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent</td>
<td>577</td>
<td>37</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>Bradford</td>
<td>509</td>
<td>32</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Birmingham</td>
<td>980</td>
<td>111</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>All Pilots</td>
<td>2,066</td>
<td>180</td>
<td>11</td>
<td>14</td>
</tr>
</tbody>
</table>


Here, we can see that the average number of vacancies around which the average pipeline was structured was just 11. There was, of course, a significant variation on both sides of this average and the data are incomplete in some cases; consequently these results should be treated as indicative, rather than exact. Nevertheless, the estimate serves to show the rather small opportunities offered by the average pipeline. The final column serves to show how the Pilots built pipelines with an average of 14 places to fill these 11 vacancies, allowing a small margin for people who might drop out during the training\(^{34}\), and for those who might not be acceptable to the employer at the end of it. Even though there are also differences between the three Pilots, the important conclusion from this table is that pipelines were necessarily small-scale affairs.

They were also small because of capacity constraints on the part of providers and because there was some concern raised in several of our interviews that

\(^{34}\) These were very low, as discussed in Chapter 3.
relatively small groups worked best in terms of discipline and commitment among trainees during their time on the pipelines. While these considerations do not really constitute the main reason why pipelines were small, they offer a corrective to arriving at the easy solution that the Pilots’ efficiency could be easily improved by increasing the size of typical pipelines.

4.2.4 Low hiring rates

The final determinant of pipeline throughputs is of course the hiring rates experienced among individuals completing training. We have shown in Chapter 3 that these were extremely low on average (40 per cent), albeit with considerable inter-Pilot variation. There is no need to repeat this discussion here but simply to note that this fourth and final consideration is of great significance in determining the effective volume of job entries through the pipelines.

4.2.5 Translation and shrinkage effects

A final aspect of the Pilots’ experience, which has greatly influenced the throughput of the pipelines, has been the widespread experience of a divergence between the number of vacancies ‘promised’ by the CEO (or believed to have been promised; there is no formal quantified ‘pledge’) and those which appear to be still available when the pipelines have been established and produce their job applicants.

- The translation problem springs from the need to translate the CEO’s commitment of theoretical vacancies into practical pipelines for entry into specific jobs, working through an often complex, and sometimes less-than-convinced, layer of line, departmental and HR managers. It has been far from clear that less senior managers necessarily share this commitment to participation; it has been quite clear that they often have competing priorities which sometimes have cut across that commitment; it has sometimes been the case that they have to deal with constraints and difficulties that were both genuine and genuinely unknown to the CEO. For such reasons, there has been a widespread tendency for the number of vacancies ‘promised’ by the organisation to be whittled down by their line and departmental colleagues. The Pilots were not generally successful in overcoming this problem.

- The shrinkage problem arises principally from the employers’ reluctance to concede exclusive access to such vacancies and the consequent filling of many of them while the Pilots were still developing their pipelines. An extended design phase for a pipeline was likely to make this problem more prominent.

4.3 Designing the pipelines

A defining feature of the demand-led approach is that the employers’ needs and expectations are identified, are transmitted to the training provider and are used to design the content of their provision. Depending on the kind of jobs involved, and as we will show in Chapter 5, they have been extremely varied; such needs may, in practice, be quite modest, with for example, most of their emphasis on the
personal characteristics of potential recruits (reliability, honesty, motivation, etc.),
or they may involve job-related skills and/or experience.

In all three Pilot areas, the key actors at the pipeline design stage have been the employer and a Fair Cities representative and this has not changed significantly over time as Fair Cities has kept a fairly tight rein on employer engagement (see Chapter 6).

We noted in the earlier interim report\textsuperscript{35} that a Business Development Manager (BDM)/Employer Engagement Manager in each of the Fair Cities Pilots has worked with employers to come up with the overall design of a pipeline and this has continued to be the case in all of the Pilot sites. The only significant change, in this respect, has been the shift in Bradford away from a separation between the employer engagement and the pipeline design roles and towards an integrated Account Manager role, as in the other two Pilots. These early meetings with employers have included detailed discussions on the roles and responsibilities associated with particular vacancies and identifying the skillset or experience required by successful candidates.

There have been two ways in which this process has changed during the lifetime of the Pilots:

\begin{itemize}
\item There has been a growing realisation of the often extreme complexity of the issues at stake here. Not only has it proved difficult to identify and codify some of the employer’s formal requirements and the extent to which these might be flexible, negotiable or interchangeable, it has also transpired that there are numerous informal and frequently implicit expectations, particularly on the part of line or departmental managers, which need to be drawn out. It is usually assumed by those who commend the idea of demand-led training that ‘demand’ can be fairly readily and accurately specified by employers. The experience of the Pilots has shown that this is neither so simple nor so clear cut as one might assume. As the Pilots have developed, they have learnt to put more and more sensitive resources into these initial discussions to secure a proper perspective on what these employers expect.

\item Drawing the training provider into these discussions at a reasonably early stage has proved on the whole, to be advantageous. This has not proved easy to reconcile with the Pilots’ wish to be the principal agent with whom the employers have to deal but it has, nevertheless, shown itself to be necessary if the providers are to secure as clear as possible an assessment of the expectations they are trying to meet.
\end{itemize}

In all Pilot areas, following successful employer engagement, the BDM/Employer Engagement Manager has then gone on to co-ordinate provider engagement and/or beneficiary recruitment to a greater or lesser extent.

\textsuperscript{35} Op. cit.
In Brent, providers are involved in the pipeline design process, attending subsequent meetings working with employers and Fair Cities personnel to understand the requirements of the jobs available and to come up with a pipeline solution.

In Bradford, as we have indicated, the Employer Engagement Manager role has changed in such a way that it was integrated into a more effective Account Manager role and this has laid the basis for greater control of the development of pipelines. Training providers respond initially to the specification they are given from Fair Cities and then go on to refine the pipeline with the employer (see Chapter 7).

In Birmingham, a number of hubs\textsuperscript{36} have supported the Employer Engagement Manager and have acted as key intermediaries in the delivery of Fair Cities pipelines. A hub representative has usually accompanied the Fair Cities Employer Engagement Manager to the initial employer visit to identify their recruitment needs. They have then assumed responsibility for designing the pipelines on behalf of Fair Cities and identifying a suitable training provider (unless the employer already has a preferred training provider) to deliver the pre-employment training. A number of hubs (or very similar organisations) working across different sectors have added this additional dimension to the Fair Cities delivery structure in Birmingham. The hubs have then gone on to co-ordinate the pipelines and work with providers and Fair Cities community engagement teams (and often their own community engagement staff and partners) to engage potential beneficiaries. This devolvement of responsibility and arms-length expansion of the Fair Cities team, may go some way to explain why the Birmingham Pilot has been able to develop over three times as many pipelines as the other Pilot sites. It may also be the factor that explains why the Birmingham Pilot has demonstrated the least success in meeting ethnicity and target-ward objectives, as control over the process may have been devolved to some extent alongside the responsibility.

We noted in the interim report\textsuperscript{37} that Fair Cities and their providers have been largely cast in the role of listeners and respondents; they mainly take what the employer is saying at face value and try to select beneficiaries and arrange their training in the light of this. There was very little evidence at the interim stage that Fair Cities was routinely challenging and helping employers to review, revise and perhaps remodel their recruitment and selection criteria, which would be applied to pipeline leavers, towards those more likely to favour their target groups (for example, by moving away from formal qualifications as indicators of likely competence in the job, towards more direct assessments of potential). A full year later, this broadly remains the case for most employers who have engaged with

\textsuperscript{36} Hubs are a feature of the existing partnership infrastructure in Birmingham. They are sector (sometimes site)-specific groupings, led by Jobcentre Plus, the Learning and Skills Council (LSC) and the Council, working to improve labour supply and training provision feeding into their sectors or sites.

\textsuperscript{37} Op. cit.
pipelines. However, there is some, but generally modest, evidence that some employers, who have had longer-term and/or repeated pipeline experiences, have begun to emulate some of the methods and approaches of the Pilots into their mainstream recruitment and selection procedures.

One of the key reasons why this has not been more widespread seems to have been employers’ commitment to formal and transparent recruitment procedures and selection criteria as part of an organisational commitment to equal opportunity around hiring procedures. While small employers might be expected to take a more flexible approach, the large employers with whom the Pilots have tended to work, have been quite constrained in their freedom to introduce special, or different, arrangements for particular groups of potential employees, however much this might seem to be mutually beneficial for the disadvantaged jobseekers in question or the employers themselves.

### 4.4 Key features of the pipelines

As the Fair Cities pipelines were custom-built around the needs of particular employers and jobs, they tended to demonstrate great variety as regards their content. However, many of them built from a fairly standard range of components, and as experience was gained, certain basic styles of pipeline emerged. In the next two sections, we look at pipelines from these two perspectives.

#### 4.4.1 A pipeline toolbox

The content of Fair Cities pipelines was extremely varied but there were certain common features that typically reoccurred and these are shown in Table 4.3. Here, we can see that pipeline content can be divided into five major internal modules (support for personal attributes, presentational skills, preparation for, and preview of, selection procedures, realistic job previews and vocational skill training), plus an entry/selection module and a pipeline-exit/job-entry module. Most pipelines had some elements of each of these modules, although as we will show later, many of the shorter ones had little or no vocational training element in them and so it is possible to think of this chart as a toolbox of possible elements which the BDMs would choose and modify to meet the needs of individual pipelines.
Table 4.3  Common features of Fair Cities pipelines

<table>
<thead>
<tr>
<th>Selection for pipeline</th>
<th>Personal attributes</th>
<th>Presentational skills</th>
<th>Pipeline content</th>
<th>Job preview</th>
<th>Vocational skill training</th>
<th>Selection for employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Four basic eligibility criteria</td>
<td>Assessment</td>
<td>CV preparation</td>
<td>Understanding the process</td>
<td>Presentations from managers</td>
<td>Generic workplace training</td>
<td>Review of application form or CV</td>
</tr>
<tr>
<td>Additional Fair Cities targeting criteria</td>
<td>Confidence building</td>
<td>Interview skills</td>
<td>Interview practice</td>
<td>Meetings with employee reps</td>
<td>Health and safety training</td>
<td>Testing</td>
</tr>
<tr>
<td>Additional employability criteria, eg basic skills, language, criminal record, driving license, etc.</td>
<td>Motivation</td>
<td>Emphasising capabilities in place of formal qualifications</td>
<td>Psychometric and other test practice</td>
<td>Workplace visits</td>
<td>Vocational skill training</td>
<td>Interviews</td>
</tr>
<tr>
<td>Open day informal interview, job preview, etc.</td>
<td>Addition review of basic employability skills</td>
<td>Phone screening practice</td>
<td>Job trials</td>
<td></td>
<td>CRB checks, etc.</td>
<td></td>
</tr>
</tbody>
</table>
The key elements in the toolbox were as follows:

- **Selection for pipeline:** As discussed below, some pipelines (usually longer ones with significant vocational training and higher-than-average costs) placed significant emphasis on selection at entry. However, much emphasis was placed here; the key elements would tend to be:
  - **Basic eligibility criteria:** These were applied with varying degrees of consistency (and no doubt responded to with varying degrees of accuracy) to check beneficiaries’ eligibility for entry. They asked:
    - Was the beneficiary working at present?
    - Did the beneficiary have an address in one of the target wards?
    - Was the beneficiary currently mandated to any public programme (typically the New Deal)?
    - Could they readily prove this?
    - Did the beneficiary have the right to work in the UK?
  - **Additional Fair Cities targeting criteria:** Pilot staff might consider other targeting variables too, relating less to the individual’s eligibility and more to their fit with the overall beneficiary profile which they sought. It seems to have been through the administrative application of such additional entry criteria that the Pilots achieved their ethnicity target while missing their target ward criteria.
  - **Additional employability criteria:** Early discussions with the employer might well have thrown up certain key requirements which could fairly easily be checked at the outset and which would rule out beneficiaries, even if they passed the remainder of the course. These included such elements as basic literacy and numeracy skills, language and communication skills, criminal record, driving licence, etc.
  - **Open day:** Some employers liked to conduct early sifting interviews actually at the open days and so might arrange to conduct informal interviews with potential beneficiaries at that point. Others might find it useful to give presentations about their business and the jobs in question with the intention that a realistic job preview at this point might usefully winnow the cohort of potential entrants.

- **Personal attributes:** As many entrants had fairly low level qualifications and as employers are known to place significant emphasis on the personal character and attributes of their recruits, the Pilots also placed a lot of emphasis on developing, or at least making manifest, these attributes among their beneficiaries.
  - **Assessment:** On entry to the programme (sometimes before and sometimes after entry to a specific pipeline) beneficiaries would be carefully assessed to ensure that their underlying aspirations were, in some degree, aligned with the key features of the jobs in question.
– **Confidence building, motivation, etc.**: Although pipeline entrants were all there on a voluntary basis, most pipelines gave considerable attention to boosting beneficiaries’ self confidence, self belief and motivation. These individuals were, after all, seeking jobs with some of the leading employers in their towns from a position of some personal and communal disadvantage.

– **Addition review of basic employability skills**: In some cases, significant further attention was given to basic skills at this point. Although it was rarely possible to address serious deficiencies within the context of the pipeline, individuals might be referred to provision elsewhere or given some support in these areas.

• **Presentational skills**: Beneficiaries were almost always provided with instruction and support for presenting themselves well during what was often going to be a fairly arduous and rigorous selection process for employment.

– **CV preparation/application form**: Depending on whether the employer did their initial sifting through CV review or required an application form to be completed, the pipelines laid considerable stress on preparing individuals for this, giving them practice, exposing them to the actual forms, etc.

– **Interview skills**: At some point, candidates would face a personal or telephone interview, often both. The pipelines usually gave them support in preparation for this and allowed them to practice in less stressful mock-ups.

– **Emphasising capabilities in place of formal qualifications**: By undertaking a careful review of the attributes which employers were known to seek, the Pilots were able to help those without the formal certification proving (or implying) the possession of such attributes to recognise that they had them and to find ways of demonstrating that to interviewers.

• **Selection**: Pipelines generally sought to prepare candidates for the selection process itself, often through preview and practice, and usually entailing:

  – **Understanding the process**: As we have pointed about already, the complexity of the selection process in many of these large organisations came as something of a surprise to the Pilots. It is hardly surprising, then, that beneficiaries would generally not be aware of what awaited them and clarifying this was generally held to be useful in preparation.

  – **Interview practice**: As above.

  – **Psychometric and other test practice**: The Pilots often had access to similar test material that the employers would normally use and beneficiaries were held to benefit greatly from an opportunity to practice using them.

  – **Phone screening practice**: Telephone screening was often used as an early sift by some employers and again, beneficiaries were given an opportunity to practice and get used to this procedure.
• **Job preview:** Increasingly, with experience, the Pilots found that the incorporation of some kind of realistic job preview, introducing beneficiaries to the realities of the job and the workplace, had a positive effect, both in helping beneficiaries to get the most out of their preparation and of reducing potential wastage after recruitment. To this end they had often introduced:

- **Presentations from managers,** about the workplace, the organisation’s culture, employment package and expectations of them, etc.

- **Meetings with employee reps,** covering much of the same ground and largely for the same purpose.

- **Workplace visits,** to further introduce realistic expectations.

- **Job trials:** sometimes short periods actually doing the job in the workplace were also included.

• **Vocational skill training:** This was certainly the element that varied most widely in its inclusion, or otherwise, in pipelines. The bulk of the longer pipelines in Brent, for example, were largely composed of skill training, whereas few of the shorter pipelines provided any at all. This is not necessarily a fault; some employers explicitly prefer to conduct all their skill development themselves – in-house and post recruitment. This way they aim to get consistency and a skill-set that is exactly tailored to their particular needs (of which they generally judge themselves to be the best assessor and provider).

- **Generic workplace training:** For this reason, quite a bit of this element actually comprised generic workplace training which any employer in a particular sector might require. Hygiene training in certain hospitality businesses or customer-service training in certain selling or personal service roles, are good examples of this.

- **Health and Safety training:** In some sectors, a more robust requirement for health and safety training was required, and pipelines provided this. In construction jobs, for example, the Construction Skills Certificate Scheme card was an important prerequisite for any site-based job.

- **Vocational skill training:** A minority of pipelines provided substantive skill training, using accredited trainers and usually leading to certificated outcomes.

• **Selection for employment:** In some pipelines, the support for beneficiaries persisted during and through the selection process itself.

- **Review of application form or CV:** Providers would typically review completed application forms and CVs before submission.

- **Testing and interviews:** Providers would often debrief job applicants after different stages of the selection process. In a few cases, they had arranged resubmissions with employers.
- **Criminal Records Bureau (CRB) checks**: Where jobs had extended waiting periods due to CRB or similar external checks, providers could provide ongoing support, although this rarely amounted to much more than an update on where things stood and a sympathetic ear.

This is undoubtedly not an exhaustive list of the different kinds of intervention that providers made but it sets out the ones that were most often observed and from which the diversity of provision was largely constructed.

Despite this diversity, however, we also observed some significant clusters of pipeline ‘types’ and we now go on to describe these.

### 4.4.2 Two model clusters

Although Fair Cities pipelines shared common characteristics as discussed already, we have found that they tended to fall into two main types or models and this position has become more firmly entrenched as the Pilots have developed over time. Not only that, but the Pilots themselves seem to have favoured model ‘types’.

Moving along a ‘continuum’, we start with pipelines that were relatively, if not very, short in duration and which operated to inform beneficiaries about specific vacancies and prepared them solely for the recruitment and selection process (Model A), rather than to undertake the job itself. These tended to be fairly generic and offered training that was specific to the employer’s recruitment procedures. In many ways, several of the pipelines have been:

> ‘A preparation to get in rather than a preparation to do the job when you were in.’

At the other end of the continuum, we have observed pipelines that additionally incorporated a fair degree of skills or vocational training to enable candidates to undertake jobs that would otherwise be beyond their grasp as well as their reach (Model B).

One of the most interesting issues here, is the point at which unsuitable or marginal candidates were sifted out these pipelines. In the shorter, Model A, pipelines, people tended to be sifted out at the end of the process, ie the selection of successful candidates happened largely at the pipeline exit point (when the employer either selected them or didn’t), whilst in the longer pipelines, candidates were more rigorously sifted at the pipeline entry point to ensure that only those with the most likely chance of succeeding go on to enter the pipeline proper. This has not always been the case and some of the initial problems that were experienced with regards to the quality and suitability of candidates getting onto pipelines, was rectified by more thorough sifting at the beginning, usually at the open day (for longer pipelines).
**Model A – Short pipelines**

The content of the shorter pipelines has tended to centre on basic skills testing, generic soft skills, preparation for the job role and preparation for the employer’s recruitment process. These pipelines have been of short duration and entry to them has proved to be fairly uncomplicated. There is, however, a more systematic post-training selection process, in which the employer participates at the end of the pipeline, sometimes, for example, involving a recruitment open-day, helping with the completion of application forms, selection interviews and perhaps further testing.

These pipelines usually lasted no more than one or two weeks (and some have run for as little as one day, ie as an open day) and often consisted of a job preparation course which focused largely on preparing candidates for the (job-specific) recruitment process. The job preparation courses have incorporated a range of activities including:

- various standard assessments (eg basic skills and assessments for customer service and communication skills);
- collecting copies of identification (eg birth certificates);
- telling candidates about the employer and the job role;
- visiting the employer premises, work tasters;
- completing application forms and CVs;
- interview preparation;
- team-working and motivation techniques; and
- preparation for the world of work.

The shortest pipelines or open days, have been run for vacancies such as health and social care assistants, warehouse workers, shop assistants and customer service advisers for a transport organisation. These have tended to be used to inform potential recruits about the job, test for basic skills and assist with form filling. Candidates who get through these processes would normally then go through for selection to interview or at least through to the employer sifting stage. The pipelines that have run for a little longer, ie up to two weeks have usually included a combination of many activities from the list above. These types of pipelines have been developed for employment opportunities in call centres, telesales, construction, production, catering, hospitality and bus driving. Some of these pipelines have begun with an open day which acts as a sift on to the pipeline proper.

**Model B – Longer pipelines**

Pipelines falling under this second model also incorporated most of the elements listed above, ie training in generic soft skills, preparation for the job role and preparation for the employer’s recruitment process. However, pipelines in Model
B had a much more substantial degree of job-specific skills training within them. These pipelines tend to be longer, depending on the level of skill required to do the job. These pipelines were more likely to place greater emphasis on a pre-training sift at the open day stage, whereby only suitable candidates could then go on to join the pipeline. The more extensive the training offered, the more likely was this early sift to be emphasised. Once candidates had completed the pipeline, they entered into the employer’s recruitment process, usually in direct competition with other (non-Fair Cities) candidates.

The kinds of job-specific skills training that were delivered through these longer pipelines included: training in manual handling and lifting, basic food hygiene, health and safety, customer care, and training to become Police and Community Support Officers, and gas technicians. These pipelines have often been characterised by more intensive numeracy training and work trials.

The following example illustrates the process and the content of a longer vocationally-specific pipeline and gives some indication of the amount of time and effort required from all parties to bring one about.

### Vocational pipeline

One employer had an initial meeting with Fair Cities in mid-December 2006 during which time they discussed setting up a customised training and recruitment pipeline that would span their whole business and draw candidates from the local community. The employer discussed their current recruitment and training processes and labour shortages and Fair Cities were able to suggest ways in which the Pilot would be able to help streamline their processes.

The available vacancies were related to railway maintenance and renewals work, which, although only entry level jobs, can provide a good stepping stone to other technical and engineering jobs within the railway industry.

The employer’s initial aim was to target unemployed people in the local community from a variety of backgrounds through a recruitment campaign championed by Fair Cities. The Fair Cities team and the employer worked together on the recruitment campaign and promoted the job opportunities within the local community through jobcentres and community centres. The detailed job and person specification that the employer had supplied enabled Fair Cities to screen applicants over the phone and invite only people who were really keen, to attend an open day in early February 2007.
Following the initial screening process, a good number of candidates attended the open day, which was split into two presentation sessions by the employer (in the morning and the afternoon). The sessions gave the employer the opportunity to discuss the job role in some detail, and was followed by a basic numeracy and literacy test carried out by Fair Cities. Providing they were still interested in the job, all candidates were guaranteed an interview, which was carried out by several employer representatives after each session.

Drug, alcohol and medical screenings, were later carried out on successful candidates and 24 individuals were put forward for the ten-day track induction course training less than a month after the initial open day. This course, funded by Fair Cities, consisted of:

Day 1 – Induction and paperwork.
Day 2-3 – Personal track safety course.
Day 4 – First aid training.
Day 5 – Fire awareness and manual handling training.
Days 6-10 – Track engineering theory and practice, using purpose built training facilities.

All candidates receive a Personal Track Safety Certificate, usually three to five days after completion of the course.

Following successful completion of the course, the individuals were placed for a minimum of 16 hours work per week, and were supervised and mentored until they were fully competent and able to be placed into a full-time gang working on the railway.

Nearly six months on from training, 18 of the original 24 candidates are still working for the company on a regular basis, many of whom are in full-time work, while some individuals prefer to work weekends only. All the Fair Cities recruits are considered to be a valuable addition to the workforce.

The employer feels that their training and recruitment processes have been turned around by their involvement with Fair Cities. The cost of the initial training (approximately £1,000 per person) has been covered, which has enabled the employer to recruit more new starters to the industry. In addition, Fair Cities have undertaken the screening process and the recruitment and advertising campaign, which has saved the employer a significant amount of work. The employer has also reported a greater sense of community, as the majority of the individuals are being recruited from the immediate surrounding area.
Generally speaking, looking at the three Pilot sites, Bradford tended to concentrate its efforts on pipelines that conformed more closely to Model A – that is, shorter pipelines, geared towards getting beneficiaries ready for the recruitment and selection process. They have also been more experimental, as we saw earlier, in terms of trying to establish more generic, multi-employer pipelines. The Brent Pilot, on the other hand, focused much of its time developing and funding bespoke pipelines at the other end of the continuum, i.e., those of much longer duration with a heavier emphasis on the provision of vocationally-specific training. Birmingham sat somewhere between the two: it had delivered pipelines of very short duration but had also undertaken pipelines that were longer and more vocationally oriented.

4.4.3 Pre-pipeline provision

One of the issues raised about Fair Cities in all three Pilot sites relates to the suitability of the model to the original beneficiary target group and this has led to the development of a third model of provision over time. Whilst not a pipeline model per se, many respondents representing the Fair Cities Boards, the Fair Cities teams, providers and other stakeholders have stated that a significant proportion of people in the target beneficiary groups require much more help than the average pipeline was able to provide. In short, many potential beneficiaries have not been sufficiently job-ready to join the pipelines (either A or B) in their current format: employers generally wanted candidates immediately or in a fairly short space of time, but many (Fair Cities) candidates needed more help, over a more extended period than this, before they are ready to work.

Many potential beneficiaries face multiple barriers to employment, including soft and basic skills deficiencies and/or English for Speakers of Other Languages (ESOL) needs which require some form of (usually lengthy) Basic Employability Training (BET), prior to entry to a pipeline. As a result, Fair Cities in Birmingham, for example, responded to this need by contracting with outreach providers to design and deliver this sort of training. However, rather than being specific to a particular pipeline, it was envisaged as a precursor to pipeline entry or part of the supply chain, that is to prepare candidates for entry on to as-yet-unspecified future pipelines. These new measures were developed relatively late in the day in Birmingham, and they were, by their nature, of an extended duration. Consequently, a satisfactory throughput of beneficiaries to pipelines was not in evidence by September 2007. Fair Cities Bradford have also developed a Fair Cities ‘Plus’ model which helps people with more deep rooted barriers to employment, prior to entry on to a pipeline.

It remains to be seen if this additional Fair Cities provision could impact markedly on the employment levels in the three Pilot areas. What has become clear is that the pipelines have been successful in getting some beneficiaries from the target wards into employment (44 per cent of Fair Cities job starts were amongst people living in the target wards) but that to get the more disadvantaged of them into work is likely to require a much longer intervention trajectory. Outreach and community engagement is necessary to attract people (particularly those who
are often beyond the scope of traditional Jobcentre Plus services or mainstream welfare-to-work interventions) into some sort of active labour market provision. BET is often the next step, after engagement, which can be used to build soft and hard skills and overcome basic skills and ESOL barriers, in preparation for Fair Cities-style pipelines. These can be short or long, depending on the nature of the vacancies and the skillset required.

