Evaluation of the Fair Cities Pilots 2006
Second Interim Report

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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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Summary

By September 2006, the Fair Cities Pilots have been operational for just over one year, and have moved on from a difficult and delayed capacity-building phase into the beginnings of their delivery phase.

Substantial local infrastructures have been successfully built, including strong and influential boards of leading local employers. Small, professional, local teams are in place. They have forged good relationships with other local stakeholders, partnerships and providers, and are now building their expertise in the practical, contractual and managerial aspects of devising and delivering successful pipelines.

The Fair Cities ‘demand led’ pipeline model is now starting to cohere with some 43 pipelines in operation, and 13 under development. Together these offer Fair Cities beneficiaries access, albeit not guaranteed entry, to some 1,600 good quality vacancies with an average starting wage of £7.39 per hour. Individual pipelines are tending to be small and short, averaging 30 places and 14 days’ provision. Participating employers tend to be large, and have generally been satisfied with the extent and character of customisation in their pipelines. Rather more mixed experiences are reported concerning the quality of candidates coming through the pipelines and entering their recruitment processes, with the result that 47 per cent of those completing a pipeline by the end of September 2006 had not secured a job offer from the sponsoring employer.

The substantive outcomes from the Pilots have been disappointing. After some ten months of operation, the number of beneficiaries placed in jobs remains very low; at 248, this is little more than ten per cent of the job entry target envisaged for the current year as a whole. Nor is there any obvious sign of an increasing monthly rate of job entries during this period. In addition, there are serious blockages in, and leakages from, the pipelines that have run so far, undermining their efficiency. As a result, at £12,715, the gross cost per job entry is high (£10,350, excluding the cost of the Central Secretariat), albeit likely to reduce as numbers build up and start-up costs are spread.

The targeting of beneficiary intakes has been strong in terms of a focus on minority ethnic groups, with 80 per cent of entrants coming from minority backgrounds. But
it has been weaker in terms of both the benefit status and distance from the labour market of entrants; with 40 per cent of entrants being in receipt of Jobseeker’s Allowance (JSA), and over half (54 per cent) having worked in the previous year. Targeting has been weaker still in terms of a focus on the target wards, but this may not matter greatly as it was largely a means to securing a high minority representation.

Sustainability in employment is broadly in line with most mainstream programmes at 13 weeks, but (although the data are poor) falls away badly at 26 weeks. This seems likely to further undermine the economic effectiveness of the initiative, and must place Fair Cities’ ambitions for enhanced progression at work in some doubt.

Five recommendations are made, that the Fair Cities Pilots should:

• urgently consider potential means of accelerating the rate of job entries;

• avoid doing this at the expense of diluting the mix of beneficiaries by leaning more strongly towards the more job ready entrants. Indeed, it is our view that any adjustment ought more properly to be towards people less likely to find work without the Pilots’ help;

• review the effectiveness of the pipelines which have already run, with a view to significantly improving the recruitment rate among beneficiaries completing the course;

• improve the quality and scope of their information about the medium-term outcomes for their beneficiaries. On this basis, they may well wish to consider appropriate measures to aid retention in work;

• 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.
1 Introduction

1.1 Aims and objectives of the Fair Cities Pilots

The National Employment Panel (NEP) initiated the Fair Cities initiative and established Pilot schemes 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.

The Fair Cities Pilots have three formal objectives:

- The first is 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.

- The second objective is to test the effectiveness and value-for-money of the demand-led approach in tackling disadvantage in the labour market.

- The third objective is to apply practical lessons from the development and implementation of Fair Cities throughout the welfare-to-work system.

Two important and distinctive feature of these Pilots are that:

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

• local employers constitute the key players among the several different groups of stakeholders, and provide 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 aim 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 seek to increase the number of disadvantaged ethnic minority residents who gain steady work and new careers. In the longer term, they aim 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 was completed in November 2005. A summary of its key findings is included below:

• Phase 2 of the research was formally agreed with the Steering Group in late 2005. This aims 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.

This interim report sets out the substantive results from the first nine months’ work of Phase 2.

1.3 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 represent an effort to articulate and orchestrate employers’ involvement in active labour market programmes, allied 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, i.e. 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 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 were identified that the Pilots face, 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 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 to depend 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.

1.4 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. Table 1.1 shows the number of formal interviews, although these have been supplemented with numerous telephone and email exchanges.

**Table 1.1 Formal interviews undertaken for Fair Cities Evaluation at October 2006**

<table>
<thead>
<tr>
<th></th>
<th>Pilot staff</th>
<th>Board</th>
<th>Providers</th>
<th>Employers</th>
<th>Other stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bradford</td>
<td>13</td>
<td>1</td>
<td>11</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Birmingham</td>
<td>10</td>
<td>2</td>
<td>6</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Brent</td>
<td>9</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Central Secretariat</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>5</strong></td>
<td><strong>21</strong></td>
<td><strong>24</strong></td>
<td><strong>14</strong></td>
</tr>
</tbody>
</table>

Source: Institute for Employment Studies (IES).

IES has also had the advantage of access to the Fair Cities MI data since July 2006, and we present our first analyses of them in this report.

### 1.5 Summary of Phase 2 main findings (September 2006)

Chapter 2 describes, and draws out, the essential features of the Fair Cities’ novel and innovative approach. Several important themes emerge, as follows:

- The wish to combine strong central design imperatives, with grounded local implementation, means that the Pilots’ present a complex and ambiguous matrix of authorities and responsibilities, particularly around the extent and character of local board inputs/responsibilities. While there is potential for conflict here, the leadership model is working well so far.

- There has been significant early success in building strong, representative local Boards, and these are likely to be crucial in drawing in employers and job vacancies.

- The Pilots have experienced an unrealistic launch timetable, in part because the decision to operate the Pilots outside the mainstream, allied to the lack of an existing launch platforms, has led to significant delay in implementing Pilot activity.

- Funding arrangements have been piecemeal and slow to cohere, but substantial European Social Fund (ESF) funding is now in place to supplement the original core funding from the Treasury.
• The first year of operation necessarily largely focused on capacity building, although the teams and systems are now in place. Some systems are still bedding in (e.g. MI), others (eg contractual arrangements with providers) have yet to be greatly tested.

• Relationships with other local actors are generally good and developing positively (if slowly in some cases).

• The Pilots have made modest demands as yet on local provider networks, but the response seems adequate to date.

Chapter 3 comprises case studies of the three Pilots.

Chapter 4 looks at employer engagement with the Pilots. It shows that:

• the main methods of employer engagement across all Fair Cities teams are: direct via Fair Cities personnel; via training providers (and hubs); and, to a much lesser extent, via other intermediaries, such as Jobcentre Plus and Business Links;

• Fair Cities is marketed to employers in a number of ways. Launch events have been held, and marketing materials developed. However, the main ways in which employers become interested is through board member companies and recommendation, or more commonly as a result of face-to-face employer engagement activities on the part of Fair Cities staff;

• the primary roles of employer engagement staff are to build relationships with employers and turn interest in Fair Cities into vacancies, and to account or project manage the pipelines;

• employer engagement staff facilitate relationships between employers and providers (and hubs), and oversee these relationships during the lifecycle of the pipelines;

• employers engaged in Fair Cities thus far have tended to be members of the Fair Cities Boards, particularly in Birmingham and Brent, but less so in Bradford;

• Fair Cities is most likely to attract participation amongst large employers. Very few Small and Medium Sized Enterprises (SMEs) have taken part in any of the Pilots;

• the key engagement hooks for employers are: to overcome skill shortages; to provide a targeted employer-specific recruitment solution; to ensure the workforce reflects the local population and key customer groups/service users; to draw down public funding – on the grounds of corporate social responsibility (CSR);

• employers are involved to different degrees in the pipelines. Some are involved only to the extent of clarifying job/person specifications, selection criteria and interview arrangements. Others are actively involved in the substantive content of pre-employment training. Broadly, this reflects differences in the scope of the different pipelines, as discussed in Chapter 7;
• generally, across all Fair Cities Pilots, employers are guaranteeing to consider all those successfully completing provision rather than guaranteeing to interview all entrants to pipelines;

• all pipelines are offering a number of real jobs but there is no evidence that vacancies are ring-fenced to provide exclusive access for Fair Cities candidates only.

Chapter 5 looks at the role that providers play in the Fair Cities initiative. It shows that:

• to date, the Pilots seem to have experienced little difficulty in securing sufficient and broadly satisfactory provider interest to support the pipelines which they have wanted to build;

• although rather cumbersome, procurement procedures have worked quite well, in terms of securing both the volume and the ‘right’ kinds of provider, with whom the Pilots can work well;

• medium-sized, independent providers, either private, commercial businesses or community/not-for-profit organisations, comprise the bulk of providers to date;

• by contrast, some larger providers of mainstream welfare-to-work contracts, community-based and ethnic-minority-led organisations, and other more formal providers of education and training (such as FE colleges), have been much less engaged with the Pilots’ work;

• there is evidence from all three Pilots of significant learning from their first experiences of orchestrating providers, with plans to move from these bi-lateral contracts to more sophisticated and tiered arrangements in future;

• Pilots have placed a lot of emphasis on the use of performance-related contracts to secure provider compliance. While there are differences between the three sites, and between one contract and the next, provider payments tend to be up to about 70 per cent for job entry and retention, and this is expected to be the main driver of provider performance;

• it is uncertain how robust or attractive such a regime will remain in the light of the rate of job entries actually secured, and the difficulties of evidencing them.

Chapter 6 deals with the way that the Fair Cities Pilots recruit beneficiaries to the programme. It shows that:

• early concerns about the extent to which potential beneficiaries would be attracted to the Pilot offer have proved unfounded; the proximity of real tangible job opportunities has proved to be a major ‘draw’ and there has been little difficulty in securing satisfactory volumes of joiners;
the extent to which they are the right joiners is more problematic, and the voluntary character of Fair Cities means that it has to rely strongly on selective filtering of applicants, to resolve potential 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 bet.

three distinct methods of engaging and recruiting beneficiaries are identified:
- the Brent model establishes a single organisation responsible for recruitment, assessment and referral to appropriate pipelines;
- the provider-led model, operated in Bradford, develops integrated pipelines, with each training provider also carrying out their own beneficiary engagement;
- the in-house model, also used in Birmingham and Bradford, has a Fair Cities staffer, acting in 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;

while these offer different advantages and drawbacks, in controlling and influencing the characteristics of the beneficiary flow, it is too early to say that one or other offers definitively preferable outcomes;

significant proportions of those attracted to the Pilots seem to be some way from job-readiness, making them unsuitable for the relatively speedy preparation offered by many of the pipelines and the selection criteria of participating employers. Basic skill shortcomings seems to be the most common difficulty here, but also personal and circumstantial barriers (restricted job preferences, language skills, criminal records, etc.) and vocational shortcomings (lack of qualifications or relevant/recent work experience) are widely cited;

Fair Cities face a major challenge to extend the benefits of the initiative to the more disadvantaged within their target cohort. The lack of job-readiness mentioned above, allied with a modest ability on the part of employers to recalibrate their selection criteria, and widespread third-party implementation of selection for pipeline entry, means that current pipelines are not readily addressing deep-rooted barriers to employment which many in the target communities demonstrate.

Chapter 7 examines the way in which the Fair Cities Pilots deliver pre-employment preparation. It shows that:

- at the end of September 2006, 43 pipelines had begun to operate, and together, they account for some 1,342 job vacancies. Just over half of them were ‘repeat business’ pipelines; the remainder were ‘one-off’ pipelines, usually with different employers;

- in addition to these, there are another 13 currently under development and offering at least a further 331 vacancies;

- looking at the 43 operational pipelines, the average size of pipelines is 31 vacancies; however, leaving aside two large pipelines which might in practice be split up into smaller ones, it falls to 25;
the duration of the pipelines is quite varied, ranging from three days to 15 weeks. However, they tend towards the shorter end of this spectrum, with two weeks and four days as the average;

pipelines do not have ring-fenced vacancies exclusively for Fair Cities candidates: that is to say, employers may well be recruiting through other sources to fill these vacancies at the same time, but they are offered to Fair Cities too;

thus, while beneficiaries may well be attracted to the idea of ‘guaranteed jobs’, the Pilots do not pretend to offer this, and what is really on offer is assured access to, and help in succeeding with, employers’ recruitment and selection procedures for specific vacancies;

although the pipelines are mostly custom-built to meet different employers’ needs, two clusters may be observed:

- **Model A**: at one end of the spectrum, pipelines are relatively, sometimes very, short and they focus on preparing beneficiaries mainly for the recruitment and selection process, rather than developing their job-related competencies.;

- **Model B**: at the other end of the spectrum, pipelines tend to be longer, and not only offer help in understanding and complying with the selection process, but also offer some training in, or development of, job-specific skills;

there seem to be associated differences in the selection of beneficiaries to these models; Model B places more emphasis on a sift at the entry to the pipeline, while by contrast, Model A is easier to access, with selection being more evident at the end of the pipeline, i.e. at the job entry stage;

there is as yet some, but fairly modest, evidence for a putative Model C, in which the Pilots are actively engaged in re-modelling employers’ recruitment and selection behaviour to the benefit of minority group jobseekers. For the most part, and for now, the Pilots are mainly taking these arrangements as read, and working through them to advance the prospects of their beneficiaries;

the response from employers towards the provision offered by the Fair Cities Pilots has been positive, and 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 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;

there is some, but far less, evidence that pipelines are 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;

employers reported rather more mixed experiences with the quality of candidates coming through the pipelines and entering their recruitment processes.
Chapter 8 is concerned with Fair Cities beneficiaries who are recruited into a job, and is commensurately restricted to the rather limited evidence about job outcomes across the three Pilots:

- It confirms that job quality seems to be generally high; in some respects this turns on the characteristics of the job in question, but is supplemented by the general policies and practices of the employer in question.

- So far as the first is concerned, most of the vacancies are in entry or first level jobs that do not require people with previous experience. However, some of the jobs being offered require some previous experience and/or qualification(s), either in a trade (e.g., field service engineers), or more generally in other employment.

- So far as the second is concerned, being generally large, these employers offer relatively high quality terms and conditions of employment, non-wage benefits and a high level of legality, ethical standards and non-discriminatory employment practices which are far from the norm among smaller organisations.

- Crucially also, they offer potential access to large internal labour markets, where jobs are often filled through internal promotion. As none of the jobs in question is a temporary or supernumerary position, Fair Cities recruits are able to access them.

- The evidence confirms that in terms of both their pay and non-pay benefits, Fair Cities has been quite successful in securing access to jobs of good quality. It seems, however, that providers have assumed too much that this alone represents a sufficient basis for achieving sustainability in employment. Similarly, while it is true that most of the employers concerned do offer good promotion prospects and the training/development to help in securing it, this too is viewed as sufficient to take care of progression. Early data returns in this area are poor, but are tending to show fairly high levels of turnover by 13 weeks and much higher ones by 26. Consequently, it seems fair to conclude that issues of retention, sustainability and progression ought to become more of a priority for Fair Cities in the next year than they have been in the last one.

Chapter 9 summarises the outputs from the three Pilots to the end of September 2006. It shows that:

- the number of job entries secured with Fair Cities employers after nine months of operation has been disappointingly small; at 248 by the end of September 2006, this represents only about ten per cent of the target for the whole of 2006-07. Nor are there any obvious signs of an accelerating pace of delivery;

- targeting results are mixed:
  - about 80 per cent of entrants are known to come from minority ethnic backgrounds, and among them Black (or Black British) and Asian (or Asian British) ethnicity are by far the most common, at 40 and 30 per cent of entrants respectively;
– the two main groups on entry are those in receipt of Jobseeker’s Allowance (JSA) and by definition economically active (40 per cent), and people not on any benefit at all, who make up just over half of the entrants;

– about a quarter of pipeline entrants (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. It is among the relatively short-term unemployed/inactive that the bulk of entrants are to be found, with over half (54 per cent) having worked within the previous 12 months;

– overall just 27 per cent of entrants to Fair Cities had an address within one of the target wards;

• 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 2006, the overall average gross hourly rate for jobs associated with them was £7.39;

• there are three areas where the efficiency of the pipelines seems to be constrained by leakages or lags:

  – firstly, there is an evident lag between assessment and allocation to a pipeline. Of those who have been referred for assessment, only 825 (58 per cent) had been referred to some kind of provision, i.e. to enter one or other of the pipelines;

  – secondly, only a disappointingly small proportion (53 per cent) of beneficiaries finishing the training provided had been offered work with the Fair Cities employer at the end of their pipeline; just over a quarter of them were not offered an interview, and just under a quarter were interviewed but without being offered the job;

  – thirdly, there are sometimes long delays between a job offer and a job starting, thus, the 248 people who had started work with the pipeline employer, represent only 80 per cent of those with a successful interview and who were offered the job in question;

• a fourth area of concern relates to sustainability of employment after hiring. Although there are some data shortcomings here, it would seem that of those who might still be in work:

  – 54 per cent are known to be still in work (i.e. in any job, not just the original FC one) at 13 weeks, and

  – just eight per cent are still in work (again, in any job) at 26 weeks;

• it is 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. It may also be worth noting that the 13 week result is not significantly worse than many mainstream programmes achieve;
• finally, although there are differences between the three Pilots, the average gross cost per job entry across all three and including the cost of the Central Secretariat, is £12,715. If the costs of the centre are excluded, the gross cost falls to £10,350. These costs are likely to reduce as numbers build up and start-up costs are spread more widely.

Chapter 10 draws out some key findings and conclusions of the research. It emphasises that:

• substantial local infrastructures envisaged for the Pilots have been successfully built;

• the Fair Cities delivery vehicle is now starting to cohere as early experience in developing and delivering a number of quite varied pipelines has started to give some insight into their practical aspects; but that, against this;

• the substantive outcomes from the Pilots have been disappointing to date.

Five recommendations are made, as follows:

• Fair Cities should urgently consider potential means of accelerating the rate of job entries.

• Any enhanced emphasis on the pace of operations and the volume of job entries should not be at the expense of further diluting the mix of beneficiaries by leaning more strongly towards the more job ready entrants.

• Fair Cities should review the effectiveness of the pipelines which have already run, with a view to significantly improving the recruitment rate among beneficiaries completing the course.

• 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 wish to consider appropriate measures to aid retention in work.

• 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.
2 Design, governance and administration

This chapter sets out some of the most important organisational and design features of the Fair Cities Pilots. Because the Pilots are seeking to deliver an intervention which is different in many important respects from mainstream active labour market programmes, it is important that these structural features are well understood at the outset before later chapters go on to discuss the operational and delivery aspects of the initiative.

Accordingly, the chapter covers the following areas:

- key design elements of the Pilots;
- the National Steering Group;
- the Local Boards;
- the Central Secretariat;
- financing the Pilots;
- external Stakeholders and Partners.

2.1 Key design elements

The Fair Cities Pilots represent an approach to active labour market programmes which in many ways is quite distinct from both the mainstream interventions, and some of the more exploratory Pilots, which have been most prevalent in the UK in the past decade.

The 2004 NEP report *Fair Cities: Employer-led Efforts That Produce Results for Ethnic Minorities*, set out the key features of previous, mostly American, initiatives of this kind, and shows what it takes to organise, manage and sustain these kinds of

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1 http://www.nationalemploymentpanel.gov.uk/work/faircities.htm
employer-led initiatives. In summarising the key practical lessons from the research, it sets out five key design elements, which have greatly influenced the design of the Fair Cities Pilots. 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 additional facets of the Pilots which seem to us to be of central importance in understanding their operations.

2.1.1 Employer leadership and strategic direction
As discussed below in the two sections on the National Steering Group and the Local Boards, it is clear that the Pilots have successfully engaged the active support and involvement of key employer representatives at both levels. If the precise balance of their respective roles and responsibilities at the two levels remains ill defined, it remains the case that this goes well beyond the ‘business-backed’ character of some earlier UK initiatives, such as early employer involvement with the New Deal. At the local level, it involves the active participation and buy-in at a senior level, which is designed simultaneously to:

- secure participation of their own organisations by acting as advocates for the Pilots within them;
- build added weight and credibility to the marketing of the Pilots to a wider employer constituency, required to bring a significant volume of vacancies into the Fair Cities ambit; and
- ensure the longer-term viability of the Pilots by vetting their activities and priorities through their business plans.

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 employer involvement in particular initiatives (which we take to be demand-led).

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 seek to build interventions which prepare disadvantaged jobseekers for specific vacancies, and their associated skill requirements, rather than emphasising jobsearch competence and the provision of generic skills. They achieve this by constructing discrete initiatives (called pipelines, hereafter) with specific employers. In one direction, the pipeline directs the precise job and skill requirements, and selection criteria and processes, from the employer to the training provider. In the other direction, the training provider develops training and job preparation courses which focus on precisely these needs and requirements. In effect, beneficiaries receive specific help geared around known requirements, rather than general help geared around generic requirements. This flexible and customised content at the programme delivery-level is the key feature of ‘demand-led’ design.
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. Entry into the Pilots is not restricted to members of ethnic minority groups (although as we shall show below, they constitute some 80 per cent of beneficiaries). Rather, the Pilots are targeted at wards within the cities which are known to have high proportions of individuals from minority backgrounds within them, and to have high rates of unemployment and inactivity. Success in employment includes job quality and progression, as well as simply getting hired. To this end, the Pilots are committed both to work with individual beneficiaries to get them into ‘good’ jobs, and to work with employers to help them improve the responsiveness of their Human Resources (HR) policies and practices to the longer-term benefit of minority ethnic employees and recruits. Once in work, Fair Cities also aims 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.

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

By grounding themselves firmly and visibly in local areas, and by establishing a professional intermediary body between local employers and training providers, the Pilots hope to improve the responsiveness of training provision to the needs of local employers. It is important to note that the Pilots have sought to meet their ethnicity targets by concentrating their activities within certain city wards. However, unlike some Jobcentre Plus initiatives\(^2\), participation is not restricted to residents in these wards, but is, in effect, city wide. As we will show later, only a minority of early beneficiaries do, in fact, have addresses within the target wards. Nevertheless, 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.

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

\(^2\) For example, Action Teams for Jobs and the Working Neighbourhood Pilots. Other Jobcentre Plus initiatives, for example, Ethnic Minority Outreach, are rather wider in scope.
need not be from a 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. In addition, because of the novel character of the Pilots, there is relatively little consensus about what constitutes a reasonable or attainable target. In addition, as discussed below, the size of the available budget has only gradually become clear, with the result that the job entry targets have swung rather wildly from an early notional target of less than 2,500 jobs, to an extremely ambitious 15,000. At present, the target for job entries for the current financial year is 2,414.

2.1.6 Some further key features of the Pilots

These then 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 they might do so. They are:

- **Substitution**: The Fair Cities Pilots are not a job creation scheme. Almost all of the vacancies they will fill 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 are, and will be, working to effect a substitution in favour of their target beneficiaries at the expense of other jobseekers. Substitution rates are therefore likely to be high.

- **Voluntarism**: Participation in the Pilots is voluntary for beneficiaries. This is important in winning employer support in view of their likely aversion to ‘pressed men’ as self-evidently suitable recruits. This aspect of the Pilots has had an important effect in making participants in the core mainstream labour market programmes (i.e. New Deal 18-24 and New Deal 25 plus (ND25+)) ineligible for Fair Cities, because they are mandated to take part in New Deal. Jobseeker’s Allowance (JSA) recipients who are not at present taking part in a mandatory programme of this kind can, of course, 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, makes their participation in the Pilots effectively a part-time affair.
• ‘Guaranteed’ vacancies: If participation is voluntary, then the question arises as to the ‘drivers’ which will encourage potential beneficiaries to take part. To some extent, they will 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 will be pulled towards the Pilots by the perceived quality of the jobs that the pipelines are directed towards. However, by far the most important draw seems to be the perceived ‘guaranteed’ character of the vacancies. It is important to be quite clear on this point. The Pilots do not guarantee a job to their beneficiaries, still less a specific job at the end of a specific pipeline. Nor do they expect employers to guarantee to hire people who complete one of the pipelines. The most that is guaranteed is an interview for successful pipeline completers; the employer is under no obligation to employ. In practice, what is more normally guaranteed is entry to a selection process for a job at the end of the pipeline, and this often involves shortlisting from a CV or an application form, then an interview, and then any subsequent testing that the employer might require (most often CRB checks). Certainly the vacancies are real ones, and certainly it can be plausibly maintained that the Fair Cities pipeline is arguably the most favourable means of getting it, 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.

• Branding and intermediaries: the Pilots have a strong brand image, but this faces largely towards employers, whom the Pilots are seeking to recruit to a high quality programme, and to training providers, through whom the Pilots seek to work. The brand is not greatly used in work with beneficiaries, who may not even know the genesis of the training programmes in which they are taking part. Although the Pilots play a direct role in the design of individual pipelines, they do not deliver them themselves, but rather they contract with local organisations both to recruit potential beneficiaries, and to deliver the training. Sometimes these will be the same organisation, but more often recruitment is 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-brokering and IAG system, with Jobcentre Plus being an important source of such referrals. Where private or third sector organisations are concerned, Fair Cities faces 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.
• **Free**: Neither jobseeker nor employer is charged for the help they both receive through the Pilots.³

• **Finishing school**: The Pilots orient towards people who are at some considerable disadvantage in a competitive labour market. Yet at the same time, they seek to provide employers with job-ready candidates, and furthermore to do so through training courses which are not, on average, particularly long (as we show later). It follows that either beneficiaries are likely be drawn from the least disadvantaged within the target cohorts, or that other providers will have 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 are not averse to working with other providers to achieve mutually advantageous results; indeed, one of their objectives is to plug gaps within the existing framework of support and guidance for putative jobseekers. A good example of this problem concerns shortcomings in language skills, one of the central reasons why members of 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.

These, then, are some of the central design features of the Fair Cities Pilots, both overt and with some prominence in their literature, and less obvious, but equally important in understanding how they aim to make a difference. Having considered these, we now turn to look at the formal organisational structure of the Pilots.

### 2.2 The National Steering Group

The National Employment Panel (NEP) has delegated full responsibility for the delivery of the Fair Cities Pilots to the National Steering Group, although it receives progress briefings on a regular basis. Thus, in practice, the National Steering Group sets the strategic direction for the Pilots, provides strategic leadership and oversees the Central Secretariat in delivering them. The Steering Group, meeting originally quarterly and now bi-annually, has 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 meets 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.

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³ 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 the European Social Fund (ESF) (see Section 2.5), and any need to charge employers also receded.
At the same time, there is an evident tension between a strong and coherent vision from the NEP itself about what the Fair Cities initiative ought properly to be and the local autonomy also embedded in the model, which committed local employers will, and have rightly come to, expect. There are further strong centralising tendencies in the model, which derive from the financial, contractual and employment responsibilities which a major initiative like Fair Cities entails. At present these all converge on the National Steering Group via the Director and the Central Secretariat.

It should be said that, at present, this tension has been greatly moderated by a combination of genuinely shared perspectives about priorities, membership overlap between the central and local boards, and the absence, at what is still a relatively early stage of the Pilots’ development, of serious concerns and issues which might inflame it.

### 2.3 The Local Boards

The role of the Local Board is 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.

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 in, or with significant presence in, the cities. This model has worked well in both Birmingham and Bradford, both of which have numerous major employers based in the city; it has not been so straightforward in Brent. Brent is smaller and does not have as distinct and separate an existence, in labour market terms, as either of the other areas; there are few large employers based locally, and still less of an identification with the area on their part.

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4 See, for example, their publication, Fair Cities: Employer-led efforts that produce results for ethnic minorities, March 2004, and their briefer, 2006 publication, Your Guide to Fair 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. 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, 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 is widely cited on all sides as a crucial mechanism for getting the initial attention of possible employer sponsors. However, there remains some disagreement about whether this credibility requires that Board members’ organisations are themselves such sponsors, and perhaps more importantly, are seen to be. Certainly, it would seem, a priori, that the Pilots’ credibility would be improved among potential new employers if the peers trying to convince them were themselves participating, and could speak from direct experience. Most employer Board members are in this position, but this is not universally the case, and nor is it recognised as a necessary criterion for Board membership.

Yet a third advantage to having senior employer representatives on the Board, in addition to giving early local credibility and peer recruitment, is to bring weight to bear on training providers, and other local stakeholders. It is recognised that the customisation of Fair Cities pipelines to meet specific and detailed employer needs, and furthermore to do so quickly, in line with recruitment needs, may require a responsiveness on the part of the local training infrastructure that arguably it has not always previously delivered. Fair Cities leaders have argued that to secure the kind of responsiveness that will be needed, does require the presence of ‘power hitters at the (Fair Cities) table’.

There is some consensus among Fair Cities leaders that representatives of the HR function within employing organisations are unlikely to be seen as sufficiently senior to deliver these three kinds of input. Whether or not this is true, it has opened up something of a gap within some of the organisations that have sponsored pipelines, between on the one hand, the CEO’s public commitment which gets the ball rolling within their organisation, and the more mundane day-to-day activities which turn that commitment into a viable pipeline. Most of the participating employers are large and complex organisations, often with recruitment and selection activities simultaneously formally and centrally structured in a policy sense, while being implemented in a decentralised manner, frequently across multiple establishments by general/departmental/site managers. Early experience suggests that turning theoretical participation into access to real vacancies across such a complex matrix can be a time consuming and effort consuming task, that may be more than some participating CEOs have bargained for.
Finally, there is the issue of turnover and retention among Board members. On the one hand, it seems likely that making significant inroads into the employment gap in minority ethnic communities is likely to be a long haul. On the other, senior corporate managers are in a comparatively turbulent labour market, and may move on quickly. In addition, it may be unreasonable to expect senior managers to be able to devote significant amounts of time and energy on an ongoing basis. Maintaining the calibre, relevance and commitment of Board members across the medium and long terms seems likely to require an ongoing effort.

2.4 Central Secretariat

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

The early decision by NEP to develop Fair Cities as a freestanding initiative outside the infrastructure of Jobcentre Plus had important consequences for the Central Secretariat; 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 resource already in place. Although one or two key staff had some previous experience of active labour market programmes, this was uncommon.

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 neither significant central nor local resource to begin to develop or implement the Boards’ plans. Furthermore, although seedcorn development monies were in place from the Treasury at that point, the bulk of the funding remained to be secured through the ESF.

It is no exaggeration to say then that this combination of independence from the mainstream and delay meant the Central Secretariat was faced with the need to re-invent the wheel (in terms of devising and implementing the many activities needed to effect roll-out) while simultaneously setting out to drive.

The appointment of local Directors was a critical early priority for the Central Secretariat, and they were in place by spring 2005. The process of appointment was shared between the Local Boards and the Central Secretariat, albeit with rather more local input in Birmingham than elsewhere. Again, it is notable that experience

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5 They did, however, benefit from close liaison with, and support from, Jobcentre Plus Partnerships Division, and locally from Jobcentre Plus Regional and District Offices.
of active labour market programmes does not seem to have been a core selection criterion, with the recruiters placing more emphasis on project management experience, skill in running small teams, and credibility with employers. The local Directors then went on to build their teams locally, and this is discussed below.

To complete the timeline, the teams were mostly in place by October 2005, and the flow of beneficiaries into employment started at the close of the year.

As discussed above, an important part of the design of the Pilots is a commitment to monitoring outcomes. The principal means through which this is to be achieved is a sophisticated real-time Management Information (MI) system, designed and administered within the Central Secretariat. This system brings together data on pipelines and their providers with a tracking capacity for beneficiaries, which takes input on them at several different stages of their progress through a pipeline, and then beyond into employment.