### 4.4.4 Pipelines that enhanced employers’ practices

In our interim report we raised the possibility of another putative pipeline model in which the Pilots were actively engaged in remodelling employers’ recruitment and selection behaviour to the benefit of ethnic minority group jobseekers. At that time, we had observed some work in Bradford with diversity training for managers and in Birmingham some experimentation with best practice sharing between businesses, and we noted that these cases were not delivered through pipelines but rather, in parallel with them. In one area, the Pilot had successfully negotiated a change in the criteria for a forthcoming apprenticeship pipeline, as discussed below.

#### Longer-term impacts on corporate culture

An apprenticeship pipeline has developed out of a CEO’s involvement on the local Fair Cities Board. A large telecommunications company were looking to increase the representation of ethnic minorities among their workforce to reflect many of the communities in which they work. They were also looking to increase their intake of women. The company agreed that they would offer 30 vacancies – all permanent positions, with an approximate starting salary of £11,300.

Previous to the company’s involvement in the Pilot, the recruitment criteria for their Apprenticeships consisted of five GCSEs at Grade C or above, with Maths, English Language, Double Science or IT as three of those five. However, the employer worked closely with a local college, community systems and their existing supplier of BTEC qualifications to agree a bespoke qualification for the Brent Pilot beneficiaries (Level 1 Maths and English and Level 2 IT). This bespoke qualification and the open days were the only features which differentiated Fair Cities recruitment from the company’s usual recruitment process.

The pipeline was regarded as a success by the employer; far more successful than previous recruitment drives to increase ethnic minority representation among their apprenticeships. The company filled 27 of the 30 vacancies on offer to the Pilot.

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As a result, the employer has identified three longer-term impacts of the Pilot on aspects of their corporate culture:

1 **Mainstreaming the Fair Cities model of recruitment**: The company has considered running their 2008 recruitment round in a similar way to the Pilot (i.e.: using recruitment open days, the bespoke qualification and working in partnership with agencies similar to the Pilot). The Head of Apprenticeships within the company has already established a relationship with a different Pilot to take forward recruitment. His ambition is to mainstream this recruitment strategy across the UK within other business areas, which also take on apprentices.

2 **A more diverse workforce**: The Pilot has been seen as a real enabler in terms of recruiting greater numbers from ethnic minority communities and has received full endorsement from the CEO.

3 **Greater partnership working**: After this Pilot, the employer has learned that they should not ‘go it alone’ when it comes to recruiting from ethnic minority communities but instead, draw on their partners’ expertise in this area. They intend to expand their partnership working in this area in future recruitment drives.

A further example below illustrates the capacity of Fair Cities, and/or other similar engagement strategies, to challenge employers’ recruitment practices to make them more inclusive, without any negative impact on the quality of the outcome.

**Employer flexibility in recruitment criteria**

A PCT initiated contact with the Fair Cities Pilot because they were looking to fill vacancies in a cost-efficient way. An agreement was reached in autumn 2005 and training courses started in the middle of 2006.

The training provider and Fair Cities worked with the Primary Care Trust (PCT) initiated to design the training course. This was done via a steering group which the employer found a useful mechanism to ensure their input into the training content and design.

Continued
It was decided that the care requirement (NVQ level 2) was a substantial barrier for some candidates and that the skills required for this qualification needed to be clarified more clearly by the PCT to open up the potential pool of job applicants. The PCT, therefore, set about attempting to pin down exactly what skills and experience were required for the job of care assistants. This was not an easy task as the managers (responsible for operationalising recruitment) were hesitant of new recruitment methods that they were unfamiliar with. However, the PCT persisted with lengthy negotiations and, as a compromise, agreed to let managers decide the number of vacancies offered to Fair Cities (a small number) in order to secure their confidence in the project first.

Following on from this, social care managers worked to pin down specific skills and key requirements for the job of care assistants and as a result, some of their recruitment criteria became more flexible. For example, a key change for disability care assistants was one year’s experience in caring for a disabled person. After considering this requirement at length, managers decided that while experience was important, this need not be experience in caring specifically for a disabled person but could, in fact, be experience of caring for anyone (a friend, relative, etc.). As a result, the criteria for care assistants for disabled people changed to one year’s experience in any type of care, and not only in caring for a disabled person. This widened the potential pool of candidates without compromising on the quality of potential candidates.

The results of this have been hailed a success by the PCT and the social care team because retention is very high among Fair Cities beneficiaries who have been employed as care assistants. The quality of candidates has also been reported as higher than the ‘norm’, with higher levels of commitment, and the fact that the candidates come from the local area both being reported as particular advantages. Social care managers were successfully brought on board for repeat pipelines and remain open to changes in recruitment criteria, having seen the success in retention so far.

4.4.5 Integrated, multi-track pipelines

The research has shown three different conceptions of pipeline design and content:

- Very short pipelines which concentrate on polishing up virtually job-ready candidates by helping them to successfully negotiate fairly complex and rigorous selection procedures. In their most extreme form, these pipelines look like the Bradford job-broking experiments and in their more refined, model-compliant guise, they are the Model A pipelines described above. They help candidates to get jobs with the kinds of high-end employer with whom they would previously have stood little or no chance.
• Medium length, and sometimes quite lengthy, Model B pipelines, which also focus on more-or-less job ready candidates, which also provide help and guidance with unfamiliar selection procedures but which additionally provide substantive job skills and which enable candidates to get jobs that they would previously not have been able to do.

• Longer provision, designed to remedy more profound shortcomings in employability and intended to help candidates who previously would not have been able to find a job at all.

Several of the Pilots’ staff have suggested to us in discussion that while there is a place for each of these kinds of pipeline, there might also be a place for a multi-speed pipeline which contained all three of these types into a single pipeline with three different speed lanes. None of the Pilots had really developed anything like this in practice but the potential that it offered to combine demand-led, employer-friendliness at one end, with the capacity to reach deep into disadvantaged communities at the other, looked to them, and looks to us, like a worthwhile proposition for any ongoing development work.

Such pipelines would, of course, be best suited for employers with whom the Pilots had won a fairly trusting relationship. They could offer a fast-track service for more or less immediate filling of current vacancies from their pipeline’s high speed lane. They could supplement this with skill training for vacancies requiring it; and when their harder-to-help beneficiaries in the slow, preparatory lane were ready for it, they could switch to one or other of the job-entry lanes.

4.5 Employer views on the pipelines

The employer-led model has generally been welcomed by those employers who have participated. Many employers have reported that participation in Fair Cities is a ‘no brainer’, ie they have absolutely nothing to lose by taking part. One employer summed this up:

‘It was a pleasure doing business with Fair Cities. They made it easy for us.’

It is fair to say that the employer response to the Fair Cities initiative has been generally very positive. However, some concerns were raised by a few participating employers and, in particular, in relation to some of the earlier pipelines. The main issues that were raised concerned:

• Poor experiences with providers. In most of the Pilot areas, there have been some of examples where employers have had a negative experience with providers who did not fully understand how to deliver demand-led training. Instead, their delivery of fairly generic and supply-side training for Fair Cities led to disappointment with the quality of the pipelines. In all cases, Fair Cities have responded professionally, quickly and flexibly to change the provision or the provider. In some instances, the provision has needed to be made more specific to the employer and/or the job.
• **Quality of candidates coming through.** Some employers have reported that the quality of the candidates coming through the pipelines was not as good as they expected. Some of these criticisms have related again to the quality of the provision, insofar as candidates were not briefed sufficiently during the pipeline or trained sufficiently for the job or employer in hand. In other cases, candidates have required greater screening or testing to identify those who were able to do the job and those who required more help than the existing pipeline was able to provide.

• **Amount of employer time required to see a pipeline through.** Some employers, and particularly those without a significant HR or personnel function, have found the amount of time required to help with the specification and design of pipelines to be problematic. Some employers have had to spend more time sifting applications and taking up references, etc. than they had originally envisaged which has caused concern. Fair Cities has responded wherever possible, to take as much of the burden off employers as possible, whilst at the same time employers have become more accustomed to their role in the pipeline process.

For the most part, employers have been satisfied with the extent and character of customisation in their pipelines, particularly in contrast to their views about the generic character of some mainstream welfare-to-work training. Where there have been problems, these seem to derive mostly from inadequate dialogue between employer and training provider and to a lesser extent from the competence of the provider to deliver. Both of these areas have been identified by the Pilots as potential pitfalls and steps have been taken to avoid, or at least minimise, them in future. The volume of repeat business that Fair Cities has enjoyed is testament to the professional and responsive service that employers have received from all those involved.

Employers have also reported a high level of satisfaction in relation to the quality of Fair Cities recruits, although it should be noted that this assessment includes their rejection of 60 per cent of them as inadequate, ie they are based on the minority whom they did recruit and who met their (generally) high hiring standards. In Birmingham, Brent and Bradford, employers have generally been very impressed with the quality of recruits and many have engaged in repeat pipelines as we have seen, which provides some indication of their degree of satisfaction. Some employers have reported that retention amongst Fair Cities recruits has been better than for recruits coming from other avenues as they have a better idea of what to expect when they are in work. Some employers also reported better hiring rates through Fair Cities than other ‘normal’ recruitment drives and activities. There have been a couple of examples of pipeline fatigue, whereby employers have enjoyed two successful pipelines, producing a number of high quality of candidates, but by the third pipeline, interest had faded and the training course had very poor retention. This can often be the case in ‘normal’ recruitment rounds and often requires a later attempt when the pool of recruits is replenished.
Some employers, however, had complained that some Fair Cities candidates did not always have good enough basic skills, communication skills or enough confidence, etc. required for the jobs in question. Fair Cities response has been to improve sifting mechanisms and put additional provision in place to address many of these issues and barriers to work. It remains the case, however, that some of the jobs around which the Pilots have constructed pipelines have been beyond the reach of many of the pipeline entrants and consequently, well beyond the reach of the more profoundly disadvantaged in the target communities.

Thus, in general, it seems fair to conclude that the generally high level of satisfaction expressed by employers derived from two sources:

- the first was the success of the Pilots in devising customised provision that recognised and sought to serve these employers’, sometimes exacting, requirements;

- the second was the selectivity which the Pilots applied at the entrance to pipelines and which the employers supplemented at their exit.

### 4.6 Summary

By the end of September 2007, the Pilots had successfully delivered 180 pipelines for some 52 employers. A high rate of repeat-business, particularly in Birmingham, explains the disparity between these two figures and also attests to a high level of satisfaction among these employers with the outcomes from their pipelines.

These pipelines were generally short (two and a half weeks), small (with an average of 14 beneficiaries to feed 11 vacancies) and inefficient (with only about five of these vacancies actually filled). In addition to these low hiring rates, significant translation and shrinkage effects were observed which, together, reduced the number of vacancies effectively open to these pipelines.

As they were custom-built around the needs of particular employers and jobs, the pipelines demonstrated considerable diversity in length and content; almost all, however, provided training and support in the preparation of beneficiaries to understand and perform well in the employers’ selection procedures which lay at the end of the pipelines. A minority supplemented this offer with significant skill training and these pipelines were generally significantly more selective on entry, lasted longer and demonstrated better hiring rates. There had been some experimentation with pre-pipeline training to remedy basic skill and language deficits among potential beneficiaries but there had been insufficient time for any reliable results to appear about their efficacy.

Thus, across all three areas and over two years of delivery, three different conceptions of pipeline design and content were evident:
• Very short pipelines which concentrate on polishing up virtually job-ready candidates by helping them to successfully negotiate fairly complex and rigorous selection procedures. They help candidates to get jobs with the kinds of high-end employer with whom they would previously have stood little or no chance.

• Medium length and sometimes quite lengthy pipelines, which also focus on more-or-less job ready candidates, which also provide help and guidance with unfamiliar selection procedures but which, additionally, provide substantive job skills and which enable candidates to get jobs that they would previously not have been able to do.

• Longer provision, designed to remedy more profound shortcomings in employability and intended to help candidates who previously would not have been able to find a job at all.

The research also suggested that while there is a place for each of these kinds of pipeline, there might also be a place for a multi-speed pipeline which contained all three of these types into a single pipeline with three different speed lanes. None of the Pilots had really developed anything like this in practice but clearly they would offer the potential to combine demand-led, employer-friendliness at one end, with the capacity to reach deeper into disadvantaged communities at the other.

Participating employers indicated a high level of satisfaction with the pipelines. In our view, this derived from two sources:

• the first was the success of the Pilots in devising customised provision, that recognised and sought to serve these employers’, sometimes exacting, requirements;

• the second was the selectivity which the Pilots applied at the entrance to pipelines and which the employers supplemented at their exit.
5 Employment and progression

This chapter is concerned with Pilot beneficiaries who were recruited into a job. It focuses on:

- the kinds of individuals who were successful in finding employment through the Pilots;
- the kinds and quality of jobs for which vacancies were offered, ie the kinds of jobs that were offered in the first place and the potential for progression within those jobs;
- sustainability of employment, ie how long the recruits were staying in the jobs, particularly at the 13- and 26-weeks points, at which payments were often made to providers;
- reasons for wastage or turnover – the discussion is extended to look at what support, if any, was available in the workplace to help the recruits both to stay, and to get, on; and
- the impact of the Pilots on the wider corporate practices and culture of the employers participating in the programme.

5.1 Characteristics of job entrants

These are described in full in Chapter 3 and here it is only necessary to remind ourselves briefly about the kinds of individuals who were successful in finding work through the Pilots.

As we showed earlier, job entrants were split fairly evenly between men and women but tended to be concentrated among young and prime age group individuals (with 47 per cent in their 20s and two in three aged between 20 and 40). The Pilots had been very successful in placing people from ethnic minority groups, who made up 80 per cent of job entrants, but less so in finding jobs for the very long-term workless and so well over half of them (57 per cent) had worked in the 12 months before they joined the Pilots.
Participation in the Pilots was entirely voluntary and these individuals had been fairly rigorously sifted before entry. So it seems safe to assume, therefore, that these individuals were fairly well motivated to find employment. Certainly, our discussions with Pilot staff and training providers tended to confirm this. Furthermore, the fact that about a third of them were in receipt of Jobseeker’s Allowance (JSA) when they joined the Pilots also suggests that, at least nominally, they were active jobseekers at that time.

Furthermore, it seems clear that almost all of the job entrants had previous experience of the workplace; only three per cent of them had not previously worked at some point in their lives. That point may well have been some time in the past for a minority of them, however, as a further 22 per cent had not worked for at least a year.

Finally, as well as enjoying a reasonable pattern of previous work experience, this was not at all a wholly unqualified cohort: 41 per cent were qualified at Level 1 or 2 in the National Qualifications Framework, and a further 26 per cent above that level, leaving only 14 per cent without any qualification at all.

5.2 Quality of jobs

Chapter 3 also presented some results on the quality of the jobs which they entered but this was largely restricted to data on pay rates. Here, we look in more detail at the range and kinds of jobs on offer, conditions of employment and opportunities to progress, as well as the level of pay.

5.2.1 The kinds of jobs on offer

The Pilots have, together, developed pipelines that have provided jobs in a range of organisations. These include:

- **Birmingham**: hospitality (hospitality organisation); Police Community Support Officers (PCSOs) (Police Service); administrative staff (Police Service; public agency);  
  telesales advisers (financial services organisation); contract handlers (financial services organisation); service engineers (communications organisations); track workers (construction organisation); care assistants (health care; local authority);  
  nursing auxiliaries (health care organisation); domestic and porter staff (health care organisation); security staff (health care organisation); construction workers (health care organisation); street cleansers (local authority); warehouse workers (warehousing firm); production workers (confectionery manufacturer); catering workers (hospitality organisation).
• **Bradford**: call centre operatives (utility suppliers); customer service staff (retail organisation; financial services organisation); care assistants (health care; care homes); postal staff (postal services organisation); PCSOs (Police Service); administrative staff (health care; financial services; communications organisations; local authority; government agencies); catering staff (restaurant chain); ICT advisers (retail chain); domestic staff (health care organisation); clerical officer (voluntary organisation); security staff (security organisation); sales assistants (retail chain); community development worker (voluntary organisation); development manager (voluntary organisation).

• **Brent**: apprentice engineers (communication organisation); service engineers (communications organisation); call centre operatives (entertainment organisation); PCSOs (Police Service); apprentice postal workers (postal organisation); care assistants (health care organisation).

The majority of the vacancies offered by employers were entry-level jobs, and in using this nomenclature, it is important to clarify a possible confusion with the term ‘entry level qualification’ which appears at the bottom of the National Qualifications Framework:

• By entry level **jobs**, we mean jobs which form the lowest level of the organisation’s internal labour market. These are usually the jobs which constitute the main entry point into the organisation for most employees, although there will be other entry points, higher up the internal labour market. These jobs often make up the biggest group of workers within the organisation and there may well be promotion opportunities both within this block of jobs (as employees become more experienced) and above it (as employees secure more skills and secure more substantial promotions). In a large organisation with high labour turnover, there is often an almost continual flow of recruits into these jobs.

• By contrast, the term entry level **qualifications** refers to the first level of the National Qualifications Framework. It lies beneath Level 1 and is itself sub-divided into three levels – 1, 2 and 3, with 3 being the highest. These sub-levels are broadly comparable with National Curriculum Levels 1, 2 and 3. In effect, these are very modest qualification levels indeed, centred significantly on basic literacy, numeracy and communication skills.

Across the labour market as a whole, there may well be some considerable overlap between entry level jobs and entry level qualifications, as the bottom level of many organisations is made up of relatively unskilled jobs, which may require little more than entry level qualifications to perform them adequately. However, for the cohort of employers with whom the Pilots have worked (almost exclusively large organisations, often placed towards the top of the labour market across the cities as a whole), selection criteria to their entry level jobs frequently required better-than-entry-level qualifications. As we have seen, fully 86 per cent of Pilot job entrants held qualifications better than entry level qualifications.
It is a moot point, of course, whether these jobs really required such levels of qualification or whether leading employers simply use these selection criteria as a fairly crude sift. Indeed, one of the discussions which was frequently held between the Pilots and their employers was the extent to which such qualifications were really needed and whether they could be relaxed, or at least replaced by competency assessments rather than certificate vetting.

Nevertheless, the majority of the jobs around which pipelines were constructed were precisely these entry level jobs, at the bottom of, and providing access to, the career structure of the organisation. Broadly speaking, these did not require particularly high levels of skill or previous experience, although this varied greatly between different employers and, as a result, between the different Pilots. There was a clear contrast here between the Bradford Pilot, where relatively few of the jobs on offer required more than entry level skills, and Brent, where several pipelines were constructed around jobs requiring quite significant skills (albeit almost all of them still being entry level jobs).

It could be argued that entry level jobs are generally well suited for unemployed people with low levels skills and for people who have been unemployed for a long time. The experience of the Pilots suggests that this is less true of the entry level jobs among the leading employers whom they had targeted and who, broadly speaking, apply somewhat higher hiring standards than does the labour market as a whole. This seems to be even less so when higher-calibre jobs have been targeted. Thus, for example, there was some recognition in Brent that some of their potential beneficiaries might not have been attracted to some of the more skilled and vocational vacancies on offer.

‘There was some tension between the high quality jobs on offer and the harder-to-reach people, who were not necessarily looking to build a career, but looking for small steps to get them back into the workplace.’

(Manager, Fair Cities)

A significant minority of the jobs required higher levels of skill and some previous experience, either in a particular trade or in other employment. This was notably the case for the Brent Pilot, where the jobs offered required higher levels of skill and where the pipelines themselves had more vocational content. Of all the pipelines offered here, the majority could be described in this way (for example, PCSOs, service engineers, gas technicians, etc.).

The higher-than-average requirements among Fair Cities employers, even among their entry level jobs, were to some extent reflected in the pay levels which they offered. As we showed in Chapter 3, across the three Pilots, the average gross hourly wages for the pipelines that were operating at the end of September 2007 was £6.89. This is considerably higher than the current National Minimum Wage (£5.52 at December 2007) and reflects the fact that, almost without exception, all the pipelines were focused on jobs that paid above the National Minimum Wage. As might be expected, there was some difference in hourly pay between
the Pilots, as well as considerable range within each Pilot. Bradford had the lowest average hourly pay of £6.00. The highest was £12.82 (development manager), and the lowest £4.71 (customer service assistant in call centre). The average hourly wage in Birmingham was £6.86; the highest was £8.12 (street cleansers) and the lowest £5.05 (hospitality). Brent had the highest average hourly wage of £8.35, reflecting the higher levels of skill required for most of the jobs. The highest wage rate here was a starting salary of approximately £19,000 per year, for field service engineers, and the lowest was £5.64, for call centre operatives.

Another important indicator of job quality can be inferred from the fact that most of the Fair Cities employers have been large organisations. As such, they offer relatively high quality terms and conditions of employment, non-wage benefits and a higher level of legality, ethical standards and non-discriminatory employment practices than many smaller organisations.

‘As an organisation, [named employer] is a very good organisation to work for. It has a number of very admirable benefits that any person would definitely be attracted to.’

(Transport employer, Brent)

In addition, and crucially for the Pilots’ longer term aspirations to improve the career experience of people from ethnic minority groups, these large organisations offered potential access to large internal labour markets, where jobs are often filled through promotion from the entry level jobs to which most potential Fair Cities recruits are aimed.

5.2.2 Opportunities for progression

In this respect, it is evident that most of the job vacancies on offer by Fair Cities were of a good quality. In support of this, almost all the employers that had offered jobs claimed there were good opportunities for progression for the successful beneficiaries within their organisations, precisely because these entry-level jobs typically fed an often quite substantial career structure within the organisation. For example, a communications organisation in Brent had a programme whereby apprentices were brought in under a career development umbrella, which was the same for their graduate recruits as well. According to this employer, the Fair Cities recruits were brought into the job role with every expectation that they would progress within the organisation.

‘We bring them in at that level because we expect them to progress in their career through the business. How fast that happens depends on the individual. We don’t bring them in just to be engineers for the rest of their working lives. Some may want to do that, and that is okay. But there is a lot that (sic) very quickly start building their career with the company.’

(Communications employer, Brent)

Overall, looking at the kinds of jobs that beneficiaries were actually hired to do (and certainly the kind of employers offering them), the vast majority appear to be
good quality jobs with good opportunities to progress within the career structures of the employing organisations. The majority of the jobs provided by employers to the Pilots were full-time, with almost all of them offered on a permanent contracts basis. This was true of both those jobs where beneficiaries were recruited directly and where they entered as apprentices, with a guaranteed job at the end of the apprenticeship, subject to conduct and successful completion of the training.

5.3 Sustainability of employment

As we have shown earlier, the ambitions of Fair Cities went beyond merely placing jobless individuals into work; the Pilots also aimed to promote the retention and progression of individuals, so that they both stay in work and also improve their employment prospects and experiences. The sustainability of employment, then, has been an important indicator of the overall success of the Pilots, both as an end in itself (stability of employment, continuity of income, improving credit rating, etc.) and as a means to better things (whether directly through promotion or indirectly through seeking a better job elsewhere).

5.3.1 Retention

As shown in Chapter 2, one of the Pilots’ core targets was that 70 per cent of job entrants should still be in employment 13 weeks after being hired. The data on retention, and some of the caveats surrounding the quality of the data, are discussed in Chapter 3 but can be summarised here.

The Management Information (MI) data for the three Pilots show that 49 per cent of beneficiaries overall were in employment (any job, not just a Fair Cities one) at the 13-week stage and 30 per cent were known to be still in work (again, in any job) at 26 weeks. The 49 per cent outcome clearly falls well below the 70 per cent core target of Fair Cities.

The overall figure, however, disguised significant inter-Pilot variation. Brent had the highest retention rates, of 77 per cent at 13 weeks and 71 per cent after 26 weeks. By contrast, fewer than one in three beneficiaries in Birmingham (29 per cent) were still in the job after 13 weeks, falling below one in four at the 26-week stage. Long-term retention rates were worst in Bradford. Whilst half of beneficiaries here were staying on after 13 weeks, the proportion had dropped sharply to only 15 per cent after 26 weeks.

It would seem, therefore, that there is a strong a priori association between the quality of jobs on offer and high retention. The vacancies in Brent offered the highest wages to reflect the higher levels of skill required for the jobs and thus, arguably experienced higher retention than the other two Pilots. By contrast, as we saw earlier, there was a preponderance of call centre jobs in some Pilot areas, with all the attendant low retention rates that characterise such jobs. The pipelines in Brent were also significantly more vocational in their content than those of the other two Pilots, requiring higher levels of commitment and investment on
the part of the beneficiary and thereby reducing the potential drop-out rate of recruits.

This link between high retention and the vocational content of a pipeline was not just restricted to Brent. In Birmingham, one employer noted that the retention was higher among the Fair Cities recruits because of the high quality of the training they received (for jobs as health care assistant), which had given recruits a good sense of what the job entailed and what they could expect from the job before they had even started in employment. The employer noted that, as a result of this, retention levels for Fair Cities candidates were higher than other recruits. As the Pilots progressed, the use of realistic job previews, whether through the open day or through visiting managers’ presentations about the jobs and the employer, or through visits to the workplace, became more and more a standard part of pipeline content, with precisely this aim of reducing initial, ‘shock’ turnover among recruits, entering a job that turned out to be somewhat different from their expectations.

Although this was not generally the case, in a few instances the subsequent turnover of Fair Cities beneficiaries was much higher than the average for the organisations concerned. The employers in this situation put down the poor retention rates to the fact that the beneficiaries concerned had been out of the labour market for long periods and had found it difficult to cope or adjust to the working environment. One employer indicated that if they became involved in the development of another pipeline, they would look more closely at the labour market history of recruits before taking them on.

‘People who have been out of work for a long time would not suit this environment... I would look more closely at why these people weren’t working, and were they ready to work in this environment.’

(Leisure sector employer, Brent)

To this extent, retention may have been influenced by the characteristics of beneficiaries and the overall performance of the Pilots in achieving sustainability in employment certainly raises questions about the extent to which the Pilots have ensured that the right people have gone into right jobs. This is discussed in more detail in Chapter 8, but it is worth noting here that there was a view among a minority of Pilot staff that some jobs were not suitable for particular kinds of beneficiary – for example, young people who wanted to build a career or people who were looking for part-time work in order to build their skills or lone parents who were looking for their first move into the workplace and for whom a full-time job was less suitable.

5.3.2 In-work support

It could be argued that an important facet of sustained employment is the availability of in-work support. In-work support is particularly important for a group, the majority of whom could well have limited or distant experience of
the workplace. To this end, it was intended that the Pilots would provide post-
employment support to beneficiaries or rather that they would encourage their
training providers to do this.

There is little evidence that much has been provided in the way of consistent or
proactive in-work support. Where it has occurred, it has been largely reactive
interventions to deal with specific problems that have arisen with particular recruits,
rather than a more consistent, systematic approach to providing in-work support.
The research has suggested three possible reasons why this has been so:

• Firstly, it would seem that the Pilots have assumed that income maximisation
  on the part of the provider would represent sufficient motivation to promote
  sustainability in employment. This is because, while individual contracts with
  providers differed, providers were often paid part of their fee for retention at 13
  weeks (at a later stage, the outcome payments have been extended to include
  a payment for retention at 26 weeks). As such, providers were responsible for
  tracking individuals so that they could be shown to still be in employment and
  the Pilots have assumed that this tracking process would also make provision
  for in-work support. There was rarely any explicit guidance, still less contractual
  requirement, outlining particular actions which providers ought, generally, to
  take in order to secure sustained job outcomes.

• Secondly, in the absence of such a contractual requirement, providers have
generally taken one of two courses. They have either:
  – assumed that the ‘pull’ effect of having secured a good job would be a
    sufficient motive to make beneficiaries stick at their work if they possibly
    could. They may also have had some expectation of a similar effect arising
    from supportive HR procedures on the part of their employers to promote
    retention; or
  – calculated that the cost of delivering an effective programme of post-
    employment support would not be particularly effective and would be
    more costly than the retention payment they would receive. Their income
    and cost estimates were, therefore, effectively based solely on the secure
    stage payments for entry and delivering programme content. Investment in
    additional costs for post-employment support was, therefore, minimised and
    any payments received through retention-based contracts were effectively a
    cost-free bonus.

• Thirdly, employers found it difficult to focus actively on providing in-work support
  to a relatively small, cohort of new joiners and positively avoid offering them
  significantly different/better support than they offer to their ‘regular’ recruits.

  ‘We made it clear that Fair Cities candidates would not be treated any
differently from normal candidates.’

(Transport employer, Brent)

They also found it potentially disruptive when/if providers involved them in any ad
hoc arrangements intended to promote the sustained employment of particular
beneficiaries and so did not generally encourage providers in this aspect of their work, unless it could be done exclusively off their premises and not under their auspices. Nor is it at all clear that individual beneficiaries welcomed such attention; quite often, they simply wanted to be treated exactly the same as a ‘regular’ employee.

5.4 Wider impact on corporate culture

One of the aspirations of the Fair Cities Pilot was that it might have wider impacts on the corporate culture of the employer organisations with regard to recruiting candidates from more disadvantaged backgrounds. In this way, the Pilots would help broaden the base of employment for disadvantaged groups beyond the low-skilled, low-paid job in which they tend to be concentrated, while at the same time, demonstrating the advantages of a more diverse workforce to a broader range of employers. For example, one of the lessons that has emerged from the development of the pipelines is that employers might need to look again at their job specifications to see whether they unfairly disadvantage people from the target groups and limit their chances of applying in the first place. This is important, especially where some of the specific requirements are not necessary for the job role itself.

There is little evidence that the Fair Cities Pilots have made a significant impact overall on the internal labour markets in local employer organisations. This is perhaps unsurprising given the limited lifetime of the Pilots, the relatively small numbers of vacancies offered to the Pilots by the employers and the even smaller numbers of Fair Cities beneficiaries actually recruited into a job. It seems a reasonable argument that under these conditions, it would be unrealistic to expect to exert influence over an organisation’s internal culture and practices. Indeed, this seems generally to have been the case; employers have usually engaged once, with relatively few vacancies, and significantly fewer recruits, half of whom had left three months later.

However, in a small number of cases, the Pilots have had some success in influencing the recruitment practices. In some cases, employers have even considered mainstreaming the Fair Cities model of recruitment, as the case study discussed in Section 4.4.4 shows.

It is evident that the Pilots have faced a quite sufficient task in seeking to achieve their core objectives of getting people into jobs, rather than on influencing the corporate culture and practices of employers, and as time went on this became an explicit narrowing of the Pilots’ priorities. Indeed, in one Pilot, a senior member of staff was explicitly taken off this kind of longer-term, proselytising role, and directed to support the more immediate task of pipeline development. Where this longer-term objective has been a focus, however, the relatively low numbers of vacancies offered by the employers, and the even lower number of beneficiaries subsequently hired, has severely limited the potential for the programme to have
a wider impact on the employer organisation, even as a starting point for further
development work.

It is also clear from the case study above that the altering of recruitment models and
other internal practices within an organisation can be very resource-intensive and
excessively risky for an employer. It is not unreasonable to suggest that employers –
especially those who are not experiencing really crippling skills shortages or
recruitment difficulties - might not be willing to commit the resources necessary
to re-examine and change their recruitment models.

‘We have a huge amount of applications that come through to us on a daily
basis. We physically would not be able to telephone interview everybody
that looked like they had some potential. What we have to do, and we have
no choice, is to sift the CVs based on experience and probably select those
that have the most experience first. We don’t have the resources to do it the
Fair Cities way. The 12 interviews that we did over the telephone took us a
day and a half to conduct.’

(Financial services employer, Birmingham)

5.5 Summary

Job entrants were largely from ethnic minority backgrounds and prime age groups,
and they tended to have had some, often recent, experience of employment.
They were generally well motivated and were not generally without qualifications,
although these tended to be at Level 1 or 2.

They had mainly been recruited to entry level jobs (ie at the bottom of the internal
labour market) in large employing organisations. The size and position in the labour
market of these employers (ie towards the top) meant that the jobs themselves
usually required qualifications above the entry level in the National Qualifications
Framework. Although the entry requirements of these jobs was not generally high,
and varied somewhat between the different Pilots, they tended to be higher than
they would have been among less prestigious employers.

In terms of pay levels, non-pay benefits, corporate policies towards equity/fairness,
access to training and access to promotion opportunities, these jobs undoubtedly
represented an attractive opportunity for entrants who may have experienced
disadvantage in their previous labour market experience. Furthermore, job quality
and relatively high pay rates appear to be associated with higher (sometimes
much higher) retention rates. However, this combination does not seem to have
been sufficient to support high levels of retention, and consequently progression,
across the Pilots as a whole. Although 49 per cent at 13 weeks is not significantly
different from what many mainstream employment programmes achieve (New
Deal, for example), it falls very short of their 70 per cent retention target.

Low retention rates seem to follow mainly from the lack of any systematic and
proactive process of post-employment support, and the main reason for its absence
has been inadequate contractual requirements on the providers to deliver it. There is some evidence to suggest that some jobs had simply not been suitable for particular kinds of beneficiary, and the spread of realistic job previews across the pipelines reflects a developing awareness of the need to secure a good subjective fit between job and entrant.

Although there were a small number of contrary cases, there is little evidence that the Pilots have made a significant impact overall on corporate employment culture, policy or behaviour among employers who took part. This is perhaps unsurprising given the limited lifetime of the Pilots and the relatively small numbers of vacancies filled by Pilot beneficiaries.
6 Engaging and working with employers

This chapter focuses on how the Pilots have engaged and worked with employers. It begins by looking at how employers have been engaged by the Pilots, their rationales for involvement and at the types of employers that have engaged. Following this, the chapter draws out some important lessons and experiences of the process; it looks, for example, at the types of jobs they have pledged, the difficulties converting pledged vacancies into job entries and the importance of employer involvement in the design and delivery of pipelines. The chapter concludes by assessing whether their involvement in Fair Cities will have a long-term impact on employers.

6.1 Engaging employers

Employers have initially been engaged by Fair Cities in three main ways:

- via Fair Cities staff (including their work with Board members);
- via training providers; and
- via other intermediaries.

The vast majority of employer contacts and introductions have come as a result of the activities of Fair Cities staff and in two of the Pilot areas in particular, Fair Cities staff have been able to rely on Board members for a steady flow of vacancies.

6.1.1 Via Fair Cities staff

As we have shown in Chapter 2, it was an important part of both the Pilot Directors’ and Business Development Managers’ jobs to recruit employers to active participation in the Pilots. In practice, this often meant working with Board members, although the extent to which Board member organisations have offered Fair Cities staff a stream of vacancies varied between the Pilot areas. In Bradford, where the Board has had less of a role in this respect, several Board members had not envisaged that providing vacancies to Fair Cities would be a necessary
part of their strategic involvement with the Pilot. In Brent, for example, in order to be on the Board, employers had to commit vacancies to the Pilot and this has provided Fair Cities with a steady stream of vacancies. Nevertheless, relying on a small number of (Board) organisations to provide vacancies may be a high risk strategy, should ongoing recruitment at these companies be frozen or halted. In Birmingham, Board members have also played a central role in providing Fair Cities staff with vacancies and many have gone on to repeat pipelines.

Despite having a steady stream of vacancies from Board members, Business Development Managers in Brent and Birmingham also initially undertook some cold-calling and other activities to try to engage employers, beyond the membership of their Boards. However, as the Pilots progressed and Fair Cities staff spent more time managing pipelines, they reported they had insufficient time to develop and build relationships with new employers. Fair Cities staff in Bradford were more reliant on methods of employer engagement outside of Board employers from the outset and made good use of existing employer forums, such as the West Yorkshire Employer Coalition, to make employer links and to market Fair Cities to employers with an active interest in equality and diversity.

In many instances, and particularly early on, employer engagement has been opportunistic, involving employers who were Board members or already interested in diversity issues, rather than strategically planned and targeted at specific types of employers or vacancies that might have best matched the skills levels of individuals in the target communities. However, there were a few examples of Pilots trying to target employers for specific reasons. For example, Fair Cities Bradford approached First Bus because it would offer jobs which required different skills from potential candidates than call centre work and because the employer was based in one of the target wards, which would reduce barriers to employment associated with travel. This had been an issue when trying to recruit for employers based in Leeds.

### 6.1.2 Via training providers

There were a small number of examples of training providers engaging employers for Fair Cities, and generating interest in the pipeline model. In these instances, once employers had been referred, Fair Cities Business Development Managers (BDMs) or Employer Engagement Managers then arranged a meeting with employers to formally introduce Fair Cities and to discuss what the programme would involve. This aligns with the emphasis on opportunism noted above; if potential leads came from an unusual source like a training provider, then the Pilot staff were flexible enough in their approaches to follow it up. Nevertheless, this route remained a very minor one.

### 6.1.3 Via intermediaries

There were occasional referrals from intermediaries. In a small number of instances, Jobcentre Plus referred employers to Fair Cities and there was one example of a Chamber of Commerce promoting Fair Cities to a selection of its members.
However, for the most part, and not withstanding their opportunism if a suitable prospect presented itself from an unusual direction, the Fair Cities teams have kept tight control of the employers that engage with the initiative. In effect, this followed from their focus on quality jobs and reputable employers. With the exception of Bradford, the Pilots have generally had little difficulty in securing active interest from enough employers and so have not generally sought to open their doors to all-comers through the widespread use of third party referral.

6.2 Rationales for employer engagement

Employers engaged with Fair Cities for a number of reasons. The most important reason, at least at the operational level, seemed to stem from a business need, such as responding to recruitment difficulties or high staff turnover, and they often saw much advantage in marketing company vacancies to communities which did not tend to apply. One London-based employer explained their business rationale for involvement:

‘We had such a high turnover, that we were happy to look at something else within the community.’

In the Bradford labour market, despite being seen as the weaker labour market of the three Pilot areas, it was often reported that there was still quite strong competition between employers for suitable applicants and that this led to potential shortages that employers hoped Fair Cities could remedy. In all three areas, employers reported that the vacancies they offered to Fair Cities were difficult to fill or were those for which they had an ongoing recruitment need.

However, some employers, most typically at the strategic and senior level within the company, also mentioned that they became involved with Fair Cities because they wanted to be seen to be a ‘good employer’, that they wanted to be socially responsible, or that they wanted their workforce to better reflect the local population or customer group. This preoccupation with doing the right things was hardly ever emphasised lower down in these organisations, where the rationale was inevitably much more instrumental. At the CEO level, however, rationales tended to be both more mixed (ie they often included both self interest and community-mindedness) and more sophisticated (they frequently drew on concerns about demography, long-term labour supply issues and the necessity for more diverse internal cultures). However, even at the top, there was a strong assumption and requirement that there was an obvious business case and that engagement with the Pilots would contribute to business ends. A community-minded emphasis was nice-to-have but was unlikely to have been sufficiently persuasive on its own, or if there were serious doubts about the business case.

Overall, the rationale for engaging with Fair Cities needed to make commercial sense and it was often the case, particularly among line/departmental/site managers, that employers viewed Fair Cities as: ‘just another recruitment method’ and one of several that they were using simultaneously to fill company vacancies.
For example, one employer in the financial services who ran pipelines for customer service advisers said:

‘I guess the rationale was that we use a variety of methods to source our candidates, whether that is the internet, newspapers, our website, or the Jobcentre. Fair Cities was just another way of expanding that sourcing to give us some more options to help us recruit people from the local area.’

One member of Fair Cities staff described that due to the time commitment of being involved, discussed further in Section 6.5, employers needed to have a business reason for engaging:

‘Each Pilot takes time, effort and involvement from a number of staff in the organisation to make it operational. At the point where you start making it, that’s when there has to be a real business reason for being involved. If there’s not, then you will find that those employers will fall by the wayside.’

Overall, employers were engaged by reasons for involvement focusing on meeting business needs, such as gaining applications from people trained for specific vacancies, rather than increasing workforce diversity. One London-based employer said:

‘I think that was the selling point for me, thinking that if there was no cost and they are going to nurture the person to a level that they can attend and interview, then it would work out pretty good’.

### 6.3 The types of employers who engaged

By September 2007, most of the employers who have actively participated in Fair Cities pipelines have been large. Such employers also potentially had a volume recruitment need for a specific type of vacancy, whereas smaller companies were less likely to have this need. Many employers were already working and recruiting through other avenues and were using, for example, recruitment agencies and Jobcentre Plus. This meant they were receptive to working with initiatives of this type but also that pledged vacancies could be filled via other means.

Large employers typically have more extensive and developed recruitment and selection practices, often with many stages. Therefore, by engaging with large employers there were often more phases of the recruitment process for beneficiaries to negotiate. For example, it was not uncommon to have a recruitment process which included a telephone interview, basic skills test, role play and a face-to-face interview.

In Birmingham, several public sector organisations were involved in the Pilot, particularly in health, as there was a new super-hospital opening in the city. Brent engaged employers across London but the associated travel times to work were not reported to have put beneficiaries off from applying for vacancies in companies outside their immediate residential area. Leeds-based employers that engaged with Fair Cities Bradford did not have the same success in recruiting candidates from the target wards to commute into their vacancies.
There were very few Small and Medium Sized Enterprises (SMEs) involved with Fair Cities. Given the volume of job entries required, Fair Cities staff focused their efforts on engaging large companies that could offer several vacancies at any one time and thereby achieve economies of scale. Fair Cities Bradford were planning to trial a pipeline for several SMEs in the Asian retail sector, designing and recruiting for a pipeline for similar roles within a number of SMEs.

Given the extent of the input required from employers in setting-up and designing pipelines, as well and delivering them and then recruiting and selecting candidates (see Section 6.5.), small companies without an HR department may not have the time or resources to commit to recruitment via a method as time-intensive as Fair Cities.

To some extent, the types of employers involved in Fair Cities will vary between areas depending on the employment opportunities available in each local labour market, and also on the relative recruitment difficulties in specific sectors and for specific occupations. There were some marked differences in the sectors in which the Pilots have engaged employers. In Bradford, the employers have been dominated by the call centre industry, with these vacancies across the financial service sector and utilities. In Brent there have been several pipelines for employers with technical vacancies, in sectors such as utilities, engineering and transport. In Birmingham, linked to the development of a super-hospital, several of the vacancies have focused on the care sector, although there have also been retail, construction and hospitality and catering vacancies.

There were some kinds of employer who had been targeted, usually with some success, in all the Pilot areas, and often because the success of one Pilot had led the others to work with employers in the same sector; recruitment of Police Community Support Officers (PCSOs) into police authorities is a good example of this, as are several other public authorities, notably the health service. It is noticeable that, particularly in Bradford and Brent, a full range of types of employers have not been engaged, perhaps in the former case because of restricted demand for labour in a less buoyant and smaller labour market, while for more deliberate reasons in Brent. Interestingly, very few retail sector employers were engaged by the Pilots, despite the high recruitment volumes in this sector in all three locations. The main reason for this was, again, a preoccupation with quality job opportunities, and the relatively low pay and high levels of part-time and temporary work in the retail sector which served to restrict Pilot interest in them. As will be discussed later, this limited the jobs available to individuals in the communities, to those that they may not have been most suited to or had interest in.

A member of Fair Cities staff also noted that a large number of Fair Cities vacancies had Criminal Records Bureau (CRB) checks as part of the recruitment process or required a driving licence, or credit check. This also did not reflect the range of job requirements in the local labour market and Fair Cities worked with vacancies with checks that many individuals in the target wards would not pass. One member of Fair Cities staff said:
'A lot of our pipelines have had requirements such as driving licences; CRB checks, that has excluded a number of people in Brent…up to 50 per cent of the people we’re trying to search within will have a criminal record…maybe we could have had a more diverse range of jobs and criteria.'

6.4 The types of jobs

There is no doubt that the majority of jobs filled by Fair Cities have met their objectives in terms of being relatively ‘good quality’. Most jobs were full-time and permanent, with rates of pay above, often well above, the minimum wage. As we showed in Chapter 3, in Brent the average starting salary was £8.35 an hour, in Birmingham it was £6.86 and in Bradford it was £6.00. In addition, and largely following on from the kinds of employer who were involved, the positions offered to Fair Cities tended to have opportunities for future career progression within the organisations simply because they were so large. For example, call centre operatives could progress to team leaders or to supervisors and PCSO roles could offer a way into the career structure of the police force. For the same reasons, access to training and development opportunities were well above average and in general, the packages of non-pay benefits were good.

However, several of the jobs involved shift work and as a result of being full-time, they may have precluded applications from some sections of the target community, for example individuals with caring responsibilities or individuals seeking part-time work as a first step back into the labour market. There may, therefore, be some conflict between accessing the very best paying jobs (and the associated demands on the time and flexibility of the entrants) and the kinds of job actively preferred by some sections of the targeted communities. In this light we recall from Chapter 3 that nearly two in three job entrants were men.

We noted there also that only 14 per cent of job entrants were without any kind of vocational or academic qualifications and it is evident that the jobs they were entering also had more-than-minimal requirements for these and related behavioural, skills and competencies. As noted earlier, employers tended to become involved in Fair Cities for commercial reasons and therefore, the jobs employers offered to Fair Cities were often those that could not be adequately or solely filled via other routes or those that they had an ongoing recruitment need for. Some employers reported that they could fill their unskilled jobs quite easily through other routes, such as their own advertising, recruitment agencies or Jobcentre Plus but faced more difficulty in attracting higher calibre applicants for job vacancies above this basic level. As a result, and reflecting also the Pilots’ targeting of quality jobs, many of the vacancies secured required a level of skills at or above Level 2 (equivalent to five GCSEs A*-C). Some of the more specialist and technical roles, such as the engineering roles in Brent, were likely to have needed Level 3 skills (equivalent to two A-levels).

Although there were some exceptions, such as street cleaners in Birmingham (which had to close their recruitment hotline after 45 minutes because of an overwhelming
response), generally the types of jobs offered through Fair Cities were not below Level 1 (equivalent to GCSEs graded D-G) on the national qualifications framework. Furthermore, the Pilots' typical employer had fairly formal recruitment processes and associated selection criteria, so these requirements were often expressed formally, in terms of minimum vocational or academic qualifications required. The vacancies tended to require a level of skill and/or qualification greater than those held by many potential candidates in the target communities and certainly greater than those which candidates could develop to top up their existing skills during short pipelines. One provider explained this gap:

> ‘When they get to that recruitment day they just don’t pass and they can’t. I think what the pipelines are asking for is somebody who is at this level and the people that we reach out to are at a lower level and that gap to bridge is quite big in terms of their learning and their needs.’

Thus, by the admirable objective of securing access to ‘good’ jobs with ‘good’ employers, it may be that the Pilots pitched their requirements of their potential beneficiaries too high for those which many in the target communities could offer. Selectivity in job opportunities was, therefore, associated with, and indeed seems to have required, selectivity within the target communities. Several Fair Cities staff across each of the Pilot areas reported that there should have been more attention paid to the supply of skills in the communities and how this matched demand from employers at the project’s outset. This would have helped to establish the types of jobs that would be realistic for the target communities, rather than primarily focusing on the demand from employers.

### 6.5 Working with employers

Overall, Fair Cities has worked with a small number of large employers quite extensively, with many repeat users of the service. As will be explored in this section, the time-consuming post-engagement, pre-pipeline process and hands-on approach to employer and provider account management, is likely to have meant that Fair Cities staff reached their capacity to deliver, despite being substantially below the target number of job entries for the Pilots.

#### 6.5.1 Turning pledges into pipelines

Once employers had engaged with Fair Cities and pledged vacancies, Fair Cities staff reported that it often took a long time, and a lot of effort on both sides, to turn a pledge into a pipeline. One reason for this was said to be shortcomings in communication between employers at CEO level and HR and line manager level. In one company where it had taken Fair Cities over a year to turn pledged vacancies into a pipeline, the HR Director said that the CEO had not communicated to him what Fair Cities was about or what the company had pledged.

In some instances, there were different and competing priorities and reasons for involvement in Fair Cities within a company. Senior and strategic staff were more likely to be concerned with corporate social responsibility, whilst HR directors were
more focused on practicalities and recruitment methods that made commercial sense and perhaps which gave them the staff they needed most quickly and efficiently.

This potential mismatch in objectives and rationale for engagement was illustrated by one Board member:

‘What sounds like us to be a good idea when we are sat around the Board table, and what we want when we are back at our own organisation, might be two different things.’

One member of a Fair Cities team described the difficulties of engaging the operational staff even after gaining a high level strategic employer commitment:

‘What we need is the Board to act as exemplars of what it is that we were trying to do, and I think partly they didn’t understand what that was, which was partly their fault and partly ours. They haven’t brought their HR teams along with them to the party. So, although the Chief Exec. has been keen to help, socially responsible, all that sort of stuff, when you have gone to their HR teams and said: “lets talk about your vacancies”, that’s when the temperature drops.’

In some cases, after winning round HR managers, there was then resistance among individual line managers who also had to be ‘won over’ to the initiative by the HR Director. A large public sector employer in Brent that had made some slight amendments to their recruitment procedures, reported that it was difficult to convince line managers to work with Fair Cities.

In a financial organisation in Birmingham, the HR manager explained that when pipeline candidates were interviewed by line managers many were not successful. The employer felt that a more collaborative approach with the individuals responsible for making the recruitment decision might have been more successful:

‘If we were to run this campaign again, we would hold a working party to say: “this is what is going to happen, these are the people that are going to come through, this is the selection criteria we will use, are you happy with that?” So that we are looking for more potential, unfortunately because the Fair Cities candidates are in competition with everyone else, we did more successfully recruit people through recruitment agencies and the internet.’

Most typically, the number of vacancies pledged by the employer at the highest level shrank when it reached HR or operational level. There may well have been the overall number of vacancies, but the HR department and line managers involved often recruited via a number of different methods simultaneously and Fair Cities candidates were in direct competition for these jobs with candidates from other routes. For example, a large financial company in Birmingham said:

‘What we didn’t do was offer the vacancies exclusively to Fair Cities; we still continued to recruit in our usual methods, but we were confident that at the end of the pre-employment course we would have enough vacancies for the amount of candidates that came through.’
In addition, employers’ recruitment needs could be difficult to predict and were sometimes subject to changes or recruitment freezes at short notice. For example, a company in the transport sector was undertaking pipelines for Fair Cities Brent when it suddenly stopped recruiting for customer service assistants. Although understanding that employers are not bound by their pledges to Fair Cities, and that recruitment needs may change at short notice, a representative from a stakeholder organisation noted that beneficiaries undertaking this pipeline felt let down. In Birmingham, there had been similar difficulties with employers. A representative from a hub described how vacancies could disappear:

‘While Fair Cities had done the recruitment and had been putting the training on, they went out and recruited through an external agency at the same time, which meant that by the time the training course was complete, they’d already got people in who already had the skills and could start straight away. There were just no vacancies.’

Generally, employers did not offer Fair Cities exclusive access to vacancies, not least because they were unsure as to the quality of the candidates that would come through the pipelines, at least initially. There were some small-scale examples of ring-fencing vacancies for Fair Cities candidates, typically just one or two vacancies for a pipeline, for example for apprenticeships with a large distribution company in Brent.

More typically, successful individuals who made it through the pre-pipeline screening processes and onto the pipeline were offered guaranteed access to the first stage of the employers recruitment process, be that an application form, telephone interview or face-to-face interview. As noted earlier, large employers tended to have several elements to their recruitment process, so pipeline completers were by no means ‘guaranteed an interview’.

6.5.2 Employer involvement in pipelines

Although Fair Cities was a free service to employers, it was not cost-free, as employers were expected to give, often substantial, amounts of time to the Pilot. Once engaged with Fair Cities, employers tended to be involved in the design of the pipeline. They could also be involved in the implementation, for example by speaking to candidates about the company. At the end of the pipeline, employers were then involved in administering the recruitment process, making selection decisions, and then providing feedback to Fair Cities and the provider about candidates and the success of the pipeline. This section discusses employers’ involvement in pipelines, starting with the design stage.

**Designing the pipeline**

Once there had been some initial interest from an employer in taking part in Fair Cities, a meeting (or frequently a series of them) would typically be arranged involving the employer, a member of the Fair Cities team, the training provider, and in Birmingham, there could also be a representative from the hubs. At this meeting(s), information about the company and their recruitment needs
and processes would be gathered, alongside information about the skills and competencies needed for the occupations and job roles that would be made available via Fair Cities. This would help to inform the content and scope of the pipeline. Once developed, in most cases the employer would approve the pipeline content prior to its implementation.

**Attending the pipeline**

Providers and Fair Cities staff felt that where the employer was involved in a pipeline, for example by hosting an open day or by attending the pipeline to speak to potential candidates about the company and what they looked for in candidates, the beneficiaries gained a better insight into their potential employer, and the type of work they would be expected to do. A Fair Cities staff member described the positive impact of an employer’s involvement in the pipeline:

‘The employer’s involvement has had a huge impact. Right from the open day it’s employer-led. The employers are there, their staff are there in that position currently. That’s when it becomes very real to the beneficiaries.’