It is an extremely ambitious project, and has proved troublesome to implement, partly on account of its inherent complexity, partly on account of a reliance on external suppliers to design and build it, and partly because of difficulties in ensuring systematic and complete data entry. So severe have these difficulties been that the system did not start to produce useful data on beneficiaries until summer 2006, about six months after the first pipelines had begun operation. Furthermore, while these data were sufficiently clean to use for analysis by the autumn, there remain some worrying inconsistencies in the database, which are slowly being traced and eradicated; but more seriously, the quality of the data deteriorates markedly once beneficiaries leave the pipeline, whether into Fair Cities jobs or to some other destination. It would seem that a reliance on the back-end loading of financial structuring of payments to contractors to collect and input data on longer-term outcomes has proved insufficient to oblige them to overcome the very real difficulties which such longer-term tracking poses.

The Central Secretariat, particularly in the earlier phases of the set up, has been supplemented by various external consultants, who have provided external specialist inputs, variously on financial recording and reporting, the first three Pilot Business Plans (2005-06), and the design and development of the MI system. None of these supplementary inputs has proved trouble free; for example, even after a change of supplier, the early business plans were regarded as unsatisfactory in that they concentrated unduly on the target wards/participants, and not enough on the mechanisms and activities required to reach and help them. A similar difficulty underlay the development of the MI system, with the first contractor lacking sufficient skills in database design. The unsatisfactory deployment of consultants in both these areas had significant consequences in delaying, respectively, the roll-out of the first wave of pipelines and the utility of the MI system to monitor progress.
2.5 Financing the Pilots

The Fair Cities Pilots’ funding of £23m derives from two sources:

- £8.7m of funding was provided by the UK Treasury from central government’s Employment Development and Modernisation Fund (EDMF), and this has been treated by the Pilots as 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, i.e. 825 jobs per Pilot.

- ESF. It was originally intended to supplement this core funding through an additional ESF income stream, largely to support programme delivery. However, for various reasons, this was not handled centrally, but rather with the three Pilots each applying separately to ESF, for around £5 million each.

The administration of the Pilot budget has proved to be extremely complicated, such that it is said to take an enormous proportion of the time of one of the Policy leads within the Central Secretariat. A number of factors may be identified as contributing to this, and before going on to identify them, it may be worth noting that they do not all derive from the particular character of the Fair Cities, but would probably apply just as much to any other innovative programme, which relied heavily on partnership working and did not fit readily into the existing infrastructure:

- The independent character of the Pilots carries with it the unfortunate consequence that they are severely limited in their capacity to receive and to spend public funds, and that this has largely to be achieved through a third party. Jobcentre Plus has been that third party as far as the overall responsibility for EDMF funding is concerned. Local Managing Agents, LSC in Birmingham and Bradford, and a third party staffing organisation for HR and Jobcentre Plus for procurement in Brent, have been required to provide a similar vehicle to allow the Pilots to employ staff, and to procure services and commission training provision. Not only has this proved quite complicated in itself to set up and administer, but it also has 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.

- Delay in implementing the Pilots led to considerable confusion surrounding the possibilities to vire EDMF monies from 2004/05 to the next year, to extend funding into 2007/08, and to vire between admin and programme spend. In fact, this confusion was eventually sorted out, with considerable help from Jobcentre Plus, more favourably than the Pilots had anticipated, but some funding (approximately £0.75m) is subject to further review in January 2007.
• Changes in the Fair Cities business model, most particularly around the intention to introduce 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. This, allied to uncertainty about the virement of underspent money from one year to the next, has introduced a considerable level of uncertainty into the planning of the Fair Cities roll-out within the Central Secretariat. This has been resolved in the main.

• The delay or gap between securing the EDMF funding and the ESF funding meant that for a considerable period the local Directors were quite uncertain about how much funding they could rely on. This was made worse by some uncertainty about how the monies would be split between the three sites, because this would need to reflect the plans and proposals in their respective business plans (which as we have indicated above, were less than clear on this during the course of 2005).

• The twin source of funding has brought with it two different sets of accounting protocols, audit trail requirements, etc. and this has further added to the complications and bureaucratic burdens of administering the Pilots’ activities.

• Separate local applications for ESF funding have led to major differences between the three Pilots in what they can actually spend the money on, with the Birmingham Pilot focusing in particular on ESF Priority 1 (Lifelong Learning).

2.6 External stakeholders and partners

The NEP’s strategic decision to have the Pilots operating outside the mainstream system, combined with its inability constitutionally to provide a platform itself, necessitated that the three Pilots be based within organisations more properly constituted to employ staff, procure services, administer budgets, etc. These are the Managing Agents, and the difficulties and delay involved in identifying appropriate bodies, negotiating the terms of business, and achieving some consistency between their established procedures/systems and those which the Pilots required were identified and discussed at some length in the previous Interim Report.

While these early difficulties have been sufficiently resolved for operations to begin, there remains some consensus on the part of the three Pilots that, notwithstanding the good intentions of the organisations themselves, the Managing Agent role has been somewhat restrictive on the Pilots’ innovative intentions. It certainly seems to be the case that small and temporary operations within the matrix of much bigger and more established ones have had relatively modest leverage, but for the most part the restrictions seem to have entailed delay (for example, negotiating HR issues and procurement processes has taken significant resource and time) and a restriction of choice (for example in the criteria for selecting/validating sub-contractors) rather than a wholesale denial of particular courses of action. While there have been a few examples of the Pilots being obliged to make different procurement choices or conditions than they would ideally have preferred, it is difficult to argue that these add up to a consistently sub-optimal path.
Beyond their necessary relationships with their Managing Agents, the Pilots have a second set of relationships with service providers through whom they work; mainly for outreach and beneficiary engagement on the one hand, and training provision on the other. In both areas, it would seem that small, community-based and independent organisations have been predominant. In part, this follows from the nature of the Pilots activities, which as yet are quite small scale, are packaged into even smaller separate pipelines, and are somewhat tentative and experimental. On the referral side, Jobcentre Plus (in all three) and Reed in Partnership (in Brent) constitute the biggest partners; on the delivery side, while there have been one or two examples of local colleges being involved in delivery, for the most part small, private or third sector organisations predominate. Again, it seems fair to say that in finding and engaging with these various service providers, the Pilots have been relatively successful, and although there have been difficulties around the speed of procurement procedures and (in a couple of cases) the responsiveness of the contracted provider, there seems no sense in which Pilot operations have been greatly constrained in either scope or volume by a lack of appropriate external provision.

A third set of relationships which have been significant for the Pilots is their ‘fit’ with the existing partnerships already established and at work in their areas when they were set up. Differences between the three Pilot sites mean that they each have a somewhat different matrix to work with, but it seems fair to say that they have been positively received by established ‘players’, and that any early territorial concerns have, for the most part, been either resolved or put to one side as the added-value of the Pilots has become more apparent. The degree to which each Pilot has integrated with local partnerships, and the way in which this has influenced their operations has differed greatly; in short, the stronger and more mature the established local partnerships, the closer the relationship. Thus in Birmingham, the ‘pull’ of an active and highly creative Local Strategic Partnership has led to fairly close integration; while in Brent, where there is little or no match between the Pilot catchment areas and any established partnership, the Pilot has operated much more independently.

2.7 Summary

This chapter has sought to describe, and draw out the essential features of a novel and innovative initiative. In doing so, several important themes, which will have, and are having, knock-on effects on the delivery of the Fair Cities Pilots have emerged, and these will run through, and be more closely examined, in the chapters which follow. To summarise them:

- In trying to resolve strong central design imperatives, and the wish for grounded local implementation, the Pilots’ present a complex and ambiguous matrix of authorities and responsibilities, particularly around the extent and character of local board inputs/ responsibilities. While there is potential for conflict here, the leadership model is working well so far.
• There has been significant early success in building strong, representative Local Boards, and these are likely to be crucial in drawing in employers and job vacancies.

• The Pilots have experienced an unrealistic launch timetable, in part because the decision to operate the Pilots outside the mainstream, allied to the lack of an existing launch platforms, has led to significant delay in implementing Pilot activity.

• Funding arrangements have been piecemeal and slow to cohere, but substantial ESF funding is now in place to supplement the original core funding from the Treasury.

• The first year of operation necessarily largely focused on capacity building, although the teams and systems are now in place. Some systems are still bedding in (eg MI), others (eg contractual arrangements with providers) have yet to be greatly tested.

• Relationships with other local actors are generally good and developing positively (if slowly in some cases).

• The Pilots have made modest demands as yet on local provider networks, but the response seems adequate to date.
3 Case studies of the three Pilots

3.1 Introduction

This chapter comprises case study reports on each of the three Pilots, as things stood at September 2006. They are largely descriptive, and follow a similar internal structure, as follows:

• the target wards;
• local objectives of the Pilot;
• the Fair Cities team;
• the budget;
• the Board;
• the delivery model;
• the pipelines;
• outcomes to date;
• future plans.

They have been discussed with, and agreed by, the three Pilot Directors.

3.2 Fair Cities Bradford

3.2.1 The target wards

The areas covered by Bradford Fair Cities are the wards of University, Toller, Bradford Moor, Little Horton and Bowling. Whilst these are the target wards, Fair Cities will work with applicants outside of these wards, although provision is focused on the five wards and there is a target that a minimum of 65 per cent of beneficiaries come...
from target wards. The Pilot is not restricted to individuals from particular, or indeed any, minority ethnic groups, but is open to all individuals who are economically inactive or unemployed, as well as to those who are employed but may need help with career progression.

The population

Data from the 2001 Census of Population\(^6\) show that the target wards are among the largest wards within Bradford in terms of population and, taken together, have 20 per cent of the total population of Bradford. The largest ethnic minority group in Bradford is Pakistanis, who account for two-thirds of the total ethnic minority population, and 14.5 per cent of all people in the city.\(^7\) In terms of the ethnic profile of the target wards, University, Toller and Bradford Moor have the highest proportions of Asians (the majority of whom are Pakistani), at two-thirds or more of the total population. Asians are also the largest ethnic group in Little Horton and Bowling, although smaller than the majority white population, and Little Horton has the largest Black population of Bradford wards, at 3.8 per cent.\(^8\)

Economic inactivity and unemployment

Economic inactivity rates in these wards range from 44.2 per cent in Bowling to 60.7 per cent in University.\(^9\) The 2006 Bradford Business Plan cites that the five wards have around 31,000 people of working age who are either unemployed or economically inactive, and that of these around 22,000 are from minority communities. In the five wards combined there were some 16,000 people from ethnic minorities who were economically inactive for reasons other than retirement or permanent illness or disability.\(^10\) University has the largest number, accounting for nearly one-third of the total, and also has the highest proportion of students. Toller has the lowest proportion of retirees, sick and disabled people, at just under one in five. Bradford Moor has the highest proportion of non-white people looking after home and family. Bowling has the highest number of retirees, sick and disabled people, at nearly one in four.

Unemployment (as measured by the claimant count)\(^11\) in July 2006 was 4.8 per cent in University, 5.5 per cent in Toller, 5.6 per cent in Bradford Moor, 7.2 per cent in

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\(^6\) The 2001 Census of Population is the only data source that provides information on population and labour supply at a ward level. The data are very reliable, being based on the total population, although they suffer from being somewhat out of date.

\(^7\) Office for National Statistics (ONS), Census of Population 2001.

\(^8\) ONS, Census of Population 2001.


\(^11\) International Labour Organisation (ILO) unemployment figures are not cited as they are available only for 2001 at ward level.
Little Horton, and 6.6 per cent in Bowling. Since July 2004 the number of unemployed claimants has increased by 13 per cent in Bradford. Little Horton, Bowling and Toller have experienced similar increases in this period, while in University the number of claimants has remained stable and in Bradford Moor the number has decreased slightly. Toller and Little Horton have higher than average proportions of long-term unemployed, Bowling and Bradford Moor have below average proportions, and the proportion of long-term unemployed in University was close to the city average.

The supply-side

The barriers faced by disadvantaged groups in the target wards are both generic and more specific to minority communities:

- **Generic:** awareness of opportunities/support, childcare, basic skills, qualifications, unwillingness to travel, lack of experience, lack of job search skills, limited aspirations, limited social networks, health, lack of confidence, benefit traps.

- **Specific:** employer discrimination/lack of cultural competence, language skills, having specific religious needs, attitudes to women working.

Nationally, the ethnic minority population is more highly qualified than the white population, with lower proportions of people with no qualifications, and higher proportions with higher level qualifications. The picture in Bradford is the opposite of the national picture: the proportion of the ethnic minority population with higher level qualifications is lower than the proportion of the white population (13.4 per cent compared to 16.5 per cent) and the proportion of non-whites with no qualifications (50.3 per cent) is much higher than the proportion of whites (40.4 per cent).

In University, 53.5 per cent of non-whites have no qualifications, with comparable proportions of 52.4 per cent in Toller, 52.4 per cent in Little Horton, and 53.8 per cent in Bowling. The proportions of non-whites with higher level qualifications in the target wards are below the city average. The 2006 Bradford Business Plan shows, however, a closing of the qualifications gap between white and minority ethnic groups for those aged 16 to 24.

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12 ONS, Claimant Count, July 2006. These rates are based on the unemployed as a proportion of the working age population, rather than as a proportion of the workforce, as official estimates of the workforce are not produced by ONS for wards.


The demand-side

Jobs density is defined as the number of filled jobs in an area divided by the working-age population resident in that area. In 2004 there were 0.75 jobs per working age resident in Bradford, below the national figure of 0.83 jobs per resident. The trend over the last five years in Bradford has been falling numbers of jobs per resident, whereas nationally it has been stable. The number of employees in employment in Bradford fell between 2000 and 2001, and has risen slightly since, so that the number of employees in 2004 was only 0.3 per cent higher than in 2000. Nationally, the trend has been strong growth in employment, with numbers rising by 3.2 per cent over this period.

The sectoral profile of employment shows a large manufacturing sector in the city, accounting for 17.2 per cent of all employment compared to 11.9 per cent nationally, and there are also over-representations in the wholesale and retail sector, the education sector, and the health and social work sector. However, all other sectors are under-represented in Bradford compared to the national picture, and this is particularly the case for business services, hotels and restaurants, transport and communications, and other services. Large-scale redevelopment of Bradford’s city centre is taking place including the development of a number of new retail centres.

Looking at the occupational breakdown of residents, Bradford has below average proportions of residents in professional and associate professional occupations, although there is a slight over-representation of managers. Professionals made up 10.6 per cent of all Bradford residents in employment, compared to 12.5 per cent nationally, and the proportion of associate professionals in the city, at 11.1 per cent, was also below the national figure of 14.2 per cent. Among the lower level occupations, there is an over-representation of process, plant and machine operatives, reflecting the manufacturing strength in the city. There are also over-representations among personal service occupations, and among elementary occupations.

The 2006-07 Business Plan outlines how the focus of Fair Cities in Bradford in terms of employer engagement is on those areas of the labour market that offer the greatest scope for large-scale, sustainable job opportunities, i.e. large employers, the public sector and those employers who specifically want to attract more employees from ethnic minority communities. Financial services, retail (including mail order), health and social care and some aspects of the manufacturing sector are the sectors identified by the Business Plan as those which appear to offer the greatest volume of opportunities.

3.2.2 Objectives of the Pilot

The main strategic objective of Bradford Fair Cities, as set out in the 2005/06 business plan, is to close the employment rate gap between the five target wards and Bradford’s overall employment rate. Bradford Fair Cities’ vision is to:

- work in partnership with the local education and skills system;
- identify the cultural and practical barriers faced by the population in the five wards;
- help participating employers overcome recruitment, retention and skills barriers;
- involve employers in an active leading role;
- embed an employer-led approach.

The 2006/07 Bradford Business Plan sets out the dual ambition of the Bradford Board to develop programmes with large numbers of opportunities for residents of the Fair Cities wards in lower-level jobs, whilst also developing programmes that move smaller numbers of residents into higher-value, higher paid jobs. This reflects the skills levels in the target communities, which include individuals with the educational attainment levels necessary to fill higher level posts, as well as those with low-level skills.

3.2.3 The Fair Cities team

There are seven members of the Fair Cities Team in Bradford. The team consists of:

- a Director;
- an Employer Engagement Manager;
- a Policy Development Manager (responsible for working with companies on their policies, processes and procedures, to encourage and promote applications and recruitment of individuals from ethnic minority backgrounds);
- a Contracts and Performance Manager;
- a Special Projects Manager (a role designed to support the work of the rest of the team that includes partnership working, managing a pipeline and working with providers);
- a Community Consultation Manager who also undertakes the senior elements of the former Project Administrator role;
- a temporary Administration Officer who undertakes the administrative and clerical duties for the team and whose role has also included developing an Access database so that providers can enter Management Information electronically.

3.2.4 The budget

Bradford Fair Cities has a total budget of £7.2 million: £2.2 million of central Government Employment Development and Modernisation Fund (EDMF) funding,
an assured £3 million of European Social Fund (ESF) funding, and a further £2 million still under negotiation from ESF. The EDMF funding requires 825 job outcomes for workless minority candidates living in the five target wards to be achieved by the end of March 2008.

The ESF funding must be spent by the end of December 2007. The funding is coming to the Learning and Skills Council (LSC) through a ‘Theme Chest’ arrangement from Government Office for Yorkshire and the Humber. Three million pounds of the ESF money is being delivered through the Jobs and Work Skills (JAWS). ‘Theme Chest’ which is being managed by Fair Cities and has been sub-contracted to the provider Careers Bradford to deliver (see ‘delivery model’ below). JAWS aims to provide individuals with job-specific and work-specific skills and has a target of 1,000 job outcomes.

The remaining £2 million was to be used to fund the Job Find ‘Theme Chest’ to help candidates who have the bulk of necessary skills required to enter employment, but who lack techniques to get a specific job. This had a target of 1,100 job entries. Job Find has been put out to tender twice and no suitable provider has been identified to deliver it, and there is currently an appeals process by one of the providers who submitted a tender. It is unclear at this time whether this £2 million ESF funding, or part of it, will be used as part of Fair Cities. However, not finding a suitable provider for all or part of the Jobs Find contract will impact on the number of jobs that are likely to be secured through Fair Cities Bradford.

3.2.5 The Board

The Bradford Board is chaired by the Chief Executive of Yorkshire Building Society. The Board has representatives from Bradford and Bingley (financial services), West Yorkshire Strategic Health Authority (public sector health), University of Bradford (higher education), Empire Direct (retail), Seafresh (wholesale food), Schofield Sweeney (Solicitors), Provident (financial services), Bradford Chamber of Commerce (representative organisation), Bradford Breakthrough (representative organisation), Kelda Group (water utility), LSC (public sector funding body), Jobcentre Plus (public sector recruitment), Otto UK (mail order), Aagrah Group (restaurant), and PRS (reprographics).

The Board meets on a quarterly basis to discuss progress and provide guidance to the Director. The roles that Board members are expected to fulfil are set out in a document ‘Role and Responsibilities within Fair Cities’. Not all Board members are actively involved in Fair Cities and most Fair Cities vacancies have not come through the Board member route. Some Board members feel that the role of the Board in the Fair Cities model is unclear, especially since the early work around developing the Business Plan has been completed, and do not see providing vacancies to Fair Cities as a central part of their role. Rather, they see their role as providing strategic guidance to the Fair Cities Director and giving credibility to the initiative. There has been an issue in some instances between the time it takes from strategic commitment from a Board member to provide vacancies, to the operational people within their
organisations’ Human Resources (HR) systems getting involved with the Fair Cities team to develop a pipeline.

### 3.2.6 The delivery model

**Employer engagement**

Employer Engagement is done by the Employer Engagement Manager in the Fair Cities team. Whilst providers can suggest employers that might want to take part in Fair Cities, the Employer Engagement Manager must be informed and will then contact the employer to ensure that they understand the Fair Cities model and to see if Fair Cities can develop a pipeline to meet their needs. The Employer Engagement Manager will go to meet the employer for an initial meeting about Fair Cities, and may then arrange a subsequent meeting with the employer and the provider who will be delivering the pipeline. The team have had a launch event for employers and have made a DVD to show to potential employers about the benefits of taking part in Fair Cities.

Some of the best jobs in Bradford are often done by people who live outside the city, whilst some companies have had cutbacks which has curtailed progression routes, others have high turnovers where minority employees are lost through poor retention, and others have managers who need support in managing a diverse workforce. Fair Cities aims to help with these progression issues as well as working with employers who do not attract applicants from minority ethnic groups in the first place. These include organisations which it is believed may be perceived by minority communities as being ‘white employers’, especially if they have no senior staff from such communities, and those who have application processes that act as barriers to minority communities. The Policy Development Manager is responsible for this work and has developed an Equality and Diversity portfolio for employers to use to test what they should do in certain diversity situations.

**Provider engagement**

Providers delivering pipelines under the central government EDMF funding (including all pipelines set up before July 2006) are managed directly by the Contracts and Performance Manager within the Fair Cities team. The Special Projects Manager and the Employer Engagement Manager have set up provider meetings to co-ordinate the work of providers. These meetings are designed to ensure providers are working together on pipelines, are meeting employers’ needs, are attracting as many beneficiaries as possible, and to ensure that there is not any double-counting of pipeline outcomes.

The £3 million ESF JAWS contract will be overseen by the Fair Cities team, whilst Careers Bradford will manage the direct delivery of JAWS (and receive ten per cent of the overall value of the contract as a management fee). After a competitive tendering exercise, Careers Bradford have sub-contracted to a range of providers to deliver pipelines for employers under JAWS. These providers are Jobs At, QED, MRC...
(UrbanBiz), ACCENT, Bradford College, and Careers Bradford themselves. There may be additions to this list over time. The Fair Cities team plans to have a separate provider meetings for JAWS providers.

**Beneficiary engagement**

In terms of community engagement, providers are largely responsible for doing community outreach work to find participants for the pipelines they are delivering. This outreach activity includes work with local community centres, Mosques and voluntary organisations. The Fair Cities team now has a half-time Community Consultation Manager who has been contacting community centres in the Fair Cities wards to raise awareness about Fair Cities. This role will develop further over the next few months.

### 3.2.7 The pipelines

In the early stages of Fair Cities a number of projects were set-up which differed from the simple demand-led model, as they were not linked to explicit vacancies offered by one or more Fair Cities employers\(^\text{19}\). These were: a jobs brokerage initiative delivered by the provider At Work, the ‘Cultural Adaptation’ project delivered by the provider UrbanBiz (which helped beneficiaries, many of whom were new arrivals to understand the world of work in the UK), and the Graduate Zone to move graduates in the target wards into work. Whilst the first two initiatives are complete, the Graduate Zone is ongoing.

The remainder of the Fair Cities initiatives conform to the demand-led model of ‘pipelines’. The Bradford Business Plan describes pipelines as providing a route for an individual to move from worklessness into employment via a package of support that is bespoke to both the individual and the employer. Providers delivering these pipelines are paid on job outcomes. The content of the pipelines is fairly similar. They are short and focus on getting beneficiaries through the employer’s recruitment process. Pipelines give participants pre-employment training including job-search skills (around application forms, CVs, interview skills and role plays), give them information about the organisation to prepare them for interview, and prepare them for recruitment days. However, some pipelines do include training specific to the job role such as health and safety, manual handling, or dealing with customers.

Pipelines in operation at the end of September 2006 were:

- **A utility company.** Pipeline started in July 2006 and its end-date is to be confirmed. It has an ESF budget of £45,435 and the employer is offering 15 vacancies as call centre operatives. Training lasts one week.

\(^{19}\) In the quantitative analyses which follow, notably in Chapter 9, we have not removed these projects from the data. However, it should be noted that the number of beneficiaries involved here was substantial.
• **The public sector.** Pipeline started in November 2005 and its end-date is December 2006. It has an EDMF budget of £76,000 and the employer is offering 50 vacancies as care assistants. Training lasts one week.

• **Health and social care.** Pipeline started in August 2006 and its end-date is October 2006. It has an EDMF budget of £16,000 and the employer is offering 20 vacancies as care assistants. Training lasts two weeks.

• **Financial services.** Pipeline started in February 2006 and its end-date is December 2006. It has an ESF budget of £393,700 and the employer is offering 130 vacancies as call centre operatives. Training lasts two weeks.

• **Retail.** Pipeline started in August 2006 and its end-date is November 2006. It has an ESF budget of £115,102 and the employer is offering 38 vacancies as call centre operatives. Training lasts one week.

• **Financial services.** Pipeline started in August 2006 and its end-date is September 2005. It has an EDMF budget of £45,900 and the employer is offering 20 vacancies as call centre operatives. Training lasts two weeks.

• **Utilities.** Pipeline started in June 2006 and its end-date is October 2006. It has an EDMF budget of £22,950 and the employer is offering ten vacancies as call centre operatives. Training lasts one week.

• **Utilities.** Pipeline started in September 2006 and its end-date is November 2006. It has an EDMF budget of £4,590 and the employer is offering two vacancies as call centre operatives. Training lasts two weeks.

• **Health and social care.** Pipeline started in July 2006 and its end-date is September 2006. It has an EDMF budget of £20,400 and the employer is offering 20 vacancies as care assistants. Training lasts two weeks.

• **Retail.** Pipeline started in July 2006 and its end-date is September 2006. It has an EDMF budget of £144,585 and an ESF budget of £384,683 (total budget of £529,268) and the employer is offering 190 vacancies as shop assistants. Training lasts two weeks.

• **Financial services.** Pipeline started in February 2006 and is ongoing. It has an EDMF budget of £55,080 and the employer is offering 24 vacancies as call centre operatives. Training lasts two weeks.

There was some confusion amongst providers, employers and the Fair Cities team about the number of vacancies in each pipeline, with providers sometimes saying a pipeline had a different number of vacancies than the employer or Fair Cities team had reported.

Some pipelines in Bradford had been aborted or stalled because of employers having to make redundancies or having recruitment freezes. Others had stalled because of employers being very slow to provide the Fair Cities team with the information needed to develop a pipeline, such as the type and number of vacancies.
### 3.2.8 Outcomes to date

*Management Information data*\(^{20}\)

According to the Management Information (MI) data for Bradford to the end of September 2006, 324 individuals had been accepted onto the programme, of whom all had been referred to assessment. Just under half (48 per cent) were then referred to some kind of provision – 156 individuals in all. However, the MI shows that 160 individuals then started provision (103 per cent of those referred to provision), 152 of whom (95 per cent) completed the provision. The figures report that none of those who started provision left their course early (suggesting that the eight people who had started but not finished provision were still on the course at the time of this MI snapshot).

One hundred and sixty-eight people were then interviewed for a job (111 per cent of those who completed provision), 126 of whom (or 75 per cent) were offered a job. The MI shows that 129 people then started work (102 per cent of those who were offered a job, 77 per cent of those interviewed, and 85 per cent of those completing a course). This exceeds the target of 70 per cent of those who have an interview starting employment. One hundred and eighteen of those who had started work had done so at least 13 weeks ago and 57 (48 per cent) of them were known to still be in work at 13 weeks. This is below the target of 70 per cent of those starting work remaining in work after 13 weeks. Eighty-six of those who had started work had done so at least 26 weeks ago, and none of them were known to be still in work at 26 weeks.

Just over half (56 per cent) of those accepted onto Fair Cities came from Fair Cities wards, compared to the target of a minimum of 65 per cent of beneficiaries coming from Fair Cities wards. Of those who started work, 74 per cent were from a Fair Cities ward.

There are some inconsistencies in the MI data for Bradford. According to the MI, more individuals started provision than were referred to it, more were interviewed for a job than were referred, started or completed provision, and more started work than were successful at interview. Some of the inconsistencies in the data may be due to the inclusion of early Fair Cities initiatives that did not follow the pure Fair Cities model of intensive training courses for specific vacancies with one particular employer. These early initiatives included projects delivered by At Work and the Cultural Adaptation programme delivered by UrbanBiz that matched individuals with jobs at a range of employers, some of whom were Fair Cities Board members. The delivery models of these initiatives did not follow the sequential stages of the purer Fair Cities model that the MI database was designed to capture information on. This could explain why more individuals were interviewed for jobs than had gone through any provision. However, more work needs to be done to explain other inconsistencies in the data.

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\(^{20}\) Note that quantitative data for all three Pilots is collated and presented systematically in Chapter 9.
Data on pipelines

According to the data on pipelines provided by the Fair Cities team on the position at the end of September 2006, ten beneficiaries had been hired by a public sector organisation after completing the pipeline, eight had been hired by a retail company, nine had been hired by another retail company, and five had been hired by an organisation in the financial services. In total, 32 had, therefore, moved into work having taken part in a Fair Cities pipeline.

In addition, a number had found work through the Fair Cities initiatives that did not conform to the pure Fair Cities model. These included 60 who had found work through a job brokerage, 50 who had found work through the ‘Cultural Adaptation’ programme, and five who had found work through the ‘Graduate Zone’. A total of 115 job outcomes were achieved through these initiatives.

Overall outcomes

For the total budget in Bradford of £6.55 million, there is a target of 1,858 job entries (at a cost of £3,526 per job entry). The MI data shows that 129 had moved into work up to the end of September 2006. The data on pipelines provided by the Fair Cities team shows that 147 had moved into work, 32 through the pure demand-led Fair Cities model. This is a lower proportion moving through the pipelines and into work than was envisaged. Suggestions for why this is include:

- whether there is enough demand from employers for large numbers of vacancies to be filled within a labour market where employment growth is weaker than in other areas of the country;
- whether extensive and time-consuming recruitment processes (including Criminal Records Bureau checks) lead to some candidates dropping out having completed a pipeline but before starting work with a Fair Cities employer;
- a reluctance of candidates to travel to Leeds, particularly when employers are located away from good public transport links, or when jobs require shift-work when public transport is not available;
- whether candidates are of a high enough calibre to meet the expectations of employers (there has been some feedback from employers about a mismatch between level of communication skills required for call centre jobs and the ability of candidates).

3.2.9 Future plans

There were a number of pipelines under development at the end of September 2006. These were:

- an extension of a pipeline in the utilities sector, due to start in October 2006 and run until January 2007, with an ESF budget of £145,800 for 54 call centre operatives vacancies, with training lasting one week;
• an extension of a pipeline for an employer in the health and social care sector, due to start in October 2006 and run until December 2006, with an ESF budget of £36,450 for 27 care assistant vacancies, with training lasting two weeks;

• a new pipeline with a public sector organisation, due to start in October 2006 and run until March 2007, with an ESF budget of £135,000 for 50 Police Community Support Officer vacancies. The provider and length of training had yet to be decided.

As well as the development of new pipelines, other future plans for Fair Cities in Bradford included a plan to establish a local steering group for Fair Cities and a plan for a marketing/communication strategy to be developed. The Community Consultation Manager was also considering both establishing a Fair Cities Community Partnership to engage community organisations, and developing a community newsletter to publicise the initiative.

3.3 Fair Cities Birmingham

3.3.1 The target wards

Fair Cities in Birmingham covers the three target wards of Aston, Lozells and East Handsworth, and Sparkbrook. The Pilot is not restricted solely to residents of these wards; however, the national target, to which Birmingham is signed up, is for 65 per cent of participants on Fair Cities pipelines to come from the target wards.