From the employer’s perspective, this then meant that they potentially received applications from individuals with a better understanding of the company and more motivation to work there. For example, a large communications company in Brent presented information about the company at an open day, which was also attended by their managers and current apprentices, so that potential employees could ask current staff about working for the company and the job role. The company’s staff were also involved in the selection procedures that took place during the day to recruit suitable beneficiaries to the pipeline.

‘On longer pipelines, such as those for technical positions in Brent, employer involvement in the pipelines was felt by the providers to be motivating for beneficiaries, as it helped to keep clear in their mind their end goal of employment with the company.’

The case study below illustrates how employer engagement and involvement throughout the pipelines could support the work of the provider and beneficiaries and contribute to the delivery of a successful pipeline.

**Advantages of employer involvement in pipelines**

One Pilot successfully engaged a large public sector organisation in autumn 2005. Their involvement was driven by the need to increase the ethnic minority representation among their workforce. The organisation offered 85 vacancies to the Pilot for positions that involved working with the community. All were permanent vacancies with a starting salary of approximately £22,000.

The Pilot successfully engaged the help, input and assistance of the employer throughout the development of the pipeline. Successfully keeping the employer engaged throughout the pipeline brought three distinct advantages:
Engaging and working with employers

1 Customising the pipelines proved to be easier, once it became clear that the initial provider was not delivering the right content. The employer worked closely with Fair Cities and the new provider to ensure that the new training course was better customised to the employer’s needs. This process involved meetings between the provider and senior recruitment managers at the employer so that the provider could gain an ‘insider’ view as to the qualities and skills they required from applicants. The employer also advised the provider on interviewing techniques and pipeline content.

2 It was possible to draw on employer resources: apart from the cost of providing staff for open days, the Pilot was also able to draw on other employer resources and networks. For example, when it emerged that many candidates were failing the fitness test (required of all candidates), the employer used their networks to arrange free physical training for all beneficiaries at a local gym.

3 It was possible to draw on employers to help support beneficiaries: the employer made themselves available for those who entered the training course and needed additional support and made themselves visible on several occasions while the training was taking place. This was extremely time-consuming but was considered worthwhile in order to deliver results and keep motivation levels high. If not for this, the employer felt the drop-out rate would have been much higher, especially because many beneficiaries had to wait for Criminal Records Bureau (CRB) clearance or the results of their fitness test before proceeding on the pipeline.

Many employers were happy to give their time for this end, although some mentioned that demands on their time to undertake these activities could be made by Fair Cities at short notice and that they would have liked more notice as several felt their involvement in the pipeline was key to raising beneficiaries awareness of their organisation and the job role.

Recruitment from the pipeline

Once the pipeline was finished, beneficiaries then entered the employers’ recruitment and selection procedure, largely in the same way as a candidate from any other route would. As was mentioned earlier, because Fair Cities was working with mainly large employers, these recruitment procedures were frequently multi-layered, with a number of stages.

Where employers were willing, Fair Cities staff worked with them to try to make their recruitment procedures as appropriate to the target communities as possible, without compromising on their testing and assessing of skill levels. Most employers did not make changes to their recruitment or selection procedures or criteria to help meet the needs of the target communities, and in some cases decisions about the nature of the recruitment process and how it was applied could not be
influenced by the staff Fair Cities were working with as these decisions were taken nationally.

Nevertheless, there were some employers that made slight adjustments to their recruitment procedures and others whose work with Fair Cities made them consider their recruitment process and how it may act as a barrier to recruitment from specific communities.

Many of the large employers had online application systems, which could preclude individuals from applying who lacked the necessary IT skills, or who did not have access to a computer. In Bradford, a large distribution organisation acknowledged the impact that online recruitment may have on the types of individuals they had applying and although this method of recruitment did not change as a result of Fair Cities, beneficiaries completed the application as part of the pipeline where they would have access to a computer and support from the training provider whilst completing it.

A large financial services company in Birmingham worked with Fair Cities and changed their qualifications criteria, from four GCSEs, and replaced it with a basic skills test to try and reach people without qualifications but who ‘had potential’.

A large healthcare employer in Birmingham changed a recruitment requirement during Fair Cities for care assistants to have a year’s experience to specifying the skills needed to undertake the role, which meant that, for example, parents and other carers had the necessary skills. The previous requirement was felt to unnecessarily prevent some people from being successful. The requirement was changed for all applications and not solely Fair Cities candidates.

The case study below illustrates how one employer worked with Fair Cities and made a slight adjustment to their recruitment procedure to screen beneficiaries better, so that they were not set up to fail later into the recruitment process. It should also be noted that this amendment was not a lowering of hiring standards and could have been avoided had the employer felt that the quality of candidates completing the pipeline had been better.

**Employer flexibility in the recruitment procedure**

A call centre for a utilities company, became involved with Fair Cities because their Chief Executive was a Board member. The HR Director attended a presentation by the Fair Cities team to find out more about the Pilot. The employer wanted to be involved with Fair Cities to improve the diversity of their workforce, to improve the company’s profile with the target communities and primarily, to help address their constant recruitment needs. The employer offered Fair Cities call centre operative vacancies, remunerated at £5.99 per hour.

Continued
The employer met the training provider to design a training syllabus based on the skill requirements of the position and their recruitment procedure. A one-week pipeline was devised and agreed. The pipeline included various aspects of generic training such as customer service skills. There was also employer-specific content, including a presentation by the employer about the company and time for beneficiaries to research the company. Beneficiaries completed the application form during the pipeline.

The application form was the first part of the recruitment process and if successful, candidates went on to a telephone screening phase, and an assessment day. The assessment day included a tour of the call centre, literacy and numeracy testing and a face-to-face interview.

Twelve beneficiaries attended the first pipeline. This first pipeline was ‘extremely disappointing’ from the employer’s perspective as all candidates failed the numeracy and literacy tests at the assessment day. The employer felt that, despite the applicants not being capable of doing the job, they had successfully completed the pipeline and wanted this to be addressed in the next pipeline and more suitable candidates to be put forward.

This was fed back to Fair Cities and an agreement was reached that the employer would slightly alter the order of their recruitment process. After the submission of the application forms they would administer the literacy and numeracy test and the telephone screening phase of the recruitment process during the pipeline. It was hoped that this would ensure applicants attending the assessment day were capable of filling the vacancies. This change to the recruitment process meant that the employer had to screen application forms in a short space of time, which they were willing to do to try to receive quality candidates from the pipeline.

Since the initial pipeline, three more have been run, each containing ten to 12 beneficiaries. Out of this, the employer has taken on four members of staff and has offered jobs to two more who did not accept the offers.

More recently, there has been a change of provider and a two-week pipeline has been designed in order to try to better address the basic skills needs of the beneficiaries. The poor basic skills of the beneficiaries had been a constant problem for the employer. The employer marks their literacy and numeracy testing using percentiles rather than percentages, so as long as a beneficiary falls in the top 70 per cent they will be considered for a post. Fair Cities beneficiaries frequently fell way below this standard.

The experience illustrated in the case study above, with the first pipeline yielding low or no recruitment, was not uncommon, particularly in the early stages of the Pilots. Whilst some employers have become disillusioned at this stage, it was more typical for Fair Cities to have built a good working relationship with the employer,
so that they were willing to try to amend the pipeline or run the pipeline again, with a more stringent sift of beneficiaries.

Feedback from the employer, both about the nature of the pipeline and the quality of the candidates, was therefore vital. On an individual level, unsuccessful beneficiaries also needed constructive feedback as to why they had not been hired and some training providers and Fair Cities staff felt that employers had not always provided this in a systematic way. Feedback from employers after the pipeline and recruitment and selection process, was a crucial way of improving the service for the employer and for future employers and for helping the beneficiary to move closer to finding employment.

In all three areas, it was common that once employers had committed to the Pilot and turned a pledge into a pipeline, they would stay committed to working with Fair Cities and become repeat clients. To some extent this illustrates that although it could be time-consuming, employers felt that the Fair Cities model would work. Indeed, it might be the case that because the model required extensive upfront input from employers, the returns to involvement would only be reaped when the pipeline had been repeated a number of times and the numbers recruited via Fair Cities increased beyond a certain threshold.

Overall, Fair Cities needed to make commercial sense to an employer or at least to offer benefits that outweighed the costs of staff time and involvement. While there are many employers who were delighted with the approach, there were others who were less successful at recruiting via Fair Cities, who were less positive about the benefits. One employer who recruited two employees said:

‘I think that quite a lot of work has gone into us only offering to two candidates, if I'm honest with you. I seem to have a lot of meetings with them and been involved a lot, and the number of good candidates was small.’

The level of employer involvement varied between pipelines and between employers. The role that employers will take in the pipelines needs to be specified and agreed at the outset. There was a handful of cases where employers felt that the demands on their time were unreasonable and often at short notice and that these had not been fully explained when they signed up to the Pilot.

### 6.5.3 Managing employer relationships

In Brent and Birmingham, from the start of the Pilots, the employer relationship was managed by one individual from engagement, through the pipeline development, recruitment and selection and feedback. Recent changes to the team structure in Bradford now mean that all three Pilots are using this relationship management approach and it seems to be working well. The Fair Cities team member managing a particular employer relationship also works with the relevant pipeline provider to try to ensure that the pipeline meets the employer’s needs.
This relationship management process is time consuming and as the Pilots have progressed and come to have a source of repeat business from particular employers, the role has moved away from engaging new employers. Several Fair Cities team members, in all three areas, said that they were working at capacity and could not manage any other employer relationship because of the time-consuming nature of the engagement approach. The lower than anticipated number of vacancies is likely to have had knock-on effects for training providers. This will be explored in Chapter 7.

From looking at the gap between the number of targeted vacancies and the number of achieved job entries, one could conclude that there was a lack of demand for this approach. This does not seem to have been the case. Many employers that have used Fair Cities have found that the approach meets their needs and many have engaged in repeat pipelines. However, the pipelines were only rarely adjudged to have fully met these needs or to have done so in a particularly efficient manner. The small number of vacancies filled does seem to have significantly reduced the attractiveness of the approach somewhat. Certainly, the very high demand for managers’ time has not sat well with the small number of jobs filled as a result. Further, the potential of the Pilots’ approach to offset both immediate large-scale recruitment deficits and longer-term demographic shrinkage of traditional labour supplies, has not always looked very compelling in the face of a handful of actual vacancies filled. From the perspective of employer engagement, the combination of high development costs at the start (in staff time) and modest to small volumes of recruits secured at the end, has significantly constrained employer enthusiasm for the Pilots’ operations and (in the absence of any external factor forcing their participation) has maintained their status for most to an interesting experiment, rather than the shape of things to come.

6.6 Long-term impact on employers

The number of job entries through Fair Cities has been much lower than originally envisaged and many employers have only recruited a handful of individuals through their standard recruitment procedures. For these organisations it is difficult to see that there will be any lasting impact to working with Fair Cities. For other organisations, perhaps those that did not consider ‘non-standard’ ways of recruitment, it could have enabled them to consider different types of candidates. One Board member said:

‘It has made employers look at people that they wouldn’t previously have looked at recruiting, particularly if they didn’t work with Jobcentre Plus.’

Those employers whose primary aim was to increase the diversity of their workforce may have met their objectives to some extent, depending on the volume of recruitment through Fair Cities. A large public sector organisation who recruited

\[\text{39}\] For example, the necessity to recruit from ethnic minority communities, as discussed next.
nine new staff through Fair Cities, felt that these individuals, who were all still in post at the time of the evaluation, would start to make a lasting impact on the diversity of the organisation:

‘In 2010 you will see the people they will bring along themselves; they will invite their friends and family to consider a career in our organisation; that is their legacy.’

A handful of Fair Cities employers made changes to the content of their recruitment practices, such as a transport company who incorporated a competency-based recruitment system and an additional telephone interview to help screen candidates. However, most employers were not willing to compromise in this regard. These could be seen as ‘small wins’ but do not amount to any corporate shift in the recruitment of employees from diverse backgrounds and indeed, it was not intended to continue with even some of those small changes that had been implemented.

A financial services company in Birmingham had changed their recruitment process and undertaken a telephone interview with everyone who applied via Fair Cities, rather than pre-screening at this stage and only interviewing those who had experience. Although they acknowledged that some individuals who might have been screened out at this stage went on to be successful, they said that the time-consuming nature of this process meant that it could not have been carried out on a larger scale.

In Brent, a small number of employers were planning to continue the work started under Fair Cities with other organisations, such as the London Development Agency or Jobcentre Plus. A handful of employers had also become involved with their local employment partnership as a result of Fair Cities. Despite these several exceptions, for the most part, employers stated that they would continue to rely on their established methods of recruitment, many of which had been ongoing alongside Fair Cities throughout.

6.7 Summary

Fair Cities staff were the primary route through which employers, many of whom were Board members, were engaged. Employers become involved with Fair Cities, primarily because they had a recruitment need or in response to skills shortages but also to try to increase the diversity of their workforce. Corporate social responsibility was a less important reason for engagement at an operational level than for CEOs and on its own did not comprise a sufficient business case for involvement.

Fair Cities tended to engage with large employers, many of whom had multi-staged recruitment processes. The types of jobs Fair Cities worked with did not reflect the full range of opportunities available in the local economies. There were some kinds of employer who had been targeted in all the Pilot areas, often because the
success of one Pilot had led the others to work with the same sector; recruitment of PCSOs into police authorities is a good example of this. Once involved with Fair Cities, many employers went on to be involved with multiple pipelines.

The jobs offered by Fair Cities employers tended to be full-time, with rates of pay above the minimum wage. The full-time nature of the employment opportunities may be one reason why two in three job entrants were male. The jobs tended to offer career progression, in the main because of the organisation’s size. However, the skill requirements of many of the jobs often required the skills equivalent to Level 2 qualifications (five GCSEs A*-C). This was not always a good match to the skills of individuals in the target communities and could not be bridged in many instances by the amount of training offered via the pipelines. Only 14 per cent of job entrants had no prior qualifications.

The vacancies offered to Fair Cities tended not to be ring-fenced and employers were simultaneously recruiting via other methods. Employers tended to offer candidates who successfully completed the pipeline access to the first stage of their recruitment process and this was not the same as a ‘guaranteed interview’.

Fair Cities staff and providers encouraged employers to be involved in pipelines to increase beneficiaries’ understanding of the available roles and the employer, although this could be time-consuming for the employer to undertake, particularly if there were multiple pipelines.

Few employers made changes to their recruitment and selection processes and criteria for Fair Cities candidates. High development costs and low numbers of job entrants have meant that the Pilots have been an interesting experiment rather than the shape of things to come.
7 Provider engagement and management

This chapter explores the role of the training providers in the Pilots. It covers the ways in which the Pilots approached their engagement of training providers, looking in turn at provider engagement, the tendering process, the contract structure and management. It goes on to consider the providers’ responses, looking in turn at providers’ relationships with employers and the development of pre-pipeline employment training contracts to meet the needs of the target communities.

7.1 Training providers and the demand-led approach

It was not envisaged that the Pilots would deliver pipelines directly but that provision would be delivered through intermediaries. In the short term, the challenge lay mainly with trying to encourage these training providers to deliver the short-run, employer-customised training courses on which the demand-led model turned, rather than the long-run, one-size-fits-all courses more often found in active labour market interventions. In the longer term, a more difficult challenge confronted the Pilots – to shake up the training provision infrastructure and make them better able to respond to employer requirements.

It has to be said that we have uncovered no evidence at all of this second, longer-term objective having been met. During the Pilots’ rather extended gestation period, local training providers seem to have been quite keen to work with them. The prospect of perhaps £20m of Fair Cities expenditure no doubt seemed to be quite an attractive draw and they were well aware that much of these monies would be spent through third parties like themselves; moreover, probably through those with experience of working with disadvantaged groups; and still more happily, probably through those with established roots in the local communities. However, as we have shown in Chapter 2, the Pilots have operated on an altogether smaller scale than was originally envisaged. Furthermore, the combination of an emphasis on output-related funding and a 40 per cent hiring rate, has meant that the actual income to providers has proved not only less than envisaged but harder to come by. Conforming to the very high level of customisation required by the
Pilots was a difficult and costly business for providers and furthermore, the returns for such an effort were spread over a relatively small number of beneficiaries going through each custom-built pipeline. In short, the Pilots have made much less of a splash in the providers’ world than they had originally intended. The commercial instincts of the provider community have generally moderated their engagement with the Pilots to a relatively short term, ad hoc affair and have critically constrained any substantial investment to gear up to the demands of the Pilots’ approach. Consequently, for the most part, they have sought to meet these demands from their existing resources and have not significantly re-aligned their structures, behaviour or assumptions to meet with any long-term engagement with a demand-led model.

It may of course be that further exposure to such requirements, through the Cities Strategy, for example, or through the Flexible New Deal, will push them more firmly in this direction. Furthermore, there is no doubt that the experience they have gained through their work with the Pilots will prove helpful in meeting such a move but it nevertheless remains the case that the Pilots’ activity has been on too small a scale and too short a timeframe to significantly alter the provider mindset.

Consequently, this chapter deals mainly with the first, and more immediate, issue raised above – how the Pilots sought to draw in and work through the provider networks in their three locations to deliver demand-led work preparation during their three years of operation.

7.2 Engaging providers

Across all three Pilot areas, the contracts differed in the way they were structured and the types of providers they were let to. Contracts were procured through the managing agents. The Learning and Skills Council (LSC) were managing agents in Bradford and Birmingham, while in Brent procurement was handled by Jobcentre Plus. This meant that the contracting process had broadly to conform to the one already in place in these organisations’ process and that contracted providers had to adhere to the managing agents’ specifications and be on their list of approved training providers. In some cases, providers met the managing agents’ approval by becoming an approved provider, with the support of the Fair Cities team.

Medium-size, private or third-sector training providers with strong community links and networks seemed to be the most successful in responding to these invitations to tender the training provision. Larger organisations tended to struggle with the flexibility required for employer-specific training as they were often structured around delivery of the larger-scale, generic welfare-to-work programmes such as New Deal, involving relatively long runs of fairly standard products in more or less predictable volumes. Public education providers were still less evident at the outset as they, too, tended to be structured around standard, industry or occupationally-specific vocational training provision.
7.2.1 Brent

Brent, who had the simplest structure, developed their provider contracts through Jobcentre Plus. Three providers were successful in the bidding process. The three organisations were all medium-sized private training providers with experience of running other welfare-to-work schemes. As only three training providers were contracted to work with the Fair Cities Pilot, this meant a number of pipelines had to be delivered by each provider.

7.2.2 Birmingham

The Birmingham Pilot worked with existing local and city wide networks to take advantage of local knowledge and pre-existing relationships. Birmingham already had sector-specific hubs which consisted of representatives from Jobcentre Plus, LSC and the City Council. The hubs and Fair Cities were responsible for selecting providers. The hubs already had local knowledge of providers and networks and helped Fair Cities make informed decisions about which providers were best suited to deliver the Fair Cities contract.

In Birmingham, the providers were a mix of both public and private sector organisations. In the early stages of the Pilots, multiple providers were contracted to delivery of single pipelines depending on their specialisms and areas of expertise. However, this was more difficult to manage and made for a disjointed approach for beneficiaries, particularly on short pipelines.

During a second phase of contracting, which started in April 2007, a college consortium joined the Pilot. However, there has been little pipeline activity through this new contract. This was partly due to the lack of new employers towards the latter stages of the Pilot. As discussed in Chapter 6, Account Managers reached capacity and spent increasing amounts of time on managing existing employer and provider relationships, rather than developing new ones.

7.2.3 Bradford

The LSC was the managing agent in Bradford. The Bradford Pilot contracted their ESF funding to providers under a ‘theme chest’ arrangement. This involved a contract for a prime contractor who would administer and manage a range of subcontractors. The ‘theme chest’ contract was won by a large private sector arm of a public body provider who then managed the smaller training contracts with other training providers. These contracts were won mainly by small community and voluntary sector based organisations that had well established links with the target communities. There were six providers contracted to work with Fair Cities.

In Bradford, it was evident that individuals within small organisations were important to successful contract delivery. In a small team, often one member of staff was responsible for all the local networking, the management of contracts and the management of the organisation. Changes of personnel in small organisations were perceived to affect the quality of the provision in some instances.
7.2.4 Learning points for engaging providers

Although the three Pilots each went about the process of identifying and engaging providers somewhat differently, a number of common themes emerged from their experience, as follows:

- The managing agents gave the Pilots a platform through which to engage and contract with providers. Although providers had to be approved by the managing agent and contracted through their protocols, these requirements did not substantially prevent Fair Cities from working with any of their preferred providers.

- When setting up and issuing contracts, use of existing networks within the local area worked well and helped Fair Cities to make informed decisions about the suitability of the providers.

- Overall, the provider-base responded well to the ‘demand-led’ requirements and worked with Fair Cities and employers to incorporate employer-specific elements into the pipelines, alongside work on developing more generic skills.

- Multiple providers delivering a pipeline can play to particular strengths of providers. However, a short pipeline delivered by multiple providers can make the training too piecemeal and risks disengaging beneficiaries.

- Small providers’ success could be dependent on one key member of staff and a change in personnel affected the outcomes of the contract in a small number of cases. As will be discussed in the next section, contracts need to be flexible to take into account these types of changes.

7.3 Working with providers

This section presents a discussion of the structure of the contracts, how the relationship with providers has been managed and the additional contracts that have been issued in all three areas to try to bridge the gap between the skill level of beneficiaries and employers’ requirements.

7.3.1 Contract structure

In the main, contracts were structured with the bulk of payments for job outcomes, with little flexibility to adapt the contract once it had been negotiated. This section presents a discussion about what this has meant for training delivery.

Brent

In Brent, provider contracts were negotiated individually. Some had more payment for the training and slightly less focus on outcomes than others, although they were all designed to encourage providers to deliver employer-specific training that would lead to a job outcome. For example, one contract to deliver training for a large service sector company was structured so that 70 per cent of the contract value was on a job outcome (50 per cent for a job outcome with 20 per cent awarded for 26-week retention).
Birmingham

The Birmingham Pilot contracted separately for each pipeline to tailor it to meet employer requirements. As with the other areas, there was a substantial payment for a job outcome but the Birmingham Pilot had a wider variety of points in which payments were triggered. This helped to ensure that there was sufficient money for providers to deliver the required training. Payment triggers included course starts, course finishes and payment for employer interviews, as well as job outcomes.

Bradford

Bradford also used tailored contracts to suit the provider and pipeline that was being delivered. Some of the contracts offered significant proportions of the funding for the training provision, but the vast majority of the payment was triggered at job outcome and 26-week retention.

7.3.2 Learning points on contract structures

A number of learning points relating to the structure of contracts are detailed below. These include payment on outcomes, the flexibility of contracts, and a reliance on outcomes and retention payments to provide follow-up support.

• Payment on outcomes: The generally low pipeline efficiency discussed in Chapter 3 and the consequent low hiring rates meant that heavily outcome oriented contracts were likely to be unprofitable. This problem was particularly the case for the smallest providers who did not have other contracts and provisions to rely on to fund the training element of the Fair Cities contract or to subsidise their work on Fair Cities until payment could be claimed for job outcomes and retention. It was also a potentially problematic aspect of the contract when pipelines were longer and had more expensive content. Some providers were able to manage their contract extremely well and have found the scheme to be profitable and easy to run. These tended to be medium providers who had contracts individually tendered. In Brent, one provider thought that the contract had been profitable, whereas another provider found the provision hard to manage and difficult to make profitable against the contract stipulations. Bradford providers seemed to struggle most to make the contracts financially viable. This may have been for a number of reasons: Providers in the Bradford area were the smallest and were generally community-based organisations, and the contract structure, primarily based on outcomes meant there was little upfront payment for training costs which affected their cash flow.
Flexibility: Overall, it was reported by both providers and the Fair Cities teams that the contracts lacked the required flexibility to make them work as effectively as possible and particularly to make changes during the lifetime of the Pilots. This was partly due to the funding source and also the layers in the contract structure in some Pilots. The job outcome weighted contracts were particularly inflexible, and in practice, as hiring rates were generally far lower than hoped, these contract provisions proved unhelpful. On the one hand, they were an insufficient means to help the providers to improve the customisation and tailoring of their performance and on the other, they were too restrictive of cash flow to support significant improvements in training content. While it was important to incentivise the ultimate goal of employment, if the money and flexibility were not there for training, the goal of a job outcome became increasingly unlikely. Interviews with stakeholders at a college confirmed this problem, revealing it was other provisions funding Fair Cities, even with access to training resources such as classrooms and IT equipment.

‘In terms of money [organisation name] has run this contract on good will so far.’

It would have been preferable to have more flexible contracts, that could be (re)negotiated part way through delivery. This would ensure the contracts continued to be structured in a way to best reflect the required provision throughout the lifetime of the Pilot. Providers found that the Fair Cities contracts they signed two years previously were no longer relevant for the changes made within the scheme but there was no flexibility to restructure the contracts, with less money weighted on job outcome targets and more money available for training costs. One Fair Cities team member described this constraint:

‘We would have contracted differently to do a lot of basic skills work before we even thought about trying to get people into work with employers…The structure of the funding that we suggested to them and they responded to, was for short courses for one or two weeks. And you can’t sort out basic skills in one or two weeks. We were hoping that there were a lot of people who were out there who could do it…Actually it was a lot more difficult than that.’

The experience of the Pilots and providers, in trying to devise numerous, small and diverse pipelines, in quite restricted timescales and subject to relatively inflexible procurement rules, was a considerable drain on resource and energy on both sides (and in fairness with Jobcentre Plus and LSC too). It might have been better to have based procurement on a Framework Agreement model, similar to the Bradford approach, such that fair competition requirements could be met for entry into the list of approved contractors and individual contracts negotiated in a quicker and more flexible way between the Pilots and providers on the list. Providers that successfully applied to the ‘theme chest’ in Bradford were then invited to deliver specific pipelines on the basis of their skills and experience rather than contracting each pipeline separately through an open-tender process.
Follow-up support: A handful of providers delivered in-work and ongoing support to help beneficiaries to sustain work for at least 26 weeks. Other providers, however, emphasised that quality jobs in quality companies would mean that the beneficiaries would be supported by existing internal HR systems within the company at the point of job entry. This passive approach led to a number of problems. If a certain amount of follow-up support was not delivered, providers had difficulty staying in contact with beneficiaries in order to effectively monitor retention rates. There were discrepancies in the numbers of beneficiaries providers thought had sustained work and the numbers the employers reported they had retained. Lack of follow-up support from providers is likely to be a reason for this. Employers were generally pleased with the retention of beneficiaries. The expectations of the employer in this regard could mean that what Fair Cities deem as ‘low retention’ is acceptable to the employer. For example, in Bradford, vacancies were often based in call centres which tend to have low levels of retention. It may be that in some employers, the Fair Cities beneficiaries sustained work to the same degree as other employees, but this level is usually poor. These problems emphasise the importance of providers offering some kind of continuing support. This would not only benefit the providers, as they would be more likely to get evidence of retentions, therefore triggering more payments, but also may increase the success of the beneficiaries within the job.

7.3.3 Contract management

All three areas ended the Pilots using an account management approach. This section discusses the workings and benefits of such an approach for provider management.

Birmingham and Brent both employed an Account Manager model from the outset with a Fair Cities representative responsible for the provider engagement, employer engagement, and liaison between the two. In Birmingham, representatives from the sector-specific hubs acted as Account Managers.

As mentioned in Chapter 2, Bradford started the Pilot with a different management model. The Fair Cities team members were each responsible for a different area and employer engagement, provider contract management and community outreach were all handled by different members of staff. This led to a lack of ownership and management of pipelines and providers. One Fair Cities team member described the benefits of an account management approach:

‘If you have got that really quite close relationship with your providers… they can’t mess you about. You know I’ll say to [name] at [organisation]: “what are you doing, you’ve got ten people there, there are only six that are worth going through. Don’t be putting four through for extra money”… but if you don’t own it from start to finish, which we didn’t, I never knew that was happening.’
The Bradford Pilot has since adopted an Account Manager model. This has given Fair Cities more control over the pipeline process. This direct management lesson was also apparent with the ‘theme chest’ arrangement in Bradford. As it became more apparent that close management of providers was needed, the Fair Cities team tended to work directly with the pipeline provider.

The Account Manager model is very time intensive and staff were working at capacity. As we suggested in Chapter 3, the (small) number of Account Managers may have contributed significantly to the relatively low volume of beneficiaries moving through the Pilots, through constraining the number of pipelines built. The amount of work required to engage an employer and to build an effective pipeline customised to their specific needs, seems to have been underestimated.

The Account Manager model meant there was a high degree of control of providers and their relationships with the employers. Some providers in Bradford and Brent found the extra layer of a Fair Cities Account Manager quite frustrating as this mediated the relationship the provider was able to have with the employer. One training provider commented:

‘At that time, I was allowed to have no employment contact whatsoever. Because it was demand-led they didn’t want to annoy the employer. I was working blind. How could I motivate 30 candidates, they were a challenging bunch, without employer contact?’

The case study below is an extreme example of a provider-employer relationship that required the Account Manager approach to manage the expectations of the employer and the provider and resolve a dispute.

**Employer-provider relationship: the need for account management**

A large employer providing utilities became involved with Fair Cities after a presentation by the Fair Cities team at a regional forum for specific sector-based industries to share good practice. The company employs over 1,000 people in its Leeds offices and has a constant recruitment need for call centre operatives (both full- and part-time). Remuneration started at £11,500, and went up to £14,500 pa. The employer saw Fair Cities as a resource to help with their constant recruitment need, while helping to deliver on their corporate social responsibilities.

The four-day pipeline included one day of company knowledge, product information, benefits, and employers’ requirements for applicants. Day 2 covered call centre communication, health and safety, customer service role play and capturing correct system data. Day 3 focused on participation in group activities, interview techniques and call centre customer tasks. Day 4 was telephone interview preparation and a recap of all the training completed so far. On the fifth day the beneficiaries completed the employer’s telephone screening at the training provider.

Continued
The employer used an intermediary organisation to conduct the telephone screening phase of the application process. This caused conflict between the employer and the provider, as the intermediary organisation was paid for finding the employer suitable candidates. The provider felt Fair Cities candidates unfairly failed this telephone assessment. To try and rectify this problem the employer was approached directly by the training provider to see if they could work outside the intermediary organisation but this was refused. The intermediary organisation was also approached to be part of Fair Cities but they refused. This caused difficulties as the provider was unable to get feedback from the intermediary organisation about why candidates had been unsuccessful. The provider started to contact the employer directly for information. The employer was unhappy with the amount of contact from the provider. As a result of this, most communication now goes through the Fair Cities team. This made it harder for the provider to obtain retention data.

The role of the intermediary organisation means the employer sees very few Fair Cities candidates at all, due to the leakage at the telephone screening phase. Despite the difficulties encountered, the employer was happy to continue working with Fair Cities with the Account Manager model, and would recommend the scheme to other employers.

To improve providers’ and beneficiaries’ understanding of employers’ requirements, employers were often asked to make inputs into the training design and the selection criteria and the Account Manager played an important role in facilitating this (see Chapter 5 for more information). For example, mediated by the Account Manager in one instance, a large public sector employer and training provider worked together to design a longer training course that would better meet the employer’s needs (see case study below). This helped to ensure beneficiaries starting the pipeline better matched the employer’s expectations.

**Fine tuning and customisation of pipelines**

A large public sector employer became involved in Fair Cities in autumn 2005. Their involvement was driven by the need to increase the ethnic minority representation among their workforce. All the offered vacancies were permanent and they had a starting salary of approximately £22,000.

The first provider did not deliver the quality of candidates that the employer was expecting. Therefore, the employer suggested a change of provider, and this happened around April 2006.
The Pilot worked closely with the employer and the provider to alter the training course to better match their requirements. As a result, the pipeline introduced more rigorous screening at the open days and customised training (four weeks) to help them pass Day 1 and Day 2 of the assessment. This included some generic training (English for Speakers of Other Languages (ESOL) support, for example) but mostly vocational training in areas such as conflict resolution.

As a result of this customisation, the employer noted a marked improvement in the quality of the candidates and that the key to the success of the pipeline was getting the training right and working with the Account Manager to do so.

7.3.4 Pre-pipeline contracting and delivery

Detailed information on pipeline delivery is discussed in Chapter 4. This section looks at the development of other provider contracts to deal with the skills needs of beneficiaries prior to pipeline entry.

Providers found dealing with the basic skills and language barriers of some of the beneficiaries very difficult, given the brevity of the provision they were usually contracted for. The skill level of the majority of the targeted beneficiaries was a problem in all three Pilot areas and the design of the pipelines (often just one to two weeks and focused mainly on advice about how to get through the selection process) was not nearly long enough to address the skills deficits.

Brent was the only area that looked at lengthy pipelines (for example, 15 weeks for gas fitters and phone engineers) but here the length generally allowed for a greater emphasis on vocational skill development, rather than basic skill or language training. More typically, pipelines were short and involved mainly generic work covering recruitment selection skills with some specific employer content. In part, this was because of the timescale in which employers needed candidates and the resources available to the provider for training. As a result, each Pilot area devised additional contracts to try and address these issues:

- The Brent Pilot designed pipelines that ran at different speeds. These involved some beneficiaries attending a longer pipeline, with more able beneficiaries joining the pipeline at a later date.

- Birmingham developed pre-, pre-employment training pipelines contracted through their outreach providers. These involved beneficiaries who needed more skills development working with a provider prior to pipeline entry. These courses dealt with soft skills for beneficiaries to build confidence and experience in the recruitment process. The outreach providers offered a ‘menu’ of both accredited and non-accredited courses to beneficiaries who were further away from being job ready.
• Bradford developed Fair Cities Extra which was a bolt-on programme designed to address the needs of the harder-to-reach beneficiaries. Candidates who did not pass the sift on to an employer-specific pipeline, entered Fair Cities Extra to develop their basic and communication skills before trying for another pipeline. This scheme meant that beneficiaries further away from a job start were not turned away from the Pilot. Beneficiaries could also be referred to Fair Cities Extra if they dropped out of a pipeline at the interview phase.

As all three areas had to include added lower level provision for their beneficiaries, it strongly suggests that the contracted length of the pipelines was too short to allow entry from the full range of potential beneficiaries in the target communities. It seemed that the initial devising of the model had not considered the multiple and complex barriers faced by many of the target beneficiaries. The comments below illustrate the gap between the length of Fair Cities training and what would be required to increase skills of beneficiaries to meet employer requirements:

‘You need to go back to the basics with these people and you want to reach the hardest-to-reach communities. You are looking at between six months to a year with each person to do that. Then they can take advantage of such programs, etc. and we will have some more successful stories with them... but I think if you are not going to put the basics in, then you are not going to get the outcomes.’

(Community organisation, Birmingham)

‘How do you put 12 years of failure in maths and English into a week, as well as professional communication, as well as interview techniques, as well as telephone role play, as well as face-to-face interviewing, as well as CV... they feel exhausted by that.’

(Training provider, Bradford)

In future, pipelines attached to the end of already well established basic skills or ESOL provision might help to ensure more job-ready and suitable candidates feed on to employer-specific pipelines.

7.4 Summary

We found no evidence that the Pilots had caused any long-term shift in the capacity of training providers to align their operations with the needs of a demand-led approach. We concluded that the Pilots had operated on too small a scale, over too short a timeframe, to encourage significant investments from providers in making such a shift.

In the short-term, however, and drawing on their existing capabilities, the local provider-base had responded well to the ‘demand-led’ requirements and worked with Fair Cities and employers to incorporate employer-specific elements into the pipelines, alongside work on developing more generic skills.
The necessity for the Pilots to work through the procurement arrangements and criteria of third parties, meant that the contracting process was often difficult for both sides but in the main it worked sufficiently well to provide the Pilots with access to their preferred providers.

The Pilots’ account management approach worked well and enabled Fair Cities to understand the needs of both employers and providers and mediate between them where necessary.

Contracts were often based on job outcomes and retention, both of which fell well below the rates envisaged at the outset. While such contracts might represent a necessary means of driving provider performance, they have proved not to be a sufficient one and this is particularly clear in the area of sustainability of employment.

The contracts often lacked the required flexibility to make them work as effectively as these issues came to light. Providers frequently found that the Fair Cities contracts they signed two years previously were no longer relevant for the changes made within the scheme but there was insufficient flexibility to restructure the contracts in the light of experience.

In the longer-term, more flexible contracting arrangements, perhaps based on a Framework Agreement model of pre-approved providers, might be more appropriate for procurement across numerous, small and diverse pipelines.
8 Beneficiary and community engagement

This chapter examines the ways in which the Fair Cities Pilots have engaged with and recruited beneficiaries to the programme. It is divided into three parts, as follows:

• it begins by looking at the way the Pilots have engaged beneficiaries, how this has been done, who has been involved and how models of engagement have evolved;

• the chapter then examines the characteristics of beneficiaries in so far as they related to the specific aims and targets that the Pilots sought to attain – namely:
  – the targeting aspirations of the Pilots (to target beneficiaries according to ethnicity, distance from the labour market, benefit status, and their location within target wards);
  – the employability of the beneficiaries engaged by the Pilot;

• the chapter concludes by assessing how successful or otherwise the different methods of engagement have been across the three Pilots and draws out common lessons on how this might be improved upon.

8.1 Approaches to beneficiary engagement

At the time of our interim report in September 2006, the three Pilots had developed quite distinct methods to engage and recruit beneficiaries to their programmes.

These were identified as:

- the sole supplier model, which establishes a single organisation responsible for recruitment, assessment and referral to appropriate pipelines. The initial contact with putative beneficiaries may come from a wide range of bodies, from private employment agencies or Jobcentre Plus through community and faith groups, etc. but it will flow through this single access point;

- the provider-led model, which has operated in both Birmingham and Bradford. Here, the emphasis is on integrated pipelines, with each training provider also carrying out their own beneficiary engagement;

- the in-house model, which was also used in Birmingham and Bradford, has a Fair Cities staffer, acting as a community liaison/outreach role to draw in beneficiaries both directly or through other community or labour market agencies and refer them on to suitable pipelines.

At the time of our interim report\textsuperscript{41}, it was too early to identify which methods worked best, as they had not been sufficiently tested and were likely to change and evolve over time in line with their developing experience.

\subsection{8.1.1 Methods of engagement}

Since the interim report\textsuperscript{42}, the three models discussed above have adapted and changed in line with the development of the Pilots. The experiences of the different models are summarised below.

\textit{The sole supplier model}

Fair Cities Brent had effectively developed a centralised referral system by September 2006, which it contracted out to one referral agency. Reed in Partnership was charged with co-ordinating referrals from different referral agencies, sifting those candidates and making sure they met the requirements of the relevant employer. This process was intended to reduce the work of the small team of Pilot staff in co-ordinating the various referral agencies in the borough.

There was some early criticism of the sole-supplier model which argued that in centralising its referrals, the Pilot has necessarily excluded other well-established local expertise from the recruitment process, thereby also excluding potential candidates who are clients of those organisations.

Fair Cities Brent has recognised the potential exclusivity of the single referral co-ordinator but has seen it as the most pragmatic approach to meet their current needs. Indeed, one advantage of the sole-supplier model is that it establishes a single point of communication, both for the agencies wanting to place people in the programme and for the Pilot to communicate priorities and monitor

\textsuperscript{41} Op. cit.
\textsuperscript{42} Op. cit.
results. The model also separates out assessment selection from the provision, which potentially provides a more satisfactory basis for even-handedly selecting beneficiaries who meet the target characteristics than the outcomes-funded basis of a training provider.

The potential disadvantage of the model is that despite separating assessment selection from provision, the Pilot might still only be able to exert little control over beneficiary selection because of the exclusivity and dependency on a single referral co-ordinator. This problem emerged in the Brent Pilot and the provider-led model was subsequently adopted.

**The provider-led model**

Fair Cities Bradford initially operated the provider-led model as its principal method of recruitment. Providers were responsible for undertaking community outreach and recruiting participants for the pipelines and this involved working with community and voluntary organisations.

Fair Cities Brent switched to this model after the shortcomings of a centralised referral system became evident. In a similar way, providers were responsible for undertaking community outreach and recruiting participants for the pipelines.

Both Pilots adjusted this model to incorporate an element of Pilot involvement in the outreach activities. This later approach was one closely approaching the in-house model and was a result of concerns that providers were ‘creaming’ the most job-ready candidates and not casting their outreach activities sufficiently wide enough to capture a broader group of beneficiaries. In both cases, a member of the Pilot staff subsequently took responsibility for overseeing provider outreach activities and where necessary, undertaking additional/complementary outreach activities in parallel with the efforts of the providers.

The advantage of the provider-led model lay in its potential to closer align the assessment of beneficiaries’ competencies and the expectations of the employer. By working with both beneficiaries and employers, there was potential to customise provision effectively.

The disadvantage, which was demonstrated in two of the three Pilots, was that the provider might lean more heavily towards the employer needs by recruiting the most job-ready candidates, either because outreach activities are not their principal area of expertise or because it reduces their training spend.

**The in-house model**

The in-house model was demonstrated by the Birmingham Pilot. This model retained direct management of providers in-house, with a Fair Cities community engagement manager being responsible for developing contacts with community organisations as conduits for the recruitment of beneficiaries. Alongside this, however, Fair Cities also worked through sectoral hubs, which also marketed vacancies, using their own community engagement co-ordinator to recruit
beneficiaries and had their own employer engagement strategies. In practice, this meant that the sectoral hubs acted as Account Managers for some of the pipelines, bringing together their sector-specific knowledge and their own activities around beneficiary and employer engagement with the training pipelines of Fair Cities.

Bradford and Brent have also moved towards an in-house model. Bradford developed the role of its project administrator to include community engagement and Brent hired a community engagement manager in early 2007. The intention in both cases has been to add value to the work of the providers, by making sure that as many community groups as possible are linked in to the provision.

The disadvantage of such a model is the potential for considerable complexity, as staff have to manage both the co-ordination of different referral agencies on the one hand and a number of pipelines on the other.

All the Pilots, at some point, used a variety of methods to recruit beneficiaries to their programmes. These included the use of community groups and organisations, private sector recruitment agencies, mainstream agencies, such as Jobcentre Plus, and these were supplemented through direct marketing of the Fair Cities initiative. The aim was to establish and formalise a ‘supply’ relationship by contracting with community and labour market organisations to raise awareness of the Fair Cities Pilots and to encourage them to put forward potential candidates to the employer pipelines, as they developed.

There is also some evidence that all three models were modified on occasion to fit the specific requirements of the employer. For example, for the development of the street cleaners pipeline, beneficiaries were initially recruited through a hotline that was established for people to call in and register their interest.

8.2 Characteristics of beneficiaries

In this section, the characteristics of beneficiaries are examined to assess how successful the Pilots were in engaging beneficiaries from within the target groups and in engaging beneficiaries who were of a high enough calibre for the jobs on offer. Some of the characteristics are pre-defined by the Fair Cities Pilots targets; others must be taken as found. We discuss each in turn before assessing how successful the models were in delivering job outcomes to employers and beneficiaries alike.

8.2.1 Target characteristics

Fair Cities has been directed towards people living in the most disadvantaged wards in Bradford, Birmingham and Brent and areas where there are significant ethnic minority populations. This combination of economic deprivation and disadvantage and high levels of ethnicity, have focused the targeting aspirations and eligibility criteria for the Pilots around three key groups: those from ethnic minority groups, those out of work and those living in the most deprived wards.
However, the Pilots have operated a principle of non-exclusivity, which has meant that alongside the primary focus on getting people from ethnic minority communities into work, the Pilots have not restricted themselves exclusively to people from ethnic minority groups, the longer-term unemployed or inactive individuals or those from the most deprived wards.

At the time of the 2006 interim report\(^4\) these target aspirations presented the Pilots with difficulties in resolving beneficiary characteristics with provider selection and employer needs. Since then, there is evidence that targeting has continued to be something of a challenge for the Pilots, particularly with regard to benefit status, distance from the labour market and target wards. The targeting outcomes are described at more length in Chapter 3 but can be summarised below:

- 75 per cent of job entrants are known to come from ethnic minority backgrounds, and among them, those of black and Asian ethnicity are by far the most common, at 33 and 35 per cent of job entrants respectively.

- Around 40 per cent of entrants had been economically active on entry to the programme, and were in receipt of Jobseeker’s Allowance (JSA).

- 57 per cent of job entrants had worked within the previous 12 months, while only 26 per cent might be regarded as long-term unemployed or inactive; that is to say, they had not worked for at least a year.

- Overall, only 44 per cent of those who found jobs through the Pilots had an address within one of the target wards.

Overall, the targeting results show that there has not been much change since September 2006, with the picture remaining very much a mixed one, with disappointing outcomes for engaging those from the target wards and the longer-term unemployed/inactive. The reasons for this are given in detail in Section 8.3.1, which discusses the models of beneficiary engagement and how well these models have dealt with the shortcomings in reaching the target populations in the target wards.

### 8.2.2 Employability of beneficiaries

Apart from their target characteristics, it is also possible to look at those characteristics of beneficiaries that relate to their employability. The three characteristics detailed overleaf are by no means a definitive account of all the characteristics relating to the employability of the beneficiary group; they are simply those characteristics that have emerged as the most significant from the discussions with various agencies and employers involved in the Fair Cities Pilots. From these, there is evidence that the Pilots have faced some difficulties in engaging beneficiaries who were of a suitable calibre for the jobs on offer and have subsequently relied more heavily on selective filtering.

Basic skills

All of the employers involved in the pipelines required candidates to meet basic standards of numeracy and literacy. This was not surprising, given that most of the jobs were good quality jobs, with large organisations and with opportunities to progress. However, there is evidence to suggest that a significant number of people wanting to join the Pilot programmes had low levels of basic skills. This was evidenced in the interim report in September 2006, which raised questions around the calibre of people joining the Pilots.

There has continued to be a significant number of people wanting to join the Pilots who have had low levels of basic skills, and few successful efforts, overall, in engaging with, and supporting, these potential candidates.

Continuing concern regarding the basic skill levels of potential candidates was evidenced through a number of ways: First, through discussions from Fair Cities staff, it became clear that employers’ insistence on literacy and numeracy standards, would exclude many of the most disadvantaged individuals among the target group.

‘The employers’ criteria meant we didn’t have time to get into the community and address the issues that faced the hardest-to-reach.’

(Fair Cities manager)

This raises an issue about the calibre of people joining the programme in the first place. It was evident from discussions with providers and employers that they were finding that many potential candidates did not meet the levels of basic skills required.

‘I was frustrated at the quality of people coming through. They weren’t even passing basic levels.’

(Community support employer, Brent)

This is borne out to some degree in the job entry rates for this particular pipeline, where only 23 per cent of people completing the four weeks of training were actually hired by the employer, compared to an overall hiring rate of 40 per cent across all three Pilots. It does not appear that this was a unique experience. A significant minority of employers and training providers across the three Pilots noted that their first round of recruitment was unsuccessful because of the overall poor quality of the applicants.

The Fair Cities Pilots has never set out to offer sufficient remedial education, training or personal support, to bring those with profound barriers to employment to a condition of job-readiness. For the most part, the Fair Cities model has relied on other agencies to do this and to bring these beneficiaries to the Pilot when they are close to being job-ready.

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While there is evidence that this approach has often struggled to deliver the quality of candidates for the Pilots, there are cases where the Pilots made headway into improving the quality of candidates. One common way was to tighten up the criteria for entry into the Pilots. This either took the form of additional sifts or assessments at the open day. This primarily involved Fair Cities staff and to a lesser degree, the employer, who would sometimes offer their own staff to facilitate the assessments at the open day. Another way in which the Pilots sought to improve the quality of candidates was by greater customisation of some of the pipelines, often with employer input, as was the case with some of the Brent pipelines (see Chapter 4). Customisation ranged from making small adjustments in the types of questions they were asking candidates, to changing the training provider altogether due to dissatisfaction with the quality of the training provision, as was the case with one Brent pipeline. As pipelines were developed and experience built up, some employers reported that lessons had been learned and improvements were clearly evident in repeat pipelines.

‘Of course, lessons were learnt with the first one [pipeline] and after we sat down with them [Fair Cities] to redesign the content of the training, there was a marked difference to the quality of the people coming through.’

(Transport employer, Brent)

### Controlling for the quality of candidates via a sector open day

A number of employers involved with Fair Cities Bradford aimed to recruit staff for call centre work. The Fair Cities team decided to hold an open day for candidates wanting to work in the sector, in partnership with the training providers providing the pipeline training.

To publicise the open day, Fair Cities leafleted houses in the target wards and advertised the event in the local paper. Over 100 potential candidates attended the first contact centre open day.

Candidates were asked to complete a basic skills test to sift out candidates whose current skill levels were Entry Level 3 or below. It was not felt that these candidates would be able to meet the skills requirements of employers given the length of the pipeline training. They were invited to attend ‘Fair Cities Extra’ training. The training providers helped to administer a basic skills test to candidates and to rate and assess their skills.
The event also included an exercise on teamwork to assess potential candidates’ communication skills. At the end of the event, candidates were asked which employer’s vacancies they were most interested in. As a result of the activities and assessments, candidates were short-listed and then grouped into pipelines. However, not every employer had a pipeline as a result of the event. Employers based in Leeds tended to be less popular with candidates. The candidates were then passed to the training providers for the start of the pipeline. In using this approach, Fair Cities felt they maintained better overall control of the quality of candidates entering the pipelines and the approach encouraged collaborative recruitment between training providers of candidates on to pipelines.

Vocational skills and experience

As the Management Information (MI) indicates, over half of beneficiaries entering the Pilots had worked in the previous 12 months and only 12 per cent admitted to having no qualifications. In discussions with Fair Cities, it emerged that while beneficiaries came from a diverse set of backgrounds, many could be characterised as job-ready.

‘Most of the beneficiaries were people who were already looking for jobs.’
(Fair Cities manager)

However, this was not universally the case and there were many Pilot entrants who struggled to meet the hiring standards of the relevant employers, most particularly, perhaps, in Bradford.

As we have suggested in Chapter 6, many of the vacancies filled by the Pilots required competencies at, or above, Level 2 in the national qualifications framework and we have also noted in Chapter 3, from the data on qualifications and on time since last worked, that the beneficiary entry cohort, to date, has been far from unqualified, either academically or vocationally. For example, one communications pipeline in Brent gave beneficiaries a practical test to gauge their dexterity and ability to follow instructions, followed by a semi-formal interview to gauge their interpersonal skills. In many cases, those qualifying to join after the initial sift and assessment would then be required to demonstrate communication skills, a degree of literacy and numeracy and good interpersonal skills.

As many of the pipelines progressed and as lessons were learned, many of these initial tests and assessments were fine-tuned to home in on the key qualities and abilities that the employer was looking for. This was notably the case for Fair Cities Brent, where pipelines were more vocational in content and thereby required more stringent initial sifting of candidates in order to improve the quality of applicants joining the pipelines. From this, it would seem likely that the greater the emphasis on good quality jobs, the greater the likelihood that there will be an emphasis on vocational and experiential attributes as well as generic ones, the more likely are there to have been significant sifts of potential beneficiaries at the entry to a
pipeline, and the more difficult it would be for the more disadvantaged within the target communities to secure access to them.

**Circumstantial barriers**

There were also a number of personal and circumstantial barriers that characterised some of the beneficiaries joining the Fair Cities programmes. For example, in some cases, the beneficiaries were not able, or willing, to commit to the travel-to-work distance posed by the location of the job on offer. In other cases, beneficiaries were not able, or willing, to work the shifts required, as was the case with one London employer that required staff to work some weekends and evenings.

Some beneficiaries also faced barriers around language and the ability to speak English to a level that would enable them to fulfil the obligations of the job role. This was particularly the case with many of the call centre and customer service pipelines. However, with the average Fair Cities pipeline lasting 2.4 weeks, it is questionable whether many of the pipelines could have provided additional support to help beneficiaries overcome their language barriers.

Circumstantial barriers were also characteristic of some beneficiaries joining the Pilots. One of the most common of circumstantial barriers was previous history of a criminal record. A significant proportion of beneficiaries joining particular pipelines were unsuccessful because they failed the Criminal Records Bureau (CRB) checks.

> ‘These candidates [that eventually failed CRB checks] weren’t supposed to come through Fair Cities but a fair few did.’

(Transport employer, Brent)

CRB checks also created delays for beneficiaries who had got through the training but could not start their job because they had yet to be cleared by the CRB. Some training providers reported that such delays made it much harder to uphold the motivation levels of the beneficiaries, while others dropped off the programme because financial circumstances demanded they take up other, more immediate, work.

The discussion above has focused on the target and employability characteristics of the beneficiaries engaged in the Fair Cities Pilots. It is possible to draw three conclusions from this discussion:

- First, the targeting characteristics of the beneficiary group indicate that the Pilots have not been very successful in helping groups who might be regarded as seriously socially excluded by virtue of their experiencing deeply entrenched and prolonged worklessness and inactivity.