The population

Birmingham has a population of just over one million, accounting for 1.7 per cent of the population of Great Britain, and it is the second largest city in the country, after London. The population of Birmingham has grown by 1.7 per cent between 2001 and 2005, similar to the national growth rate of 1.8 per cent.21 The three target wards each have populations of around 26,000 to 28,000, representing some 2.7 to 2.9 per cent of the total population of the city. In total the three target wards have a population of 81,200, or 8.3 per cent of the all people living in Birmingham.

Birmingham has a large ethnic minority population: in 2001, there were 290,000 people in Birmingham from minority ethnic groups, representing some 30 per cent of the total population of the city.22 This compares to a national proportion of nine per cent. The largest ethnic minority groups in Birmingham are Pakistanis (10.6 per cent of the total population), Indians (5.7 per cent) and Black Caribbeans (4.9 per cent). Nationally, the largest groups are Indians (2.0 per cent of the total population), Pakistanis (1.4 per cent) and Black Caribbeans (1.1 per cent).23

21 ONS, Mid Year Estimates, 2006.
Ethnic minorities are concentrated in the inner city wards, including the three target wards of Aston, Handsworth, and Sparkbrook. Looking at the ethnic profile of the target wards, Aston has the highest proportion of black people (22 per cent) and the lowest proportion of Asians (42 per cent), Handsworth has the lowest proportion of white people (19 per cent), while Sparkbrook has the highest proportion of Asians (62 per cent).

**Economic inactivity and unemployment**

Economic inactivity is higher in Birmingham than it is nationally (in England and Wales); 39.6 per cent of people aged 16 to 74 were economically inactive in Birmingham in 2001 compared to 33.5 per cent nationally. Economic inactivity rates tend to be higher in the inner city wards, and information from the 2001 Census shows that the three Fair Cities wards all had inactivity rates above 50 per cent – 51.1 per cent in Aston, 51.9 per cent in Handsworth and 56.6 per cent in Sparkbrook.

The inactivity rates for ethnic minority populations in the three target wards are among the highest within Birmingham. Sparkbrook has the highest inactivity rate among ethnic minorities, at 59.5 per cent, while the rates in Aston and Handsworth are 53.6 per cent and 52.4 per cent respectively. Looking at the reasons for economic inactivity amongst minority populations in the target wards, over 70 per cent were inactive for reasons other than retirement or permanent illness or disability. Aston had the lowest proportion of retirees, and sick and disabled people (26 per cent). Handsworth had the highest proportion of retirees (16 per cent), and also the highest proportion of students (22 per cent). Sparkbrook had the highest proportion of people looking after the family or home (33 per cent).

The unemployed claimant count in July 2006 showed that there were 36,362 people out of work and claiming benefits in Birmingham, representing 6.0 per cent of the working age population, compared to the national figure of 2.6 per cent. Unemployment is highest in the inner city wards, particularly Aston (12.6 per cent), Handsworth (10.3 per cent) and Sparkbrook (11.5 per cent). In the last two years in Birmingham the number of unemployment claimants has increased by 20 per cent; however, the target wards have experienced smaller than average increases in the number of claimants, of five per cent in Aston, four per cent in Handsworth, and 13 per cent in Sparkbrook.

Birmingham has a greater degree of long-term unemployment compared to the rest of the country. Just over half of claimants have been out of work for more than six

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27 ONS, Claimant Count, July 2006.
months, compared to the national figure of 36 per cent, and 28 per cent have been out of work for a year or more, compared to 16 per cent nationally. Aston and Handsworth have very high proportions of long-term unemployed, while Sparkbrook is close to the average for the city as a whole.

The supply-side

Although residents in the target wards face fairly standard barriers to work, e.g. poor local labour market opportunities, low human capital (obsolete skills and low/no qualifications, poor basic skills, English for Speakers of Other Languages (ESOL) needs etc. – see below), infrastructure issues (for example, a lack of suitable childcare provision), many residents face multiple barriers to work. They often have no recent work experience and many lack some of the more practical work skills, e.g. time-keeping, communication skills etc. Jobcentre Plus believe that many local residents also have poor motivation and live in a benefit ‘comfort-zone’ and do not want to work. Some individuals in the target wards do not want to travel to other parts of the city, i.e. they have limited spatial horizons (transport is not a significant problem in the city) and there is often a poverty of aspiration and generational unemployment. The roll-out of Jobcentre Plus in the District has started to challenge these beliefs and will introduce a much greater element of conditionality to claiming benefits. This is seen as a positive thing (by Jobcentre Plus) as it will improve things from the supply side and ‘encourage’ more people into jobs.

The level of qualifications held by people of working age in the population provides an indication of the quality of labour supply. The working age population in Birmingham is less qualified than the population of the country as a whole. Some 55 per cent of working age people in Birmingham are qualified to NVQ Level 2 and above, compared to 63 per cent nationally, and 22 per cent of working age people in Birmingham have no qualifications, compared to 14 per cent nationally.28

Nationally, the ethnic minority population is more highly qualified than the white population, with lower proportions of people with no qualifications, and higher proportions with higher level qualifications.29 However, the picture in Birmingham is mixed. The proportion of the ethnic minority population with higher level qualifications is higher than the proportion of the white population – 17.2 per cent compared to 16.4 per cent, although there are proportionately more people from minority populations than whites with no qualifications – 44.9 per cent compared to 42.5 per cent.

The qualification levels of the ethnic minority populations in the three target wards are below the average for the city. In Aston, 53.8 cent of non-whites have no qualifications, compared to the average for the city of 44.9 per cent, while the proportions in Handsworth and Sparkbrook are 52.0 and 57.4 per cent respectively.

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Similarly, only 10.5 per cent of non-whites in Aston, 12.8 per cent in Handsworth and 9.8 per cent in Sparkbrook have higher level qualifications, compared to the city average of 17.2 per cent.\textsuperscript{30}

\textit{The demand-side}

Jobs density is defined as the number of filled jobs in an area divided by the working-age population resident in that area. In 2004 there were 0.89 jobs per working age resident in Birmingham, slightly above the national figure of 0.83 jobs per resident.\textsuperscript{31} The picture has been very stable over the last five years. Looking within Birmingham, there is a central business district with a very high jobs density, surrounded by a suburban hinterland with densities below the city average. Ladywood constituency (which contains the Aston ward) has over three jobs per working age resident, while all other constituencies have densities below the average for the city. Job density in the constituencies covering the two other Fair Cities wards ranged from 0.51-0.63 jobs per working age resident.

The number of employees in employment in Birmingham has grown over the last few years, in line with the growth in employment in the country as a whole; 491,900 people were employed in 2004 in Birmingham, which represented a 3.2 per cent increase on 2000 (the same increase as was recorded for Great Britain as a whole).\textsuperscript{32}

The sectoral profile of employment in Birmingham is broadly similar to that in the country as a whole, thus providing a range of working opportunities to residents from all backgrounds. There is an over-representation in manufacturing, financial and business services, and particularly education; and an under-representation in construction, wholesale and retail, hotels and restaurants, transport, and other services.

Another measure of balance and quality of jobs is the range of occupations available in the labour market.\textsuperscript{33} It is possible to look at the occupations of both residents living in the city, and those working in the city.

Looking first at the occupational breakdown of residents, Birmingham has a below average proportion of managers, with 11.3 per cent of residents working in managerial occupations compared to the national proportion of 14.9 per cent, and there are also below average proportions of professional and associate professional occupations.

Among the lower level occupations, there are above average proportions of skilled trades occupations and operatives, reflecting the manufacturing strength in the city.

\textsuperscript{30} ONS, Census of Population 2001.
\textsuperscript{31} ONS, Jobs Density, 2000-2004.
\textsuperscript{32} ONS, Annual Business Inquiry, 2004.
There are also over-representations among administrative and secretarial occupations, and among elementary occupations.

### 3.3.2 Objectives of the Pilot

The aim of Fair Cities Birmingham, as laid out in the 2005/06 Business Plan, is to increase the number of disadvantaged ethnic minority residents who gain steady work and new careers through:

- meeting employer demand for job-ready candidates;
- encouraging fair and effective recruitment and promotion practices; and
- increasing the responsiveness of the local employment and skills system to business and ethnic minority needs.

Fair Cities Birmingham, as in the other Fair Cities Pilots, is employer-led and responsive to employers’ demand and need for (qualified and trained) labour. It builds on the existing local infrastructure and capacity to mobilise and support employer-led partnerships and is developing bespoke training solutions and services to help people from disadvantaged (and targeted) areas gain employment.

The focus of Fair Cities activity in Birmingham is primarily within the following priority sectors: finance and professional services; manufacturing; public sector; health and social care; and hospitality, leisure and retail.

### 3.3.3 The Fair Cities team

The main Fair Cities Birmingham team consists of:

- a Director;
- a Community Engagement Director;
- an Employer Engagement Director;
- a Communications and Marketing Manager;
- a Business Planner/Accountant;
- an Assistant to Director/Office Administrator.

A number of other roles are also central to the Fair Cities operation in Birmingham. The intention was to appoint sector-specific Project Managers who would have responsibility for managing individual pipelines and liaising with employers and the relevant hubs.\(^{34}\) This is starting to happen although staff have not been recruited

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\(^{34}\) Hubs are discussed in Section 3.3.6, but they are essentially local mini-partnerships, focused on a particular sector (or sometimes a site) drawing together employers, training providers and jobseekers around the particular training needs and job opportunities of that sector/site.
directly onto the Fair Cities team because of recruitment constraints at the LSC (the Managing Agent). Instead, consultants and personnel have been seconded to Fair Cities from other organisations – for example, COVEs – and Fair Cities has covered salary costs with the host organisation. To date, three key sectors are covered by these arrangements: manufacturing, the environment, and professional and business services.

The Fair Cities team is supported by a small administrative team.

3.3.4 The budget

The 2005/06 Business Plan for Fair Cities Birmingham set out a budget requirement of £3 million which was to support interventions with approximately 2,000 individuals, and deliver 800 anticipated job outcomes during the first year of operation. Actual funding availability was significantly delayed and remains less than the requirement set out in the original business plan. Fair Cities Birmingham is currently funded as follows, for the period 2005 to 2008:

- £2.2 million from EDMF (Jobcentre Plus) monies (to secure 825 jobs between 2004 and 2008); phased £650k, 2005/06; £900k, 2006/07; and £650k, 2007/08; and
- £5 million from ESF Objective 3 funding.

Delays in establishing operational delivery of the Birmingham Pilot resulted in an underspend of EDMF for 2005/06. The central team is in negotiations with Jobcentre Plus to vire this funding forwards. In September 2006, Jobcentre Plus accepted the working assumptions of each Pilot and indicated that they will consider making these funds available as the need arises. A further review is planned in January 2007.

Other funds will also be required if the requirements and targets set out in the business plan are to be achieved and Fair Cities is now beginning to work with other funding streams, for example, Neighbourhood Renewal Funding, in order to meet the objectives set for the Pilot.

3.3.5 The Board

Fair Cities board members were drawn from a number of companies and organisations including: PricewaterhouseCoopers, Radio XL, CBI, Serco Group, University Hospital Birmingham, Mitchells and Butler plc, Birmingham and Solihull Learning and Skills Council, Advantage West Midlands, Andersons KBS, Jaguar/Land Rover, Royal Bank of Scotland, Birmingham City Council, Lasan Restaurant, IDN plc, ITV Central, and Jobcentre Plus. Membership of the board is currently being reviewed as members have changed jobs, moved away etc. and the role of the Board has developed.
Essentially, the Board is responsible for:

- setting the strategic priorities for the Pilot;
- setting Pilot objectives;
- writing the business plan;
- approving the delivery plan; and
- monitoring performance.

In addition, many of the organisations represented by employer Board members have participated in, and supported, Fair Cities operational delivery through establishment of recruitment projects.

Fair Cities Birmingham is already evolving to form a key element of the city’s plans to improve co-ordination, planning, management and delivery of employment and skills activity. Specifically, an Integrated Employment System\(^\text{35}\) is proposed, which places the Fair Cities design or model at the centre of employer engagement and community engagement activity and both the Local Area Agreement and Floor Target Action Plan (with regard to the Neighbourhood Renewal Fund) detail implementation of the Integrated Employment Strategy in Birmingham. The same model is central to proposals under development regarding the City Strategy and City Region thinking. It is anticipated that the Fair Cities Board, and Fair Cities Director, will provide leadership city-wide on employer engagement.

### 3.3.6 The delivery model

**Employer engagement**

Employer engagement is led by the Fair Cities Director and the Employer Engagement Director, with support from other senior members of the Fair Cities team.

The key driver for employer engagement in Birmingham is the importance of recruiting local people to avoid severe skills shortages in the future, and also to make company workforces more representative of the local population and their customer base. The Fair Cities team discuss with employers some of the issues around recruiting people from disadvantaged communities, in order to help them overcome prejudices and barriers, e.g. talking to employers about the likely implications of hiring people with criminal records, or questioning the unintended barriers to successful recruitment inherent in some company policies. Fair Cities provides a means to get in the door and look at joint solutions with employers. The Employer Engagement Director, or another Fair Cities representative, will link interested employers up with relevant existing intermediary organisations, often a hub, and then develop and manage the pipeline and the relationship between the employer and other delivery partners. Pipeline development and delivery will increasingly be taken over by the sector project managers as they come on to the Fair Cities team.

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Employer engagement so far has not been problematic; however, it is mainly Board member companies that have taken part in Fair Cities so far, and participating employers to date have usually been large companies/organisations/institutions. The SME sector is significant in Birmingham and it remains to be seen how Fair Cities can engage with these employers and offer appropriate (and cost-effective) pipelines.

Most employers have been pleased with their involvement with Fair Cities, and this is evidenced by ‘repeat business’: at least five employers have gone on to develop more than one pipeline since Fair Cities began.

**Provider engagement**

The Fair Cities delivery model in Birmingham is ‘hub-centric’ and builds on the success of the ‘Bull-Ring Jobs Team’ model (a large retail development). A number of hubs, including Eastside City Jobs team and the Building Health hub, and the Public Service Compact, usually staffed in partnership between LSC, Jobcentre Plus and the City Council, are in operation in Birmingham. In essence, the role of the hubs in relation to, and in partnership with, Fair Cities, is to:

- liaise with employers to understand job vacancies and recruitment needs;
- determine the need for and content of pre-employment training, and work with employers to identify a suitable provider to undertake this training;
- advertise vacancies using multiple methods, including outreach, and linking up with other organisations to encourage referrals;
- undertake the initial sift of applications and invite potential candidates to an open day or similar event. Employers are encouraged to do a presentation and then hold initial interviews and basic skills tests (if appropriate) on the day. Candidates who are successful at this stage then go through for pre-employment training, and/or a final interview with the employer.

Pre-employment training is always delivered as part of the Fair Cities pipeline, with content, form and length determined in relation to the employers’ needs. Pre-employment training may run for only a few days, for example, to help beneficiaries to prepare for interview, or it may run for several weeks, and have a greater element of vocationally-specific training within it. Hubs currently work with Fair Cities under Service Level Agreements. A number of training providers have been contracted to undertake the pre-employment training for Fair Cities. Some of these providers respond to invitations to tender for specific pipelines whilst others are contracted under single tender.

**Beneficiary engagement**

One of the key problems with using hubs to recruit potential candidates has been that they can come from all parts of the city: hubs are required to target Birmingham’s 11 most disadvantaged wards, not solely those identified as priority
for Fair Cities. In order to develop better control of the recruitment of potential candidates for pre-employment training opportunities, Fair Cities Birmingham are about to put into place another range of providers (Outreach Support providers), usually community organisations, that are able to really penetrate local areas and work with feed organisations and groups to build beneficiary referrals, with a specific focus on the Fair Cities wards. These providers will work with beneficiaries, to get them ready to go forward into pipelines, if they have specific barriers to work. In this way, these providers are undertaking ‘pre-pre’-employment training.

Beneficiary referrals also come through to Fair Cities via Jobcentre Plus, and vacancy boards, and other providers in the city, e.g. Employment Zone providers (although it is recognised that Employment Zone and Mandatory New Deal beneficiaries are excluded from Fair Cities participation). All recruitment/referral leads are currently filtered centrally through the hubs and/or the Fair Cities team, with the exception of those beneficiaries coming through via Outreach.

People who are unsuccessful at the (pre-employment) open day selection stage (but not at the first sift, i.e. they have got over the first hurdle) are referred for other provision or training, e.g. in basic skills, soft skills, interview techniques etc. as necessary and given the opportunity to try for similar Fair Cities vacancies in the future. As the Outreach Support beds down it is likely that beneficiaries will be referred to these organisations to receive additional help and support. By the same token, people going through the Outreach Support process will then feed into the pre-employment phase.

3.3.7 The pipelines

The pipelines that have operated, or are operating to date in Fair Cities Birmingham are:

- four pipelines for a company in the hospitality sector, with an EDMF contract value of £40,000. The pipeline has involved pre-employment training courses of four weeks’ duration, with a possible 40 vacancies on offer;

- three pipelines (with a further seven planned) for a large public sector organisation, with an EDMF total contract value of £122,000. This pipeline has also involved pre-employment training of four to five weeks. Up to 200 vacancies are available in this pipeline overall;

- eight pipelines for an employer in the health care sector, with a total EDMF contract value of £80,000; 180 vacancies have been offered following a one-week pre-employment training course;

- a financial institution offered 25 vacancies, following a three-day pre-employment training programme. The total EDMF contract value for this pipeline was £15,000;

- two pipelines, involving 100 vacancies, and a one-week pre-employment course for another health care employer. The total EDMF contract value was £38,000;
two pipelines related to construction and security have been put in place, involving a six-day pre-employment training package. The EDMF contract value for this pipeline was £45,000, with a possible 100 vacancies available at the end;

12 vacancies were offered by a public sector organisation, with a contract value of £15,000. This pipeline involved a two-day re-employment training course;

another pipeline for a financial institution with an EDMF contract value of just over £7,000. This offered a possible 15 vacancies at the end of a six-day pre-employment training programme;

one pipeline for a primary care trust, worth £5,000 of EDMF funding. A one-day pre-employment package was put together for a possible nine vacancies.

3.3.8 Outcomes to date
The MI data for Birmingham shows that 555 people have been referred for assessment (i.e. at an open day or similar recruitment event) from a possible total of 590 people. Just over 60 per cent of these beneficiaries were then referred onto the pre-employment phase (334 beneficiaries), most of whom took up this opportunity (303 beneficiaries or 91 per cent of those referred); 291 of these beneficiaries completed their pre-employment phase, and 174 were invited to take part in an interview (60 per cent of course completers). A significant majority of beneficiaries who were interviewed were offered a job (60 per cent of interviewees or 104 beneficiaries). To date, 49 people had started work as a result of Fair Cities activity in Birmingham, which constitutes just under half of all those interviewed. Many other people are expected to start work following a job offer, but are currently waiting for CRB checks etc.

The MI data serves to highlight some considerable leakages from the pipelines at key stages in the process, namely, between course completion, invitation to interview, success at interview and then job starts indicating substantial drop-out at these times. This may be explained by beneficiaries failing to meet the employment criteria, or lacking the skills and attributes that employers are looking for. It is also likely to be the case that beneficiaries’ aspirations are raised following pre-employment training, and then confidence falls and barriers to work become once more insuperable. Fair Cities Birmingham has recognised the need to try and pre-empt this drop-out and is putting in place an Outreach Support system, which offers ‘pre-pre’ employment support and training, to get beneficiaries ready for entrance to Fair Cities pipelines and will continue to provide support to individuals up to 26 weeks post employment.

3.3.9 Future plans
The future for Fair Cities Birmingham will see the new provider system bed down, with the inclusion of Outreach Support, to build beneficiary referrals and improve the quality of the supply-side. It is anticipated that this will improve the performance of the Pilot and increase the number of people coming through the pipelines. An
issue, though, is the degree to which the Fair Cities team has the capacity to manage an increasing number of pipelines given current recruitment constraints. Demand for Fair Cities has, thus far, been carefully managed to ensure that good quality pipelines have been developed, and employer feedback certainly suggests that this has been the case. The secondment of sector project managers to the Fair Cities should ease capacity issues and it will be interesting to see how the new structures roll out.

As discussed above, consultation is ongoing between Fair Cities, Jobcentre Plus, the LSC, Birmingham City Council, and other key stakeholders in the city at a strategic level. There is an intention to align the objectives and delivery of all intermediary organisations (for example, the ‘hubs’, sector-based organisations (like the Public Service Compact) and the Access to Employment Groups) to ensure that employer engagement and community engagement is improved sufficiently to deliver the LAA and Floor Target Action Plan targets, and support delivery of the Fair Cities objectives.

3.4 Fair Cities Brent

3.4.1 The target wards

Within the wider context of the Fair Cities initiative, the borough of Brent faces a number of challenges. Firstly, there are some neighbourhoods that are significantly more deprived, compared with the rest of the borough.Crudely, the borough can be divided into two parts: to the north is ‘metro land’, with suburban housing, and a relatively affluent population of middle age to ageing people, and with low levels of unemployment. By contrast, the south of the borough contains neighbourhoods with high levels of deprivation. By contrast, the south of the borough contains neighbourhoods with high levels of deprivation. The Fair Cities project is focused on three wards in Brent – Stonebridge, Harlesden and Wembley Central. The target wards have been chosen because they have the highest rates of unemployment, and also because they have the highest concentration of black and ethnic minority populations in the borough. Although these are the priority areas, it is not intended that the project is exclusive to them. The minimum requirement is that the individual recipients have a Brent postcode; which means in effect that the project excludes people who live outside the borough.

The population

According to the 2001 census of population, the target wards have a population of 39,100, or 14.9 per cent of the total for the borough. Brent has a very large ethnic minority population. The non-white groups make up over half of the local population. In 2001, there were 144,000 people in Brent from minority ethnic groups, representing 55 per cent of the total population of the borough. The highest concentrations of non-whites are in the south west of the Borough, including the target wards. In Wembley Central, ethnic minorities account for nearly four out of
five people, while in Stonebridge and Harlesden the proportions are 67 per cent and 62 per cent respectively.  

All ethnic minority groups, apart from Bangladeshis, are over-represented in Brent compared to the national picture. The largest ethnic minority groups in Brent are Indian (18.5 per cent of total population), Black Caribbean (10.5 per cent), and Black African (7.8 per cent). Nationally, the largest groups are Indian (2.0 per cent of the total population), Pakistani (1.4 per cent) and Black Caribbean (1.1 per cent).

**Economic inactivity and unemployment**

Information on activity/inactivity at a ward level is available only from the 2001 Census, which uses a population base of those aged 16 to 74 for activity/inactivity rates, rather than the working age population used by the more up-to-date data sources. On this basis, the inactivity rate in Brent as a whole in 2001 was 34.5 per cent, compared to the rate in England and Wales of 33.5 per cent. The three target wards had the highest inactivity rates within the Borough – 41.4 per cent in Stonebridge, 38.3 per cent in Harlesden, and 38.7 per cent in Wembley Central.

In terms of ethnicity, in 2005, economic inactivity rates were higher for non-whites than for whites in Brent. Among the different ethnic groups in Brent, inactivity rates were lowest among Indians, and highest among Pakistanis and Bangladeshis. Inactivity rates for Black people in Brent were higher than they were in the country as a whole, while among Asian and other groups, inactivity rates were lower than the national averages.

The inactivity rates for non-whites in the three target wards were all above the average for the borough. Stonebridge had the second highest non-white inactivity rate, at 41.5 per cent, and Harlesden the third highest, at 40.9 per cent. In Stonebridge and Wembley Central, there was very little difference in activity rates between the non-white and white populations.

Looking specifically at the inactive ethnic minority population in the target wards combined, there were some 5,000 people from ethnic minority groups who were inactive for reasons other than retirement or permanent illness of disability. Stonebridge had the largest number, accounting for 41 per cent of the total, and also had the highest proportion of students. Harlesden had the lowest proportion of people looking after the family or home, and the highest proportion of sick and disabled people. Wembley Central had the highest proportion of retired people.

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37 Ibid.
40 Ibid.
In July 2006, there were 7,786 people out of work and claiming benefits in Brent, representing 4.3 per cent of the working age population, compared to the national figure of 2.6 per cent. Harlesden (9.2 per cent) and Stonebridge (8.1 per cent) had the highest unemployment rates, as measured by the claimant count, in July 2006. The unemployment rate for Wembley Central was 3.9 per cent, or slightly below the borough average. The three wards have experienced different trends in the level of unemployment in the last two years. The number of people unemployed fell by 12 per cent in Wembley Central between July 2004 and July 2006. Harlesden experienced a smaller fall of three per cent over the same period, while Stonebridge experienced a small increase of two per cent in the numbers unemployed.\footnote{ONS, Claimant Count.}

The supply-side

Although nationally, the ethnic minority population is more highly qualified than the white population, the picture in Brent is rather mixed. The proportion of the ethnic minority population with higher level qualifications in 2001 was lower than the proportion of the white population – 28.4 per cent compared to 32.7 per cent. On the other hand, there were proportionately fewer ethnic minorities than whites with no qualifications – 29.6 per cent compared to 30.8 per cent.

However, the qualification levels of the ethnic minority populations in the three target wards were below the average for the Borough. In Stonebridge, 34.8 per cent of non-whites had no qualifications, compared to the average for the Borough of 29.6 per cent, while the proportions in Harlesden and Wembley Central were 35.2 per cent and 33.9 per cent respectively. Similarly, only 21.2 per cent of non-whites in Stonebridge, 21.1 per cent in Harlesden, and 25.4 per cent in Wembley Central, had higher level qualifications, compared to the Borough average of 28.4 per cent.

The demand-side

The strength of labour demand influences the level of employment in a labour market. In particular, jobs density provides an index of the potential number of jobs available to people of working age in an area. In 2004, there were 0.66 jobs per working age resident in Brent, below the national figure of 0.83 jobs per resident. The jobs density figure in Brent fell between 2000 and 2001, and has risen slightly since then, whereas nationally it has been stable over the last five years. ONS data also show that in 2004, Brent South had job density figures of at least 1.0 jobs per working age resident; while the other parliamentary constituencies had only half this figure. The trend in the number of employees in employment in Brent over the last five years, has been downward, with numbers falling by 8.1 per cent between 2000 and 2004, with the largest falls occurring between 2000 and 2001, and 2003 and 2004. Nationally, the trend has been strong growth in employment, with numbers rising by 3.2 per cent over this five year period.
ONS data on the sectoral profile of employment for Brent in 2004 show that the manufacturing sector in Brent is only slightly smaller than it is in the country as a whole, while there is a slightly higher than average proportion of employment in construction. Among the service sectors, there is a very strong over-representation of employment among wholesale and retail, hotels and restaurants, and transport and communications. Public administration is also over-represented. The financial services and education sectors are relatively small in Brent, around half the size that they are nationally, and there is also an under-representation of employment in business services.42

Another measure of the balance of quality of jobs is the range of occupations available in the labour market. Data is available on the occupational breakdown of residents living in the borough and in employment either as employees or self-employed. These show that there are above average proportions of office-based occupations in Brent, and below average proportions of other occupations. Managers, professionals, associate professionals, and administrative and secretarial workers make up 66 per cent of all Brent residents in employment, compared to 54 per cent nationally, with the largest over-representations being among associate professionals and administrative occupations.43

The foregoing analyses suggest there is a quite complex relationship between residence, the local labour market and the wider London labour market evident in Brent. It is difficult to estimate definitively the extent to which Brent’s unemployment problems are related to an inadequate local supply of jobs. Part of the difficulty is that it is not possible to look at Brent in isolation from the rest of the London labour market. In fact, it is difficult to demonstrate there is a local labour market in Brent. On the contrary, Brent is part of the dynamic London economy.

Discussions with stakeholders in Brent for this evaluation, however, provided anecdotes on a number of issues considered to contribute to the specific disadvantages facing the target population, and which Fair Cities would need to give some consideration to. These issues are particularly important, as they are regarded as likely to influence project outcomes.

- People are more likely to be unemployed in Brent if they are from ethnic minority groups.
- People are more likely to be out of work if they have never worked, and also if their family have never worked, i.e. they lack parental role models.

42 ONS, Annual Business Inquiry.
People are significantly more likely (than average) to be out of work if they live in one of the priority neighbourhoods. The priority neighbourhoods themselves are characterised by the fact that they contain a high number of social housing estates (except Harlesden). People living in these areas are more likely to suffer multiple disadvantages. They are more likely to have been homeless; or have problems with incapacity/ill-health; or have been through the criminal justice system; or are beneficiaries of social services. These are all barriers which, together, are of such magnitude that finding a job or being in employment may not necessarily be among their immediate or top priority.

A poor facility in spoken English is a significant problem. People who are less fluent in English are also less likely to be in work. It is estimated there are some 130 different languages spoken by residents in the target wards as their first language.

Brent has a high transient population. People traditionally come and live in Brent in the early stages of life, partly because property prices are cheaper relative to elsewhere in London; but they move out later when they get a job and increase their income. The existence of a large transient population makes the measurement of labour market success very challenging. The person who gets a job and moves out of Brent is a success story for that individual; but that success is not recorded or reflected in the borough’s employment statistics.

### 3.4.2 Objectives of the Pilot

The overriding aim of Fair Cities in Brent, as set out in the Business Plan for 2005/06, is to help reduce the employment gap between the three target wards and the rest of the borough. The key short-term objective was to fill 255 jobs in 2005/06. The medium to long-term objective is to close the gap between average employment in London and current Brent levels. The intention is to reduce the employment gap in each ward to at least that existing in London as a whole. Thus, in the long-term, the Fair Cities initiative is not exclusive to the three wards. The project is about Brent as a whole, particularly as it is envisaged there will be more job opportunities in the area, compared with the size of the target groups. The 2005/06 Business Plan identified six projects to support achieving the objectives:

- **Training for work**: by engaging with providers to assess fitness for purpose of existing provision of courses to develop basic skills for working in Board organisations.

- **In-work progression**: by developing in-work approaches by Board organisations to support the progression of ethnic minority groups into first-line management; with consequent impact on organisations’ recruitment and retention processes.

- **Diversity tool-kit**: by helping Board organisations to address their diversity barriers by assessing their policies and processes, and developing a diversity tool-kit for use with first-line managers.
• **Diversity measurement**: through the design and development of processes within Board organisations to support the tracking of Fair Cities recruits.

• **Occupational skills development**: by designing and developing provision for customer service, admin and driving skills in the target groups, working with Sector Skills Councils.

• **Sectors**: by building individuals’ knowledge of the hotel and catering/retailing sectors, to assist them become job-ready (e.g. through job fairs etc.); and research individuals’ perceptions of the attractiveness of jobs in these sectors.

The 2006/07 Business Plan for Fair Cities Brent seeks to both consolidate and build on the achievements of the previous year. The ambitions for the second year are reflected in the two key aims. First, to make a measurable impact on the lives of unemployed ethnic minority groups by moving people from poverty into sustainable employment. Secondly, to work with employers to meet their skill shortages, by providing them with credible recruitment solutions, while at the same time increasing their awareness of the cultural diversity of potential employees. Fair Cities Brent expects to achieve these aims by engaging with more employers with larger numbers of vacancies, as it seeks to develop effective plans to target unemployed people in the three target wards, and to increase the number of participants entering sustainable work.\(^{44}\) To support the aims and objectives for the second year, Fair Cities Brent has focused equally on the three key participants in its projects.

On the demand-side, Fair Cities will embark on more effective marketing and employer engagement strategies in order to increase employer support and a commitment to higher numbers of vacancies. Fair Cities will also widen the scope of vacancies to ensure it is able to attract those people who are most disadvantaged and, therefore, furthest from the labour market.

On the supply-side, Fair Cities will seek to increase the participation of those beneficiaries with low levels of basic skills and whose first language is not English. In particular, it would seek to increase participation from the target wards to achieve a target of 65 per cent. At the same time, Fair Cities will develop and increase the flexibility and responsiveness of training providers to deliver demand-led training and employment products. It will seek to do this through structured payment to providers, while monitoring their performance, to ensure they achieve 70 per cent job entry and 80 per cent retention in work.

3.4.3 The Fair Cities team

Fair Cities Brent has a staff of seven in place, comprising:

- a Director;
- two Business Development Managers – with responsibility, at the start, to take on the liaison work with employers after the Director had made the initial contact; but increasingly initiating contact with employers themselves, as they have become more established in their roles. In addition, the Business Development Manager’s role extends to cultivating and managing relationships with local stakeholders (public sector, community and faith organisations, and training and employment partners) to ensure there is synergy with existing regeneration and employment initiatives;
- a Business Administration (Performance and Project) Manager – responsible principally for Fair Cities Brent’s MI systems. The role involves setting up systems for financial control, performance monitoring, quality control, monitoring and dealing with providers to ensure they meet their contractual obligations, and that their supervision of the target group is done at the expected quality;
- a Business Administration Support Manager – who is PA to the Director, and provides support for the whole team. The business administration support manager currently has responsibility for the maintenance of the FC Brent database; i.e. the presentation of management information, updating data from the referral agencies, and figures from each stage of the pipeline from week to week, and presentation of the information. This is often the first point of contact for queries to the office;
- an Administrative Officer;
- a Database Controller – with responsibility for inputting and updating data as they come in.

There are no plans currently to expand the team further. However, Fair Cities Brent intends to offer secondment opportunities to external organisations, in order to access a wider range of business skills and expertise. There have also been discussions with Fair Cities Board members, about getting people from their organisations to come on secondment to help develop Brent’s marketing, public relations and communications strategies.

3.4.4 The budget

The core EDMF budget for Fair Cities Brent is about £2.2 million. This is expected to fund the Pilot team, with the business plan targets bidding for the rest. There is an additional £4 million of ESF money. By the end of the financial year 2005/06, all projects had been supported from the core budget, with the ESF money not utilised yet. The main reason was that the process of spending ESF money involved going through a lengthy tendering process. But Brent’s pipelines were being developed at a rapid pace, and Fair Cities Brent’s priority was to meet the immediate needs of
those employers. According to the 2006/07 Business Plan, however, the ESF allocation of £3.6 million is to be spent on programmes for the rest of the Fair Cities project, starting in April 2006. Indeed, recent data provided by Fair Cities show that at the end of September 2006, a total of £150,000 of EDMF and £495,622 of ESF money was spent on the pipelines operating or operated to date. The forecast for spending, according to the 2006/07 business plan, is that £600,000 of EDMF and £2 million of ESF money would be spent on programmes.45

3.4.5 The Board

Fair Cities Brent has a strong Board, headed by Sir David Michels, former CEO of the Hilton Group. The rest of the Board is made up of representatives from: Royal Mail; Wembley National Stadium Ltd.; Marks and Spencer; Brent Primary Care Trust; John Lewis; North West London Hospitals; Quintain Estates and Development; Metropolitan Police Service; Grant Thornton Chartered Accountants; Cadogan Tate Group; BBC; Park Royal Partnership; Transport for London; First Group London; and Fair Cities. The Director of Fair Cities Brent also sits on the Board. At present, almost all the vacancies for Brent’s pipelines have been delivered by employers on the Board. The influence of the Chairman has been critical to the development of what is a strong Board. In particular, the Chairman has been able to get senior executives in large, national organisations which are based outside the borough onto the Board, such as John Lewis, as well as those that are based locally, such as Wembley National Stadium. While it is not urgent and desperate, because Brent has a very diverse Board, recruiting new members to the Board nevertheless appears to be an ongoing programme of work for the Director. The Director does not envisage that all Board members will have jobs.

There are currently no formally defined roles for Board members, although some helped in pulling together the business plan. It is hoped, however, that they would have an advocacy role within the supply chain. More importantly, employers who are not represented on the Board would not be excluded from having major roles in Fair Cities, as far as recruitment is concerned. It is likely that some Board members would want to be more involved than others. To all intents and purposes, it is up to the individual members to decide how best their services could be put to use. The Director is visiting board members individually to try and build up some relationships.

The Board meets about three to four times a year. But the Director has one-to-one meetings with individual Board members about every quarter, during which a lot of the discussions about the progress that Fair Cities is making are generated.

3.4.6 The delivery model

Employer engagement

The Director’s priority from the onset was to work with Board members who had offered vacancies in the planning stages. At the early stages of becoming established,
it was the Director who made the initial contact with employers. The two business development managers are now mainly responsible for developing projects with employers. In practice, it is still the case that it is the Director who makes a lot of the initial contact with employers. The Business Development Managers take over responsibility after this initial contact. Their respective roles are effectively an ‘employer-facing’ one, in the sense that they manage the entire relationship with employers after the initial contact. This involves, firstly, gathering general labour market intelligence, and looking at what occupations companies are having difficulty recruiting to. This latter is particularly important where the employer is already involved in some way with the welfare-to-work system, but still feels there are gaps with the Jobcentre Plus offering. Then, the business development manager would work with the employer to build a pipeline to address the problem.

Fair Cities Brent has so far concentrated on Board vacancies from large employers for the development of its pipelines. However, because Brent is a borough within a city, the Board has extended its remit beyond the borough, in order to attract the many employers necessary to make the initiative work as well as in the other two Pilot areas. The main stipulation is that the beneficiary group of jobseekers should be residents of Brent. This poses a potential dilemma if, for example, the employment opportunities on offer are located at such distance from Brent as to be uneconomic, in terms of, say, cost of travel.

There are moves now to include more small businesses. Indeed, the Chairman of the Board believes that ‘capturing’ large, successful organisations would also help attract smaller firms. For example, Fair Cities Brent has recruited to the Brent Board, the chairman of Park Royal Partnership, an association of over 160 small organisations located on the Park Royal business estate. These are the type of businesses which may not have many vacancies at any one time; or which necessarily have to operate much tighter recruitment policies; or which are more reluctant to take risks by taking on people with little or no labour market history. It is hoped, nevertheless, that the Board members would be able to persuade some of these smaller businesses to participate in the initiative by offering opportunities to the target group to apply for jobs with them. The Chairman believes that it is best to reach such small employers through intermediaries, such as the chairman of Park Royal Partnership.

Provider engagement

Fair Cities Brent does not have the sole responsibility for selecting providers. Purchasing is undertaken on its behalf by Jobcentre Plus. In effect, it is Jobcentre Plus that contracts directly with training providers. Fair Cities has worked with three main providers for the pipelines developed so far or which are under development. They are Community Systems, Kennedy Scott and Skills Training UK. In the wider context, Fair Cities is already becoming known among the provider network. The Director’s view is that Fair Cities is now an established part of the skills structure in Brent.
Beneficiary engagement

Fair Cities Brent had initial difficulties dealing with numerous referral organisations in the borough, as part of its task to engage with the beneficiary/target group that it intended to recruit to the pipelines. Consequently, Fair Cities Brent established a centralised referral system, and contracted out with a referral agency, Reed in Partnership, to co-ordinate its beneficiary engagement activities. The rationale was that it placed too heavy a burden on its staff to deal with the numerous agencies and referral organisations that wanted to engage with the Fair Cities initiative. Under what could be described as the 'Brent model', Reed In Partnership effectively undertakes sifting of candidates submitted by the different referral organisations, and make sure they meet the requirements of the relevant employer. There is some concern among referral agencies about the lack of transparency in the process of appointing Reed in Partnership as preferred contractor. There is concern, too, that contracting with Reed has necessarily excluded other well-established local expertise. It is quite possible that such concerns arise mainly from the disappointment of the agencies not being successful in what was an open and competitive tender process carried out by Jobcentre Plus.

Fair Cities does not appear to be well-known among the target group; but this is not entirely surprising, particularly because Fair Cities is not a delivery agency itself, and so has no direct contact with the beneficiary group. Fair Cities does not market itself in promotions, and beneficiaries often do not know that they are on a Fair Cities programme.

3.4.7 The pipelines

Fair Cities Brent has been successful in establishing a number of projects. They have all followed the demand-led model, with employers offering specific vacancies. The pipelines developed at the end of September 2006 are:

- **Telecommunications.** The pipeline started in February 2006, and is expected to end in February 2007. It is funded by an ESF budget of £77,825, with the employer offering 24 vacancies for field service engineers. Training is provided by Community Systems, and lasts one to two weeks.

- **Leisure/entertainment.** Two pipelines have been developed with this employer. The first was funded from a £20,000 EDMF budget, with the employer offering nine vacancies for customer service advisors. This pipeline was started and completed in November 2005. The second project was funded from a ESF budget of £38,913, with the employer offering 12 vacancies for Customer Service Advisors. The pipeline was started and completed in March 2006. Training for both pipelines was provided by Community Systems, and lasted two weeks in each case.
• **Police Service.** Two separate pipelines have been developed with the Metropolitan Police Service to recruit Police Community Support Officers (PCSOs). The two pipelines have involved five recruitment rounds, each of which has also been funded separately. The first pipeline is for ten vacancies, and involved two recruitment rounds. Each round was funded with a £36,000 EDMF budget. The first round started in October 2005 and finished in April 2006. The second round started in January 2006, and has an end date of December 2006. The training provider for both rounds of the first pipeline was Kennedy Scott, and the training for each round lasted four weeks. The second pipeline is for five vacancies, but has involved three rounds of recruitment so far, each of which is supported with an ESF budget of £16,214. The recruitment rounds started in January 2006, and are expected to finish in December 2006. The (training) provider for the second pipeline is Community Systems, and the training for each round is expected to last four weeks.

• **Public transport.** The pipeline ran from November 2005 to April 2006, with the employer offering 50 vacancies for customer service assistants/advisors. The total budget for the project was £223,825 (£13,200 from EDMF and £210,625 from ESF). The training was for between four and ten weeks, with Skills Training UK as the provider.

• **Postal services.** The development of this pipeline followed Royal Mail’s commitment to recruit young people to fill 20 apprenticeship vacancies. The project started in November 2005, and has an end date of November 2006. It is supported by an ESF budget of £64,854. The provider for the pipeline is Community Systems, and the training is expected to last two weeks.

• **Gas Installers Employer Forum.** The pipeline has been developed with a consortium of four gas companies to recruit eight gas installers. The project will commence in October 2006 and is expected to end in July 2007. The budget of £45,600 is drawn from the EMDF. A 12 to 15 week training programme has been designed, which is a mixture of classroom delivery, study and practical work experience with the employers. At the end of this period, and on successful completion of the course, all participants would receive ACS accreditation, and go into employment with the respective employers. Training will be provided by the specialist Gas Academy. At the end of September 2006, the course for this pipeline had not yet started.

• **Health care.** The pipeline started in January 2006, and will run for a year, with the employer offering 13 vacancies for care assistants. The budget for the project is £54,763, and is drawn from the ESF. Skills Training UK is the provider, and training is expected to last 12 weeks. At the end of September 2006, the course for this pipeline had not yet started.
3.4.8 Outcomes to date

Overall for Brent

MI data for Brent, drawn from the central database, is available for the period up to the end of September 2006. It is important to point out here that there is some difference between the figures from the central MI data and figures from the ‘real time’ performance management information held by Fair Cities Brent. This is particularly true of job outcomes from individual pipelines, where there is often a time lag in the capture of information centrally. For consistency with the other Pilots, however, the figures reported here are derived from the official MI data for Brent.

The data show that 610 people were originally referred to one of the Brent pipelines. A total of 547 people (90 per cent of those joining) were referred for assessment, out of whom 459 (or 84 per cent) were actually assessed to ascertain their suitability for the occupation. Following this assessment, 335 people (or 72 per cent of those actually assessed) were referred on to the next stage. Following further sifting of the candidates, 283 people (84 per cent of those referred) started their courses. Thus, approximately three out of five (62 per cent) of people actually assessed proceeded to a course. The data show further that 214 people completed their courses. It is not clear from the data whether some courses were still running and were not included in the overall figures. It is known though that 58 people left the course early. A summary at this stage, though, shows that a consistently high proportion of individuals were successful at each stage of the assessment process. In particular, three out of four (76 per cent) people who started a course stayed on to complete the course. On the other hand, the figures also point to a relatively high attrition rate in the cumulative stages. For example, fewer than half (47 per cent) of people who were actually assessed stayed on to successfully complete a course. Indeed, looking across the data, from the start of the process to this stage, just over a third (35 per cent) of the 610 people who were referred to the programme went on to complete a course.

The MI data also provide details about further outcomes for the participants. About three out of five of those who completed their course (129 people or 60 per cent) were interviewed for a vacancy from the pipelines. Around 80 were successful at the interview, with 70 of them going on to start the job. Another summary of the situation at this stage is that just under two-thirds (63 per cent) of people who were interviewed were successful at their interview. Furthermore, over four-fifths (86 per cent) of those who were successful at their interview also went into a job. Again,

46 It is quite possible that some of those joining would not be eligible – because, for example, they were not Brent residents – and would have been screened out at the very initial stage.
looking across the data from completion of course to this stage, only one-third (33 per cent) of people who completed their course were offered a job.\textsuperscript{47}

Lastly, the MI data provide some indication of the overall attrition rate for people who were successful in getting a job. It was anticipated that three out of four people (75 per cent) would still be in the job after 13 weeks. The retention rate at the 13-week stage, however, was significantly lower, at 57 per cent. The number of people still in a job after 26 weeks was only marginally lower than the forecast (seven people compared with nine forecast).\textsuperscript{48}

\textit{The target wards}

The MI data show that very few of the people joining the programme from the onset were from the target wards. Only 145 out of the 610 people joining came from Harlesden (47), Stonebridge (68) and Wembley Central (30). In other words, only about one in four Fair Cities candidates (24 per cent) were drawn from the target wards.

It is clear that the 70 jobs filled from the pipelines is far short of the 255 jobs expected to be filled in order to meet the short-term objective for 2005/06 set out in the first Business Plan for Brent. It is particularly notable that fewer than 30 per cent of people going into a job were from the target wards.

\textit{Data on pipelines}

There is slight discrepancy in the data on job outcomes from the MI and that provided about the pipelines operating or operated at the end of September 2006. The latter shows there were 77 people actually hired by a Fair Cities employer. The difference could be explained by candidates who were offered employment but have not yet actually started the job. The detailed breakdown of the data shows that: 24 people have been hired by the Communications Organisation; 21 by the Betting Firm; 16 by the Postal Services organisation; 12 by the Public Transport Organisation; and four by the Police Service.

\textsuperscript{47} It is quite possible, however, that the time lag between people completing the course and being interviewed or offered a job is not reflected in the data reported here. For example, the Police Service pipeline requires security checks on candidates to be carried out; which means there is a delay between people finishing the course and being interviewed.

\textsuperscript{48} It is here that the discrepancy between the central MI data and ‘real time’ data from Fair Cities Brent is most apparent. More recent data provided by Brent on the individual pipelines show a 100 per cent retention at 13 weeks on the Communications organisation; and 78 per cent retention on the Leisure/Entertainment firm.
3.4.9 Future plans

Fair Cities aims to fill 700 vacancies by March 2007. While it continues to look for new employers, it is also clear that Fair Cities is looking for repeat business from existing pipeline employers. Thus, new pipelines are under development with the Public Carriage Office to fill 100 Black Cab driving vacancies. It was expected this pipeline would start in September 2006.49

It is notable that the majority of vacancies have been from the public sector. Fair Cities is looking, therefore, to engage with a more diverse range of employers, particularly from the private sector.

Fair Cities will work on a collaborative project with Brent Borough Council Building One Stop Shop to fill 40 construction vacancies in social housing. Another collaborative project with a London Strategic Health Authority is aimed at placing six refugee medical workers in GP surgeries across the borough. In this project, six GP surgeries within the Brent and Harrow regions of London have formed a consortium of employers, each offering a position within their practice for a qualified refugee doctor. The person appointed would be expected to take on roles to assist the GP or practice nurse in their daily duties. The positions offer overseas medical personnel the opportunity to enter the NHS and gain valuable experience of UK medical practices. A three week pre-employment training course has been designed by Brent PCT and the London Deanery, which will incorporate clinical training, allied soft skills and an introduction to the NHS. There would be individual skills audits and assessments throughout. At the end of the three weeks training, it is expected the beneficiaries would go into paid employment with a named GP practice. It is also expected there would be ongoing training, development and support once beneficiaries are in post.

49 Fair Cities Brent Business Plan, 2006/07.
4 Employer engagement

This chapter focuses on the employer or demand-side of Fair Cities pipelines. Chapter 2 has already described the Fair Cities Boards, and discussed their role in terms of providing strategic direction to Fair Cities. The earlier chapter also touched on Board member companies’ participation in the pipelines. This chapter looks in more detail at the characteristics of these and other companies, as employers who have engaged with Fair Cities pipelines per se. The chapter begins by looking at the employer engagement mechanisms adopted by Fair Cities, and then goes on to provide an overview of the main characteristics of employers engaged in Fair Cities pipeline activities so far. The chapter explores the reasons why employers have engaged with Fair Cities, and questions their motivations and rationales for participation. The chapter then concludes by assessing employers’ roles in the pipeline process.

4.1 Recruitment to pipelines

Employer recruitment to Fair Cities pipelines is undertaken in three main ways:

- via Fair Cities personnel;
- via training providers; and
- via other intermediaries.

Overwhelmingly, the majority of employers coming into pipelines have done so as a result of the engagement activities of Fair Cities personnel. The recruitment of employers by training providers and other intermediaries seems a lot less common. These methods are explored below.

4.1.1 Via Fair Cities

All Pilots have dedicated and fairly well established employer engagement staff playing central and senior roles on the Fair Cities operational teams. Bradford and Birmingham each have an Employer Engagement Manager on the senior Fair Cities team, whilst two Business Development Managers share this responsibility in Brent. In addition to these dedicated posts, other senior staff, including Fair Cities
Directors, continue to play a role in employer engagement and support the Employer Engagement/Business Development Managers to do so. Whilst Fair Cities Directors spent a lot of time earlier on trying to market Fair Cities and establish pipelines, as the Pilots have become more established, and the teams more developed and settled into their roles, Fair Cities Directors have been able to step back from actively engaging employers themselves and no longer seem to perform this role to such an intense degree.

Fair Cities has been marketed and promoted in several ways, including:

- through Board member companies and related employer networks;
- Fair Cities launch events;
- production of branded marketing materials, flyers, newsletters, DVDs etc.; and
- publicity in the local press, radio etc.

In Birmingham, employer engagement activities have also been heavily supported by a Communications and Marketing Manager, who works with PR and marketing agencies to raise the profile of the Pilot, promote the Fair Cities brand and share good news stories.

The intention of all the marketing activities and materials discussed above is to raise awareness of Fair Cities and generate interest. Most of the interactions that Pilot staff have had with employers have been undertaken largely on a face-to-face basis, chasing up leads and following up marketing drives etc., and converting interest into pipelines and vacancies. Much of the employer engagement role is front-loaded and concerned with:

- building relationships with employers over time to ‘win’ business and convert leads into pipelines; and to
- ‘account manage’ and provide a liaison point between employers and training providers (and/or hubs in the case of Fair Cities Birmingham, see Section 3.3.6) to ensure that pipelines are progressed and that employers’ needs are met.

In addition to a proactive and targeted approach by Fair Cities engagement staff directly, the Pilots are also using word-of-mouth or a ‘snowball’ effect (whereby engaged employers recommend the Pilot to other employers through their own networks) to generate new business and Fair Cities pipelines. It is perhaps not surprising that at this early stage these indirect engagement methods are proving to take rather longer to bear fruit.

### 4.1.2 Via training providers

Although less common, there are some examples of training providers (in Bradford) and hubs (in Birmingham) engaging employers and generating interest in creating Fair Cities pipelines. In these examples, the Employer Engagement Manager becomes involved early on in the process (once providers and hubs have flagged up
employer interest) to check that employers fully understand the Fair Cities ‘model’, discuss their needs and to sign them up to the process more formally. Following on from this, Fair Cities hands over to the training provider, or the hub and subsequently the training provider, to take pipelines forward.

4.1.3 Via intermediaries

In our earlier visits to Fair Cities, it was anticipated that other intermediaries, such as Jobcentre Plus and Business Link, would take a role in marketing Fair Cities to potential employers as appropriate although there is little evidence of this happening on the ground in any systematic kind of way.

Essentially, it appears that Fair Cities is maintaining a tight rein on employer engagement activities. They have retained control of the employer engagement process to ensure that:

- the Fair Cities message going out to employers is a consistent one; and that
- the employer engagement process is inherently quality assured.

4.1.4 Building pipelines

The first meetings that Fair Cities employer engagement staff have with employers tend to focus on:

- gathering general labour market intelligence about the company;
- looking at the occupations and job roles that companies find difficult to fill, particularly at the entry level, although not exclusively;
- discussing the Fair Cities model and identifying solutions to recruitment difficulties, e.g. determining the need for, and broad content of, open days, and/or pre-employment training packages etc.

The employer engagement manager then works with providers or hubs (in the case of Birmingham) and employers to build an appropriate pipeline to address the identified recruitment problem (see Chapter 7). Fair Cities staff in all Pilots retain overall control and account management responsibility for the remainder of the pipeline.

‘My customer is the employer, so everything starts from that. But in order to meet those employer needs, there is a range of people [to work with]; there are communities, referral agency, providers…a lot of people involved. The employer is my customer, of course, [but] I have got to make sure that they [other people] are delivering what they should do according to those employer needs.’

(Fair Cities staff)

There seems to be some potential for overlap in the way in which pipelines are managed. The Fair Cities model requires a number of organisations to be involved in the process, including: the Fair Cities employer engagement manager, the
pre-employment training provider, (in the case of Birmingham) hub staff, and employers. Clearly, an issue for Fair Cities personnel is one of retaining control, assuring quality, and ensuring that employers’ needs are met at the same time as devolving responsibility to appropriate partners to avoid duplication of effort and resource.

4.2 Effectiveness of engagement strategies

There appears to be little hard evidence of the effectiveness of Fair Cities employer engagement strategies, in terms of any centrally collated MI data, and it seems that any learning on the activities that have generated, or are most likely to generate, pipelines is not systematically recorded, nor indeed is it formally exchanged between the Pilots. Many of the employers interviewed to date have reported a high level of satisfaction with Fair Cities and the pipelines that have been created and have gone on to provide repeat business, which indicates that the Fair Cities model in itself is a good one. It may well be the case though that, even under conditions of fairly buoyant demand and tight supply in labour markets, winning employers to a novel and unconventional approach is intrinsically time-consuming. Clearly, there is a lot of engagement activity being undertaken in the field, and Fair Cities staff are working hard to build relationships with employers to generate a greater throughflow of pipelines and vacancies.

Anecdotal evidence suggests a number of factors are associated with successful employer engagement:

- **Awareness of employers’ immediate needs** – it is important that Fair Cities managers are aware of the particular problems which employers are keen to address, what they hope to achieve from participation in Fair Cities.

- **Helping employers to identify the problem** – employers may need help to become aware of problems, for example, difficulties retaining some staff.

- **Offering a solution which is both credible and tangible** – senior managers in target organisations need to have a high degree of confidence that the Pilots can deliver exactly what they promise, and that it will be appropriate to their perceptions of their business needs.

- **The availability of support, advice and guidance** – particularly where engagement with the Pilots will lead to their recruitment from communities with which they are unfamiliar, and where their managers and supervisors may need help in dealing with a new recruitment cohort.

- **Maintaining ongoing communication between the parties** – an important part of the success of the projects so far is Fair Cities staff working closely with employers and providers or hubs to effect solutions.

- **Having clear roles and responsibilities for each partner** – identifying lead contacts within each organisation (Fair Cities, employer, provider, hub).
An important issue to raise here is the potential problem of over stimulating demand. There is widespread concern to maintain the quality of pipelines, in many ways to set Fair Cities activity aside from other ‘initiatives’, and this is proving to be resource intensive. If too much employer demand is created, it is questionable whether the Fair Cities teams, as they stand at the moment, have the capacity to respond and (account) manage the pipelines to the standard required to maintain employer engagement.

4.3 Employer characteristics

All pipelines that are now up and running are employer-led – that is, they are responding to the needs of employers and are all tailored to specific vacancies. To date, most of the employers who have actively participated, or are currently participating, in Fair Cities pipelines have been:

- Fair Cities Board members;
- large employers; and
- organisations operating in the public sector (for example, NHS Trusts, the police, local and city councils, and transport services), although there are also a number of private sector employers taking part.

Not surprisingly, the Pilots have drawn on Board member companies for much of their initial pipeline activity and this has certainly been the case in Birmingham and Brent. Fair Cities Bradford have found it much more difficult to generate pipelines from employers on their Board.

While there seems to be strategic buy-in to Fair Cities at the Board level, which is made up primarily of CEOs of (large) organisations, this commitment is not always shared by the Human Resource (HR) functions and/or the line managers with vacancies to fill within these organisations. This seems to be particularly problematic in Bradford. It seems to be necessary to get employer buy-in at several levels, including the one at which recruitment decisions are made.

In this respect, one employer commented:

‘I think [board members] were left to their own devices and we all provided brave words in terms of…I rushed back from my first meeting and said “I’m really interested in this, go away and make it happen”. My failing is that it hasn’t happened as well as I think it ought to have done…’

(CEO, Fair Cities Board)

In many ways, the failure to come up with vacancies is also partly a reflection of the local labour market. Bradford clearly has a different labour market from Birmingham, which enjoys a much more buoyant economy, and this may explain some of the employer engagement difficulties that Bradford has experienced.
Almost all employers who are participating, or have participated, in Fair Cities are large organisations, which in many ways is to be expected given the economies of scale of putting pipelines together for multiple vacancies. Large public sector organisations such as those listed above, and a smaller number of large private companies, including banks and building societies, call centres, utilities companies etc. are able to offer a greater volume of vacancies which makes the pipelines economically viable. However, given the employer base in the Pilot areas, and the high concentrations of Small and Medium Sized Enterprises (SMEs) therein, it seems pertinent for Fair Cities to look to ways in which they can respond to (currently unchartered and unmet) demand amongst these employers. Fair Cities Brent is beginning to think about how they can work with a network of smaller employers, to provide a pipeline which would result in a pool of recruits who could go forward for vacancies across several companies.

4.4 Rationale for employer engagement

The rationale for employers’ involvement in Fair Cities varied but seems to centre on six main issues:

- to provide a local and targeted solution to recruitment difficulties;
- the threat of skill shortages in the future;
- the need for their workforce to reflect the local population;
- the need for their workforce to reflect their customer group;
- the opportunity to draw on public funds to support (pre-employment) training activity; and
- Corporate Social Responsibility (CSR) agendas.

All Pilots are actively marketing Fair Cities as a solution to impending skill shortages, i.e. stressing the business case for involvement in the Fair Cities initiative, and Pilots are backed by hard statistical data on their local areas and labour markets, which employers are hard-pressed to refute. This certainly seems to be the rationale that Fair Cities is keen to promote amongst employers for developing pipelines – putting forward ‘the business case’ – and several employers reported that they were using Fair Cities for this reason.

’It gives us access to candidates that otherwise we wouldn’t be able to access; candidates that aren’t registered with mainstream agencies. Some of the candidates come through Fair Cities; it’s opened up a pool of applicants that hitherto we’ve not seen. From that perspective I guess you’re accessing part of the labour market that you haven’t been able to reach out to.’

(Call Centre Manager)

One major public sector employer was keen to use Fair Cities as it offered a more local solution to their recruitment difficulties. Historically, this organisation had
relied on central HR services to handle recruitment however, this was not found to be particularly successful: the central HR function could not respond rapidly enough; the employer felt that they did not have enough influence on recruitment decisions; and the centre did not understand enough about the local area to recruit a representative workforce. Fair Cities offered solutions to all of these issues.

Many employers were keen that their workforces more accurately reflected the local population, and perhaps more importantly, their customer base.

‘One of the challenges [the employer] faces is around its diversity agenda and representing internally the mix of cultures and people that it serves to transport around the organisation. I know that’s been a challenge for [the employer], so one of the ways to address that is working with different organisations such as Fair Cities; and we were particularly interested in the [Pilot] because of the geographical area it serves where we have struggled to find people of black and ethnic minority for particular roles.’

(Recruitment and Assessment Manager)

Another employer said:

‘It was a real good opportune time for us to start to talk to [the provider] because for me their motives for wanting to place people really inspired me…They’re trying to place people with the right skills into the right jobs for a different motive which is really what sells this for me. I saw the real motivation and passion to get local people into what is regarded as being a good, secure employer. I could see [the provider] getting really excited about it; the fact that he could picture people that had been into his office that would love the opportunity to work with us. That’s excellent.’

(HR Manager)

Some employers were also keen to be seen by local people to be a ‘good employer’ and felt that Fair Cities provided an opportunity to gain a better reputation in ethnic minority communities which could ease recruitment difficulties.

Of course, the need to recruit from a diverse population, meet targets for recruiting from local disadvantaged populations and other issues related to CSR are key drivers for public sector organisations and some large companies, who make up the largest share of Fair Cities pipelines. Many HR representatives talked about their need to build a diverse workforce and this was their primary rationale for using Fair Cities.

We found at least one example of an employer becoming involved with Fair Cities because, or at least in part because it provided a source of funding (or free training). In many ways, this example shows the opportunistic nature of some employer engagement:
‘Fair Cities seems to be a high profile, national project. There are some advantages in being linked with that kind of work... It was important we got something moving as quickly as we could. There were issues around sustainability, but we are going to be here for at least another six months and probably beyond that... I wanted something that was high profile, that could deliver the goods and was clearly able to draw down funding for us for stuff we wanted to do.’

(Primary Care Trust)

In addition to offering and building vacancy pipelines, Fair Cities also has a role to play in helping companies to promote and manage diversity. Many respondents felt that this was an important role for the Pilot although there is less evidence of much activity in this area on the ground. In part, this is because the emphasis for all Fair Cities Pilots at this stage has been to get vacancies and pipelines up and running, but in addition, the Fair Cities model envisages this kind of support for employers as being delivered through pipelines rather than independently of them. However, Fair Cities Bradford has now developed a toolkit for employers to use to help them manage particular diversity situations, such as time off for religious purposes, which has been tested and signed off with employers. Fair Cities teams in all Pilots are also working with companies to challenge and make job descriptions and job specifications more reflective of what the role requires, and to ensure that employer recruitment practices do not discriminate.

4.5 Role of employers

4.5.1 Extent of employer involvement

Much of the employer engagement activity so far has begun initially with contacts with Board members, usually at the CEO level. It has then been necessary for Fair Cities personnel to work through them to engage the relevant HR staff and to start building working relationships and pipelines. The Management Information (MI) data and results so far confirm that this has taken some considerable time. It is often the case that decisions are made at a senior level within companies but that Fair Cities then has to start working with operational staff to actualise the pipelines over a period of weeks and months.