- Second, it is arguable that many of the difficulties around targeting have been a result of the characteristics of the target groups themselves, many of which centre around profound barriers, such as basic skills and language barriers, that either did not fit with the selection preferences of the employer or could not be addressed within the short timescales of the Pilots.
Third, the greater has been the Pilots’ emphasis on quality jobs, the more stringent have been the entry requirements, the less able have many in the target communities been to meet them and the less adequate have the pipelines been in bridging this gap within their relatively short duration. The issue of whether the jobs on offer were suitable for the target groups is discussed in more detail in Chapter 6.

It is evident that the Pilots have struggled to resolve this tension – between the characteristics of the target groups, many of which constitute an important and constraining disadvantage in the labour market and the constraints imposed by a demand-led Pilot, many of which centre around delivering high-quality candidates within relatively short periods of time. This is an issue that we shall return to in Section 8.4 when we consider how effective the models of engagement have been in dealing with this.

8.3 Sources of referral: do they work?

In considering how successful sources of referral have been, it is necessary to examine how well the different models of engagement have fared in delivering job outcomes to employers and beneficiaries alike.

8.3.1 Beneficiary groups

A key indication of whether sources of referrals have worked is the extent to which they have been successful in engaging their target groups in their programmes. While the Pilots have been successful, overall, in targeting ethnic minority groups, they have been less successful in targeting the more disadvantaged groups. It could be argued that this is not surprising, given the need to get people on to the pipelines as quickly as possible, the good quality of the jobs on offer and higher level of support required by many within the target groups. These are arguably pressures that operated across the three Pilots to varying degrees. The key issue here is how well the different models have dealt with these pressures.

The sole-supplier model initially struggled to reach the target groups because entries to the Pilot tended to reflect the client base of the centralised referral agency. This client base could be characterised as more job-ready than the harder-to-help groups.

The experience of the sole-supplier model demonstrates that the separation of assessment selection from provision (identified as a distinct advantage of this model in Section 8.1.1), is not enough to control for any bias in the selection of beneficiaries. As the Brent Pilot has recently acknowledged, even with the separation of assessment selection from provision, the exclusivity of the single referral co-ordinator leaned more heavily towards the selection of job-ready candidates than those from the target groups.

Nevertheless, a centralised system of referrals would appear to maintain the potential to provide a more robust means of engaging with different groups in
the target population because of an ability to draw on the expertise of a number of different referral agencies working with a wider set of potential recruits. So while the calibre of potential recruits remains critical, so is potential to address the other important criteria for potential recruits, such as disability, ethnicity and benefit status.

However, for such a model to work, experiential evidence from the Brent Pilot demonstrates that overall control for co-ordinating beneficiary engagement should remain in-house to control for the risk of any bias in the selection of beneficiaries. Thus, the in-house approach, which eventually developed in Brent, countered some of the bias in beneficiary selection that arose out of experience with both the sole-supplier model and the provider-led model. It involved the recruitment of a Community Engagement Manager who was responsible for overseeing the process of beneficiary engagement by other agencies but also for complementing these existing efforts by developing direct links with community organisations and recruitment agencies. By the end of the Pilot, the potential benefits of an in-house approach were evident.

‘If he could do it all again, I would have an in-house referral agency to work in partnership with...because actively engaging with the community organisations has been crucial in reaching the hardest-to-reach.’

(Fair Cities manager)

It is also worth noting that this approach seems to make particular sense for initiatives (such as the Fair Cities Pilots) that have no previous experience of working in their respective communities. By drawing on existing networks and organisations working in the area, the Pilots are able to usefully maximise existing resources until they are better established in the community and able to take on more of this work themselves.

The provider-led model demonstrated by the Bradford Pilot would appear to be potentially the most problematic in terms of beneficiary engagement. Providers seem to have generally been less successful at getting potential recruits to attend recruitment and open days. There is further evidence that providers were also less successful at engaging with the target populations, with some employers and the Fair Cities team having been disappointed with the calibre of candidates. This has led to tensions between Fair Cities and the providers but also an element of competition between providers for what was widely perceived to be a small pool of potential recruits from the target communities.

In the operation of the provider-led model in Brent, it would seem that the problem was perceived to be a lack of experience and expertise in beneficiary engagement among providers.

‘Some providers had absolutely no idea how to do outreach.’

(Fair Cities manager)
Although the provider-led model has the potential to better align the assessment of beneficiaries’ competencies and the expectations of the employer, it would seem that in practice, this potential is much harder to realise. It is likely that in some cases, providers have leaned more heavily towards the employers’ needs by recruiting the most job-ready candidates, either because beneficiary engagement has not been a principal strength of their activities in the past or because of the financial incentive attached to referrals.

Drawing together the evidence from both the sole-supplier model and the provider-led model, perhaps the more general lesson that emerges from both is that whichever external agency is contracted to undertake beneficiary outreach and initial selection, there will always be a risk of bias in the selection of beneficiaries that would need to be controlled for through an element of Pilot involvement in the process to ensure effective targeting.

It is perhaps not surprising, then, that many discussions with Fair Cities highlighted the in-house model as the preferred model overall and one which – while not completely flawless – emerged as the most useful model in enabling the Pilots to retain direct control over the process of beneficiary engagement.

The in-house model operated in Birmingham used sectoral hubs to access a network of organisations already involved in the Government’s welfare-to-work initiatives. Together, these organisations constituted a ‘supply brokerage’, to assist the throughput of beneficiaries. This has resulted in close collaboration with other agencies which has eliminated some of the early difficulties the other Pilots encountered in building trust and relationships.

However, it is important to note that the in-house model, as operated in Birmingham, has not been very successful in reaching the Fair Cities target groups. As demonstrated in Chapter 3, the Birmingham Pilot was much less successful in its ethnicity targeting than the other two Pilots, with 35 per cent of entrants and 38 per cent of job entrants being white.

From discussions with Fair Cities, it is likely that there were several reasons why the Birmingham Pilot did not meet its ethnicity target. The first is that the Pilot had a multi-pronged approach to beneficiary engagement that involved a number of agencies, including sectoral hubs, the Pilot, outreach providers and mainstream agencies. As a broad-brush approach, therefore, it was not a method that lent itself easily to the targeting of specific groups. With the in-house model in operation, the Pilot could have potentially controlled for this by exerting greater control over the process of selecting beneficiaries. However, in practice, this Pilot had a late focus on ethnicity targeting due to staff capacity constraints and did not appear to use the in-house model to exert the level of control that was probably needed to ensure that the target groups were engaged.

In September 2006, the Birmingham Pilot planned to introduce an outreach model, intended to contact beneficiaries in harder-to-reach groups and communities, and to make provision to deal with any of their more profound constraints on
employability, such as language skills. Since then, outreach organisations have been contracted to provide this type of support (mentoring, coaching, etc.) but given the more profound nature of the barriers to employment facing this group, it is likely that this type of activity would have needed a longer lead in time to prepare beneficiaries for entrance to the pipelines.

All three models have demonstrated their respective strengths and drawbacks across the experience of the Pilots. Indeed, it is not possible to identify a model that has operated without drawbacks. However, it is possible to draw upon common lessons from across the experience of the Pilots in order to identify what key features would comprise a successful model. These features are summarised below:

- the separation of outreach/beneficiary engagement and provision;
- the use of an external agency to help co-ordinate beneficiary engagement;
- in-house, overall control of beneficiary engagement.

These features are discussed in more detail in Section 8.4 but it is possible to see that the in-house model, despite its drawbacks, has the best potential to accommodate these features. The experiential evidence from Birmingham highlights the potential of the in-house model to provide a seamless means of engaging beneficiaries, with the hubs acting as a single point of contact for individuals coming through to Fair Cities pipelines. The focus on targeting, however, would need to be built into the focus of this model from the start to allow the Pilot to exert control over the process of beneficiary selection as, and where, necessary.

### 8.3.2 Employers’ views

For the employer, an important criterion with which to judge success is how satisfied they were with the number and quality of successful candidates delivered by the Fair Cities Pilots. In this regard, it is evident that overall, employers were satisfied with both the quality and number of candidates that they recruited.

While some concerns were occasionally expressed about the quality of candidates (discussed in Section 8.2.2), the majority of employers noted that quality was high, with some even noting that quality was higher than the ‘norm’ with regards to motivation and commitment to the job.

*In terms of quality and representation and passion to join [the employer], it can’t be faulted.*

(Community support employer, Brent)

It is also evident that employers, overall, were reasonably happy with the volumes of beneficiaries. This was particularly the case with employers who had previous experienced of targeted recruitment schemes that had failed.

However, it is worth remembering that many employers offered relatively small numbers of vacancies to the Fair Cities Pilots to begin with. It is also worth recalling
that most employers continued with their own recruitment processes alongside the Fair Cities Pilots. Both of the above offer some useful context to employers’ feedback on the volumes and quality of beneficiaries because both necessitated that a high level of selectivity be applied by the Pilots and that there be a numerical reduction in the volume of potential joiners. Thus, at the end of both processes, it is perhaps not surprising that many employers were happy with the quality of candidates because these are likely to have been creamed from a much wider potential pool of recruits.

8.4 Summary

While there has been little overall difficulty targeting ethnic minority communities or in securing satisfactory volumes of joiners to the Pilots, the Pilots have continued to face challenges around engaging with the other target beneficiary groups.

Indeed, it was noted in the interim report\(^{45}\) that Fair Cities faced a major challenge to extend the benefits of the initiative to the more disadvantaged within their target cohort. However, at this time, it was too early to identify which models would emerge as best able to deal with this challenge.

While all three Pilots operated different models and at different times, they all experienced some common problems in their approaches to beneficiary engagement.

Underpinning this has been the difficulty the Pilots have had in resolving the conflict between the characteristics of the target groups, the selection preferences of employers and the estimates of outcome-incentivised training providers about who represents the best chances of joining the Pilot.

In addition, significant proportions of the beneficiary intake seem to possess disadvantages which make them unsuitable to the relatively speedy preparation offered by many of the pipelines and the selection criteria of participating employers. Basic skill shortcomings and language barriers are the most common difficulty here but personal and circumstantial barriers as well as vocational shortcomings have been widely cited.

While all three of the Fair Cities models adapted and developed over time and with experience, three strong lessons about beneficiary engagement have emerged from the experience across all the Pilots. These have been identified as the following features:
• The separation of outreach/beneficiary engagement and provision: There is very little evidence that contracting providers to undertake beneficiary engagement has better aligned the assessment of beneficiaries' competencies and the expectations of the employer. Through the experience of the Fair Cities Pilots, providers have, instead, leaned more heavily towards the employers’ needs by recruiting the most job-ready candidates, either because of inexperience in undertaking outreach activities (especially with the target groups) or because of the financial incentive attached to referrals.

• The use of an external agency to help co-ordinate beneficiary engagement: The use of an external agency (such as Reed in Brent and the hubs in Birmingham), can potentially draw on, and co-ordinate, referrals from wider networks of community organisations and welfare-to-work agencies already active in the area. Acting as a single point of contact for individuals coming though to the Fair Cities pipelines, this feature of beneficiary engagement has been shown to deliver satisfactory volumes of beneficiaries, ease staff capacity within the Pilots and, in the case of Birmingham, usefully build trust and relationships with other agencies to provide a ‘supply brokerage’ to assist the throughput of beneficiaries. While there were difficulties in ensuring that this approach engaged the target groups in both Brent and Birmingham, this risk can be potentially offset by ensuring that the Pilot retains overall control (in-house) for beneficiary engagement.

• Overall control of beneficiary engagement should remain in-house: From the experience of all three Pilots, it is evident that overall control over the process of beneficiary engagement should remain within the Pilots to control for the risk of potential shortcomings and bias in the selection/throughput of beneficiaries by external agencies and organisations. From discussions with the Pilots, which all, at some stage, implemented this feature, there was a high degree of convergence over the benefits of having a Fair Cities member of staff responsible for overseeing the process of beneficiary engagement by other agencies but also for complementing these existing efforts by developing direct links with community organisations.

It is possible to conclude that the in-house model best lends itself to accommodating these three key features that have emerged through the experiences and lessons from across the Pilots. Importantly, the in-house model demonstrates the best potential to resolve the potential conflict between the characteristics of the target groups and the selection preferences of employers. It does this both by allowing the Pilots to draw upon wider expertise and networks already engaged with potential beneficiaries, while simultaneously controlling for the characteristics of the beneficiary flow through its own outreach activities. However, as the experience of the Birmingham Pilot has demonstrated, it is not enough to simply have the model in operation; the in-house mechanism for controlling beneficiary selection should be realised to its full potential if target groups are to be successfully engaged.
9 Conclusions and policy implications

This chapter draws together the key findings reported above and in their light, discusses the implications for policy development in the welfare-to-work arena.

With the very first beneficiaries emerging from early pipelines and into employment in the last two months of 2005, the Fair Cities Pilots have enjoyed an extended delivery phase of around two years, with a further six months to go as this report is written. Although the capacity-building phase which preceded this was certainly a difficult one, this operational period represents a reasonable basis on which their performance can be assessed.

We begin by focusing on five aspects of the Pilots’ operation which must be regarded as broadly successful. These are:

- success in building employer leadership;
- success in building independent operating platforms;
- successful, but restricted, employer engagement;
- success in building demand-led pipelines into high quality jobs with reputable employers;
- success in focusing on ethnic minority beneficiaries.

We move on to consider some aspects of the Pilots’ operations that have been significantly less successful. These are:

- scale;
- low hiring rates;
- sustainability;
- creaming;
- high cost.
Finally, we draw out some key implications of the research for policy development, looking in turn at:

• getting rolling;
• cultivating links with employers;
• overcoming the shrinkage and translation problems;
• the Account Manager role;
• flexible procurement and contracting to build customised provision;
• voluntarism and beneficiary recruitment;
• integration, with provision for deeper rooted constraints on employability;
• routes to cost effectiveness;
• achieving greater sustainability in employment;
• broader targeting.

9.1 Four areas of success

Fair Cities has been an experimental programme, focused on building and running high performance programmes that help the most disadvantaged into quality jobs, and which simultaneously meet the needs of employers. The Pilots constituted a learning laboratory for how to do this and in our assessment they have met with considerable success in four important areas.

9.1.1 Success in building employer leadership

The active and visible leadership of the three Pilots by local, strong and influential Boards, made up largely of the chief executives of leading local employers, has undoubtedly provided the Pilots with both internal leadership and guidance and external credibility and visibility. The deliberate decision of the Director and the three Pilot Directors to focus on local CEOs and to win their participation largely through a business-led rationale has provided the Pilots with an enormously powerful and persuasive presence, particularly within the employer constituency but also beyond this, with other local stakeholders, notably local employment/skills/regeneration partnerships, training providers and community organisations.

At a more prosaic level, the commitment of Board employers to fill vacancies through the Pilots’ pipelines, in effect to put their money where their mouths were, proved to be an important early benefit to the emergent Pilots, as it not only provided them with some early practical experience in developing pipelines but also secured them some important early wins (and the attendant credibility among other, possibly sceptical, target employers).

The active ‘peer marketing’ of the Pilots by Board members across the various business networks to which they belonged was a third important facet of the
Boards’ contribution. Certainly in two of the Pilots, this steady provision of warm leads which the Pilot Director and staff would pursue meant that their activities were never seriously limited by a supply-side constraint; they always enjoyed sufficient access to potential vacancies.

The effective management and servicing of such Boards represented a major call on the Pilots’ management resources and all three Directors had to find an appropriate balance between a role and level of activity among Board members that was active and engaging but not unduly time-consuming. Early experience quickly showed that hands-on involvement with ‘their’ pipelines was likely to be too burdensome for many but also that passive meeting-going was not sufficiently engaging for most. The active management of the Board included regular review and refreshment of the membership, such that CEOs might expect to contribute to the Board while their organisation was actively engaged with pipelines but perhaps to give way to others when this was finished.

All three Directors felt that the role and character of the Board Chair person had been an important influence on virtually all aspects of the Boards’ activities, from having the right people on it, through finding them active roles to play, to easing them on when this came to an end. Similarly, they had recognised that such senior individuals expected a high calibre service from the Boards’ secretariat (essentially, the local teams). As a result, although of great importance in terms of leadership, direction and credibility, the Boards were not a cost-free item and essentially the Pilots had got out of them roughly what they put in.

### 9.1.2 Success in building independent operating platforms

The Pilots faced major difficulties in building local operations through, on the one hand, the combination of a commitment to operating independently of the mainstream (essentially of Jobcentre Plus) and on the other, the necessity of doing this at speed, from scratch, often through third parties and usually subject to conventions and protocols which did not suit (and certainly had not been designed around) the Pilots’ novel approach and ambitious objectives. It is, therefore, much to the Pilots’ credit that they rose above these difficulties to build highly professional teams through which to pursue these objectives.

It is worth noting, however, that the effort involved in doing so and most particularly in the areas of personnel, finance, and procurement, proved to be far greater and more persistent than had been anticipated. It is probably fair to say that these operational weaknesses did not prevent the Pilots from doing what they wished to do, but that they took a major toll in terms of managerial and administrative effort and elapsed time, so the opportunity cost was probably substantial.

Against this, however, should be set the perceived advantages of being independent. In both their approaches to employers and (less so) to potential beneficiaries, the Pilots played and benefited from, this independence card and it was felt that this obvious separation from Jobcentre Plus in general and from potentially unsuitable mandated beneficiaries in particular, represented an important advantage in
drawing in employers, many of whom barely used Jobcentre Plus in recruitment. As Jobseeker’s Allowance (JSA) recipients constituted a high proportion of the Pilots’ job entrants, it seems that independence was less relevant on the jobseekers’ side of the equation.

9.1.3 Successful, but restricted, employer engagement

The Fair Cities proposition, although perhaps unusual, was an extremely attractive one to many employers; the persuasive combination of a tight labour market, awareness of demographic constraints on future labour supply and an interest in recruiting more people from ethnic minority backgrounds was itself often sufficient to secure interest. To access this labour market at no cost, with the benefit of customised pre-employment training and without commitment to do more than give a fair consideration to Pilot beneficiaries, were further incentives. To do so through a local organisation operating under the auspices of other leading local employers still further sweetened the offer. Turning this initial interest into a viable pipeline was a substantial further step but by September 2007, over 60 employers had taken it and a further 20 or so were involved in designing pipelines. In short, the Pilots showed that under the right circumstances and with the right delivery arrangements, employer interest was likely to be high.

Of course, the right circumstances, and in particular a buoyant local labour market, were not always forthcoming and the Bradford Pilot undoubtedly suffered from this in ways that Birmingham and Brent did not. Furthermore, understanding exactly what the ‘right’ delivery arrangements might be and how to secure them, was a lesson which all three Pilots had to learn. Beyond this, however, lies an important potential constraint on the wider applicability of the Fair Cities model; it has only proved suitable for relatively large organisations and none of the Pilots has had significant success in drawing in Small and Medium Sized Enterprises (SMEs). It may of course be that this simply reflects the Fair Cities’ Secretariat view of ‘large employers first’, with the implication that smaller ones will naturally follow. This has not happened and does not seem to us to follow quite so easily, since it is only larger employers who can generate a sufficient volume of similar vacancies at any one time to make it worthwhile building a customised pipeline to feed them. Efforts to build sectoral pipelines serving groups of smaller businesses in, say, the gas-fitting sector or among call centres, have not proved particularly successful.

9.1.4 Success in building demand-led pipelines into high quality jobs with reputable employers

There have been some 180 pipelines operated since the Pilots’ inception, and among them have been several which reflect the ambitions of the Pilots. For example, pipelines have been established in all three areas moving unemployed people into Police Community Support Officer (PCSO) jobs at salaries close to £19,000 pa. In Brent, pipelines have led to jobs with Transport for London at £21,000 pa and into care assistant jobs at around £17,500. In Birmingham, there have been BT Openreach Field Service Engineers jobs paying around £9 per hour
and Production Operatives jobs at £9.53 per hour. In Bradford, call centre jobs have been secured at around £8.00 an hour and water industry Field Support Engineers at £8.40. All of these, and others like them, have provided jobs of sufficient quality to transform the lives of the individuals moving into them and to provide their employers with reliable and committed workers.

That said, experience of developing these and other pipelines shows that, in some ways, the pipeline model remains highly problematic: Firstly, they have been small (with about 15 places on average) and they have proved time/resource intensive to set up. As many pipelines have not been repeated, these design/management costs have been very high per capita. Secondly, they have been short, lasting only, on average, 2.5 weeks; consequently they have not been able to address many serious obstacles to employment faced by many individuals within their target communities, most obviously basic skills and English for Speakers of Other Languages (ESOL) deficiencies. Thirdly, they have produced only low hiring rates among their graduates (only 40 per cent of beneficiaries who successfully completed pipelines were taken on by the employers in question).

9.1.5 Success in focusing on ethnic minority beneficiaries

Three-quarters of Pilot job entrants were from ethnic minority communities and indeed in two of the Pilots, this proportion rose to between 80 and 90 per cent. Furthermore, sustainability of employment was markedly higher than average among some (Asian or Asian British) ethnic minority community members. This ought properly to be regarded as an important success for the Pilots.

More interestingly, perhaps, is the means through which this was achieved. The Pilots had intended to reach individual beneficiaries from these groups through targeting the wards in which they lived. In practice, this proved to be potentially constraining (if the populations of the target wards were too small, as they were in Brent) and largely unnecessary. The ethnicity ambitions were readily achieved, while the spatial targets were generally not and were sometimes fairly blatantly ignored. Overall, less than half (44 per cent) of those who found jobs through the Pilots had an address within one of the target wards. This clearly falls well below the target of 65 per cent. As a corrective to any notion of simply abandoning the spatial targeting, it is worth noting, however, that the Pilot with the worst record on the spatial targeting (14 per cent) also had the lowest component of ethnic minority job entrants (57 per cent).

The Pilots achieved their generally tight focus on ethnic minority communities largely administratively. We have noted the significant over-subscription of potential beneficiaries at the entrance to the pipelines (at open days, telephone applications, etc.) and it seems to have been through the inclusion of an ethnicity criterion at the sift, which whittled down interest to manageable numbers for the fairly small pipelines, that the concentration on ethnic minority groups was secured. It may well be, therefore, that provided the offer is attractive enough to secure significant over-subscription, an unduly restrictive spatial focus is unnecessary.
It may be worth considering the obverse at this point; could programmes like the Pilots be useful with a strictly neighbourhood focus, whatever the ethnic composition of the wards in question? On the evidence of this research, this would not seem to be a wholly practicable approach. The pipelines are attached to particular employers and their spatial catchment areas for recruitment might be city-wide (in which case, a target wards approach might be applicable) but might not be (in which case the exact location of the employer in relation to the target wards might considerably constrain the number or quality of pipelines that could be constructed).

9.2 Five problematic areas

There have been some further aspects of the Pilots’ work that has been much less successful. Our intention in discussing them here is not to be unduly negative but to point them up as areas which will need to be addressed in any future programmes which build on the Fair Cities model.

9.2.1 Scale and scalability

As we have seen, after two and a half years of operations, the Pilots have filled just 802 jobs and seem unlikely to fill more than about a thousand by the time they wind up in March 2008. This low level of operation has had some important consequences for them; it has produced a cost-per-job reckoning which is high by the standards of most comparable active labour market programmes in the UK; it has significantly reduced the positive and energising impact which the Pilots hoped to have on training providers; and it has effectively ruled out any significant demonstration-effects within the target communities.

However, a more important issue here is whether the Pilots (or something like them) could operate on a larger scale, under different conditions. We have certainly identified a number of serious constraints on the operations of the Pilots, which contributed to this disappointingly low volume outcome (uncertainties about funding, less-than-satisfactory logistical and operational platforms, staff turnover, inflexibilities in contracting and procurement arrangements and so on) but these are not essential or inherent facets of the Fair Cities model. They could be, and probably would be, avoided/reduced in any ‘Mark 2’ variant of the Pilots and with these lessons dealt with, the question arises whether significantly higher volumes of job outcomes might be secured.

The Pilots do not provide a definitive answer to this question but our assessment is that there remain three more profound, built-in features of the Pilots’ approach which would, under practically any scenario, continue to constrain job entry volumes.
• We noted in Chapter 3 that the conversion of potential employer interest into active collaboration had proved to be a lengthy, time-consuming and skill-demanding process. It, therefore, led to very tight limits on the number of employers with whom the Pilots could work simultaneously to deliver the high quality, highly customised, demand-led intervention that their model entails. This capacity constraint seems to represent a built-in restriction on the number of employers with whom the Pilots could work and hence, the number of vacancies which they could fill.

• We noted in Chapter 6 and before, that the Pilots have not been able to extend their model beyond a fairly narrow and restricted constituency of very large employing organisations. There is only a finite number of such employers in any labour market and very few of them in some.

• We noted in Chapters 3 and 4 that participating employers have generally only been willing to offer a small number of their vacancies to Fair Cities and even here, they have not been willing to offer them on an exclusive basis. Consequently, there seems to be a built-in limit to the scale on which even these employers are likely to engage with programmes of this kind.

For these three reasons, we feel that there remain serious constraints on the potential for programmes of this type to operate on a significantly larger scale than the one observed, even under much more favourable operational conditions.

9.2.2 Low hiring rates

As we have shown in Chapter 3, hiring rates have been low, at around 40 per cent of pipeline completors. Whether one regards this as unexceptional (as one might, as these employers regularly reject the majority of job applicants and have devised a sophisticated selection process to do exactly this) or as a shortcoming of the Pilots (ie a demonstration of a low level of customisation of pipeline content or a failure to filter out unsuitable beneficiaries), the fact remains that low hiring rates have seriously undermined the overall efficiency of the pipelines. There has been no acceleration in the rate of job entries over time and so there is no indication that hiring rates have improved with the growing experience/insight of Pilot staff.

The Pilots have demonstrated one or two pipelines where there has been a tremendously high hiring rate at the end of the pipeline and generally speaking, these have been longer pipelines, often with a higher vocational training element, which has significantly increased the attractiveness of the beneficiaries to the employer, but has also raised the cost of the provision.

9.2.3 Sustainability

Across the Pilots as a whole and notwithstanding some excellent retention in some of the pipelines (most evidently in Brent), sustainability of employment has been far lower than was envisaged at the outset and as reflected in the target of 70 per cent at 13 weeks. Even allowing for shortcomings in the tracking of individual beneficiaries after they have left the Pilots, a 49 per cent retention rate at 13 weeks...
(and a significantly lower one of 30 per cent at 26 weeks) provides only a poor reflection of the Pilots’ ambitions in this respect and must serve as an inadequate basis for their aspiration to promote career advancement in communities where it has been thin on the ground. Indeed, it may be that there has been some conflict between the Pilots’ quality job aspirations and sustainability of employment, in that the kind of jobs targeted may have simply been too demanding for some of the entrants.