The degree of employer involvement in the pipelines has varied and has ranged from minimal engagement, whereby the employer provides a job specification and a number of vacancies but then does not get involved again until interviews are held, through to a much greater degree of hands-on activity. Some pipelines involve Service Level Agreements between employers and Fair Cities, where the roles and responsibilities of each party are formally stated. In these examples, employers are involved heavily from the very beginning, in relation to:

- providing the job specification and all supporting material;
- working with Fair Cities and training providers to design the pre-employment training;
• playing an active role in delivering the pre-employment training (with training providers), holding sessions with potential candidates over a number of weeks;
• devising recruitment criteria;
• involvement in sifting job applications; and
• carrying out final interviews.

This level of involvement works well when supported by a well-staffed company HR function; however, there has been at least one example of an HR director taking on this responsibility alone, which did not work well. The key here is to ensure that the Fair Cities pipeline solution will result not only in vacancies and job outcomes but also that the employer is signed up to, fully aware of, and can adequately respond to their role in it.

With the exception of some early pipelines in Bradford, all pipelines created by Fair Cities have responded directly to the offer of real interviews for real jobs. The general model across all Pilots seems to be that employers have offered a maximum number of vacancies to Fair Cities, and that pipelines have then been designed to produce a number of candidates who can go forward for interview. There is no evidence of vacancies being ring-fenced purely for the exclusive access of Fair Cities beneficiaries, nor indeed is there any evidence that recruitment standards are being downgraded to ‘make allowances’ for the human capital deficiencies of Fair Cities beneficiaries. The intention of Fair Cities is to devise pipelines that will deliver beneficiaries (or job candidates) who have the right skillsets, motivation, aspirations and interview skills to meet the job criteria. As discussed above, Fair Cities staff may have challenged employers with regard to their job requirements, and their attitudes towards a diverse workforce more generally, but Pilots have been quick to refute the suggestion that Fair Cities beneficiaries receive any ‘special treatment’ in any way. Moreover, Fair Cities beneficiaries are not automatically guaranteed an interview; rather the model seems to be that employers will guarantee access to the selection procedure to those who successfully complete the pre-employment phase, and who meet the job criteria and specification.

4.6 Summary

• The main methods of employer engagement across all Fair Cities teams are: direct via Fair Cities personnel; via training providers (and hubs) and, to a much lesser, extent via other intermediaries, such as Jobcentre Plus and Business Links.

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50 There is some limited evidence of Pilots succeeding in getting employers to express or measure their requirements in different ways, more applicable to candidates who may lack formal qualifications however (see Section 7.2.3).
• Fair Cities is marketed to employers in a number of ways. Launch events have been held, and marketing materials developed. However, the main ways in which employers become interested is through Board member companies and recommendation, or more commonly as a result of face-to-face employer engagement activities on the part of Fair Cities staff.

• The primary roles of employer engagement staff are to build relationships with employers and turn interest in Fair Cities into vacancies, and to account or project manage the pipelines.

• Employer engagement staff facilitate relationships between employers and providers (and hubs), and oversee these relationships during the lifecycle of the pipelines.

• Employers engaged in Fair Cities thus far have tended to be members of the Fair Cities Boards, particularly in Birmingham and Brent but less so in Bradford.

• Fair Cities is most likely to attract participation amongst large employers. Very few SMEs have taken part in any of the Pilots.

• The key engagement hooks for employers are: to overcome skill shortages; to provide a targeted employer-specific recruitment solution; to ensure the workforce reflects the local population and key customer groups/service users; to draw down public funding; on the grounds of corporate social responsibility.

• Employers are involved to different degrees in the pipelines. Some are involved only to the extent of clarifying job/person specifications, selection criteria and interview arrangements. Others are actively involved in the substantive content of pre-employment training. Broadly, this reflects differences in the scope of the different pipelines.

• Generally, across all Fair Cities Pilots, employers are guaranteeing to consider all those successfully completing provision, rather than guaranteeing to interview all entrants to pipelines.

• All pipelines are offering a number of real jobs but there is no evidence that vacancies are ring-fenced to provide exclusive access for Fair Cities candidates.
5 Provider engagement

This chapter looks at the role that providers play in the Fair Cities initiative. The emphasis here is on how the Pilots have found and deployed training providers to meet their particular requirements. These differ in major respects from those required for mainstream provision, most importantly perhaps in the need to devise and deliver training and job-preparation content customised to a particular employer’s requirements, rather than to the promotion of generalised employability. We are not therefore concerned here with the ways in which providers engage with beneficiaries, which is covered in Chapter 6. Rather the chapter focuses on two important aspects of the Pilot/Provider relationship. It starts by looking at the kinds of provider engaged by the Pilots, which is defined by the role they are expected to play. It then goes on to examine the contractual arrangements put in place to regulate the relationship between the Fair Cities Pilots and their training providers.

5.1 Characteristics of providers

The Pilots do not have a free hand in selecting providers, in determining exactly how they are to be commissioned and regulated. The necessity to procure these services through their Managing Agents, in Birmingham and Bradford, and through Jobcentre Plus in Brent, means that their choice is largely restricted to providers accredited to work for those organisations, and that the ways in which they are to be selected must accord with those in place for these larger organisations.

The use of the Managing Agents for procurement has sometimes been difficult, both in terms of the time taken by Fair Cities staff to understand the system, and then to make it work for them. However, it seems to be the case generally that where Fair Cities has been most proactive in setting and explaining the job specification, these procedures have worked quite effectively, in terms of both the volume and the ‘right’ kinds of provider, with whom the Pilots can work well.

51 Providers can bid for accreditation in parallel with their bid for a contract and would be treated in exactly the same way as an existing accredited provider. They would, however, have to secure that accreditation in order to fulfil the contract.
This is not to say that there have not been difficulties. In some instances, the Managing Agent’s own contracting rules or conventions have imposed substantive restrictions, for example with the Learning Skills Councils’ (LSCs’) requirement to deliver a qualification. In another example, one provider, who is a social enterprise noted that to become an LSC approved provider an organisation has to carry out a risk assessment one part of which is that the organisation has to be financially viable. This could create difficulties if, for example, a social enterprise, or other training organisation, did not have the reserves to cover a proportion of that contract if it became necessary to claw back monies.

However, there does also seem to be some flexibility within the system; albeit a flexibility which takes time and effort to secure. So, for example, the Fair Cities teams can contract with providers who are not on the LSC approved providers list so long as over time they will become an approved provider. One provider commented that the Fair Cities team had to ‘work around rather than through the LSC contracting system’ so that they could work together. In this particular case, the provider is handled as high risk and one of the LSC directors signed a risk waiver. The team has little concern with this approach given their assessment of the provider. Furthermore, the outcomes based nature of payments (see Section 5.2) contain the Pilot’s financial exposure if a particular provider does not deliver.

There have been some differences between the three Pilots in both the ways they have approached contracting with providers, the kinds of provider they have used, and their experiences in doing so. Furthermore, in both Bradford and Birmingham, there are interesting innovations under development, which may make their future use of providers quite different from that which the first year of operation has shown. For these reasons, we discuss each in turn below. However, there are common themes and experiences, and it is worth picking these out first.

The Pilots have generally found that medium-sized, independent providers have been both most successful in winning Fair Cities contracts, and in delivering against them. These have usually been either private, commercial businesses or community/not-for-profit organisations, and there is some consensus among Pilot staff that they been more successful because on the one hand they are commercially-minded (and so have understood and responded quickly to Fair Cities’ need for short intensive customised training) and on the other hand, because they have had the capacity to deliver against these contracts.

A common characteristic of providers in all three Pilot areas is that they have a history of working in their respective areas, and with the same client groups as the Pilots. Thus, many training providers in the three Pilot areas are simultaneously, and often, predominantly engaged on running Jobcentre Plus or Employment Zone provision, for example, the New Deals and latterly, the Working Neighbourhoods Pilot, although there are some exceptions to this. It is sometimes their past performance in delivering such provision that has been an important selection criterion in demonstrating both competence and capacity to deliver. Indeed, some providers, in
Brent for example, have been commissioned for their Fair Cities project through a variation of an existing contract with Jobcentre Plus.

By contrast, some larger providers of mainstream welfare-to-work contracts have been both less flexible in what they could deliver, and slower to grasp the essential difference posed by Fair Cities’ requirements (i.e. for customised training content specific to a particular employer). At the same time, there is a dearth of minority-led organisations among the training providers52, and this seems to be due to them not having either sufficient capacity to deliver the training on the scale that is required or not having a sufficient familiarity with the expectations of the (generally) big recruiters targeted by Fair Cities, or both.

Similarly, the Pilots have not engaged significantly with Further Education (FE) colleges and other more formal providers of education and training. In part this seems to be a consequence of scale; Fair Cities provider contracts tend to be small and fragmented, and may simply not have been worthwhile for these bodies to pursue seriously.

In some instances the utilisation of known providers by the Pilots appears to be driven by expediency rather than by design, given the often short lead-up time between developing the pipeline and delivering the employers’ training. This has the (potential) advantage, at least for the Pilots, of meeting the employer’s needs quickly. There seem to be few new ‘players’ in all three Pilot areas, even though providers may now be working within new frameworks, such as Jobs and Work Skills (JAWS) (Bradford; see Section 3.2.4) and the hubs (Birmingham; see Section 3.3.6).

The capacity of providers to build relationships with the employer are also an important facet of their attractiveness to Fair Cities, since it is through them that the relationship with the employer will operate at the practical level. Existing providers who are additionally able to bring in their own employers have the in-built advantage of an already established, often good, relationship between the provider and employer which is evidenced by repeat business between providers and employers. There is, though, some anecdotal evidence which attests to some potential disadvantages of an over-reliance on existing training providers. Indeed, there are examples in two of the Pilot areas where providers have been changed because the pipeline did not work satisfactorily. Providers must be able to work with, and understand the needs of employers, and respond accordingly if the demand-led model is to succeed and existing providers may need to change their approach. Some providers have experienced problems when delivering demand-led training. In some cases the providers selected for the pipelines had no previous experience of delivering training that was specific for the particular employer; and so had initially embarked on providing training they knew best – a generic supply-led course:

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52 This does not apply to the outreach and beneficiary-engagement roles, where minority-led and community-based organisations have been much more prominent. Fair Cities have worked with some ethnic minority-led providers, for example, LEAP in Brent, and Urbanbiz in Bradford.
‘One big problem was us. We were delivering it too much like a Jobcentre Plus programme. Too much as a “here are 15 people who need to find work; let’s prepare them for the world of work”, and not “here are 15 vacancies… as call centre operatives, and here are 15 people we need to prepare to be interviewed for that”. We weren’t going employer-led.’

(Training provider)

The Pilots have the flexibility to appoint new providers in these situations, and there are clear examples of this being done. Although unfortunate, this does not seem to be terminal on the part of the employer, and at least one employer in this situation went on to offer further vacancies to their pipeline, albeit with a different provider.

Finally, there is certainly no indication as yet that Fair Cities has brought about any radical shifts in the supply of training provision in any of the Pilot sites. In part this is because it is far too soon to expect such an outcome, and because the total spend of each Pilot remains quite modest in relation to mainstream spending on training and welfare-to-work provision.

5.1.1 Bradford

Until recently, providers in Bradford had been contracted and managed directly by the Fair Cities team. Some of these contracts have now ended, but others will continue to meet demand from Fair Cities employers throughout the lifetime of the Pilot. In addition though, Bradford is now starting to experiment with the use of a third party to manage and co-ordinate providers on their behalf.

Thus, in Bradford, European Social Fund (ESF) money has been contracted out under a ‘theme chest’, whereby one sub-contractor is responsible for the direct management of providers, with the Fair Cities team in turn managing this one organisation. The JAWS contract has been sub-contracted in this way. JAWS is intended to provide individuals with job-specific and work-specific skills, and aims to deliver 1,100 job outcomes, with the support of ESF funding worth £3 million. The contract, which went out to competitive tender, was won by Careers Bradford. This organisation now has the role to oversee the delivery of training, and manage the sub-contractors delivering the training, rather than to deliver the training themselves, although they can appoint a subsidiary of their own organisation to deliver. In effect, Careers Bradford are sub-contracting provision to a range of providers to deliver skill training to meet employers’ needs, and to secure job entries. They receive a management fee for doing so, and the Fair Cities Bradford retain overall management responsibility of the JAWS contract. At the end of September, Careers Bradford had contracted with six training providers.

Another raft of provision was planned in Bradford under the umbrella of ‘Jobs Find’. Also supported with ESF funding, the contract which is worth £2 million, and was planned to deliver 1,000 job entries. The Jobs Find provision was intended to provide more light-touch interventions with beneficiaries. Although the contract for Jobs Find was tendered, none of the applications received were successful and the
contract had, at the time of the research, been put out for re-tender, but again without appointing a contractor. This has obvious implications for the number of job entries that Bradford Fair Cities has capacity to deliver.

5.1.2 Brent

Provision in Brent is quite straightforward. Fair Cities Brent works through Jobcentre Plus to undertake procurement, and there is a joint responsibility for selecting and contracting with providers on behalf of Fair Cities. The relationship between Fair Cities and providers is also straightforward. Providers have no role in bringing in employers, and focus exclusively on delivering pre-employment training. The contract between Jobcentre Plus and providers is generic rather than specific which means that providers can get involved in different types of pipelines, and are not restricted to one sector; or can be engaged for assessment purposes (for example, of basic skills) and then to deliver training directly. Fair Cities monitors training provision to provide important Management Information (MI) on how the Pilot is working with particular providers and pipelines. To date, Fair Cities Brent has engaged three private sector training providers on its different pipelines.

5.1.3 Birmingham

Birmingham provides further contrast with the other Pilots by operating through intermediary ‘hubs’. Hub intermediaries are mainly sector-based, for example, there are specific retail and health hubs currently in place. In effect, the hub intermediaries act as agents for Fair Cities in their interaction with employers and pre-employment training providers, and in creating employment outcomes for individuals. At a practical level, the Fair Cities employment engagement manager would, together with hub representatives, meet interested employers to discuss their needs. The hub representative would then initiate development of the pipeline with the relevant employer and training provider, while the Fair Cities employment engagement manager oversees (project manages) the process. Hubs are staffed, as discussed earlier, usually in a tripartite arrangement between the LSC, Jobcentre Plus and the City Council, and have a focus on overcoming disadvantage more broadly. Fair Cities is an element of their work, albeit an important one, but they operate city-wide and provide similar recruitment services to employers in their respective sectors. The hubs engage with Fair Cities on the basis of Service Level Agreements, whilst training providers, who deliver the pre-employment training for pipelines are contracted directly by Fair Cities. These providers are drawn from across the broad spectrum of public, private, voluntary and community sectors.

It remains though, that Fair Cities is engaging with the existing provider networks in all the Pilot sites, most of whom are drawn from the private, community or voluntary sectors. Although to date it is only in Birmingham where colleges have played any significant role in offering pre-employment training courses, Bradford college has recently been appointed via the JAWS contract so the mix of training providers is likely to change over time.
5.2 Contractual and control issues

The capacity to control and direct provision through contractual and other relationships with their various providers is obviously a critical consideration, since not only are the Pilots trying to do new things in new ways, but also, the providers occupy an important place in the Pilots-employer relationship. As the sections immediately above demonstrate the pace of change and learning in this area is quite marked, and it will be interesting to see how the Pilots manage relationships with training providers over time. In all the areas it has taken some considerable time to put contracts in place and the real job of managing these relationships is really about to start.

Fair Cities have placed a lot of emphasis on the use of performance-related contracts to secure provider compliance. Again, while there are differences between the three sites, and between one contract and the next, provider payments tend to be up to about 70 per cent for job entry and retention, and this is expected to be the main driver of provider performance.

- Brent has a well-defined model. The payment structure has four components, and is broken down into: a payment for the beneficiary starting, then a fixed fee for the training delivery; and additional payment for the beneficiary getting a job. There are two separate payments for a job outcome, triggered when the beneficiary has been in work for so many weeks (13 weeks) and so many weeks again after that (26 weeks). In terms of respective proportions, the provider is paid 30 per cent of the fee for a start, 50 per cent for a job outcome, ten per cent on 13 weeks’ continuous retention, and ten per cent at 26 weeks.

- The underlying aim of the payment structures used in Birmingham is to incentivise providers towards achieving job outcomes, whilst at the same time providing sufficient resource to fund the different elements of pre-employment provision as it happens. Contracts between providers may differ slightly depending on the particular pipeline and the numbers of beneficiaries expected to go through, however, payments are triggered at a [wide] variety of points including: course starts; course completers; numbers achieving an accreditation; numbers securing job interviews; and job starts.

- Payment arrangements in Bradford are similar to Birmingham in so far as they differ according to the provider, and the type of training that is being put in place. Providers with more extensive training might have some money paid upfront. Overall, payment is on outcomes, such as number of application forms, number of interviews, number of job entries and then retention at 13 and 26 weeks. After verification payment is triggered.

The outcomes based nature of the payments, while incentivising the training provider to focus on employer needs on one hand also means there is a potentially large risk for the provider, and possibly issues with cash-flow, particularly for smaller providers or providers with less reserves. Indeed some providers felt that other contracts had been subsidising their work on Fair Cities to date.
The Pilots themselves take a somewhat different view, which places more weight on the degree to which beneficiaries are being prepared for known vacancies, and so the chances of securing job entry are likely to be higher than mainstream programmes (with which as we have seen, most providers are familiar). This may be a reasonable position at the outset, but as we will show in Chapter 9, there have in fact been very serious blockages in, and leaks from, early pipelines, such that job entry rates have so far been much lower than anticipated.

Providers have experienced some problems with regards to the mechanics of the contracts themselves; in particular the funding arrangements. In some instances, providers are not paid at all until they have a beneficiary start on a programme. This, it is suggested, does not take account of the costs incurred by providers when there are delays in starts, e.g. paying for suitable premises and maintaining dedicated staff for the pipeline. In some areas too, the difficulty of securing good information from employers to provide evidence of job outcomes, means that providers are not able to make a claim for any money until such evidence is available. In some cases, internet-based application forms make it difficult for the provider to gain evidence that an application form has been submitted. In others, the lack of a single point of contact within the employing organisation who might provide this evidence, means that there have been cases where the provider has had to spend a great deal of time chasing line managers to get the relevant paperwork.

Payment regimes are not the only means of influencing provider behaviour of course, and all three Pilots have tried to set very clear performance expectations in the specification, in the Service Level Agreement which derives from it, and in the post-tender negotiations. These are seen as means of setting expectations from the start, while a real time MI system is intended to monitor ongoing compliance and outcomes at the level of each pipeline and provider.

Some concerns have already been raised by providers about contract management on the part of Fair Cities or their representatives:

‘One of the other criticisms I would have of Fair Cities is that it’s very clear that Fair Cities are under a lot of scrutiny. We know they are because they put us under an awful lot of scrutiny as well. It is incredibly time consuming as a contract to run. Fair Cities want real time information but they then want to call a meeting, an appointment, drop in, come round and see us; have a chat, spend two hours on the ‘phone. They are very demanding of management time and I don’t think they would disagree with that.’

(Training provider)

It is still early days but issues of quality control, responsiveness of providers to employers’ needs, and Pilot/employer/provider relationship management will need to be revisited. It goes without saying that clear roles and responsibilities for each ‘party’ will be required to ensure smooth pipeline processes.
5.3 Summary

To date, it seems clear that the Pilots have experienced little difficulty in securing sufficient and broadly satisfactory provider interest to support the pipelines which they have wanted to build.

Although rather cumbersome, procurement procedures have worked quite well, in terms of securing both the volume and the ‘right’ kinds of provider, with whom the Pilots can work well.

Medium-sized, independent providers, either private, commercial businesses or community/not-for-profit organisations, comprise the bulk of providers to date.

By contrast, some larger providers of mainstream welfare-to-work contracts, community-based and ethnic-minority-led organisations, and other more formal providers of education and training (such as FE colleges), have been much less engaged with the Pilots’ work.

There is evidence from all three Pilots of significant learning from their first experiences of orchestrating providers, with plans to move from these bi-lateral contracts to more sophisticated and tiered arrangements in future.

Pilots have placed a lot of emphasis on the use of performance-related contracts to secure provider compliance. While there are differences between the three sites, and between one contract and the next, provider payments tend to be up to about 70 per cent for job entry and retention, and this is expected to be the main driver of provider performance.

It is uncertain how robust or attractive such a regime will remain in the light of the rate of job entries actually secured and the difficulties of evidencing them.
6 Beneficiary engagement

This chapter deals with the way that the Fair Cities Pilots recruit beneficiaries to the programme. It is divided into four parts, as follows:

- It begins by looking at what the Pilots are doing, i.e. who is responsible for engaging beneficiaries in the first place, how they go about it, and how successful they have been.

- It then goes on to examine the characteristics of the beneficiaries themselves; some of these characteristics are discussed at greater length in Chapter 9, in so far as they relate to specific targets that the Pilots are seeking to attain (e.g. ethnicity, distance from the labour market, benefit status, and whether or not located within the target wards, etc.). The discussion here focused more closely on the characteristics required or expected of beneficiaries by employers (i.e. the extent to which they map onto participating employers’ recruitment and selection criteria) and more particularly on the extent to which they might be regarded as job ready.

- This is extended to consider how far such employer requirements influence the success or failure of different beneficiaries as they seek to leave the pipeline and enter work.

- The chapter concludes by assessing how successful or otherwise the different methods of engaging with beneficiary across the three Pilots are in what they set out to do.

6.1 Recruiting beneficiaries to the Pilots

Fair Cities is a voluntary programme; beneficiaries may only be attracted, they cannot be compelled. This sets the issue of beneficiary targeting in a more difficult context from a mainstream compulsory programme, under which mandation largely resolves (or should do) any conflict between eligibility and participation. Fair Cities has essentially two means of influencing the kinds of people who flow through the pipeline. The first, by selective invitation, is a relatively weak one, although active marketing can focus more strongly on certain groups more than
others. The second, selective filtering of applicants, is much stronger, but is beset, as we will show below, by a potential disparity 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 bet.

### 6.1.1 Beneficiary eligibility

The issue of eligibility for entry to the Pilots seems to have been approached in a fairly similar and flexible way across all three of the Fair Cities Pilots. As we have shown in Chapter 2, Fair Cities is directed towards people living in (the most) disadvantaged wards in Bradford, Brent and Birmingham, and areas where there are significant minority populations. It is this combination of economic deprivation and disadvantage, and high levels of ethnicity, that have determined the location of the Fair Cities Pilots.

Beyond this primary orientation, the Pilots have all adopted a secondary principle of non-exclusivity. Thus, whilst Fair Cities is primarily focused on getting people from minority communities into work, and on in work, the Pilots are not being restricted exclusively to people from black or minority ethnic groups. There are a number of reasons for this, not least because of equal opportunities, but also because it would be morally unacceptable to target sub-sections of the resident population. White people also face severe disadvantage in these areas, and there is a widespread belief amongst Fair Cities personnel and key stakeholders that all eligible residents, irrespective of ethnic background, should be able to participate.

Furthermore, none of the Fair Cities Pilots intend to be unduly strict about geographic boundaries either, and so residents from neighbouring wards will also be able to take part. The rationale for this approach is again one of inclusion. There is no desire to exclude anybody who is eligible because they live just outside the Fair Cities wards.

The third eligibility criterion is worklessness. Thus, it is not the case that the Pilots are actively targeted on longer-term unemployed or on inactive individuals; it is sufficient that they are not in work when they are considered for eligibility, regardless of whether they are claiming benefits or not, whether they are active jobseekers or wholly inactive economically, or how long it might have been since they last worked. There are no age limits to participation.

### 6.1.2 Approaches to beneficiary engagement

At the time of our initial interim report, in late 2005, beneficiary engagement had not been a major priority, since few pipelines had been commissioned at that time, and it was clear to everyone that (a) the proximity of real tangible job opportunities was to be a major ‘draw’ in attracting potential beneficiaries, and (b) it would not be sensible to keep people waiting for long periods for a pipeline to start once they had signed up. 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. The strong brand-led marketing approach to
putative employers was not intended be reflected in the Pilots’ approaches to potential beneficiaries.

In addition, at that time, there were some concerns about the extent to which potential beneficiaries would be attracted to the Pilot offer, since it had not previously been tested, and certainly not in these target communities.

Since that time, the background, capacity building of the Pilots has given rise to three active, and broadly successful approaches to recruiting beneficiaries. The original worries about the attractiveness of the offer have proved unfounded, and there has been little difficulty in securing satisfactory volumes of joiners. In part, of course, this has been due to the relatively slow progress in developing pipelines (see Chapters 7 and 9) and the associated modesty of the numbers actually required. The extent to which they are the right joiners is discussed later in this chapter. For the moment, we will focus on the ways in which beneficiary engagement has been organised.

The three Pilots have developed quite distinct methods to engage and recruit beneficiaries to their programmes. It is possible to distinguish three broad approaches. One of them maps onto one of the Pilots; this is the Brent model. The other two are both demonstrated in some measure by the other two Pilots.

In summary:

• The Brent model 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 is operated in both Birmingham and Bradford, and here the emphasis is on integrated pipelines, with each training provider also carrying out their own beneficiary engagement.

• The In-house model, also used in Birmingham and Bradford, has a Fair Cities staffer, acting in 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.

It is too soon to begin to say which works best, as experience with each approach is limited and has not yet been tested with big volumes of beneficiaries and multiple pipelines. It seems also likely, particularly in Birmingham and Bradford, that the emphasis between one or another approach, may switch over time in line with their developing experience.

The ‘Brent’ model

Fair Cities Brent has developed and established what is effectively a centralised referral system, which it has contracted out to one referral agency. Fair Cities Brent had initial difficulties dealing with the numerous organisations in the borough that
were referring their beneficiaries to be recruited to the pipelines under development. Their conclusion was that the amount of work required to deal with the different referral organisations was too much for the small staff employed by the Pilot. It therefore contracted out with a referral agency, Reed In Partnership, to co-ordinate all such referrals. Reed In Partnership effectively undertakes the sifting of candidates submitted by the different referral organisations, and makes sure they meet the requirements of the relevant employer before passing them on to the other stages of the recruitment process.

There is some concern among referral agencies about the lack of transparency in the process of appointing Reed in Partnership as preferred contractor. Concern has been expressed variously in terms which suggest that this contracting out to central agency has been for reasons of expediency rather than design; i.e. because of the need to find beneficiaries quickly for the employer pipelines. Critics of the Brent model have argued that in centralising its referrals, Fair Cities Brent has necessarily excluded other well-established local expertise from the recruitment process, thereby also excluding potential candidates who are clients of those organisations. It is not easy to separate out how far these represent genuine concerns about beneficiary selection bias, and how far they represent only turf wars and a concern over financial dispositions. Fair Cities Brent recognises the potential exclusivity of the single referral co-ordinator but see it as the best pragmatic approach to meet their current needs.

Two advantages of the model, so far as Fair Cities is concerned, seem to be:

- that having a single point of communication, both for agencies wanting to place people on the programme and for the Pilot to communicate priorities and monitor results, are undoubtedly advantageous; and

- that separating out assessment/selection from provision provides a more satisfactory basis for even-handedly selecting beneficiaries who meet the target characteristics than handing the job over to an outcomes-funded training provider.

There is also some evidence to suggest, though, that where necessary, the Brent model has been modified by the specific requirements of the employer. For example, for the development of the first Ladbrokes pipeline, the beneficiaries were recruited through a variety of sources, including IAG providers and people calling a hotline established for that purpose.

As noted below (Section 7.1.1) Fair Cities Birmingham were planning to develop a range of outreach support providers with the ability to penetrate local communities and, through other community-based organisations, to attract beneficiary from the Fair Cities wards. This approach may develop into something closer to the current Brent model than presently exists in Birmingham.

The provider-led model

Fair Cities Bradford operates a dual method of recruitment, but in its principal method, providers are responsible for undertaking community outreach work to
find participants for the pipelines. In practice, this involves working with community centres and voluntary organisations, including mosques, to engage with potential beneficiaries. Indeed, it is providers who are responsible for marketing recruitment days in the local community.

The advantage here is a potentially closer integration between, and alignment of, the assessment of joiners’ aptitudes, competences, etc. and the expectations of the employer. It may also be that, working with two known quantities (on the employer and the beneficiary side), the provider is more readily able to customise provision to bring them into alignment.

The concern is that the provider will lean closely towards the employer-needs side of the equation by effectively ‘creaming’ relatively job-ready applicants, while simultaneously, and profitably, reducing their training spend.

The in-house model

Birmingham provides a contrast with both Brent and Bradford, by retaining direct management of providers in-house. In Birmingham, a Fair Cities community engagement manager has responsibility for developing contacts with community group organisations as conduits for the recruitment of beneficiaries. At the same time, however, sectoral hubs themselves also market vacancies, using their own community engagement co-ordinator to attract potential recruits. For example, for the Heartlands Hospital pipeline, the co-ordinator’s role was to approach Jobcentre Plus, Working Links, Pertemps, community organisations and faith groups, to bring individuals in. By working closely with the hubs, Fair Cities Birmingham has built an extensive database of community contacts and organisations, including faith groups, with well-established links in their communities and the target wards. Those contacts are used to promote opportunities and recruitment events. In September 2006, Fair Cities Birmingham was about to introduce an outreach model, intended to contact potential 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.

In Bradford, too, Fair Cities has developed the role of its project administrator to include community engagement. The intention is that the community engagement manager would add value to what the providers are doing, by making sure that as many community groups as possible are linking in with the provision. In discussions with Fair Cities, it was pointed out that the community engagement manager was considering establishing a Fair Cities community partnership to enable sharing of information and practice about what works (and what does not), and to engage community organisations in a wider network.

Both Pilots employ a variety of methods to recruit beneficiaries to their programmes. These include the use of mainstream agencies, such as Jobcentre Plus, community groups and organisations, private sector recruitment agencies, and these are supplemented through direct marketing of the Fair Cities initiative. The aim here is to establish and formalise a ‘supply’ relationship by contracting with community and
labour market organisations, to ‘get Fair Cities onto their radar’ and to encourage them to put forward potential candidates for the employer pipelines as they are developed.

This model offers the great advantage of direct control of the process of beneficiary selection, but it provides for considerable complexity, as staff juggle a number of referral agencies and beneficiaries on one side, and numerous pipelines on the other. As volumes build up, this model seems most prone to overheating.

6.2 Characteristics of beneficiaries

Some of the characteristics of the beneficiaries are pre-defined by Fair Cities programme targets; others must be taken as found. Both present the Pilots with some difficulties in resolving beneficiary characteristics with provider selection and employer needs. We discuss them in turn.

6.2.1 Target characteristics

As outlined above, although extremely liberal in terms of their eligibility requirements, the Fair City Pilots aim to focus on particular groups of beneficiary among the disadvantaged, and in particular have administrative objectives relating to ethnicity, benefit status, distance from labour market and residence within the target wards. The extent to which the Pilots have so far attained the requisite mix of these characteristics among joiners, and driven them through the pipelines into job entries, is discussed in detail in Chapter 9. However, we can summarise results to date, as rather mixed, as follows:

- About 80 per cent of entrants are known to come from minority ethnic backgrounds, and among them Black (or Black British) and Asian (or Asian British) ethnicity are by far the most common, at 40 and 30 per cent of entrants respectively.

- The two main groups on entry are those in receipt of Jobseeker’s Allowance (JSA), and by definition economically active (40 per cent), and people not on any benefit at all, who make up just over half of the entrants.

- About a quarter of pipeline entrants (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. It is among the relatively short-term unemployed/inactive that the bulk of entrants are to be found, with over half (54 per cent) having worked within the previous 12 months.

- Overall just 27 per cent of entrants to Fair Cities had an address within one of the target wards.

The intake and outcomes from the Pilots will be monitored both centrally and locally, and it is proposed that administrative measures will be taken if necessary to adjust the future intake if the profile seems to vary significantly from the target.
6.2.2 Employability and beneficiaries joining Fair Cities

Apart from their target characteristics, it is also possible to look at other characteristics of the beneficiary group, and in particular those related to their employability. The significance here is that on the one hand, some characteristics represent conditions that contribute to the further disadvantage of people in the labour market. Other characteristics, by contrast, would necessarily provide people with an advantage to enable them to succeed in the labour market. For example, people’s level of education, and by extension, the level of lifelong skills they possess, affect their chances of success in the assessment process; either selected for assessment, actually assessed, and/or referred to the next stage to go on the training course.

Possession of basic skills

Not surprisingly, all the employers involved in pipelines required candidates to meet a basic literacy and numeracy standard. There is evidence that suggests significant numbers of people wanting to join the programmes had low levels of basic skills. In one instance, for example, the co-ordinator of referrals in Brent expressed concern that employers’ insistence that people meet some literacy and numeracy standard would exclude many of the most disadvantaged individuals among the target group.

‘For example, on one of the pipelines, we said “look, this is what they require in terms of basic skills and needs”. One of the areas where we have said “can you go back?” [named organisation] was one of them. For example, where we said they have raised the bar here, could we see if we could drop the bar lower, the people they are getting on board will not be able to pass that basic skills at that level, so you need to bring the bar a bit lower if you want to capture people from these particular communities…and they’ve responded to that.’

(Referral Agency)

It is evident from this case that with some level of commitment from the employer to the initiative, it is possible to persuade employers to reconsider, either the level of basic skills required, or the ways in which they assess this, or both. Quite how far this might go remains uncertain, on the basis of the few pipelines yet run. Certainly, pipeline participants are likely to need a certain level of basic skills just to take part in the pipeline, and this too has sometimes proved problematic, and perhaps not surprisingly, there has been a high drop-out rate on some courses. Thus, only 40 out of almost 100 people who started a course for one pipeline in Brent, went on to the interview stage. This is put down to the fact that a large number of them could not cope with the demands of the course.

‘We had a high course drop-out. Once people realised how hard they were going to have to work to pass these tests. …[But] some people had the tenacity, if it was going to take six weeks they didn’t care, they were going to do it.’

(Fair Cities Manager)
But the training provider for this pipeline believed the beneficiaries had even more fundamental problems with skills.

‘One thing that became clear early on in the project, was the level of basic skills support that the clients would need was higher than we first anticipated. We had to revise our delivery model to increase the level of basic skill support. …When we put our first wave of customers through there was a high failure rate and when we analysed the information from that first course we identified that basic skills was a bigger issue than we first anticipated. We then had to go back to our delivery model and revise it.’

(Training provider)

This raises an issue about the calibre of people joining the programme in the first place. It is interesting too that the success rate for candidates attending the assessment centre for this particular pipeline had been very low. Fair Cities expected that about 70 per cent of people interviewed from the assessment centre would get jobs. However, the available evidence shows that only ten to 15 per cent of people from the assessment centre were getting into a job.

The issue is of great concern to the Pilot, which is taking steps to address the problem of low return.

‘We are now at a stage where we have invested an awful lot of people in training, having a very low return on it, and we’ve done another deal with them – we said we’ve now pulled a section of people back, there’s 15 of them that just missed the assessment centre benchmark. [Named centre assessor] and [named provider] our provider, are putting some remedial training together which they’ve agreed. They’re going to have their mock assessment instead of with our provider, with [named centre assessor] on Monday; if they pass the mock assessment with [named assessor] they’re going back to the assessment centre on the Friday.’

(Fair Cities Manager)

This was not an isolated experience. Indeed, for another pipeline in Brent, selection was based on beneficiaries having basic reading and writing skills. But many potential candidates were found not to be up to the standard required in both basic writing and reasoning skills, even after they had undergone four weeks of training. More than half of the candidates failed because of these deficiencies. The employer’s own view was that their first round of recruitment was not successful because of the overall poor quality of applicants.

Similarly, in Bradford, some employers indicated they were finding it difficult to recruit the calibre of staff they needed. They cited, in particular, communication skills as one of the main weaknesses of candidates; and attributed this to the lack of confidence which is characteristic of people who had not worked for a long time. For those employers, Fair Cities had not been as successful as they had hoped because of the calibre of beneficiaries.
The Fair Cities model does not pretend that it can offer sufficient remedial education and training, or personal support, to bring people with extremely profound barriers to employment to a condition of job-readiness. Although there are some cases of pipelines making some progress in this direction (for example, Fair Cities Brent included some remedial maths in their pipeline for Ladbrokes, taking people to a relatively high level within a short space of time using very work-specific examples), for the most part they rely on others to do this, and to bring them to the Pilot when they are close to being job ready. There is some evidence here to suggest that, even with some employers ready to lean slightly towards Fair Cities candidates in this respect, the gap is often still too wide. This may suggest that:

- Fair Cities have not been clear enough with the referral agencies through whom they work about the basic skill levels that are likely to be needed;

- linkages with other organisations who might provide such basic skills training may need to be improved; and/or

- the relatively short average duration of the present set of pipelines may be too short to bring many potential beneficiaries to a point where they are really job-ready. It is recognised, however, that this may be incompatible with the need to respond immediately (or at least quickly) to employers’ recruitment needs.

**Personal barriers**

Quite apart from basic skills, some beneficiaries joining Fair Cities programmes also had personal barriers. For example, there were some who were not willing to work during weekends or to work shifts. Not surprisingly, such candidates were not as attractive to employers, such as one in London that was offering vacancies in customer services, because their customer service assistants have to work shift patterns, including some weekends. In other instances, potential beneficiaries were not willing or able to travel far to the locations of the job vacancies. For one employer pipeline in Bradford, for example, 12 people out of the 30 who attended the open day at Bradford were short-listed for further assessment. However, only one turned up for the assessment which was scheduled to take place in Leeds. The reason for the low take-up was the distance beneficiaries had to travel from Bradford to Leeds.

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 customer service or call centre operatives.

> ‘We would get some customers that would come through an open day whose understanding and grasp of English wasn’t sufficient to allow them to become an effective customer service assistant; so we felt there was some issue with the initial referral.’

(Training provider)

Lack of language skills was mainly, but not exclusively, limited to the ability to speak English, but also in beneficiaries’ ability to understand regional accents. For example, an employer that has a lot of Scottish customers, found that many of the
Fair Cities beneficiaries joining the programme did not have enough specialist language skills to deal with some situations that arose during the training.

_Circumstantial barriers_

The low level of basic and personal skills possessed was not the only characteristic of Fair Cities entrants that had proven problematic. In a significant number of cases, the issue was whether or not beneficiaries were eligible to join, or how they are disqualified by other conditions. Thus, for example, eligibility was an issue for people who, under immigration rules, did not yet have a right to remain indefinitely in the UK. For example, the majority of candidates who applied to join a pipeline in Bradford were Black Africans. It was found, however, that many often had only a few months left on their visas. Not surprisingly, this, indeed any, employer might be reluctant to take on people and invest in training them to NVQ Level 2 in Care, if they have only few months left on their visa.

Other evidence from all three Pilots’ financial services organisations, concerns credit checks. At Bradford, for example, only six out of 20 people who attended the open day of a financial services employer passed the credit checks and indicate that significant proportions of potential beneficiaries joining particular pipelines are unsuccessful because they fail the Criminal Records Bureau (CRB) checks. At Brent, Fair Cities ran three rounds of recruitment for a particular employer pipeline. About 13 people started the first round, and it was expected that ten would be offered a job. However, five people were lost because they failed the CRB checks. Perhaps not surprisingly, more than half of beneficiaries who failed to get through the first round on other pipeline in London were sifted out because they failed the security checks which are mandatory for the job they were being trained for. Similarly, in Birmingham, people had gone through training, achieved everything they were meant to achieve, but could not start their job because they had not been cleared by the CRB.

_Work history, vocational skills and experience_

There is some evidence, cited above and in Chapter 9, that many entrants who are successful in the recruitment process are people who can be described as being ‘job-ready’ or very close to it. These are also often people who have a recent history of previous work. A training provider at Brent described their experience on a particular pipeline. Whilst the beneficiaries came from a wide and varying background, they appeared to be mostly from the upper spectrum of job-readiness. Thus, some had previous experience of customer service roles, although others had very little, if any, work history.

‘When I first encountered the 15, it didn’t feel like 15 Jobcentre Plus clients that you’d typically encounter, and who are mandated to attend. It was from the top 30 per cent of them. There was a broad range of job-readiness…but even the bottom level of that was high.’

(Training provider)
There have been too few (and these perhaps too varied) pipelines operating to date to be quite clear about the extent to which employers are requiring vocational skills (or at least aptitudes) and experience from beneficiaries. We note in Chapter 9 that the beneficiary entry cohort to date is far from unqualified, either academically or vocationally. For example, for a communications pipeline in Brent, the employer wanted people with technical ability, perhaps from previous employment, in the first place; in other cases, those qualifying to join (after the initial sifting and assessment) would typically be required to have effective communication skills, a degree of literacy and numeracy skills, and good interpersonal skills. Further, there is evidence from Bradford that Fair Cities providers may be focusing more on those candidates who are job ready for their pipelines. There is some evidence that Fair Cities Brent is also undertaking more stringent initial sifting of candidates in order to improve the quality of applicants joining the pipelines. The greater the emphasis on ‘good’ jobs, then it seems likely that the greater will be this emphasis on vocational/experiential attributes as well as generic ones.

Effect on calibre of throughput

It could be argued that the combination of the individual characteristics of beneficiaries and the preference of employers to recruit people with particular skills, and the desire of Fair Cities to fill employers’ vacancies as quickly as possible, will have an impact on outcomes for beneficiaries. At the very least, the insistence of employers to opt for people who are job-ready will tend to screen out significant numbers of the target beneficiary group. An important lesson from the development of pipelines in the Pilot areas is that employers would need to look 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 actually doing the job. A manager described the dilemma the Pilot faces when designing a job programme.

‘Sometimes employers will put a careless line on a spec and it will screen out vast swathes of the community without them even thinking: five GCSEs at C, you’re looking at a 20 per cent gap already. When you went through all the things they were asking for it was: “that’s why women are not coming forward, that’s why this group are not coming forward”, and when you add them all together they’ve got a tiny group of ethnic minorities they could have recruited from.’

(Fair Cities Manager)

One of the challenges that Fair Cities faces is selling to employers the idea of their recruiting from a beneficiary group that may rightly be considered as among the more disadvantaged in the labour market, for a variety of reasons. The evidence so far suggests Fair Cities has attracted for its pipelines mainly those beneficiaries who are relatively close to the labour market, and close to being job-ready. It is not clear what steps Fair Cities is taking, or indeed might take, to persuade and convince employers about recruiting from people who are further (or even the furthest) from
the labour market. It might be expected that the most disadvantaged groups would also have the greatest issues, which have contributed to their long-term unemployment. Indeed, one of the managers interviewed pointed out the dilemma that Fair Cities faces in this respect.

‘You face a challenge in a sense that if you want to engage people in these particular [target] areas, those areas are deprived for a reason. The people [living] there have various issues, in terms of “they can’t have criminal records”. Well, you are going to an estate which has got one of the highest crime rates in London; the people you want to engage have got criminal records, and that is why it is one of the most deprived areas.’

(Referral Agency)

The demand-led character of the Fair Cities model ought not to obscure the likely need to work with employers to get them to think about how stringently they set their requirements, and how they test for them. While it seems likely that much of the emphasis of the Pilots should properly be focused on preparing and supporting beneficiaries, this may prove less effective than otherwise unless employers can also be persuaded to moderate unnecessarily restrictive hiring criteria and/or test for competencies in ways that are appropriate to this beneficiary group.

6.3 Sources of referrals: do they work?

It is pertinent to ask how successful the sources of referral in the different models of beneficiary engagement across the Pilots are in helping deliver job outcomes to employers and beneficiary groups alike.

6.3.1 Beneficiary groups

From the point of view of beneficiary groups, an indication of whether or not the sources of referral work, is the extent to which the Fair Cities Pilots have been successful in involving people from the target groups in their programmes. Certainly, the inclusion of large numbers of people from non-Fair Cities wards in all three Pilots raises doubts about the involvement of the target wards/population in the pipelines developed so far. It could be argued this is not surprising, but an inevitable consequence of the need to get people onto the projects under development as quickly as possible. The issue, however, is how the different referral ‘models’ deal with this lopsidedness in reaching the target populations in the target wards.

In the centralised system in Brent, the principal referral agency readily acknowledges that from the point of view of employers, fitness to work is paramount in such an [demand-led] initiative. And while they would seek to meet employers’ requirements, they would also use the opportunity to educate employers, and advise them on the problems that need to be overcome when dealing with particular target groups. On the other hand, in order to better engage with the target groups, Reed in Partnership needs to convince them about the potential employment opportunity they are being
offered; and that they would be provided with the training to gain the skills the potential employers want.

‘So as far as we are concerned, we need to identify from those wards the people who are willing to learn these skills; because, at the end of the day, if you want to do a job, you are motivated and you are enthusiastic and willing to learn, then we’ll take you from here, and put you through the training pipeline which will give you the skills. It doesn’t matter if you are a single parent because the employer only sees the person who wants to do the job, who has been trained to have the skills, and he employs them. So, [for the employer] nobility doesn’t come into it.’

(Referral Agency)

There is a further question about the extent to which ethnic minorities are the priority for Fair Cities programmes. Here, the available evidence indicates that the majority of people being referred to pipelines are from ethnic minority groups. However, it could be argued whether in some situations, because it is a voluntary programme, Fair Cities has much control over which groups are actually captured in the referral process.

‘We’d never turn them away if they weren’t from minority ethnic groups. But our marketing and outreach is very targeted in particular areas and places, and we’re hoping that will bring such clients in.’

(Fair Cities Manager)

Nevertheless, this centralised system of referral appears to have the potential to provide a more robust means of engaging with different groups in the target population. So, although residency in the target wards is critical, there is evidence that Fair Cities Brent’s referral agency is beginning to address the other important criteria for potential recruits, such as ethnicity, disability and benefit status.

‘They [Fair Cities] are looking at ethnic minorities, which is one of the keys with us; that is the spirit of the context, so we are looking at engaging disadvantaged ethnic groups…who live in certain areas. [But] part of that is also looking at engaging people who are single parents, for example, who are of the people we want to try and engage. And another part of that is looking at people who are on incapacity benefits, Income Support, and disabled people who are also within those areas. So in terms of who we would prioritise, as well as what areas do they live in, we would look to prioritise those groups, because they are considered the hardest of the hardest to help and key priority groups; and we would look to work, not just actively go out and market those, but also work with specialist organisations who offer support to those groups as well.’

(Referral Agency)

In the provider-led models operated at Bradford, providers seem to have generally been less successful at getting individuals to apply and to attend recruitment days. There is further concern that providers have been less successful in engaging with the target population in the community. Where this is the case, the Community Engagement Manager’s role will be to link providers with other community
organisations. There is evidence here that both employers and the Fair Cities team have been disappointed with the calibre of candidates. Indeed, the Director felt that a lower proportion of people have been making it through the pipelines and into work than envisaged; and that one way to combat this trend is to increase the volume of people at the start. The low success rate of providers in engaging with beneficiaries at Bradford has led to tensions that have led to a breakdown in the relationship between a provider and Fair Cities, and which resulted in Fair Cities not renewing the contract with the particular provider.

At the heart of the difficulties facing Fair Cities in Bradford, is that the referral model operated there does not distinguish between Fair Cities beneficiaries and general (external) recruits, particularly as the pipelines themselves are not ring-fenced. Thus, it is quite possible that although they have been successful in targeting the right beneficiaries and placing them in employment, providers are unable to claim these as outcomes until the employer provides appropriate evidence.

Fair Cities Birmingham is using sectoral hubs to access a network of organisations already involved in the Government’s welfare-to-work initiatives as a whole, including Employment Zone and Working Neighbourhood Pilots providers, such as Pertemps and Working Links, and many other community and faith organisations. Together, these organisations constitute a ‘supply brokerage’, to assist the throughput of beneficiaries. Indeed, the close collaboration with other organisations through the hub mechanism has successfully eliminated much of the early difficulties that the other Pilots have encountered in building trust and relationships. This model goes some way to providing a seamless means of engaging with beneficiaries. The hubs act as the single point of contact for individuals coming through to Fair Cities activities and pipelines.

6.3.2 Employer views

For the employer, it could be argued that the most important criterion with which to judge success, is how satisfied they are with the number and quality of successful candidates delivered by Fair Cities programmes. In other words, the sources of referral work only to the extent that they satisfy the needs of employers rather than beneficiaries. In this regard, the centralised system of referrals at Brent has been successful in delivering high volumes of beneficiaries, even if not necessarily of the highest quality, to employers. It is true to say, though, that there is some concern about whether employers are always aware that the Fair Cities initiative is targeted at ethnic minorities. One employer involved with a pipeline at Brent indicated this might not be the case.

‘They told me it was for anybody, and what I didn’t know up until the last minute was that it was for ethnic people; which put a dampener on the situation...The call centre doesn’t need more ethnic people. In fact I was concerned about it turning into positive discrimination. We have every colour and every background working for us. But I wasn’t aware until quite late, at the presentation in fact, that it was supposed to be for ethnic people.’

(HR Manager)
There is no ambiguity under the ‘Brent model’ that the employer, through the training provider, is at all times dealing with one referral agency. This contrasts with evidence from Bradford, where the provider is often responsible for recruiting both the beneficiaries and the employers to the pipeline. There appears to be poor transfer of information among providers, with the result that there is some duplication of effort, which could cause confusion for the employer. Indeed, there is evidence that providers have not been aware of each others’ vacancies, or work with employers, or what other providers are doing. The resulting confusion was sufficient to convince Fair Cities to call for a meeting with providers in July 2006 to clarify the situation.

6.4 Summary

Early concerns about the extent to which potential beneficiaries would be attracted to the Pilot offer have proved unfounded; the proximity of real tangible job opportunities has proved to be a major ‘draw’ and there has been little difficulty in securing satisfactory volumes of joiners. The extent to which they are the right joiners is more problematic, and the voluntary character of Fair Cities means that it has to rely strongly on selective filtering of applicants, to resolve potential 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 bet.

Three distinct methods of engaging and recruiting beneficiaries are identified.

- The Brent model establishes a single organisation responsible for recruitment, assessment and referral to appropriate pipelines.
- The Provider-led model, operated in Bradford, develops integrated pipelines, with each training provider also carrying out their own beneficiary engagement.
- The In-house model, also used in Birmingham and Bradford, has a Fair Cities staffer, acting in 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.

While these offer different advantages and drawbacks, in controlling and influencing the characteristics of the beneficiary flow, it is too early to say that one or other offers definitively preferable outcomes.

Significant proportions of the possible 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 seems to be the most common difficulty here, but also personal and circumstantial barriers (restricted job preferences, language skills, criminal records, etc.), and vocational shortcomings (lack of qualifications or relevant/recent work experience) are widely cited.
The combination of these characteristics, with only a modest ability on the part of employers to recalibrate their selection criteria, widespread third-party implementation of selection for pipeline entry, and the unsuitability of pipelines to address deep-rooted employment barriers, is providing Fair Cities with a major challenge to extend the benefits of the initiative to the more disadvantaged within their target cohort.
7 Fair Cities pipelines: design, operation and job entry

This chapter firstly examines the way in which the Fair Cities Pilots deliver pre-employment preparation.

• It describes the pipelines currently operating and sets out two models of the types of Fair Cities pipeline that exist at present.

• It then examines separately how far pipelines are customised to employer needs and to beneficiaries’ needs.

• It then moves on to set out the process of recruitment by Fair Cities employers, looking in turn at:
  – Fair Cities work with employers on modifying their recruitment processes; and
  – employers’ views on the suitability of candidates that come through the Fair Cities programme.

7.1 What do the pipelines look like?

As indicated in the case studies, there has been some variation around the core, demand-led, design of Fair Cities pipelines in the very early months of operation. However, leaving aside those projects which clearly do not conform to this concept (i.e. pipelines customised around specific and available vacancies with specific employers), we can begin to get an early picture of what this concept looks like in practice. At the end of September 2006, there were 43 pipelines which had begun to operate; that is to say they had at least been agreed with the recipient employer, and had begun to recruit beneficiaries, even though they had not all begun to train them. Together, they account for some 1,342 job vacancies.

Just over half of them were ‘repeat business’ pipelines; that is to say the employer and job vacancies were the same, but the pipeline was designed to operate in sequential bursts, which would then be repeated with a new intake cohort.
The remainder were ‘one-off’ pipelines usually with different employers. However, among these pipelines there was some clustering by similar jobs, albeit with different employers, and in a few cases, a common employer but recruiting to different jobs. Each of these ‘one off’ pipelines of course offers the prospect of repetition into ‘repeat business’, but this had not been agreed by the end of September 2006.

Estimating the average size of the pipelines, in terms of the vacancies they address, is complicated by the fact that at the time of the cut-off for our data collection, the final design of a few of these pipelines had yet to be agreed (i.e. in terms of the number of times they might run to fill the vacancies available to them). Looking at all 43, the average size of pipelines is 31 vacancies; however, leaving aside two large pipelines which might in practice be split up into smaller ones, it falls to 25. These averages cover a substantial variation in volumes, from the smallest (two) to the largest (approximately 65, again leaving aside the two potentially divisible ones).

The duration of the pipelines is quite varied, ranging from three days to 15 weeks. However, they tend towards the shorter end of this spectrum, with two weeks and four days as the average.

These 43 pipelines are serving 24 separate employing organisations. While we have no consistent data on the (employment) size of these employers, they clearly tend to be large ones. They include the public sector (NHS, social services, police), privatised utilities (gas and water companies), and a range of other private-sector employers (including in banking, hospitality, construction, security, telecommunications, betting, transport, postal and retail). Job roles include basic entry-level positions such as care assistants and customer service assistants, as well as jobs requiring more specialised skills such as Police Community Support Officers (PCSOS), gas installers and field service engineers. Wages range from minimum wage or just above the minimum wage (for bar and catering staff, shop assistants and some customer service roles), to £9-£10 per hour for PCSOs and customer service advisers for an organisation in the transport sector. The majority of pipelines have starting wages at between £6-£8 per hour, whilst wages were higher in Brent than in the other two areas.

Finally, it is important to note that pipelines do not have ring-fenced vacancies to provide exclusive access for Fair Cities candidates; that is to say, employers may well be recruiting through other sources to fill these vacancies at the same time, but they are offered to Fair Cities too. In these cases, the ‘number of vacancies offered’ figure usually represents a ‘best estimate’ on the part of the employer how many vacancies will in effect remain available for Fair Cities recruits; in others, it seems clear that it is the total number of vacancies in a particular period, and Fair Cities may fill them all or none, depending on the speed of their response and the calibre of their beneficiaries, compared with other recruitment sources. As discussed earlier, none of these pipelines offers a guaranteed job to the participants; they offer guaranteed access to a recruitment process, usually, but not exclusively, in the shape of an interview. Some pipelines end with a separate recruitment process just for Fair Cities.
candidates, whilst other pipelines may feed Fair Cities candidates into an open recruitment process where they are competing with non-Fair Cities candidates. For individuals competing in an open recruitment process with non-Fair Cities candidates, taking part in a pipeline helps level the playing field so that they can compete more effectively at the recruitment stage.

In addition to these 43 pipelines, there are another 13 currently under development and offering at least a further 331 vacancies, plus a further 13 projects which either do not strictly conform to the demand-led model, or are at too early a stage in their development to tell.

7.1.1 Variation between the three Pilot sites

There is some variety between the three sites in the patterns of pipelines that are emerging. It is therefore convenient to summarise them here, before moving on to offer some general conclusions about the overall character of the pipelines as they are now appearing in practice.

**Birmingham**

In Birmingham, there were ten employers at the end of September with one or more pipelines (including operational and developing ones) attached to them. In terms of sectors, three were in the health sector, two were in banking, one was a police force, one a city council, one was in the hospitality sector, one was in construction and one was in security. The number of vacancies offered per employer, ranged from nine, to 200, whilst most employers had offered between ten and 50 vacancies. These vacancies were in a number of job roles. In the health sector they were for healthcare assistants, auxiliary nurses, porters and domestic staff, catering staff and health trainers in community locations. In banking they were for contact handlers/telephone advisers, in the police force they were for PCSOs, in the council they were for street cleaners, in hospitality they were for bar and catering staff, whilst in construction they were labouring jobs and in the security industry they were for security staff.

Starting wages averaged £6.59 per hour and ranged from £5.05 for bar and catering roles to £9.09 for PCSO roles. Pipelines lasted less than one week for telephone advisers and were one week for healthcare assistants, auxiliary nurses, porters and domestic staff, catering posts, healthcare trainers, labourers, security staff and contact handlers. The pipeline for street cleaners lasted two weeks, whilst the one for bar and catering staff lasted four weeks, and the PCSO pipeline lasted five weeks.

Fair Cities Birmingham are about to put into place another range of providers (Outreach Support providers), usually community organisations, that are able to really penetrate local areas and work with feed organisations and groups to build

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53 The National Minimum Wage was £5.05 per hour before 1 October 2006, when it rose to £5.35 per hour.
beneficiary referrals, particularly from the Fair Cities wards. These providers will also work with beneficiaries who have specific barriers to work to get them ready to go forward into pipelines. In this way, these providers are undertaking ‘pre-pre’-employment training.

**Brent**

In Brent, there were seven employers at the end of September 2006 with one or more pipelines attached to them (including operational and developing ones). In terms of sectors, one was in the health sector, one was in transport, one was in telecommunications, one was in a police force, one was in an organisation in the logistics sector, one was in the betting industry and one was in a privatised utility. The number of vacancies offered per employer ranged from eight to 50, whilst most employers had offered between 20 to 50 vacancies. These vacancies were in a number of job roles. In the health sector they were for care assistants, in transport they were for customer service advisers, in telecommunications they were for field service engineers, in the police force they were for PCSOs, in the logistics company they were for apprentices, in the betting industry they were for customer service advisers and in the privatised utility they were for gas installers.

Starting wages averaged £8.08\(^{54}\) per hour and ranged from £5.64 for customer service advisers in the betting industry to £10.10 for customer service advisers. Pipelines lasted one to two weeks for field service engineers, two weeks for customer service advisers and apprentices, four weeks for PCSOs, four to ten weeks for customer service advisers, 12 weeks for care assistants and 15 weeks for gas installers.

**Bradford**

In Bradford, there were 11 employers at the end of September 2006 with one or more pipelines attached to them (including operational and developing ones). In terms of sectors, three were in the health and social care sectors, three were in banking, three were in the privatised utilities and two were in retail. The number of vacancies offered per employer ranged from two to 190, whilst most pipelines were for ten to 50 vacancies. These vacancies were in a number of job roles. In the health and social care sector they were for care assistants, in banking they were for call centre operatives, in retail they were for shop assistants and call centre operatives, and in the privatised utilities they were for call centre operatives. Starting wages average £6.68 per hour, ranging from £5.05\(^{55}\) for shop assistants to £7.81 for call centre operatives. Pipelines lasted one week for some call centre operatives and care...

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\(^{54}\) These are estimates as figures from Fair Cities Brent were given per annum. Hourly wages were calculated by assuming a full-time job of 40 hours per week.

\(^{55}\) The National Minimum Wage was £5.05 per hour before 1 October 2006, when it rose to £5.35 per hour.
assistant roles and lasted two weeks for other call centre operatives and care assistant roles as well as for shop assistants.

7.2 Are there clusters of pipelines with different characteristics?

As we have shown, although there are some common themes which are demonstrated by all the pipelines currently in operation, by virtue of their conforming to the demand-led model, it is clear that a continuum of pipelines exists. Although it is very early days to say definitively that certain ‘ideal types’ are emerging, nevertheless there does seem to be some clustering along this continuum.

At one end, some pipelines are relatively, sometimes very, short, and they focus on preparing beneficiaries mainly for the recruitment and selection process rather than developing their job-related competencies (Model A). At the other end of the continuum are pipelines that tend to be longer, and not only offer help in understanding and complying with the selection process, but also offer some training in, or development of, job-specific skills (Model B). There seems to be associated differences in the selection of beneficiaries to these models; Model B places more emphasis on a sift at the entry to the pipeline, designed to limit the more extensive training provided to those most likely to benefit from it; by contrast, Model A is easier to access, with selection being more evident at the end of the pipeline, i.e. at the job entry stage.

As pipelines are as yet relatively few in number, and moreover are designed for individual employers whose needs and preferences vary, there is no obvious or straightforward mapping between employers or sectors or occupations, and a preference for Model A or B. Nor does it seem that any one of the three Pilots is leaning exclusively in one direction or the other.

7.2.1 Model A – Short pipelines preparing candidates mainly for an employer’s recruitment and selection process

The content of provision in this model focuses on generic soft skills, preparation for the job role, and preparation for the employer’s recruitment process. These pipelines tend to be short, and entry to them tends to be relatively 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, and often involving application forms, selection interviews and perhaps some testing.

These pipelines usually last no more than one or two weeks and often consist of a job preparation course which focuses largely on preparing candidates for the recruitment process. The job preparation courses often include:
• assessment (e.g. an accuracy test, maths test, assessment for customer service and communication skills);
• collection of identification needed for recruitment process (e.g. birth certificates);
• telling candidates about the employer and the job role;
• visiting the employer premises;
• completing application forms and CVs;
• interview preparation;
• team-working;
• motivation;
• preparation for the world of work;
• role-play.

Examples of this approach include pipelines for a number of organisations in the financial services sectors, a pipeline for shop assistants in the retail sector, a pipeline for care assistants for the health and social care sector, customer service advisers for a transport organisation, and apprentices for a logistics organisation. Not all of these fit the model entirely, as some start with an open-day, where in some cases assessment takes place before candidates can join the pipeline (a pre-training sift), and others last for longer than two weeks.

7.2.2 Model B – Longer pipeline offering job-specific skills

The content of provision in this model includes the generic soft skills, preparation for the job role, and preparation for the employer’s recruitment process as described above for Model A. However, pipelines in Model B also include some job-specific skills training. These pipelines tend to be longer, but this is not necessarily the case – i.e. if the jobs around which they focus do not require high levels of skill. They are more likely to place greater emphasis on a pre-training sift where potential Fair Cities candidates attend an open day and are assessed so that only suitable candidates join the pipeline. The more extensive the training offered, the more likely is this early sift to be emphasised. After participating in the pipeline individuals leave to join the employer’s recruitment process.

The kinds of job-specific skills training delivered through these pipelines includes training in manual handling and lifting, basic food hygiene, health and safety, customer care, training for the role of PCSO – often including ‘going on the beat’, intensive numeracy training, and work trials.

Examples of this approach include some pipelines for care assistants, pipelines for PCSO roles, customer service advisers for a betting company, training of gas fitters, and a pipeline for bar and catering staff for a leisure company. Not all of these fit the model entirely, as some last only two weeks.
We noted above the forthcoming plan in Birmingham to extend provision to more disadvantaged beneficiaries. This may lead to a different model of pipeline in due course, i.e. one that effectively starts further back with individuals who have further to travel to become job-ready. However, at the time of writing these developments were yet to come.