It seems likely that the Pilots (or perhaps more accurately their providers) have relied too heavily on the ‘pull’ factor of the intrinsic quality of these jobs to encourage job entrants to hold on to them. The combination of relatively high pay rates and retention levels in Brent, suggest that this reliance might be sensible but only in circumstances where the jobs are demonstrably more desirable than average. Certainly, there seems to have been relatively modest efforts actively to support and sustain job entrants in employment, whether of the retention payment variety often found in Employment Zone interventions or of practical help and encouragement. This seems to us to be an area in which any future variants of the Pilots’ approach could learn useful lessons. Over-reliance, either on the ‘pull’ factor of good jobs or on provider payments which are weighted to reward sustained job outcomes, can (and has) led to disappointing sustainability outcomes and this suggests that provider contracts might usefully be structured to include more specific and active measures to encourage tenacity among job entrants.

9.2.4 Creaming

We have noted already that the Pilots have been very successful in reaching individuals from ethnic minority backgrounds. If membership of these communities per se constitutes an important and constraining disadvantage in the labour market (and there is some evidence that it might), the Pilots can claim a good measure of success in reaching, and helping, disadvantaged individuals.

However, beyond this, there is some evidence that the Pilots have had difficulty in reaching out to people with more profound labour market disadvantages and this has important implications for the ‘place’ of programmes of this kind within a suite of active labour market interventions. We saw in Chapter 3 that two-thirds of job entrants had either worked fairly recently or were already actively looking for a job and that only modest inroads had been made among Incapacity Benefit (IB) and Income Support (IS) recipients (seven per cent of job entrants). In addition, we showed, in Chapters 4 and 6 that the Pilots had been able to do relatively little to help potential beneficiaries with deep-seated barriers to employability, such as ESOL problems and basic skills difficulties. Finally, we showed, in Chapter 2, how the design of the Pilots isolated them from potential beneficiaries who were mandated to join other programmes (and among whom we might expect

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to find a good proportion of individuals with either poor jobseeking skills or low motivation or both).

It seems reasonable to conclude that the Pilots’ reach, beyond fairly readily employable individuals in ethnic minority communities, has not been greatly tested and that (particularly in view of the low hiring rates among these individuals) the Pilots’ approach might well be quite inadequate for addressing more profound and/or more entrenched barriers to employment.

**9.2.5 High cost**

The relatively high operational costs of the Pilots have been noted in Chapter 3 and these make the Pilots look a significantly more expensive proposition than most comparable initiatives. A more profound problem may well be that those areas which we have identified above through which the Pilots might improve their game (ie achieve a higher scale of operation; extend into a different employer constituency; secure longer-term job outcomes; help people with more serious constraints on their employability, etc.) all seem to entail significantly higher cost implications. Certainly, on the evidence gathered during the evaluation, there seem to be few avenues available through which initiatives like the Pilots could be successfully delivered at significantly lower cost.

**9.3 Policy implications**

Different readers might draw different conclusions for policy development from this research and one of the aims of the evaluation has been to provide a robust empirical basis for them to do so. However, some three years of work alongside the Pilots have provided the research team with ample opportunity to develop such conclusions and we present them in the following sections. To this point, our report has relied largely on unmediated exposition; what follows is our opinion.

**9.3.1 Getting rolling**

Numerous evaluations of active labour market projects have shown that it generally takes far longer than policy makers think to set up a new programme and the Fair Cities Pilots has been no exception. Indeed, we would suggest that these Pilots have suffered much more than is often the case because they were trying to introduce a novel and previously untried approach. Moreover, they were trying to do so outside mainstream structures and so without ready recourse to a host of operational, logistical and experiential advantages. Their operational model required many of their ends to be obtained through third parties, who sometimes proved slow to respond. Finally, it also required a strong local focus without the benefit of an existing local presence or reputation. It is, therefore, no surprise that the Pilots took almost a full year between the appointment of a Director and their first recorded job entry.
However anxious for quick results policy makers might be, there is a strong case for projects of this kind to have time, funding and specialist staff support to get their operation off the ground and to devote almost a third of their life to capacity-building can only make it harder to squeeze credible results out of just the remaining two. The Pilots would have benefited greatly and future active labour market projects would do similarly, from a ‘year zero’, in which key staff would be appointed, effective operational protocols established and critical working relationships and contracts established. Furthermore, it seems likely that the harder-to-reach are the target beneficiaries for such programmes, then the more important would be an extended opportunity to build a credible presence in the field.

9.3.2 Too many objectives

The Pilots’ design was either ambitious or innovative (usually both) at virtually every point. They tried to combine secure access to high quality jobs with employers at the top of the labour market. These were to be filled by people from a disadvantaged client group, who were drawn from highly deprived city wards. They were to be delivered independently from welfare-to-work provision already serving them and were to meet customised, rather than generic, employer needs. They were to operate on a large scale, and lead to employment progression for individuals, while energising training providers to offer more flexible training provision. Finally, they were to spread the intrinsic benefits of ethnic minority recruitment and employment widely in the employer community. Few of these aims have been achieved in a complete or unqualified manner and some hardly at all. It seems reasonable to suggest that a more restricted set of objectives might have been more appropriate and provided a sharper focus around which to prioritise delivery.

9.3.3 Cultivating links with employers

One of the Pilots’ most prominent successes, and a factor which has critically underpinned their operation, has been the development of a positive relationship and active working links with the local employer community. To be sure, they enjoyed no little advantage in this respect through the National Employment Panel (NEP), and the local Employer Coalitions but they also invested a good measure of senior staff time and thought in cultivating, building and extending these relationships. Where these links were weakest, the Pilots struggled and where strongest, they flourished.

Apart from a positional advantage from the outset and a willingness to work very hard to build them, what steps did the Pilots take to develop and maintain them?

- They recognised and relied heavily on the active role of leading personalities in business, to offer credibility, to help put some quick wins in their portfolio, and to recruit their peers to join in. The Pilots placed a lot of emphasis on focusing directly on the most senior managers whom they could attract, usually CEOs, and this seems to us to have been successful in winning participation.
• They provided these top managers with an active role in steering the Pilots’ local strategies, thus giving them a real sense of purpose and belonging. While this produced some tension between the fairly strong model-led push coming from the Central Secretariat, in practice it did not greatly push any of the Pilots off track at the operational level and it did unquestionably win and keep the interest of numerous senior business leaders.

• They deployed a combination of CSR and business case rationales, emphasising whichever was likely to be most appropriate to different audiences. Often this was a simple business case and sometimes it was a more sophisticated and forward-looking business case but this was often supplemented by a CSR case, and in our view it was the combination which proved to be the most telling; doing well while doing good seemed, in practice, to be a powerfully compelling rationale.

• In drawing in these and other employers, business-led branding seems likely to have been important. The obvious distance between this and mainstream Jobcentre Plus interventions was frequently cited as a strength by participating employers.

• At the operational level, rather than the strategic one, the relative simplicity and (apparently) cost-free character of the Pilots’ offer has been important. In reality, neither of these was really the case; as we have seen, the whole business of transferring CEO commitment into a working pipeline was far from simple or costless but the point is that it looked so at the outset. The model was an easy one to buy into and to perceive as advantageous.

As Jobcentre Plus and Department for Work and Pensions (DWP) work to develop Local Employment Partnerships (LEPs) they can usefully learn from the Pilots’ experiences in this respect. Such partnerships can be a successful vehicle for this, by drawing in major local business leaders, winning credibility among the employer community and establishing demonstration effects, which others will be keen to emulate. They will, however, need to find ways of extending these links beyond the relatively restricted cohort of large organisations with which the Pilots operated.

9.3.4 Overcoming the shrinkage and translation problems

The Jobs Pledge\(^{47}\) announced in July 2007 is likely to face exactly the translation and shrinkage problems which we have identified as important facets of the Pilots’ work and which have significantly undermined the efficiency of the Fair Cities’ pipelines.

\(^{47}\) Building on the LEPs announced in the Budget earlier in 2007, major employers in both the public and private sectors have given a commitment to offer guaranteed job interviews for people who have been on benefit and who are ready and prepared to work.
• The translation problem springs from the need to translate the CEO's commitment of theoretical vacancies into practical pipelines for entry into specific jobs, working through an often complex, and sometimes less-than-convinced, layer of line, departmental and HR managers. The Pilots were not generally successful in overcoming this problem but they showed how it might be done and this involved:
  – establishing an internal working group early;
  – using the CEO’s weight to pull in HR and line managers; and
  – building on early success to influence future practice.

• The shrinkage problem arises principally from the employers’ reluctance to concede exclusive access to such vacancies and the consequent filling of many of them while the Pilots were still developing their pipelines. There seems to be only one way around this and that is speed.

9.3.5 Account manager role

The Pilots foresaw the need for high quality, experienced and employer-credible staff if they were to successfully engage with this community. They also quickly converged on the most appropriate means of deployment of these staff; in an account management role, which would knit together the three strands involved in pipeline building – the employer, the training provider and the beneficiary flow. Crucially, if pipelines are to be effective, these staff need to make an accurate assessment of the skills/qualifications requirements of the employer, match them to the competencies and experience of the beneficiaries and align the training provider to fill the gap between them. In working to build the LEPs and deliver against the Jobs Pledge, Jobcentre Plus may face a shortage of the right level and mix of the skills and experience needed to deliver these vital inputs, because these roles are generally distinct within Jobcentre Plus and are largely performed by different individuals.

This need not be an absolute constraint, however, as Jobcentre Plus generally has large stocks of experience and competence in each of these areas. The need will be to select and train staff appropriately to the demands of this role. The extent to which they can successfully field the requisite calibre of staff in this role is of course the extent to which they will be able to cultivate and develop the necessary reputation with employers and to overcome the shrinkage problem through rapid development of a practical response to the employers’ pledge.

9.3.6 Flexible procurement and contracting to build customised provision

Taking into account the diversity of employers, the different skills required of different occupations where vacancies might be pledged and the different employabilities of potential beneficiaries, demand-led pipeline content is likely to be much more diverse than previous generations of active labour market provision. Certainly, there
will undoubtedly be some more-or-less generic components (confidence building, interview skills, etc.) but beyond this there is likely to be considerable variation. Furthermore, this variation is likely to be within a single, relatively small, perhaps one-off, pipeline, rather than across a large cohort of individual jobseekers. This suggests the need to have procurement arrangements to provide for a much more flexible delivery of service than the current ones easily do or indeed for which training providers are generally geared up to provide.

This suggests to us the need for a Framework Agreements approach, rather than one-off contracting. This would allow for the fair competition requirements for public purchasing to apply on entry to the cohort of available providers but for the user to buy within that cohort quickly, in small volumes and on a mix-and-match basis to build customised pipeline content.

### 9.3.7 Voluntarism and beneficiary recruitment

The Pilots have clearly demonstrated that unemployed individuals\(^{48}\) are readily and voluntarily attracted to programmes which provide somewhat preferential access to specific and good quality vacancies. However, as the Pilots have not worked with any mandated individuals, they can tell us nothing about the willingness of, say, New Deal participants to pursue these jobs or of their ability to compete effectively for them or of their acceptability to employers. It is notable that many of those employers who supported Fair Cities’ pipelines did not take New Deal candidates through the subsidised jobs option or through job placements or work experience.

Two issues arise here:

- How might employers be encouraged to take part in a demand-led programme with a beneficiary flow of mandated, rather than voluntary, participants? The research cannot shine any light onto this question directly of course but it seems likely that Jobcentre Plus would need to take even more care than did Fair Cities about the pre-selection of suitable candidates to put forward.

- If voluntary, carefully sifted and selected Pilot beneficiaries could only succeed in getting a job at the end of a Fair Cities pipeline in 40 per cent of cases, then what chance would typical New Deal participants have in entering the same jobs, with the same employer, having received the same help? Again, we have no direct evidence here, but it would seem logical to infer that either Jobcentre Plus should:
  - focus on less demanding jobs for this client group, ie significantly reduce the Pilots’ emphasis on high quality jobs, albeit perhaps still with high quality employers, or orient towards employers with less fussy hiring criteria; or
  - provide more extensive training and pre-employment support than the Pilots generally did (ie two and a half weeks on average).

\(^{48}\) We use ‘unemployed’ here in the general sense of ‘not working’. The Pilots did not draw strongly from individuals in receipt of IB or IS.
It seems likely that the new proposals for mandatory skills health checks among longer-term unemployed individuals provide some basis for the first avenue suggested here, ie they would provide Jobcentre Plus with an effective and systematic means of sifting this customer group before putting them forward to fulfil their side of any Jobs Pledge.

So far as the third avenue suggested, John Denham’s statement to the House of Commons on 26 November 2007, clearly indicated that:

‘Where the need for raised skills is firmly identified…(ie by the skills health check), we will Pilot giving Jobcentre Plus personal advisors enhanced powers to mandate training and to offer training allowances for up to 8 weeks full-time study where it is clearly designed to meet employers’ needs.’

This might provide the basis for a more thorough and substantive provision than many of the Pilots’ beneficiaries experienced, and so might usefully extend the approach to a less employable cohort.

9.3.8 Integration with provision for deeper rooted constraints on employability

Discussions with Pilot staff, community organisations and employers suggest that potential beneficiaries, with more profound constraints on their immediate employability, need longer/more substantial support than Pilot pipelines have typically offered. To the extent that these difficulties might involve basic skills or language problems, there may be a need for even longer periods of support and help. The problem which the Pilots experience has shown is not so much the obvious point that these cannot be tackled with only a two and a half week run but the need to co-ordinate the completion of such longer provision with entry to a ‘finishing school’ of a demand-led (Jobs Pledge or Fair Cities) pipeline. It is fair to say that the Pilots only really scratched the surface of this difficulty with some of the Birmingham European Social Fund (ESF) support for basic skills and language training, and to some extent in Brent, with some modest experience with multi-speed pipelines.

However, the extension of the skills health check proposals to include all those in receipt of JSA, not just after six months, provides a sound basis for at least identifying these difficulties at an earlier stage than is necessarily the case now. All new JSA claimants will receive a more rigorous skills check to identify those who need basic numeracy, literacy and English language training or support. In addition, they will be able to use the new advancement and careers service to undertake a comprehensive skills health check. In this way, the skills health check could be used to identify beneficiaries’ skills levels and discussion for suitable types of work and learning provision.

9.3.9 Routes to cost effectiveness

As we have shown, the Pilots have somewhat reduced their unit costs during the last year, but they still remain an extremely expensive intervention, with high gross
costs per job and a high component of non-benefit beneficiaries to constrain any improvement in their net cost. Cost effectiveness may be elusive, particularly if volumes remain small and non-benefit beneficiaries predominate. However, the research does at least suggest the avenues down which greater cost effectiveness might successfully be pursued – a combination of higher volumes and greater efficiency.

To increase beneficiary volumes, any successor programme to the Pilots should:

- go explicitly for repeat business (same employer/same pipeline) to secure additional job entries with reduced development costs/time;
- seek wider employer engagement, perhaps through sectoral or spatial focusing (different employer/same pipeline), again to secure an expanded number of vacancies drawing on largely defrayed development costs;
- engage sufficient resource, particularly in the key role of Account Manager/ Business Development Manager (BDM), and so increase the number of pipelines delivered by each set of Pilot overheads.

To increase pipeline efficiency, any such programme should improve pipeline hiring rates. This is far easier said than done, particularly in view of the relatively low hiring rates which the target employers typically demonstrate following quite stringent selection procedures and high recruitment criteria. However, the Pilots have at least shown how these might be pursued, and the main avenues appear to be:

- a better understanding of the exact selection practices and criteria which each participating employer deploys for the jobs in question and the better preparation of jobseekers for this process;
- orient towards less demanding jobs. While high quality jobs are certainly nice to have, there is no inherent reason why public policy should promote access to them at the expense of less (but sufficiently) attractive ones. Certainly, there may be a rationale to be found in securing access to such jobs for minorities who have hitherto been much excluded from them but if this rationale conflicts with the need for economy, then there is no a priori reason why it should prevail. There are plenty of perfectly acceptable jobs and excellent employers in sectors which the Pilots have not targeted (eg retail). There are also plenty of part-time jobs which might be more suitable for some in the target beneficiary group;
- recycle failed trainees. With 60 per cent of pipeline completors not getting hired by the employer around whom the pipelines were designed, there is a strong case for ensuring some kind of sweep-up which recycles those who have had the advantage of some training and preparation into future pipelines which might build on that and result in a successful job entry. The Pilots’ Management Information (MI) system certainly provides the means through which they could easily undertake this on a more systematic scale than they have;
work more closely with existing initiatives. Were such a recycling of failed pipeline completors to be taken seriously, it would be quite beneficial for the Pilots to have good referral opportunities to other sources of help, support, etc., that might be better suited to such individuals’ particular needs. This closer liaison may also be helpful in implementing the suggestion above that earlier/longer attention to basic skills and language difficulties may be helpful for potential beneficiaries;

better job matching. Pre-entry information, advice and guidance from the new adult advancement and careers service may help better match individuals, and their skills and interests, to pipelines prior to starting them.

9.3.10 Achieving greater sustainability in employment

The Pilots’ results for sustained employment outcomes have been far less than they sought but have been reasonable in comparison with other active labour market programmes. Two important lessons from the Pilots for any future programmes of this sort seem to be:

sustainability requires more active management and deliberate intervention than just relying on the pull factor of a ‘good’ job;

contracts with training providers should focus on what activities they should be required to deliver to achieve good retention results and perhaps rely less on financial incentive structured around them.

The increasing focus of public policy on in-work training support, through programmes such as Train to Gain, provides a beneficial basis for integration with active labour market programmes, which similarly seek to customise training to reflect individual employers’ needs. By joining up such programmes, not only might the hiring rate of Pilot-like initiatives be improved but also the longer-term employment of beneficiaries could be enhanced through access to relevant ongoing training once in work. By the same token, if the employer in question had committed to the Skills Pledge, then any subsequent basic skills or language shortcomings among beneficiaries could be rectified after recruitment and retention might be further encouraged.

9.3.11 Broader targeting

Finally, there seems to be no necessary, or particularly advantageous, reason why the demand-led approach should be restricted either to certain wards or to priority beneficiary groups. Indeed, it may be that tying a pipeline too firmly to target wards at the beneficiary end and to a specific employer at the other,

The Skills Pledge is associated with the Train to Gain programme and involves a voluntary, public commitment by the leadership of a company or organisation to support all its employees to develop their basic skills, including literacy and numeracy and work towards relevant, valuable qualifications to at least Level 2 (equivalent to five good GCSEs).
creates an unnecessary restriction, involving longer-than-acceptable travel to work distances, nervousness about leaving a known community, etc. among potential beneficiaries. Certainly, there may be a case for delivering interventions targeted so tightly on particular communities that demonstration effects are registered as rising employment levels and/or quality are observed by community members but the Pilots have operated with neither the scale nor the close focus to achieve this.

However, the local angle has been particularly important in employer engagement, as it has drawn quite heavily on local sentiment and community visibility among employers. But neither does this depend on a narrow ward focus; it is generally city-wide. Furthermore, spatial targeting has not proved especially necessary in these Pilots as a means of securing ethnic minority recruitment. There seems a strong case, then, for interventions of this kind to be city-based, rather than more narrow.

In this sense, the Pilots’ experience is very relevant to the emerging Cities Strategy. Most of the Pathfinders here have well developed employer engagement strategies, which could benefit greatly from the practical experience of implementation that the Pilots have provided. Indeed, in Birmingham, the Board of the Birmingham Pilot has been integrated with the Birmingham and Solihull Employment and Skills Board which will be delivering the Cities Strategy there.

9.4 Summary

This chapter has set out our broad conclusions and policy recommendations arising from the research. It argues that five aspects of the Pilots’ operation must be regarded as broadly successful. These are:

- **Success in building employer leadership**: The active and visible leadership of the three Pilots by local, strong and influential Boards, made up largely of the chief executives of leading local employers, has provided the Pilots with an enormously powerful and persuasive presence, particularly within the employer constituency but also beyond this, with other local stakeholders, notably local employment/skills/regeneration partnerships, training providers and community organisations.

- **Success in building independent operating platforms**: In building effective local operations, the Pilots overcame major difficulties, which arose through the combination of their commitment to operating independently of the mainstream and the necessity of doing this at speed, from scratch, and often subject to conventions and protocols which did not entirely suit their novel approach and ambitious objectives. It is, therefore, much to the Pilots’ credit that they rose above these difficulties to build highly professional teams through which to pursue their objectives.
• **Successful, but restricted employer engagement**: The Fair Cities proposition was an extremely attractive one to many employers and the Pilots showed that under the right circumstances and with the right delivery arrangements, employer interest is likely to be high. Beyond this, however, lies an important potential constraint on the wider applicability of the Fair Cities model; it has only proved suitable for relatively large organisations and none of the Pilots has had significant success in drawing in SMEs.

• **Success in building demand-led pipelines into high quality jobs with reputable employers**: Among the 180-odd pipelines that the Pilots built, have been several which fully reflect these ambitions of the Pilots. They have provided jobs of sufficient quality to transform the lives of the individuals moving into them and to provide their employers with reliable and committed workers.

• **Success in focusing on ethnic minority beneficiaries**: Three-quarters of Pilot job entrants were from ethnic minority communities and indeed in two of the Pilots, this proportion rose to between 80 and 90 per cent. This ought properly to be regarded as an important success for the Pilots.

There have been some further aspects of the Pilots’ work that have been much less successful. These are:

• **Scale and scalability**: The low level of job entries has had some important consequences for the Pilots, not just in terms of a high cost-per-job reckoning, but also in constraining much of the positive and energising impact which the Pilots hoped to have on the training infrastructure and through demonstration-effects within the target communities.

• **Low hiring rates**: Low hiring rates have seriously undermined the overall efficiency of the pipelines. Where they have been high, these have been longer pipelines, often with a higher vocational training element, which has significantly increased the attractiveness of the beneficiaries to the employer but has also raised the cost of the provision.

• **Sustainability of employment**: Over-reliance on the ‘pull’ factor of good jobs and on provider payments which are weighted to reward sustained job outcomes, have led to disappointing sustainability outcomes. They have been far lower than was envisaged at the outset and have been an inadequate basis for the Pilots’ aspiration to promote career advancement.

• **Creaming**: Although the Pilots have been very successful in reaching individuals from ethnic minority backgrounds, beyond this there is evidence that the Pilots have had difficulty in reaching out to, or in helping, people with more profound labour market disadvantages. The Pilots’ reach, beyond fairly readily employable individuals, coming forward on a voluntary basis, has not been demonstrated.

• **High cost**: The relatively high operational costs of the Pilots makes them look a significantly more expensive proposition than most comparable initiatives.
The key policy implications of the research are:

• **Getting rolling**: It took far longer than expected to set up the Fair Cities Pilots and there is a strong case for projects of this kind to have time, funding and specialist staff support to get their operation off the ground. The Pilots would have benefited greatly, and future active labour market projects would do similarly, from a capacity-building ‘year zero’.

• **Too many aims**: The Pilots’ design was either ambitious or innovative (usually both) at virtually every point. Few of these aims have been achieved in a complete or unqualified manner, and some hardly at all. It seems reasonable to suggest that a more restricted set of objectives might have been more appropriate, and provided a sharper focus around which to prioritise delivery.

• **Cultivating links with employers**: As Jobcentre Plus and DWP work to develop LEPs they can usefully learn from the Pilots’ experiences and methods of drawing in major local business leaders, winning credibility among the employer community and establishing demonstration effects, which others will be keen to emulate. They will, however, need to find ways of extending these links beyond the relatively restricted cohort of large organisations with which the Pilots operated.

• **Overcoming operational problems**: Implementation of the Jobs Pledge is likely to face exactly the shrinkage, translation and low hiring rate problems which have significantly undermined the efficiency of the Fair Cities’ pipelines. We present some suggestions, drawn from the Pilots’ experience, as to how this might be done.

• **Account manager role**: In working to build the LEPs and deliver against the Jobs Pledge, Jobcentre Plus will encounter a need for high quality, experienced and employer-credible staff if they are to successfully engage with the employer community. The Pilots also quickly converged on the most appropriate means of deployment of these staff; in an account management role, which would knit together the three strands involved in pipeline building.

• **Flexible procurement and contracting to build customised provision**: The Pilots showed that demand-led pipeline content is likely to be much more diverse than previous generations of active labour market provision. This suggests the need to have procurement arrangements, such as a Framework Agreements approach, to provide for a much more flexible delivery of service than the current arrangements easily do.
• **Voluntarism and beneficiary recruitment**: As the Pilots have not worked with any mandated individuals, they tell us nothing about the willingness of, say, New Deal participants to pursue these jobs or of their ability to compete effectively for them or of their acceptability to employers. We suggest how the Pilots’ approach may need to be modified to work effectively with mandatory participants and how mandatory skills health checks among longer-term unemployed individuals could provide Jobcentre Plus with an effective and systematic means of sifting this customer group before putting them forward to fulfil their side of any Jobs Pledge.

• **Integration with provision for deeper rooted constraints on employability**: Potential beneficiaries, with more profound constraints on their immediate employability, need longer/more substantial support than Pilot pipelines have typically offered. The extension of the skills health check proposals to include all those in receipt of JSA provides a sound basis for at least identifying these difficulties at an earlier stage. There will remain a difficulty of integrating more extended provision with a “finishing school” of demand-led pipelines.

• **Find routes to cost effectiveness**: Any successor programme to the Pilots will need to:
  
  – increase beneficiary volumes, through seeking repeat business, drawing on a wider employer engagement and deploying sufficient resources, particularly in the key role of Account Manager/BDM, to convert leads into pipelines;
  
  – increase pipeline efficiency and improve hiring rates through securing a better understanding of employers’ selection practices and criteria, undertaking better job matching orienting towards less demanding jobs, recycling failed trainees and working more closely with existing initiatives.

• **Achieving greater sustainability in employment**: Sustainability requires more active management and deliberate intervention than just relying on the pull factor of a ‘good’ job. Furthermore, contracts with training providers should require specific actions to deliver, to achieve good retention results and perhaps rely less on financial incentive structured around them.