7.2.3 Model C – Pipelines which transform employers’ selection criteria

We have found some, but fairly modest, evidence for a putative Model C, in which the Pilots are actively engaged in re-modelling employers’ recruitment and selection behaviour to the benefit of minority group jobseekers. For example, there had been some work in Bradford with diversity training for managers and in Birmingham some experimentation with best practice sharing between businesses. These cases were not delivered through pipelines, but rather in parallel with them. However, in Brent, the Pilot has successfully negotiated a change in the criteria for a forthcoming apprenticeship pipeline (from five GCSEs to competencies).

Discussions with Pilot staff suggest that employers may require a good deal of confidence in, and/or commitment to, their pipelines concept before they would begin to alter their selection criteria, and this may entail greater familiarity with the idea, and in particular finding that it was helpful to them. Furthermore, such an alteration seems to apply only to the ways in which selectors try to identify the characteristics they are looking for (e.g. a shift from formal, qualification-based criteria to testing for un-certificated competencies) rather than to a reduction in the overall quality of recruit sought. Consequently the Pilots tended to see this as a medium-term objective, which would build on the success of early pipelines. For the most part, and for now, the Pilots are mainly taking existing selection arrangements as read and working through them to advance the prospects of their beneficiaries.

7.3 Customisation to employer needs

A defining feature of the demand-led approach is that the employers’ needs and expectations are known, are transmitted to the training provider, and are used to design the content of their provision. 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.

7.3.1 How pipelines are designed

In all three areas, the Fair Cities team works with the employer to find out what their needs are and to design a pipeline to meet those needs. Employers may have one person responsible for liaising with Fair Cities or have a number of staff at a variety of levels helping design the pipeline content. There was some variation between the areas in terms of how the pipelines were designed after the initial meeting between Fair Cities and the employer.
• In several cases in Birmingham, the hub will be involved alongside the Fair Cities team and the employer in designing the pipeline before a provider is selected to deliver the pipeline. For instance, a pipeline in the health sector involved the Health Hub working with Fair Cities and a provider to design an open day, the hub recruiting candidates and organising the pipeline content, and the delivery of the pipeline being sub-contracted to another provider and paid for by Fair Cities.

• In Brent, providers are involved in the design of the course, attending meetings with Fair Cities team members and employers, and coming up with ideas on how to meet the specific requirements of employers.

• In Bradford, an initial meeting between the Fair Cities Employer Engagement Manager and the employer focuses on the Fair Cities model, the kind of training that is possible, and the providers who may deliver the pipeline. The Employer Engagement Manager then develops a recruitment proposal outlining the potential pipeline and the provider is brought into discussions to ensure that they have a good understanding of the employer and the job role so that they can deliver the pipeline effectively.

What these dialogues have in common is that Fair Cities and their providers are mainly cast in the role of listeners and respondents; that is to say, 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 is relatively little evidence at this stage of Fair Cities acting to help employers review, revise and perhaps re-model their recruitment and selection criteria, which will 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). There are, in fact, several reasons why this seems to be the case, but the two most important seem to be:

• employer 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 as yet been working, tend to be 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 employer themselves;
• caution in committing to an untried recruitment model. It may be that in the future, as employers get used to working with Fair Cities pipelines and come both to see advantages in this and to trust the Pilots as reliable sources of labour supply, they will be more receptive to re-modelling their procedures and practices. However, at present, and entirely notwithstanding their commitment to the Fair Cities model and the generally good reception which the existing pipelines have received to date, there remains a strong bias towards using the Pilots as a supplementary labour source to tack on to, and therefore to fit in with, existing arrangements, rather than as a means of reforming or adapting those arrangements. This seems to be an entirely pragmatic view based on what amounts to quite limited exposure to the Pilots’ ways of working, and it does not rule out any more profound re-alignment in time to come, and on the basis of more experience.

7.3.2 Employers’ views on suitability of pipeline provision

Overall it seems fair to say that the response from employers towards the provision offered by the Fair Cities Pilots has been positive. In one sense this might be thought hardly surprising, since many of the organisations involved in the early days, were already committed to the idea of the Pilots in general. However, beyond this, employer pragmatism and readiness to judge things on their merits has been equally, if not more, influential…and generally positive.

This should not override the fact, though, that there have been some concerns raised among some participating employers that the early pipelines had not, for various reasons, met their expectations and needs. If we focus rather more on these here, it is simply to emphasise those aspects which have proved more troublesome than others in designing pipelines, and it should also be noted that the Pilots themselves are well aware of these shortcomings and have not only moved to repair them where they occurred, but also to guard against them in subsequent pipelines.

• In Brent some providers had been used who had no previous experience of delivering demand-led training. Their delivery of fairly generic and supply-side training for Fair Cities, led to disappointment amongst some employers with the quality of provision on their pipelines. For example, one pipeline provider originally delivered generic supply-side training that was not focused on the Fair Cities employer or the job role. Fair Cities stepped in and senior managers at the provider subsequently delivered the training. In addition, a public sector organisation did not hire anyone from among the first of their pipelines because the candidates did not meet their requirements. The employer felt that the provider had focused too much on ‘soft’ skills and not enough on core competencies or the role of the job role. This meant that even after receiving four weeks of training on the pipeline, Fair Cities candidates did not meet required standards in basic writing and reasoning skills. Sifting of candidates is now being done by a different agency and includes Level 1 English tests.
• In Birmingham, employers have been generally happy with pipeline provision, except in a few cases where providers have then been changed. A financial services company were very satisfied with the quality of service delivered, as was another organisation in the same sector who felt that their needs were very well understood when their pipeline was designed. Whilst a public sector organisation was very pleased with how responsive Fair Cities is to their needs, the provider was changed as it was felt that under the original provider, candidates did not know what they were doing and what was required of them. One employer found that some Fair Cities candidates were still lacking in interview skills and soft-skills such as time keeping and hygiene after going through the pipeline, and felt that there needed to be more emphasis on both interviewing skills and on what employers want from employees during the pipeline.

• In Bradford, employers felt that their needs have been well understood and were happy with pipeline provision, with providers being seen as demand-led and flexible. However, some issues with the calibre of candidates meant that some employers had worked, or wanted to work, more closely with providers on the design of provision. For example, one organisation had needed to reiterate some of their requirements to the provider on what information they need when a candidate reaches job offer stage; they commented that Fair Cities had not offered to do the reference-checking for them. Another company had spent a morning with the provider to ensure that all completed application forms have everything they need. One employer reported that they wanted to work more closely with providers to develop the training content as they felt that candidates were not of a high enough calibre.

It seems fair to conclude that 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 training, for example under the later stages of the New Deal’s provision, the Intensive Activity Period. 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 taken to avoid, or at least minimise, them in future.

7.4 Customisation to beneficiary needs

Fair Cities is designed to provide a package of support that is bespoke to both the individual and the employer. At this stage of the evaluation, pipelines are certainly being customised to employer needs, but it is less clear that either content or procedure have been significantly customised to meet the individual needs of beneficiaries and potential beneficiaries. For example, it is not always clear what happens to the (rather numerous) beneficiaries who, at an initial pre-training selection, are sifted out of participating in pipelines, and are not offered a place on an upcoming pipeline. Whilst they should be referred to other support (for instance
language skills) so that they can then come back to Fair Cities and take part in a future pipeline, it is not clear whether this is always happening on the ground, or that there is significant input beyond such a referral. It is equally unclear what is happening to those who complete a pipeline but fail to get a job with the Fair Cities employer. Again, whether these beneficiaries are being picked up and referred to other support or provision, are being referred onto a different pipeline, or are encouraged to apply for a job with another Fair Cities employer in a similar sector, is unclear.

There are, however, a few examples, of how Fair Cities is being customised to meet beneficiary needs. In Bradford, one employer in the financial services gives the pipeline provider feedback if someone fails an interview, so that the provider can work with that individual to reach the required standard. They can then apply to the company again. In Birmingham, beneficiaries on a pipeline in the health sector who fail the basic skills test, or who fail at the interview stage, are picked up, referred to other providers if necessary (e.g. for more intense help with basic skills) and are invited to go through the process again once they have undertaken remedial training. In a pipeline in the public sector some candidates are fast-tracked so that they do not have to go through the full four-week pipeline if they are identified as requiring less help. The fast-trackers then receive information on the job role, the organisation and what the interview will entail, rather than the whole content of the pipeline. Finally, also in Birmingham, we have noted above their plans to develop more extended pipelines which might be needed by the more disadvantaged beneficiaries.

7.5 Recruitment by Fair Cities employers

As discussed above, as beneficiaries leave the pipeline, they enter the employer’s selection process, and, as also outlined above, they do so often in competition with other jobseekers arriving via different routes, and on equal terms with them.

7.5.1 Working with employers on their recruitment processes

Some employers’ recruitment processes are quite long and complex even for entry-level jobs such as customer service roles within call centres. These recruitment processes often have multiple stages and can include long application forms, initial screening telephone interviews, face-to-face interviews, role-play assessments and Criminal Records Bureau (CRB) checks. The Pilots can of course prepare their beneficiaries for these procedures, they cannot however evade them.

In Bradford, the Fair Cities team and providers have been working with employers (both pipeline sponsors and others) to modify their recruitment processes so that they attract more candidates from minority communities. The Policy Development Manager on the Fair Cities team is responsible for working with companies on their policies, processes and procedures, to encourage and promote applications and recruitment of individuals from ethnic minority backgrounds. For example, he may
work with companies to make their job descriptions more reflective of what the role requires, and to ensure that all the criteria on job specifications are essential for the position and are not overstated.

In Brent, the somewhat disappointing rates of job entry for a large public sector pipeline illustrate the importance attached to understanding some of the complexities which can be involved in recruitment and selection processes and procedures even for entry level jobs. The first pipeline delivered only a 25 per cent interview success rate, which Fair Cities saw as both surprising and a really disappointing result. On examining the reasons with the employer, it transpired that there were obstacles in the employer recruitment process. Having worked closely with the employer to ensure that candidates were meeting the necessary standards, it was extremely disappointing to the Pilot and all concerned to be undermined from such an unexpected quarter. Work is ongoing to find ways to re-align the pipeline and recruitment process, it is expected that both will be modified.

In addition to this unusual example, providers find recruitment processes can be a barrier to minority candidates applying for jobs, especially when working with large public-sector organisations. On-line applications can be a barrier to people applying for jobs especially when IT is not necessary for the job and when people may not have the internet at home; and some public-sector organisations have not been able to modify job descriptions and person specifications due to union agreements.

### 7.5.2 Employer views on suitability of candidates

Employers across the three Fair Cities areas have had mixed experiences of the quality of candidates entering their recruitment processes.

In Birmingham, employers have generally been very impressed with the quality of candidates coming through and many have stated their intention to continue to use Fair Cities to meet their recruitment needs. For example, an employer in the health sector was very impressed with Fair Cities and achieved better outcomes (in terms of the ratio of applications to appointments) through Fair Cities than through their normal recruitment processes, and were planning on extending the Fair Cities approach to other roles within the organisation. A company in the financial services was also very satisfied with the quality of candidates at the selection day. One employer found the first two pipelines it ran produced a high quality of candidates, but by the third pipeline, interest had faded and the training course had very poor retention. They felt that the pipeline needed to be rested in order to allow the pool of candidates to regenerate.

In Brent, some employers were very satisfied with calibre of candidates. For example, one found that the Fair Cities candidates included some with relatively high qualifications who were taking part in Fair Cities as they had found it difficult to get a job in the past. Another employer was also impressed with the calibre of those individuals they have employed through Fair Cities and said that they would use Fair Cities again. In contrast, a public sector organisation found that many individuals
coming through the Fair Cities pipeline were not up to the required standard, with a low proportion completing the application form successfully or passing other assessments. The Fair Cities pipeline was modified to address this.

In Bradford, some employers were very happy with the calibre of Fair Cities candidates. One employer in the financial service sector found that success rates of candidates from submitting a CV to a job interview, from a job interview to a job offer, and in terms of retention at their induction, have all been higher through Fair Cities than their call centre would normally get through the standard recruitment process. However, other organisations highlighted how Fair Cities candidates did not always have good enough communication skills or enough confidence required for call centre jobs. One employer found that they were finding it difficult to recruit the calibre of staff they needed through Fair Cities, but did not have the lower-level administration or assistant customer service roles within their organisation, which they felt would be at a more realistic level for these candidates.

7.6 Summary

At the end of September 2006, 43 pipelines had begun to operate, and together they account for some 1,342 job vacancies. Just over half of them were ‘repeat business’ pipelines; the remainder were ‘one-off’ pipelines usually with different employers.

In addition to these, there are another 13 currently under development and offering at least a further 331 vacancies.

Looking at the 43 operational pipelines, the average size of pipelines is 31 vacancies; however, leaving aside two large pipelines which might in practice be split up into smaller ones, it falls to 25.

The duration of the pipelines is quite varied, ranging from three days to 15 weeks. However, they tend towards the shorter end of this spectrum, with two weeks and four days as the average.

Pipelines do not have ring-fenced vacancies exclusively for Fair Cities candidates; that is to say, employers may well be recruiting through other sources to fill these vacancies at the same time, but they are offered to Fair Cities too.

Although the pipelines are mostly custom-built to meet different employers’ needs, two clusters may be observed.

- **Model A**: At one end of the spectrum, pipelines are relatively, sometimes very, short, and they focus on preparing beneficiaries mainly for the recruitment and selection process, rather than developing their job-related competencies.

- **Model B**: At the other end of the spectrum, pipelines tend to be longer, and not only offer help in understanding and complying with the selection process, but also offer some training in, or development of, job-specific skills.
There seems to be associated differences in the selection of beneficiaries to these models: Model B places more emphasis on a sift at the entry to the pipeline, while by contrast, Model A is easier to access, with selection being more evident at the end of the pipeline, i.e. at the job entry stage.

We have found some, but fairly modest, evidence for a putative Model C, in which the Pilots are actively engaged in re-modelling employers’ recruitment and selection behaviour to the benefit of minority group jobseekers. For the most part, and for now, the Pilots are mainly taking these arrangements as read and working through them to advance the prospects of their beneficiaries.

The response from employers towards the provision offered by the Fair Cities Pilots has been positive, and 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 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.

There is some, but far less, evidence that pipelines are 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.

Employers reported rather more mixed experiences with the quality of candidates coming through the pipelines and entering their recruitment processes.
8 Employment and progression

This chapter is concerned with Fair Cities beneficiaries who are recruited into a job. It focuses on:

- the kinds and quality of jobs for which the vacancies are offered; i.e. what kinds of jobs are being offered in the first place, and the potential for progression in the typical jobs on offer;
- sustainability of employment, i.e. how long recruits are staying in the jobs, particularly at the 13 and 26 weeks points, at which outputs payments are made to providers. The discussion is extended to look at what support, if any, is available in the workplace to enable recruits both to stay on, and to get on;
- evidence of progression within the organisations offering vacancies.

It is important to point out at the outset that there is only limited evidence about job outcomes across the three Pilots. First there are relatively few of them; secondly, many people have been in their jobs for only a relatively short period of time; and, thirdly because what data exist do not seem to be particularly robust or to be collected on a systematic basis. There is a particular dearth of evidence on people who have not joined a Fair Cities employer, and who may have continued out of work, or who may have taken work elsewhere.

8.1 Quality of jobs

As we showed in the previous chapter, the three Pilots have developed pipelines that provide a broad range of jobs. These include:

- **Brent**: customer service assistants (public transport organisation); call centre operatives (entertainment firm); apprentice postal workers (postal services); Police Community Support Officers (PCSOs) (Police Service); care assistants, clinical assistant workers (health care); field service engineers (communications organisation); gas technicians (gas employers).
• **Birmingham**: PCSOs (Police Service); customer service and sales (building society); telephone customer service (financial services); restaurant and bar staff (Mitchells and Butler).

• **Bradford**: catering and IT services (insurance); call centre operatives (financial services); retail assistants (retail); domestic care, health care, administrative staff (social care); health care assistants (health care).

On the whole, most of the vacancies are in entry or first level jobs that do not require people with previous experience. It could be argued that such jobs are well suited for unemployed people with low level skills, and for people who have been out of the labour market for a long period. However, some of the jobs being offered require some previous experience, either in a trade (e.g. field service engineers), or more generally in other employment.

Data on job quality is presented in the next chapter, but we can summarise the available data here by showing that the overall, average, gross hourly rate for jobs associated with pipelines that had actually started running at the end of September 2006, was £7.39. There was a considerable range around this average, however, with the highest paid being just over £10 per hour (customer service advisers for London Transport, Brent Pilot, Institute for Employment (IES) estimate) and the lowest the (then) National Minimum Wage of £5.05 (shop assistants, Bradford Pilot). It is worth noting that with this single exception, all the pipelines were focused on jobs offering pay rates above the minimum wage; the next lowest, after the shop assistants, being £6.04.

Another important facet of job quality may be inferred from the fact that almost all the Fair Cities employers who have recruited so far, have been large organisations. They therefore offer relatively high quality terms and conditions of employment, non-wage benefits and a high level of legality, ethical standards and non-discriminatory employment practices which are far from the norm among smaller organisations. Crucially also, they offer potential access to large internal labour markets, where jobs are often filled through promotion from the entry-level jobs to which most beneficiaries will be aimed. Internal training provision is usually commensurately developed, again in contrast to smaller organisations.

### 8.2 Turnover/wastage

There is contradictory evidence about turnover and sustainability in employment. Some of the pipeline employers have been quite surprised and impressed by the retention rates they have observed, and certainly, such anecdotal evidence from some pipelines suggest that sustainability is not an issue for the beneficiaries recruited into these jobs so far. For example, there was 100 per cent retention at the 13 week period for the first Ladbrokes pipeline at Brent. Retention continued to be very high among Fair Cities recruits at the 26 week period, with an attrition rate of only five per cent, compared with 30 per cent for non-Fair Cities recruits.
Data from the Fair Cities central management information system, however, paint a very different picture, and show that just over half (54 per cent) of Fair Cities recruits are known to be still in work (i.e. in any job, not just the original FC one) at 13 weeks, and just eight per cent at 26 weeks. It is 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, and at 26 weeks much worse.

8.3 Evidence of progression

Fair Cities is filling real vacancies, and not supernumerary positions or traineeships devised especially by or for the programme. It is, therefore, not surprising that almost all the employers that had offered jobs claimed there were opportunities for progression for the successful candidates within their organisations. Although they remain entry level jobs, most nevertheless fit into established career structures within the organisations, and, as argued above, the large size of most of the recipient organisations provides scope for further promotion. Typically, in the financial services organisations interviewed for this evaluation, opportunities exist for customer service staff to move upwards into supervisory roles; or in the case of a particular bank in Birmingham, the potential for people to move to team leader roles, or on to retail, mortgage sales and other internal opportunities. Indeed, another financial services organisation claimed it operates an internal promotion policy, rather than recruiting through external advertising, in order to facilitate such progression. A local authority department in Bradford also has a programme of continuous professional development; and care assistants have the opportunity to progress to senior care assistants, and into management positions, all within six years. A health care organisation, also in Bradford, is particularly keen to stress that the care assistant posts should not be seen as ‘dead end’ jobs, but the beginning of careers in the NHS.

‘I think people see health care assistant roles, certainly in the conversations I have had, as dead end jobs and they are far from that. Within the NHS they are far from that. I think in nursing homes and other places there may well be because there is no area for development but we see our health care assistants as our future nurses or our counsellors, or our physiotherapist, or whatever. There are opportunities there and we have a constant turnover of staff because of the progression within these roles. There is a PR issue here around ensuring people understand what these vacancies are about.’

(Health care organisation)

Similarly, the entry level vacancies on offer at another NHS Trust fit into a career structure within the organisation. The idea is to build the bottom end of the career ladder, and with successful recruitment of good people at that level, provide training for them to move on into what is referred to as clinical assistant practitioner posts in two to three years down the line. Once people have done an NVQ, they would then begin to move on, with the possibility of becoming qualified professionals.
Good pipeline design on the part of Fair Cities can make this progression easier, and there are some examples where this has been achieved. For example, in Brent the Royal Mail pipeline links directly into an apprenticeship scheme which provides significant further vocational training. In Birmingham, a pipeline preparing beneficiaries for healthcare assistant roles is designed specifically to link into post-recruitment training at NVQ2 level.

8.4 In-work support

An important and innovative aspect of the Fair Cities Pilots is the emphasis they have given to the subsequent progression of beneficiaries through the labour market. There are two, slightly different facets to this.

On the one hand, to progress into better jobs, beneficiaries ought, on the face of it, to remain in employment. Not only does this provide the means to that end, but it is also true that future employers are more likely to be impressed by an applicant with a good record of continuity in employment than by an obvious job-hopper. So, sustainability in employment, even if not with the initial Fair Cities employer, is a necessary, but not sufficient, condition for progression.

On the other hand, progression to a better job may be facilitated by access to the means to secure it, i.e. most obviously by access to appraisal, training, staff development and other aspects of good HR practice. It will be helped by access to a good supply of internal vacancies in a big organisation that relies heavily on the internal labour market to fill vacancies. It will be helped by access to the tacit skills and insider knowledge that can make internal candidates more attractive and with known qualities than external ones. Again, though, progression does not necessarily imply retention with the Fair Cities employer; indeed it may be the case that successful employment with such an employer, and a reference to back it up, may make a Fair Cities beneficiary much more employable on the external labour market than previously.

If sustained employment is perhaps the first step to progression, it has to be said that this does not seem to have been a crucial or early priority for the Pilots. For the most part the Pilots have relied on two linked considerations to promote sustained employment.

Firstly, although individual contracts differ, providers are paid part of their fee for retention at 13 weeks, and more recently the outcomes payments have been extended to include a payment for retention at 26 weeks. Providers are responsible for tracking individuals so that they can be shown to be still in employment, and this has proved both difficult (particularly where individuals have moved from one employer to another) and inaccurate. The Pilots have tended to assume that income maximization on the part of the provider represents both a strong and a sufficient motivation to take issues around sustainability seriously.
Secondly, generally speaking, however, providers have tended to leave recruits to start work, undertake the induction programme and any related training with little further support. In effect, they are relying on a combination of the ‘push’ of a relatively high quality job to keep the recruit committed to his/her job, and the ‘pull’ of sensitive and supportive HR procedures on the part of their employers, to provide a sufficiently supportive environment to promote retention.

At best, Fair Cities providers seem to offer a reactive intervention to ‘sort out’ any problems which manifest themselves, rather than an ongoing, systematic and proactive interest. Thus for example, in one pipeline the provider reported that they ask the employer/HR contact within organisations they have placed their candidates with to approach them if there are any concerns with the Fair Cities employee in the first 13 weeks of their employment. They do this with the intention of mediating between the two and facilitating working together to resolve any misunderstandings particularly those which are created by cultural misunderstandings or a beneficiary’s lack of understanding of employer expectations for example with time keeping. This seems to be about the most active intervention that most providers either envisage or deliver.

A similar story seems to be the case also for help in progression. Here, once again, the fortuitous position of the beneficiary (in an entry level job with an organisation that is more or less committed to internal development and promotion) seems to provide a sufficient basis for delivering their concern for advancement. Certainly, once in employment employers reported that Fair Cities candidates would have access to the same internal promotion and advancement opportunities as any other employee if they settled into the company well, performed at an appropriate level and showed potential. Nor was this usually wishful thinking, because most positions that Fair Cities candidates were recruited to had a programme of training and development attached to them, for example a NVQ Level 2 in care, and a six-week programme of induction and skills development in a large financial services company.

As we will show later, despite some shortcomings with the data, there does not seem to be particularly strong evidence for good retention at 13 weeks, and much less so at 26. It may be that this fairly ‘laissez faire’ approach to sustainability and progression on the part of providers should be the object of future Fair Cities scrutiny.

8.5 Typical experiences

It is perhaps too early to be categorical about whether or not the key players involved in the Fair Cities initiative have what could be described as a ‘typical’ experience. The evidence which emerges from interviews with employers and training providers so far is rather mixed.
It is true to say some employers had hoped for higher rates of success from the programme. On the whole, though, the Fair Cities initiative seems to be working well for most employers, and they are very positive about their experience. Some of these mentioned they wished they had known about Fair Cities and become involved with the initiative earlier. They were particularly attracted by the cost savings on their recruitment activities. As one employer pointed out:

‘We didn’t really need to use our own external agencies because Fair Cities work with Reed, and these costs could have been covered. We didn’t need to use our own agencies. I think that’s a massive selling point for employers.’

(Communications organisation)

It is particularly notable that the employers involved are all offering permanent contracts. This is important, as it is often harder for employers to see potential among first jobbers and people who have been out of the labour market for long periods.

‘With first jobbers it’s harder to see potential. With people returning you can see it, once their confidence builds, once we give them the training. I’m pretty sure they’re going to be able to do it. When they had never had a job before and the only test they’ve had has been school, and they’ve dropped out and they’re lacking in confidence, and so they’re not performing at the open day, how do you go about measuring that person’s potential in three to four weeks’ time? At the end of every open day we have a round table discussion with the employer where we discuss each and every candidate and they admitted themselves they had to do an awful lot of learning during those conversations.’

(Fair Cities Manager)

There will continue to be speculation about the extent to which employers look beyond their own immediate needs when recruiting through the Fair Cities programmes.

8.6 Summary

Chapter 8 is concerned with the longer-term prospects for retention and progression in employment for Fair Cities beneficiaries.

- It confirms that job quality seems to be generally high; in some respects this turns on the characteristics of the job in question, but is supplemented by the general policies and practices of the employer in question.

- So far as the first is concerned, most of the vacancies are in entry or first level jobs that do not require people with previous experience. However, some of the jobs being offered require some previous experience and/or qualification(s), either in a trade (eg field service engineers), or more generally in other employment.
• So far as the second is concerned, being generally large, these employers offer relatively high quality terms and conditions of employment, non-wage benefits and a high level of legality, ethical standards and non-discriminatory employment practices which are far from the norm among smaller organisations.

• Crucially they also offer potential access to large internal labour markets where jobs are often filled through internal promotion. As none of the jobs in question is a temporary or supernumerary position, Fair Cities recruits are able to access them.

• The evidence confirms that in terms of both their pay and non-pay benefits, Fair Cities has been quite successful in securing access to jobs of good quality. It seems however that providers have assumed too much that this alone represents a sufficient basis for achieving sustainability in employment. Similarly, while it is true that most of the employers concerned do offer good promotion prospects and the training/development to help in securing it, this too is viewed as sufficient to take care of progression. Early data returns in this area are poor, but are tending to show fairly high levels of turnover by 13 weeks and much higher ones by 26. Consequently, it seems fair to conclude that issues of retention, sustainability and progression ought to become more of a priority for Fair Cities in the next year than they have been in the last one.
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;
- targeting:
  - beneficiary characteristics;
  - spatial targeting;
  - job quality;
- pipeline efficiency:
  - leakages/lags;
  - suitability of candidates;
  - sustainability of employment outcomes.

The results discussed in this chapter are drawn from the Pilots’ Management Information (MI) system at the end of September 2006, i.e. some ten months after the first Pilots began to operate, and halfway through the 2006/07 operating year. The 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. There are some areas in which the data are more complete than others, and due allowance is made for this in the text that follows.

### 9.1 Beneficiary volumes

The target job entry volumes for the three Pilots for the year 2006/07 are:

- Birmingham: 750
- Brent: 700
- Bradford: 964
and while the attainment of these job entries will be dependent on numerous facets of the pipelines’ design and functioning, it is clear that the beneficiary intake and processing volumes are the key determinant here.

9.1.1 Entry and assessment

By the end of September 2006, 1,524 candidates had been accepted into the programme; of whom, most (1,426, 94 per cent) had been referred for assessment. Data are incomplete for those actually having such an assessment, but data for Brent alone show that 84 per cent of those referred had received it.

We might expect some delay at this entry point to the pipelines, but it would seem that the processing of potential beneficiaries has been proceeding relatively smoothly, with a relatively speedy and complete referral to assessment.

However, of those who have been referred for assessment, only 825 (58 per cent) had been referred to some kind of provision, i.e. to enter one or other of the pipelines. 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, as we have shown, individual pipelines are relatively small, and so finding suitable places for a diverse group of entrants seems likely to be a time-consuming business. Nevertheless, it is a matter of concern that nine months into their operation, only just over half those showing sufficient enthusiasm and interest in the Pilots to formally register with them have been referred to a pipeline. It remains unclear at this time exactly what may be causing this; it could be a mismatch between high volumes of registrants and (as yet) low volumes of pipeline places; it could be a shortage of assessment capacity; it could be that high numbers of potential beneficiaries are found to be unsuitable for this kind of provision, or that significant proportions of them drift off between acceptance and referral. It will be an important facet of the next stage of the evaluation to review this more closely.

9.1.2 Training provision

As above, 825 people had been referred to some kind of provision (or ‘referred to next stage’ in the database terminology); 90 per cent of them, 746 people, had joined one or other of the pipelines. This suggests a fairly rapid shift between referral and entry to a specific pipeline, which in turn adds further weight to our conclusion that the delay/dropout between assessment and referral is mainly due to a mismatch between assessed need and available/suitable pipelines. In effect, it seems that beneficiaries are mainly only referred to specific pipelines with known vacancies and start times, rather than joining a queue for provision with distant or uncertain start times.

Some 657 beneficiaries had completed their course by the end of September 2006, and this represents 88 per cent of starters. In assessing this completion rate, there are two factors that need to be kept in mind.
• Firstly, at the time that the data were extracted, some individuals would still have been taking part in a pipeline, and so could not add to the completers’ number.

• Secondly, the presence in the data of individuals moving through early provision in Bradford that amounted to little more than job-broking and which were relatively short.

Nevertheless, this quite high proportion is consistent with our earlier finding that the majority of pipelines, particularly in Birmingham and Bradford, seem to be 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.

A third 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 2006, only nine per cent of starters left their course early (68 people). This is a good, i.e. low, drop out rate by the standards of other ALMP programmes, but this 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 ‘guaranteed 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.

### 9.1.3 Interviews for jobs

As discussed above, the Pilots do expect employers to guarantee to hire people who complete one of the pipelines. The most that is guaranteed is an interview for successful pipeline completers; the employer is under no obligation to employ. In practice, what is more normally guaranteed is entry to a selection process for a job at the end of the pipeline, and this often involves shortlisting from a CV or an application form, then an interview, and then any subsequent testing that the employer might require.

The database shows that of the 657 beneficiaries who had completed their course by the end of September 2006, 471 (or 72 per cent) had been interviewed for a job. 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. However, for the most part, it would seem that almost one in ten (nine per cent) of course starters do not finish it, and another two in ten starters (22 per cent) complete the course, but do not receive an interview. A post-training loss of 31 per cent of course starters represents both a significant leakage from courses which are supposed to offer the strong likelihood of a job interview on completion, and an expensive one, since most have received all the training, and all of them some of it.

9.1.4 Job starts

The database shows that of the 471 individuals interviewed, some 311 (66 per cent) were recorded as ‘successful’, in that the interview resulted in a job offer.

Of these, 248 people had started work (i.e. 80 per cent of those with a successful interview, 53 per cent of those interviewed, 38 per cent of those completing their course).

While we might expect there to be some delay between a successful interview, consequent job offer and job entry, there seem to be two problems here in converting interviewees into job starts.

• Fully a third of those interviewed were unsuccessful in being offered the job for which they were being prepared. This looks surprisingly high in view of the emphasis on initial assessment and the job-specific customisation of training.

• Two in ten of those offered a job had not (yet) taken it up.

This suggests a fairly high level of mismatch on the employer side of the hiring equation, with three in ten of interviewees not being thought suitable by the employer (in addition to the 22 per cent of those completing their courses and not being offered an interview). On the individual side of the equation, our discussions with the Pilots suggest that the relatively high proportion of those not taking up jobs that they are offered is due largely to a delay in the hiring process (most commonly while Criminal Records Bureau (CRB) record checks are completed), and not really due to dissatisfaction with the offer on the part of beneficiaries.

It should be said that the job outcomes picture is complicated by some inconsistencies in the data in Bradford, and some difficulties in Birmingham in particular in confirming training completions as job offers in the database. There may therefore be some undercounting of job entries in the database, but nevertheless, the discrepancy between the annual targets and the job entries known to have been achieved is very marked, as we show in Table 9.1.

There must be a degree of arbitrariness in establishing a start date for job entries over time, and so considering the rate at which job entries are being achieved. The convention used here is to work from the date of the very first recorded job entries, in November 2005, and so provided a period of about ten months to our cut-off point at the end of September 2006.
Table 9.1  Job entries. Targets for 2006/07 with cumulative total achieved to September 2006

<table>
<thead>
<tr>
<th></th>
<th>Achieved at September 2006</th>
<th>Target September 2006</th>
<th>Target 2006/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>49</td>
<td>210</td>
<td>750</td>
</tr>
<tr>
<td>Brent</td>
<td>70</td>
<td>172</td>
<td>700</td>
</tr>
<tr>
<td>Bradford</td>
<td>129</td>
<td>378</td>
<td>964</td>
</tr>
<tr>
<td>All</td>
<td>248</td>
<td>760</td>
<td>2,414</td>
</tr>
</tbody>
</table>

Source: Fair Cities MI; Fair Cities Central Team Business Plan, 2006/07.

Furthermore, the 248 achieved job entries at the end of September 2006, include a number (about 100) achieved between November 2005 and March 2006, and so more properly relates to a period closer to ten months than six, albeit from a standing start. If the pattern of monthly increments to the job entries attained is reviewed, there is no indication of any acceleration during the first ten months of operation, as Figure 9.1 shows.

Figure 9.1  Cumulative job entries, November 2005 to September 2006

Source: Fair Cities MI, IES.
9.2 Targeting

9.2.1 Gender

There are no specific gender targets which the Pilots seek to achieve. However, as Table 9.2 shows, women make up some 36 per cent of the total intake across all three Pilots, and this breakdown remains roughly constant through assessment, referral and participation in a pipeline. Men are somewhat more likely than women to leave the pipeline early, however, and this contributes to the fact that women are more likely than men to be given an interview on completion of their course (44 per cent of them are women). Thereafter, women tend to be somewhat more successful than men; they constitute 47 per cent of those offered a job, and 40 per cent of those taking it up. However, they are rather less likely to keep it than men, as they make up just 30 per cent of those still in work after 13 weeks.

Table 9.2 Gender breakdown of Fair Cities beneficiaries at September 2006

<table>
<thead>
<tr>
<th></th>
<th>Entrants %</th>
<th>Course starts %</th>
<th>Course completions %</th>
<th>Interviewed %</th>
<th>Job start %</th>
<th>Retained at 13 weeks %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>36</td>
<td>35</td>
<td>36</td>
<td>44</td>
<td>40</td>
<td>32</td>
</tr>
<tr>
<td>Male</td>
<td>64</td>
<td>65</td>
<td>64</td>
<td>56</td>
<td>60</td>
<td>68</td>
</tr>
</tbody>
</table>

N = 1,524 746 657 471 248 111

Source: Fair Cities MI, IES.

9.2.2 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 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 9.3, that about half of them were not receiving benefit when they entered Fair Cities (and this is consistent with the targeting on the economically inactive in minority communities; see Table 9.4).
Table 9.3  Benefit breakdown of Fair Cities beneficiaries at September 2006

<table>
<thead>
<tr>
<th></th>
<th>Entrants</th>
<th>Course starts</th>
<th>Course completions</th>
<th>Interviewed</th>
<th>Job start</th>
<th>Retained at 13 weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Incapacity Benefit (IB)</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Income Support (IS)</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Jobseeker’s Allowance (JSA)</td>
<td>40</td>
<td>41</td>
<td>41</td>
<td>36</td>
<td>33</td>
<td>38</td>
</tr>
<tr>
<td>Non-benefit</td>
<td>51</td>
<td>51</td>
<td>51</td>
<td>55</td>
<td>59</td>
<td>57</td>
</tr>
<tr>
<td>N</td>
<td>1,336</td>
<td>676</td>
<td>590</td>
<td>394</td>
<td>216</td>
<td>101</td>
</tr>
</tbody>
</table>

Source: Fair Cities MI, IES.

However, Table 9.3 also shows that a high proportion of entrants (40 per cent) were in fact economically active on entry to the programme, and were in receipt of JSA. Those on JSA are somewhat less likely than average to be invited for interview, and still less so to be offered a job, with those not on any benefit seeming to have the best outcomes all round, although the differences between cohorts are not great.

The combination of these two characteristics of the entry cohort may have important consequences for the net costs of the Pilots, as the former provides for a limited offset through benefit savings, while the latter is consistent with significant levels of deadweight. Individuals who are simultaneously on benefit, and likely to be economically inactive, i.e. those on IB and IS, constitute less than ten per cent of the intake. It may be worth noting that there has been some confusion about whether lone parents who opt to join the New Deal or Employment Zones would be eligible for referral to Fair Cities, and this prevented an early focus on a large group of potential beneficiaries who are both inactive and on-benefit.

9.2.3  Ethnicity

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

As Table 9.4 shows, about 80 per cent of entrants are known to come from minority ethnic backgrounds, and among them Black (or Black British) and Asian (or Asian British) ethnicity are by far the most common, at 40 and 30 per cent of entrants respectively.
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.

9.2.4 Time since last worked

About a quarter of pipeline entrants (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. 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 entrants are to be found, with over half (54 per cent) having worked within the previous 12 months.

Table 9.5 Breakdown of Fair Cities beneficiaries at September 2006, by time since last worked

<table>
<thead>
<tr>
<th>Time since last worked</th>
<th>Entrants %</th>
<th>Course starts %</th>
<th>Course completions %</th>
<th>Interviewed %</th>
<th>Job start %</th>
<th>Retained at 13 weeks %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never worked before</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>More than three years</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>2-3 years</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>1-2 years</td>
<td>11</td>
<td>12</td>
<td>11</td>
<td>10</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>6-12 months</td>
<td>18</td>
<td>22</td>
<td>22</td>
<td>21</td>
<td>29</td>
<td>25</td>
</tr>
<tr>
<td>Less than six months</td>
<td>36</td>
<td>39</td>
<td>39</td>
<td>36</td>
<td>37</td>
<td>46</td>
</tr>
<tr>
<td>Refused/don’t know</td>
<td>20</td>
<td>13</td>
<td>14</td>
<td>21</td>
<td>15</td>
<td>7</td>
</tr>
</tbody>
</table>

N = 1,524 746 657 471 248 111

Source: Fair Cities MI, IES.
Furthermore, as Table 9.5 shows, those with relatively recent labour market experience are more likely to be successful within the pipelines; they make up exactly two-thirds of all the job starts and 71 per cent of those still in work at 13 weeks.

### 9.2.5 Target wards

As discussed above, the Pilots have sought to meet their ethnicity targets by concentrating their activities within certain city wards. However, unlike some Jobcentre Plus initiatives, participation is not restricted to residents in these wards, but is in effect city wide. The results are shown in Table 9.6, and we can see that overall just 27 per cent of entrants to Fair Cities had an address within one of the target wards. There are, however, considerable variations between the three Pilots in this respect, with Bradford showing a far higher proportion of entrants from within its target wards. This is perhaps not surprising given the size and number of the target wards in Bradford.

The combination of somewhat higher job outcomes in Bradford, and a higher concentration by ward, means that the proportion of all job starts taken by individuals living within the target wards is much higher, at 48 per cent.

#### Table 9.6 Breakdown of Fair Cities beneficiaries at September 2006, by location in target wards

<table>
<thead>
<tr>
<th></th>
<th>Entrants %</th>
<th>Course starts %</th>
<th>Course completions %</th>
<th>Interviewed %</th>
<th>Job start %</th>
<th>Retained at 13 weeks %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>16</td>
<td>13</td>
<td>8</td>
<td>14</td>
<td>10</td>
<td>27</td>
</tr>
<tr>
<td>Bradford</td>
<td>56</td>
<td>64</td>
<td>32</td>
<td>66</td>
<td>74</td>
<td>21</td>
</tr>
<tr>
<td>Brent</td>
<td>24</td>
<td>25</td>
<td>7</td>
<td>27</td>
<td>29</td>
<td>15</td>
</tr>
<tr>
<td>All</td>
<td>27</td>
<td>29</td>
<td>11</td>
<td>36</td>
<td>48</td>
<td>19</td>
</tr>
</tbody>
</table>

*Source: Fair Cities MI, IES.*

### 9.2.6 Qualifications

There is considerable variety in the extent to which academic or vocational qualifications are held among beneficiaries. About a quarter of entrants are qualified to NVQ3/A-level or better, slightly more hold O-level/GCSEs, and 15 per cent have vocational qualifications at GNVQ Level 1 or 2. Just 11 per cent hold no qualifications at all (Table 9.7).

Broadly speaking, the less well qualified the entrant, the more likely is he/she to have found a job through the Pilots (those without qualification make up 20 per cent of those starting work).
Table 9.7 Breakdown of Fair Cities beneficiaries at September 2006, by highest qualification

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Entrants</th>
<th>Course starts</th>
<th>Course completions</th>
<th>Interviewed</th>
<th>Job start</th>
<th>Retained at 13 weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td>No formal qualifications</td>
<td>11</td>
<td>12</td>
<td>13</td>
<td>12</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td>GCSE/O-level/CSE or equivalent</td>
<td>29</td>
<td>29</td>
<td>29</td>
<td>29</td>
<td>26</td>
<td>32</td>
</tr>
<tr>
<td>Vocational qualifications (SVQ/GNVQ 1 and 2 or equivalent)</td>
<td>15</td>
<td>16</td>
<td>15</td>
<td>16</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>A-level/NVQ 3 or equivalent</td>
<td>14</td>
<td>13</td>
<td>13</td>
<td>14</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>Bachelors degree/NVQ 4/HND or equivalent</td>
<td>10</td>
<td>9</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Masters/PHD or equivalent</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Still studying</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Refused/don’t know</td>
<td>11</td>
<td>11</td>
<td>12</td>
<td>13</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Overseas qualification</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

N = 1,524  746  657  471  248  111

Source: Fair Cities MI, IES.

9.2.7 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 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 2006, the overall average gross hourly rate for jobs associated with them was £7.39. There was a considerable range around this average, however, with the highest paid being just over £10 per hour (customer service advisers for London Transport, Brent Pilot – IES estimate) to the (then) National Minimum Wage of £5.05 (shop assistants, Bradford Pilot). It is worth noting that with this single exception, all the pipelines were focused on jobs offering pay rates above the minimum wage; the next lowest, after the shop assistants, being £6.04.
There is also an interesting variation between the three Pilots in the average wage rates for pipelines in operation at the end of September, with the Brent wage rates 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 were on the whole of a more technical/semi-professional nature, and correspondingly less likely to involve care, call centre or bar work.

9.3 Pipeline efficiency

The Fair Cities pipelines represent a novel means of assisting the transfer of individuals out of inactivity/unemployment into work. It is important therefore that the implementation of this novel design does not undermine their efficiency. In reviewing this we will focus on certain leakages and lags that have been observed among the first wave of pipelines, and then move on to consider the question of post-pipeline sustainability in work.

9.3.1 Leakages/lags

The discussion above has identified three areas where the efficiency of the pipelines seems to be constrained by leakages or lags.

*Queuing to join a pipeline*

Firstly, there is an evident lag between assessment and allocation to a pipeline. Of those who have been referred for assessment, only 825 (58 per cent) had been referred to some kind of provision, i.e. to enter one or other of the pipelines.

The MI system can offer no explanation as to the causes of this first bottleneck, but our discussions with the Pilots themselves suggest that several factors are at work here. In rising order of importance, they are:

- Straightforward delay/queuing due to a lack of resource or specialist skills to undertake the assessments. This seems unlikely to be a major concern in view of the relative success in Brent in getting the assessments done, and while there is some evidence of delay at this point, the more important blockage seems to occur between assessment and referral.

- There does seem to be some voluntary wastage from the pipeline before referral to provision, due to individuals perhaps deciding that participation is not for them, or their circumstances changing (i.e. they may have got a job independently) or frustration at any delay in entering a pipeline.
• However, the most important factor seems to be a mismatch between the needs/circumstances/characteristics of beneficiaries as revealed by the assessment, and the availability or suitability of Fair Cities provision. This may well turn out to be an inherent feature of an initiative that seeks on the one hand to balance specific criteria from participating employers about the attributes they are seeking among potential recruits with those demonstrated by entrants, and on the other the potentially diverse, and sometimes unrealistic, job preferences and expectations of entrants with the very specific opportunities on offer through particular pipelines.

**Pipeline completers not offered a job**

The second area of concern centres on the surprisingly high proportion of beneficiaries who, having successfully completed their course, were apparently not subsequently thought to be satisfactory recruits by the employers around whose needs the pipelines had been largely designed. The database shows that of the 657 people completing their course:

• 28 per cent had not been offered an interview; and  
• 34 per cent of interviewees were not offered the job afterwards.

Taking these two together, some 47 per cent of people completing their Fair Cities training provision had not been offered one of the jobs at the end of their pipeline.

Four hundred and seventy-one individuals interviewed, some 311 (66 per cent) were recorded as ‘successful’, in that the interview resulted in a job offer. It may be of course that some had found a job elsewhere or had dropped out of contention for reasons of their own; no doubt a few were still waiting to be called for interview when the data were drawn. But even making due allowance for this, it does seem very disappointing that approaching half of those completing their courses have not found work with the pipeline’s employer, and this is especially so in view of the focus on the customisation of that training specifically to meet that employer’s needs, and the clearly selective procedures (above) at work in allocating people between assessment and referral.

It is not known what factors may account for this level of apparent mismatch, but it would seem to imply that:

• the initial people specifications flowing from employer to provider up the pipeline may not have been as accurate or full as they might more usefully have been. If there are tacit selection criteria, as well as formal ones, then these need to be fully spelled out;  
• alternatively, it may be that the training delivered was either not sufficient or not appropriate to provide beneficiaries with the capacity to meet the relevant hiring criteria.
In either case, it would seem sensible for further inquiries to be made around this issue, with the Pilots looking carefully at the issue of mismatch between completers’ attributes and recruiters’ expectations.

*Delay in starting work*

The third area of concern centres on the sometimes long delays between a job offer and a job starting. As we showed above, the 248 people who had started work with the pipeline employer, represent only 80 per cent of those with a successful interview and who were offered the job in question. No doubt a few of these may have declined the job offer, and certainly some will start work after only a short delay. Nevertheless, it is known from discussions with the Pilot staff that some of the employers involved do have long (sometimes extremely long) procedures and processes to complete between job offer and start date. These sometimes involve CRB and credit checks; more often perhaps there are simply bureaucratic delays within the organisations’ HR functions. The essential point here is that some individuals may lose interest, may start to look for work elsewhere, or may simply drift away if they are confronted by an unexpected or unexplained gap in the pipeline process.

It would seem worthwhile for the Pilots also to review possible leakage at this point, with a view either to speeding up the process, or at least to forewarn the beneficiaries involved and make any necessary efforts to keep them engaged.

### 9.3.2 Sustainability

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. So important have these ambitions been that significant proportions of training providers’ fees have been predicated on sustainability in employment at least at 13 weeks, and in some cases at 26.

Before moving on to discuss sustainability 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, and for this reason the analysis below should be treated with some care, since it is based on quite partial and incomplete data.
Of course, some of the 248 job starts were so recent that they could not yet have been at work for 13 weeks. Allowing for this, we observe that 206 of the job starts were at least 13 weeks ago, and just 111 of them 26 weeks previously. Of these individuals:

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

It is 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. It may also be worth noting that the 13 week result is broadly in line with many mainstream programmes' achievements. Nevertheless, even allowing for this, these sustainability results look poor, and at 26 weeks look a good deal worse, particularly in view of the Pilots’ overt focus on sustained employment and subsequent progression at work.

Discussions with Pilot staff about the accuracy of these estimates and what might be causing such poor results have been inconclusive. 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 in offering them significantly different/better support than they offer to their ‘regular’ recruits. 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.

Nor does it seem that post-hiring support has been a key priority for either the Pilots themselves or their training providers. This may well be a natural consequence of the early stage of the Pilots when most people’s attention is fixed on securing job entries, but even allowing for the weakness of the data available on retention, what they suggest seems extremely disappointing, and this should clearly indicate both a more systematic effort to track the pattern of retention than the MI system now allows, and a thorough examination of the emerging picture with a view to improving it.

### 9.4 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, as follows:
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. We have tried to minimise this effect somewhat by citing results both for the Pilots since inception and for year-to-date (i.e. April-September 2006). This year-to-date calculation excludes some of the set-up costs, and it includes some job entries from beneficiaries entering the programme before April 2006, which may somewhat offset the effect of those still in it at September.

About 20 per cent of the Fair Cities spend is 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 is established outside the mainstream by design, and not by accident; in effect it has chosen to forego some of the advantages of mainstream support, and in this light it is more reasonable to include the central administrative and other costs thereby incurred. Tables 9.8 and 9.9 show results both including and excluding this central spend; where it is included, we have simply allocated it evenly between the three Pilots.

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 is not a job creation initiative, there are likely to be high rates of substitution also, and so there may also be negative exchequer effects from individuals who would otherwise have taken the jobs now 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 tables below show year-to-date and cumulative job entry and expenditure results for the three Pilots both including and excluding the central expenditure.

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56 We have noted above that some 59 per cent of job entrants were not in receipt of any benefit.
Table 9.8  Cost per job estimates (year-to-date)

<table>
<thead>
<tr>
<th>Year to date</th>
<th>Job entries</th>
<th>Spend excluding centre £</th>
<th>Spend including centre £</th>
<th>Cost per job excluding centre £</th>
<th>Cost per job including centre £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>38</td>
<td>387,202</td>
<td>533,645</td>
<td>10,190</td>
<td>14,043</td>
</tr>
<tr>
<td>Brent</td>
<td>61</td>
<td>710,208</td>
<td>856,651</td>
<td>11,643</td>
<td>14,043</td>
</tr>
<tr>
<td>Bradford</td>
<td>47</td>
<td>354,142</td>
<td>500,585</td>
<td>7,535</td>
<td>10,651</td>
</tr>
<tr>
<td>Central Secretariat</td>
<td></td>
<td></td>
<td>439,329</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>146</td>
<td>1,451,552</td>
<td>1,890,881</td>
<td>9,942</td>
<td>12,951</td>
</tr>
</tbody>
</table>

Source: Fair Cities, IES.

Table 9.9  Cost per job estimates (cumulative)

<table>
<thead>
<tr>
<th>Cumulative</th>
<th>Job entries</th>
<th>Spend excluding centre £</th>
<th>Spend including centre £</th>
<th>Cost per job excluding centre £</th>
<th>Cost per job including centre £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>49</td>
<td>775,829</td>
<td>971,385</td>
<td>15,833</td>
<td>19,824</td>
</tr>
<tr>
<td>Brent</td>
<td>70</td>
<td>1,009,407</td>
<td>1,204,963</td>
<td>14,420</td>
<td>17,214</td>
</tr>
<tr>
<td>Bradford</td>
<td>129</td>
<td>781,538</td>
<td>977,094</td>
<td>6,058</td>
<td>7,574</td>
</tr>
<tr>
<td>Central Secretariat</td>
<td></td>
<td></td>
<td>586,669</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>248</td>
<td>2,566,774</td>
<td>3,153,443</td>
<td>10,350</td>
<td>12,715</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 is approximately £12,800 (£12,951 year to date and £12,715 cumulative);

- if the costs of the centre are excluded, the gross cost falls to about £10,000 (£9,942 year to date and £10,350 cumulative);

- there are large differences between the different Pilots and these seem to reflect early experimentation in Bradford with job broking arrangements with a relatively low cost per job, and delay in Birmingham in securing/recording job entries. There are also some differences in the operating cost structure between the different Pilots, notably that Fair Cities Bradford does not have to pay rent for its premises. Looking at the year-to-date results, which may reduce somewhat the effect of the early Bradford experience, their gross costs per job entry, excluding the centre, are £10,190, £11,643, and £7,535, for Birmingham, Brent, and Bradford respectively.
By comparison with cost estimates made for other ALM programmes in the UK, it is evident that the costs cited here look disproportionately high. These Department for Work and Pensions (DWP) estimates are shown in Table 9.10.

Here, we can see that only two other programmes have higher gross costs per job estimates than the cumulative/inclusive estimate for Fair Cities. Both of these programmes, Workstep and SIBS provision, focus on people with some of the most profound barriers to finding and keeping employment (people with serious disabilities and those with major basic skills deficiencies respectively). The scope of the intervention they offer is far more substantive 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.

Table 9.10  Gross cost per job estimates: UK ALM programmes

<table>
<thead>
<tr>
<th>Programme</th>
<th>Gross costs per job £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workstep</td>
<td>14,800</td>
</tr>
<tr>
<td>Basic Skills-SIBS</td>
<td>13,600</td>
</tr>
<tr>
<td>Fair Cities (cumulative incl. centre)</td>
<td>12,715</td>
</tr>
<tr>
<td>Workprep</td>
<td>11,800</td>
</tr>
<tr>
<td>Step up</td>
<td>11,500</td>
</tr>
<tr>
<td>Fair Cities (cumulative excl.)</td>
<td>10,350</td>
</tr>
<tr>
<td>WBLA-BET</td>
<td>8,800</td>
</tr>
<tr>
<td>ESF-Social Inclusion</td>
<td>8,000</td>
</tr>
<tr>
<td>Ambitions</td>
<td>7,800</td>
</tr>
<tr>
<td>FTET</td>
<td>7,000</td>
</tr>
<tr>
<td>WBLA-LOT</td>
<td>5,600</td>
</tr>
<tr>
<td>ESF – Lifelong Learning</td>
<td>4,200</td>
</tr>
<tr>
<td>ESF – Active Labour Market</td>
<td>3,800</td>
</tr>
<tr>
<td>ND25+</td>
<td>3,700</td>
</tr>
<tr>
<td>NDYP</td>
<td>2,790</td>
</tr>
<tr>
<td>WBLA-SJFT</td>
<td>2,400</td>
</tr>
<tr>
<td>EMO</td>
<td>2,400</td>
</tr>
<tr>
<td>NDPP</td>
<td>2,100</td>
</tr>
<tr>
<td>Access to Work</td>
<td>1,900</td>
</tr>
<tr>
<td>Action Teams</td>
<td>1,300</td>
</tr>
<tr>
<td>NDP</td>
<td>1,200</td>
</tr>
<tr>
<td>NDLP</td>
<td>500</td>
</tr>
<tr>
<td>ND50+</td>
<td>300</td>
</tr>
<tr>
<td>Work Trials</td>
<td>43</td>
</tr>
</tbody>
</table>

Source: DWP.
9.5 Summary

The number of job entries secured with Fair Cities employers after nine months of operation has been disappointingly small; at 248 by the end of September 2006, this represents only about ten per cent of the target for the whole of 2006/07. Nor are there any obvious signs of an accelerating pace of delivery.

Targeting results are mixed:

- About 80 per cent of entrants are known to come from minority ethnic backgrounds, and among them Black (or Black British) and Asian (or Asian British) ethnicity are by far the most common, at 40 and 30 per cent of entrants respectively.

- The two main groups on entry are those in receipt of JSA and by definition economically active (40 per cent), and people not on any benefit at all, who make up just over half of the entrants.

- About a quarter of pipeline entrants (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. It is among the relatively short-term unemployed/inactive that the bulk of entrants are to be found, with over half (54 per cent) having worked within the previous 12 months.

- Overall, just 27 per cent of entrants to Fair Cities had an address within one of the target wards.

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 2006, the overall average gross hourly rate for jobs associated with them was £7.39.

There are three areas where the efficiency of the pipelines seems to be constrained by leakages or lags.

- Firstly, there is an evident lag between assessment and allocation to a pipeline. Of those who have been referred for assessment, only 825 (58 per cent) had been referred to some kind of provision, i.e. to enter one or other of the pipelines.

- Secondly, only a disappointingly small proportion (53 per cent) of beneficiaries finishing the training provided had been offered work with the Fair Cities employer at the end of their pipeline; just over a quarter of them were not offered an interview, and just under a quarter were interviewed but without being offered the job.

- Thirdly, there are sometimes long delays between a job offer and a job starting, thus, the 248 people who had started work with the pipeline employer, represent only 80 per cent of those with a successful interview and who were offered the job in question.
A fourth area of concern relates to sustainability of employment after hiring. Although there are some data shortcomings here, it would seem that of those who might still be in work:

- 54 per cent are known to be still in work (i.e. in any job, not just the original FC one) at 13 weeks; and

- just eight per cent are still in work (again, in any job) at 26 weeks.

It is 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.

- Finally, although there are differences between the three Pilots, the average gross cost per job entry across all three and including the cost of the Central Secretariat is approximately £12,715. If the costs of the centre are excluded, the gross cost falls to £10,350.
10 Conclusions and recommendations

This chapter draws together the key findings reported above, and in their light, sets out our recommendations.

10.1 Interim conclusions

In the first nine months of 2006, the Fair Cities Pilots have 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 have 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 have been much defused;
- ad hoc and complicated arrangements for working through third parties in order to employ staff, secure premises, procure contractors, etc., have been established and appear to be working reasonably well;
- uncertainty about a substantial proportion of the Pilots’ budgets have been resolved with significant financial commitments from European Social Fund (ESF).
• a number of successfully implemented pipelines providing 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, is now starting to cohere, as early experience in developing and delivering a number of quite varied pipelines has 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 are tending to be small (with about 25 to 30 places per course) and short (14 days average duration).

• Vacancies are tending to be of good quality, with an average starting wage of £7.39 per hour.

• Employers are tending to be very large ones.

• They do not have ring-fenced vacancies exclusively for Fair Cities candidates; that is to say, employers may well be 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 may 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 is as yet some, but fairly modest, evidence for a putative Model C, in which the Pilots are actively engaged in re-modelling employers’ recruitment and selection behaviour to the benefit of minority group jobseekers.

• 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 training. Employers reported rather more mixed experiences with the quality of candidates coming through the pipelines and entering their recruitment processes.
• There is some, but far less, evidence that pipelines are 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 seem 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 have been disappointing.

• At 248 jobs in ten months, volume of beneficiaries placed in jobs with Fair Cities employers is little more than ten per cent of that envisaged for the current year as a whole. Nor is there any obvious sign of an increasing monthly rate of job entries during this period.

• While the targeting of beneficiary intakes has been strong in terms of a focus on minority ethnic groups, it has 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 are serious blockages in, and leakages from, the pipelines that have 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 is high (£10,350, excluding the cost of the Central Secretariat), albeit likely to reduce as numbers build up and start-up costs are spread.

• Although the quality of the vacancies secured is generally good, at least in terms of average starting pay, sustainability in employment seems to be poor at 13 weeks, and much worse at 26, with a 54 per cent and eight per cent known survival rate respectively. This seems likely to further undermine the economic effectiveness of the initiative, and must place Fair Cities’ ambitions for enhanced progression at work in some doubt.

### 10.2 Recommendations

It seems fair to conclude from this that while the Fair Cities Pilots have 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 is 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 seem 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 not offered an interview or not hired after one.

There have been other problematic areas, but while these may have had a collective impact, no single one seems to have had a damning impact.

- Though not easy to secure, there has generally been a sufficient volume of job vacancies on offer.
- Despite delay and uncertainty on the funding side, there has always been enough money available to fund developments.
- Although the pipelines have not focused exclusively on hard-to-help groups, there has 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 have been some teething problems, experienced local training providers have been keen to co-operate with Fair Cities; and
- The MI data might be slightly rough around the edges, but they are 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 seems to be no sign of acceleration in delivery which might build on a slow start. However, on the basis of the evidence available to date, it seems premature to conclude that customised demand-side initiatives of this kind are inherently slow and low volume affairs. The trajectory of job entries within the three Pilots over the next six months or so ought to provide more compelling evidence on this score.

In consequence our first recommendation is that the Fair Cities Pilots should urgently consider potential means of accelerating the rate of job entries.

This seems to us the sine qua non for the success of the Pilots; if they cannot raise their game above this level, then however novel or sophisticated their approach, they cannot hope to make any significant impact on the labour market, the disadvantaged communities they have targeted or the mainstream training and job-brokering infrastructure which they hope to energise.

Any dash for growth might bring other, less welcome consequences, and it is not our intention to overlook them. In our view, the second urgent priority for the Pilots is to consider to what extent the beneficiaries they are currently serving are
significantly disadvantaged and are not already quite well served by existing, cheaper labour market agencies. The evidence that we have presented in Chapter 6 shows that there is 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 have shown in Chapter 9, the result is 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 have provided themselves with a sophisticated and expensive MI system precisely so that they can readily review such facets of their operation and intervene to make adjustments in real time. Now is the time to use it to this end.

Our second recommendation is that any enhanced emphasis on the pace of operations and the volume of job entries should not be at the expense of further diluting the mix of beneficiaries by leaning more strongly towards the more job ready entrants. Indeed, it is 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 is 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 has already shown a susceptibility to this temptation, but in fairness, the Central Secretariat has also shown an unwillingness to accept this, and we expect this vigilance to continue. The ultimate objective is, after all, to find out how useful the demand-led model can be, not to attain job entries by some other means.

A more productive and useful avenue to consider will probably be to review the major leakages and mismatches which we have identified as undermining the effectiveness of the early pipelines. In particular, as there seem to be rather more vacancies on offer than individual pipelines have succeeded in filling, then there must be a strong case for improving the actual content of the job preparation training which individuals receive, with a view to improving the post-pipeline recruitment rate. This will 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 will need to be assessed: are beneficiaries getting enough of it? How far has it addressed their individual needs and shortcomings? etc.

Our third recommendation is that Fair Cities reviews the effectiveness of the pipelines which have 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 has 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 increases 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. There may be problems ahead for Fair Cities’ active efforts to promote progression, as we have already reported employers’ lack of comfort with preferential treatment for any particular group of entrants. However, a prior problem, and one closer to home, is the apparently high rates of wastage among beneficiaries once they are hired. We concede that there may be data problems in accurately and systematically tracking individuals once they have moved beyond the pipelines, but such evidence as there is certainly suggests that retention rates are 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 is 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 wish to consider appropriate measures to aid retention in work.

Finally, there remains the issue of the spatial focus of the Pilots. We have shown that the Pilots’ ability/readiness to control the voluntary entry to pipelines on the basis of the address of the volunteer has been rather weak, although some mainstream and equally voluntary programmes have taken a much firmer line on this. Furthermore, where there are strong city-wide partnership opportunities, there are obvious advantages in repositioning the Pilots to operate on an equally broad basis. Nevertheless, an important facet of their design philosophy is that they should be targeted on particularly disadvantaged communities, defined spatially as well as ethnically. Does it really matter much if in practice the Pilots effectively abandon this axis? Arguably, of course, if job entry volumes are 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 be encouraged to take part.

Our final recommendation is 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.