• **Broader targeting**: There seems to be no necessary, or particularly advantageous, reason why the demand-led approach should be restricted either to certain wards or to priority beneficiary groups. There seems a strong case then for interventions of this kind to be city-based, rather than more narrow. In this sense the Pilots’ experience is very relevant to the emerging Cities Strategy.
Appendix A
Summary of first interim report (November 2005)

In November 2005, the three Pilots had, in large part, completed their set-up phase and were entering their active implementation phase.

• Supportive Local Boards were mostly in place, the Directors were in post, premises had been secured and teams had largely been appointed.

• Significant efforts had been made in marketing the Pilots to key local stakeholders. There was considerable variation in the sophistication and approaches of the existing local partnerships. Broadly speaking, the stronger the local partnership, the more pronounced was the view that the role of the Pilots was to plug gaps in an existing system, in particular by bringing employers more fully into the existing networks, rather than to replicate existing provision.

• Target industrial and commercial sectors had been agreed and potential projects had been lined up in some of them, with all three Pilots recognising the need to achieve some ‘quick wins’ by getting a few projects up and running and moving people into jobs, as a means of raising the profile of Fair Cities and attracting further employers.

• Managerial, contractual and administrative systems had been developed to aid the delivery and management of the initiative as a whole but these remained largely untested.

• Beneficiary engagement had been much less of a priority. The strong brand-led marketing approach to putative employers was not intended to be reflected in the Pilots’ approaches to potential beneficiaries. Much of the recruitment work was planned to be done by other organisations, contracted to the Pilots for this task, or in line with their responsibilities within the existing local partnerships.
Existing providers, delivering outreach, pre-employment or skill training provision, had been identified to undertake similar work for the Pilots, although this had not been a priority yet. However, there seemed to be no serious shortage of community-based or training providers to be engaged in due course.

The emerging core strengths of the Pilots as they were perceived locally included:

- The Pilots’ relatively unconstrained and flexible approach to devising and implementing projects. Relatively small teams, with experienced staff, operating to design projects and to co-ordinate delivery rather than to roll out a standardised programme, and with the explicit objective of being responsive to the needs of employers and the target communities, were widely seen to offer the prospect for imaginative and novel initiatives.

- There was also a widespread appreciation that the Pilots represented an effort to articulate and orchestrate employers’ involvement in active labour market programmes, allied to recognition that mainstream programmes had not always been very successful in this respect.

- The Pilots’ intention to build ‘pipelines’ was recognised as presenting a considerable opportunity for customisation to meet the needs of both employer and beneficiary and again, as contrasting markedly with the more generalised character of mainstream provision.

- The spatially focused character of the Pilots was regarded as a key feature, particularly in the light of the perception that generalised buoyancy in labour markets does not automatically extend to communities which face special barriers to participation.

- Although generally positive about the Pilots, some stakeholders held a somewhat restricted view about what the Pilots were intended to achieve, ie that they would focus mainly on straightforward job entries, with significantly less attention paid to job quality, sustainability/progression, longer-term impacts on employer behaviour and the tested character of the Pilots.

The first interim report also drew out several problem areas and unresolved issues which the Pilots were facing or thought likely to face:

- Building a local base of operations for the Pilots, independent of the mainstream, had been more difficult logistically than envisaged.

- There was also a complex division of responsibilities and reporting lines between the Pilots themselves and the national secretariat (representing the National Employment Panel (NEP)), the local Managing Agent, and the local Fair Cities Boards. Nor were these entirely clear to some of those involved.

- The three business plans, prepared by consultants working to the Local Boards, had articulated broad objectives and areas of focus but did not provide sufficient insight into delivery priorities and mechanisms.

Several key challenges that the Pilots face were identified, although there was evidence that the Pilots had identified these risks and were developing mitigating strategies to handle them:

- Although the establishment of the Pilots had been broadly welcomed by the principal players in the local partnerships, this had not invariably been the case. It was not then clear whether and in what direction and with what force, any potential antagonisms might develop.

- The extent to which potential beneficiaries would be attracted by the Pilots’ novel offer of preparation for specific vacancies remained unclear.

- There was a risk identified that the work of the Pilots would be dissipated beyond the communities in the most need. Although the active effort of the Pilots would be largely restricted to the target wards, participation was not restricted to residents in them nor to unemployed individuals nor to ethnic minority community members. Furthermore participation was voluntary.

- Related to this, another concern identified was the risk that participation in the Pilots would be biased towards the more employable, with deadweight and creaming effects likely to be high and the technical efficiency of the projects commensurately low.

- Achieving the Pilots’ numerical targets and their wider replicability was recognised as depending on engaging employers well beyond those represented on the Fair Cities Boards and beyond employers already demonstrating best practice in employment. It was not yet clear how far the Pilots would be capable of this nor the extent to which the pipeline model would be appropriate for smaller businesses.

- Related to this, to the extent that employer participation was motivated to some extent by labour shortage, then a potential concern was a more widespread premium on speed of vacancy-filling than the Pilots then anticipated or that providers could readily accommodate.

- Finally, concerns were identified that the efficiency of the beneficiary flow through the pipeline model may be significantly undermined by leaks, blockages and non-connections, as participants dropped out, got delayed in transit or failed to get hired on completion.
Appendix B
Summary of second interim report (September 2006)

In the first nine months of 2006, the Fair Cities Pilots had moved on from a difficult and delayed capacity-building phase into the beginnings of their delivery phase, with the first beneficiaries emerging from very early pipelines and into employment in the last two months of 2005.

The substantial local infrastructures envisaged for the Pilots had been successfully built, with:

- strong and influential boards of leading local employers providing leadership and guidance, credibility, a degree of persuasiveness and in most cases, a readiness to secure job opportunities for Fair Cities beneficiaries;
- small, but professional, local teams in place and coming to grips with the requirements of the initiative;
- quite high visibility within the local employer and training provider communities;
- generally good, and in some cases, intimate relationships with other local stakeholders and partnerships; the few early cases of friction had been much defused;
- ad hoc and complicated arrangements for working through third parties in order to employ staff, secure premises, procure contractors, etc., had been established and appeared to be working reasonably well;
- uncertainty about a substantial proportion of the Pilots’ budgets had been resolved with significant financial commitments from European Social Fund (ESF);
- a number of successfully implemented pipelines provided early ‘shop window’ evidence of competence and practicability;
• developing relationships with a number of provider organisations, both in the area of beneficiary engagement and of training delivery;

• a growing familiarity and expertise among Pilot staff about the practical, contractual and managerial aspects of devising and delivering successful pipelines.

Each of the above points might be somewhat qualified at the level of detail or may be more marked in one Pilot than another but the key point is that, in essence, they are undeniably true and together represent a major achievement in building substantial operations against an untried blueprint, without the benefit of a stable operating platform and in relatively novel terrain for most of those concerned.

The Fair Cities delivery vehicle, based on an unusual and relatively novel model of a ‘demand-led’ pipeline, had started to cohere, as early experience in developing and delivering a number of quite varied pipelines had started to give some insight into their practical aspects;

• At the end of September 2006, 43 pipelines were operational, with another 13 under development and together offering some 1,600 vacancies.

• Pipelines tended to be small (with about 25 to 30 places per course) and short (14 days average duration).

• Vacancies themselves to be of good quality, with an average starting wage of £7.39 per hour.

• Employers themselves to be very large ones.

• They did not have ring-fenced vacancies exclusively for Fair Cities candidates; that is to say, employers may well have been recruiting through other sources to fill these vacancies at the same time as they are offered to Fair Cities.

• Although custom-built to meet different employers’ needs, two clusters could be observed:
  – Model A: very short pipelines, focusing just on preparing beneficiaries to do well in the recruitment and selection process;
  – Model B: longer pipelines additionally offering some training in, or development of, substantive job-specific skills.

• There was some, fairly modest, evidence for a putative Model C, in which the Pilots are actively engaged in remodelling employers’ recruitment and selection behaviour to the benefit of ethnic minority group jobseekers.

• For the most part, employers had been satisfied with the extent and character of customisation in their pipelines, particularly in contrast to their views about the generic character of some mainstream training. Employers reported rather more mixed experiences with the quality of candidates coming through the pipelines and entering their recruitment processes.
There was some, but far less, evidence that pipelines were being significantly customised to meet the individual needs of beneficiaries and potential beneficiaries. In particular, Fair Cities Birmingham was about to introduce a longer and more substantial pipeline design, intended to deal with more profound constraints on employability, such as language skills.

In line with a keen attachment to equality of opportunity among participating employers, once out of the pipeline and into the employing organisation, beneficiaries seemed to be treated no differently than any other recruit or employee.

Against this, it has to be said that the substantive outcomes from the Pilots had been disappointing:

- At 248 jobs in ten months, the volume of beneficiaries placed in jobs with Fair Cities employers was little more than ten per cent of that envisaged for the current year as a whole. Nor was there any obvious sign of an increasing monthly rate of job entries during that period.

- While the targeting of beneficiary intakes had been strong in terms of a focus on ethnic minority groups, it had been weaker in terms of both the benefit status and distance from the labour market of entrants and very weak indeed in terms of a focus on the target wards.

- There were serious blockages in, and leakages from, the pipelines that had run so far, undermining their efficiency and potentially reducing the attractiveness of the pipelines to future potential beneficiaries as attractive routeways into quality jobs.

- At £12,715, the gross cost per job entry was high (£10,350, excluding the cost of the Central Secretariat), albeit likely to reduce as numbers built up and start-up costs were spread.

- Although the quality of the vacancies secured was generally good, at least in terms of average starting pay, sustainability in employment seemed to be poor at 13 weeks and much worse at 26, with a 43 per cent and 22 per cent known survival rate respectively. This seemed likely to further undermine the economic effectiveness of the initiative and place Fair Cities' ambitions for enhanced progression at work in some doubt.

Interim recommendations

It seems fair to conclude from this that while the Fair Cities Pilots had risen above a number of operational difficulties to build an infrastructure to deliver the initiative, the delivery itself has been on far too small a scale to meet the ambitions of its sponsors. Some 20 months after the appointment of a Director and almost a year after the first pipelines started to recruit, the total number of job entrants was alarmingly low, with just 248 job entries set against a target for 2006/07 of 2,414.
Spread over three large cities, with huge labour markets, this outcome must be judged to be fairly irrelevant too.

There seemed to be two central difficulties that have contributed to this:

• the relatively low number of beneficiaries in each pipeline, combined with the significant time and effort required to set them up; and

• low post-provision hiring rates, with almost half (47 per cent) of beneficiaries completing their pipeline not being offered a job, either because they were not offered an interview or not hired after one.

There had been other problematic areas but while these may have had a collective impact, no single one seemed to have had a damning impact:

• Though not easy to secure, there had generally been a sufficient volume of job vacancies on offer.

• Despite delay and uncertainty on the funding side, there had always been enough money available to fund developments.

• Although the pipelines had not focused exclusively on hard-to-help groups, there had been a significant over-subscription of potential beneficiaries.

• Although there were set-up delays, the Directors are positive about the skills and commitment of their teams;

• Although there had been some teething problems, experienced local training providers had been keen to co-operate with Fair Cities; and

• The Management Information (MI) data might be slightly rough around the edges but they were broadly accurate.

Certainly, it is often the case that start-up times for labour market initiatives are longer than the designers and managers would wish or would anticipate, but in this case, there also seemed to be no sign of acceleration in delivery which might build on a slow start. However, on the basis of the evidence available at that time, it seemed premature to conclude that customised demand-side initiatives of this kind are inherently slow and low volume affairs. It was thought likely that the trajectory of job entries within the three Pilots over the following six months or so would provide more compelling evidence on this score.

In consequence, our first recommendation was that the Fair Cities Pilots should urgently consider potential means of accelerating the rate of job entries.

This seemed to us the sine qua non for the success of the Pilots; if they could not raise their game above this level, then however novel or sophisticated their approach, they could not hope to make any significant impact on the labour market, the disadvantaged communities they had targeted or the mainstream training and job-brokering infrastructure which they hoped to energise.
Any dash for growth might bring other, less welcome consequences and it was not our intention to overlook them. In our view, the second urgent priority for the Pilots was to consider to what extent the beneficiaries they were currently serving were significantly disadvantaged and were not already quite well served by existing, cheaper labour market agencies. The evidence that we had presented showed that there was a tension between the relatively job-ready entrants whom recruiters and training providers might prefer to work with and the aspirations of the Pilots to reach into areas of disadvantage not so well served or easily helped. As we had shown, the result was a somewhat heterogeneous mix of beneficiaries but with an already quite high component of short-term unemployed, active jobseekers and people in possession of a reasonable set of qualifications and work experience. The Pilots had provided themselves with a sophisticated and expensive MI system precisely so that they could readily review such facets of their operation and intervene to make adjustments in real time. It was the time to use it to this end.

Our second recommendation was that any enhanced emphasis on the pace of operations and the volume of job entries should not have been at the expense of further diluting the mix of beneficiaries by leaning more strongly towards the more job-ready entrants. Indeed, it was our view that any adjustment ought, more properly, to be the other way.

A second danger in implementing a shift in emphasis towards higher volumes of job entries was that the demand-led model itself might be weakened with less attention to customised and employer-specific preparation and correspondingly more to generic jobsearch skills and job broking help. Early experience in one of the Pilots had already shown a susceptibility to this temptation, but in fairness, the Central Secretariat had also shown an unwillingness to accept this and we expected this vigilance to continue. The ultimate objective was, after all, to find out how useful the demand-led model could be, not to attain job entries by some other means.

A more productive and useful avenue for consideration was to review the major leakages and mismatches which we had identified as undermining the effectiveness of the early pipelines. In particular, as there seemed to be rather more vacancies on offer than individual pipelines had succeeded in filling, there was a strong case for improving the actual content of the job preparation training which individuals received, with a view to improving the post-pipeline recruitment rate. This would probably have two elements: Firstly, the focus of that training may need to be refined so that it more directly matches the employer’s job and person specifications. Secondly, the delivery of the training would need to be assessed: are beneficiaries getting enough of it? How far had it addressed their individual needs and shortcomings? etc.
Our third recommendation was that Fair Cities reviewed the effectiveness of the pipelines which had already run, with a view to reducing wastage from new ones and most, specifically, to improving the recruitment rate among beneficiaries completing the course.

It is perhaps understandable that any shortcomings in the job entry rate which the Pilots can achieve will draw attention away from some of their longer-term ambitions and these should not be forgotten. There had been some success in the acquisition of relatively good quality jobs, offering not just immediate benefits but also the prospect of advancement to better ones. The focus on large employers arguably increased beneficiaries’ opportunities to secure further employer-based training and their access to internal labour market vacancies, even when they are starting from entry level jobs. It was thought there may be problems ahead for Fair Cities’ active efforts to promote progression, as we had already reported employers’ lack of comfort with preferential treatment for any particular group of entrants. However, a prior problem, and one closer to home, was the apparently high rates of wastage among beneficiaries once they were hired. We conceded that there may be data problems in accurately and systematically tracking individuals once they had moved beyond the pipelines but such evidence as there was, certainly suggested that retention rates were low and if the 26-week estimate is anywhere in the right ballpark, then it would preclude most of the Pilots’ longer-term ambition for progression.

Our fourth recommendation was that Fair Cities should seek to improve the quality and scope of their information about the medium-term outcomes for their beneficiaries. On this basis, they may well have wished to consider appropriate measures to aid retention in work.

Finally, there remained the issue of the spatial focus of the Pilots. We had shown that the Pilots’ ability/readiness to control the voluntary entry to pipelines on the basis of the address of the volunteer had been rather weak, although some mainstream and equally voluntary programmes had taken a much firmer line on this. Furthermore, where there were strong city-wide partnership opportunities, there were obvious advantages in repositioning the Pilots to operate on an equally broad basis. Nevertheless, an important facet of their design philosophy was that they should be targeted at particularly disadvantaged communities, defined spatially as well as ethnically. Did it really matter much if, in practice, the Pilots effectively abandoned this axis? Arguably, of course, if job entry volumes were likely to stay low, then any ongoing or secondary effects might be more strongly registered in relatively small neighbourhoods, rather than dispersed city-wide. On the other hand, this dispersal may be a means to increasing job entry rates as more distant employers might have been encouraged to take part.

Our final recommendation was that Fair Cities should review its aspirations for the spatial targeting of the initiative; its overt and public design aspiration to focus on distinct communities should either be implemented more cogently or abandoned.
Appendix C
Fair Cities employer leadership: Board membership

Table C.1   The National Steering Group

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Clare (Chair)</td>
<td>Group Chief Executive</td>
<td>DSG International plc</td>
</tr>
<tr>
<td>Chris Banks</td>
<td>Chief Executive Chair</td>
<td>Bigthoughts Learning and Skills Council</td>
</tr>
<tr>
<td>Sir David Michels</td>
<td>Executive Director Chair</td>
<td>Marks &amp; Spencer plc, Easyjet and British Land Fair Cities Brent</td>
</tr>
<tr>
<td>Dr Binna Kandola</td>
<td>Partner Chair</td>
<td>Pearn Kandola NEP Minority Ethnic Group</td>
</tr>
<tr>
<td>David Waller</td>
<td>Regional Chairman Chair</td>
<td>PriceWaterhouseCoopers Fair Cities Birmingham</td>
</tr>
<tr>
<td>Iain Cornish</td>
<td>Chief Executive Chair</td>
<td>Yorkshire Building Society Fair Cities Bradford</td>
</tr>
<tr>
<td>Joe Montgomery</td>
<td>Director-General</td>
<td>Tackling Disadvantage Group, Department for Communities and Local Government</td>
</tr>
<tr>
<td>Matthew Nicholas</td>
<td>Director</td>
<td>Business Strategy Jobcentre Plus</td>
</tr>
<tr>
<td>Sharon White</td>
<td>Director</td>
<td>Work, Welfare and Equality Group, Department for Work and Pensions</td>
</tr>
<tr>
<td>Cay Stratton</td>
<td>Director</td>
<td>National Employment Panel</td>
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Table C.2  The Brent Pilot Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sir David Michels (Chair)</td>
<td>Executive Director</td>
<td>Marks &amp; Spencer plc Easyjet and British Land</td>
</tr>
<tr>
<td>Anuj Chande</td>
<td>Partner</td>
<td>Grant Thornton Chartered Accountants</td>
</tr>
<tr>
<td>Cathy Millis</td>
<td>Divisional Head of Human Resources</td>
<td>Marks &amp; Spencer Plc – South Division</td>
</tr>
<tr>
<td>Mark Toland</td>
<td>Chief Superintendent</td>
<td>Metropolitan Police</td>
</tr>
<tr>
<td>Steve Robertson</td>
<td>Chief Executive Officer</td>
<td>Openreach</td>
</tr>
<tr>
<td>Adrian Wyatt</td>
<td>Chief Executive &amp; Deputy Chairman</td>
<td>Quintain Estates &amp; Developments Plc</td>
</tr>
<tr>
<td>Ms Denyse Busby-Earle</td>
<td>Director Engagement and Inclusion</td>
<td>Royal Mail</td>
</tr>
<tr>
<td>Ms Valerie Todd</td>
<td>Managing Director Group Services</td>
<td>Transport for London</td>
</tr>
<tr>
<td>Alex Horne</td>
<td>Managing Director</td>
<td>Wembley Stadium</td>
</tr>
<tr>
<td>Andy Donald (official)</td>
<td>Assistant Director for Regeneration</td>
<td>Brent Council</td>
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<tr>
<td>Jan Kelly (official)</td>
<td>District Manager</td>
<td>Jobcentre Plus</td>
</tr>
<tr>
<td>Clare Arnold (official)</td>
<td>Acting Area Director</td>
<td>Learning and Skills Council</td>
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### Table C.3  The Birmingham Pilot Board (as at February 2007, prior to disbanding March 2007)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Company</th>
</tr>
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<tbody>
<tr>
<td>David Waller (Chair)</td>
<td>Regional Chairman</td>
<td>PriceWaterhouseCoopers LLP</td>
</tr>
<tr>
<td>John Ling</td>
<td>Independent Chair</td>
<td>Connexions</td>
</tr>
<tr>
<td>Mike Beasley</td>
<td>Chairman</td>
<td>CBI</td>
</tr>
<tr>
<td>Karl George</td>
<td>Managing Director</td>
<td>Kgiss</td>
</tr>
<tr>
<td>Jabber Khan</td>
<td>Director</td>
<td>Lasan Restaurant</td>
</tr>
<tr>
<td>Tim Clarke</td>
<td>Chief Executive</td>
<td>Mitchell &amp; Butlers plc</td>
</tr>
<tr>
<td>Joe Greenwell</td>
<td>Vice President - Government Affairs</td>
<td>Premier Automotive Group - Ford of Europe</td>
</tr>
<tr>
<td>Arun Bajaj</td>
<td>Managing Director</td>
<td>Radio XL</td>
</tr>
<tr>
<td>David Hersey</td>
<td>Regional Director</td>
<td>Royal Bank of Scotland</td>
</tr>
<tr>
<td>Bridget Blow</td>
<td>Chief Executive</td>
<td>ITNet</td>
</tr>
<tr>
<td>Ian Squires</td>
<td>Managing Director</td>
<td>ITV Central</td>
</tr>
<tr>
<td>Caroline Wigley</td>
<td>Executive Director of Organisation</td>
<td>University Hospital Birmingham</td>
</tr>
<tr>
<td></td>
<td>Development</td>
<td></td>
</tr>
<tr>
<td>John Edwards (official)</td>
<td>Chief Executive</td>
<td>Advantage West Midlands</td>
</tr>
<tr>
<td>Stephen Hughes (official)</td>
<td>Chief Personnel Officer</td>
<td>Birmingham City Council</td>
</tr>
<tr>
<td>Margaret Tovey (official)</td>
<td>Deputy Field Director</td>
<td>Jobcentre Plus</td>
</tr>
<tr>
<td>David Cragg MBE (official)</td>
<td>Executive Director</td>
<td>Learning and Skills Council</td>
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Table C.4  The Birmingham Employment and Skills Board (created April 2007)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Company</th>
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<tbody>
<tr>
<td>David Waller (Chair)</td>
<td>Regional Chairman</td>
<td>PriceWaterhouseCoopers LLP</td>
</tr>
<tr>
<td>Jerry Blackett</td>
<td>Chief Executive</td>
<td>Birmingham Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>Kay Greenbank</td>
<td>Employment and Skills Director</td>
<td>Birmingham Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>Sophia Christie</td>
<td>Chief Executive</td>
<td>Birmingham East and North Primary Care Trust</td>
</tr>
<tr>
<td>Mike Beasley</td>
<td>CBI Council Member</td>
<td>CBI</td>
</tr>
<tr>
<td>Rod Akrill</td>
<td>Chairman</td>
<td>Chase Midland Plc</td>
</tr>
<tr>
<td>Stella Dorsett</td>
<td>European President</td>
<td>Cookson Precious Metals Limited</td>
</tr>
<tr>
<td>Seb Belevings</td>
<td>Personnel Manager</td>
<td>John Lewis – Solihull</td>
</tr>
<tr>
<td>Ian Squires</td>
<td>Managing Director</td>
<td>ITV Central</td>
</tr>
<tr>
<td>Praveen Mehta</td>
<td>Operations Director</td>
<td>Minor Weir and Willis</td>
</tr>
<tr>
<td>Paul Thandi</td>
<td>Chief executive</td>
<td>NEC Group</td>
</tr>
<tr>
<td>Joe Greenwell</td>
<td>Vice President – Government Affairs</td>
<td>Premier Automotive Group and Ford of Europe</td>
</tr>
<tr>
<td>David Hersey</td>
<td>Regional Director</td>
<td>The Royal Bank of Scotland</td>
</tr>
<tr>
<td>Caroline Wigley</td>
<td>Executive Director of Organisation Development</td>
<td>University Hospital Birmingham</td>
</tr>
<tr>
<td>Bob Spencer</td>
<td>Superintendent</td>
<td>West Midlands Police HQ</td>
</tr>
<tr>
<td>Rod Turner</td>
<td>Managing Director</td>
<td>Whale Tankers</td>
</tr>
<tr>
<td>John Edwards</td>
<td>Chief Executive</td>
<td>Advantage West Midlands</td>
</tr>
<tr>
<td>Stephen Hughes</td>
<td>Chief Executive</td>
<td>Birmingham City Council</td>
</tr>
<tr>
<td>Trudi Elliott</td>
<td>Regional Director</td>
<td>Government Office for the West Midlands</td>
</tr>
<tr>
<td>Mark Rogers</td>
<td>Corporate Director, Education &amp; Children’s Services</td>
<td>Solihull MBC</td>
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Table C.5  The Bradford Pilot Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Company</th>
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<tbody>
<tr>
<td>Iain Cornish (Chair)</td>
<td>Chief Executive</td>
<td>Yorkshire Building Society</td>
</tr>
<tr>
<td>Mohammed Aslam</td>
<td>Chief Executive</td>
<td>Aagrah Restaurants</td>
</tr>
<tr>
<td>Steven Crawshaw</td>
<td>Chief Executive</td>
<td>Bradford &amp; Bingley Group</td>
</tr>
<tr>
<td>Dave Richardson</td>
<td>Chief Executive</td>
<td>Bradford Breakthrough Ltd</td>
</tr>
<tr>
<td>Sandy Needham</td>
<td>Chief Executive</td>
<td>Bradford Chamber of Commerce</td>
</tr>
<tr>
<td>Madan Showan</td>
<td>Chairman</td>
<td>Empire Electrical</td>
</tr>
<tr>
<td>Kevin Whiteman</td>
<td>Chief Executive</td>
<td>Kelda</td>
</tr>
<tr>
<td>Mike Hancox</td>
<td>Chief Executive</td>
<td>Otto UK</td>
</tr>
<tr>
<td>Randolph Victor</td>
<td>Managing Director</td>
<td>Principle Reprographic</td>
</tr>
<tr>
<td>Robin Ashton</td>
<td>Chief Executive</td>
<td>Provident Financial</td>
</tr>
<tr>
<td>Chris Schofield</td>
<td>Founding Partner</td>
<td>Schofield Sweeney</td>
</tr>
<tr>
<td>Amjad Pervez</td>
<td>Managing Director</td>
<td>Seafresh</td>
</tr>
<tr>
<td>Chris Taylor</td>
<td>Vice Chancellor</td>
<td>University of Bradford</td>
</tr>
<tr>
<td>Linda Pollard</td>
<td>Chair</td>
<td>WY Strategic Health Authority</td>
</tr>
<tr>
<td>Margaret Coleman (official)</td>
<td>Executive Director</td>
<td>Learning and Skills Council</td>
</tr>
</tbody>
</table>