



wise group

Written Evidence for the Finance Committee Inquiry: Cross-cutting Expenditure Review of Deprivation



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Introduction

The Wise Group is a not-for-profit organisation dedicated to addressing deprivation amongst some of Scotland's most disadvantaged communities. Our primary focus is on employment, providing training and work experience opportunities to assist those furthest removed from the labour market to find and keep a sustainable job.

The Wise Group is best known for developing the Intermediate Labour Market (ILM) model as a means not only of helping the unemployed to gain the skills and experience they need to enter the labour market, but also to contribute to the wider regeneration of deprived communities. In providing training and work experience opportunities, an ILM boosts the economic output of a community, assists in the economic regeneration process, encourages community participation and improves skill levels. The model has been used across Scotland as a medium through which to deliver socially useful activity such as environmental improvement projects, energy efficiency and advice activity, home safety and security services, community recycling and care and childcare projects. The ILM continues to be an excellent intervention that works particularly well with people who have been out of work for a significant period of time and need to bridge the gap between benefits and employment.

Over the twenty years we have been operating, the Wise Group has grown considerably and continues to develop innovative programmes that successfully target disadvantaged groups. Since 2002, we have delivered part of the governments New Deal Contracts and are the main provider of New Deal for Young People in Glasgow. We continue to develop new models of provision and have recently begun to work closely with employers such as the NHS and call centre industries to develop pre-employment support programmes. Our client groups are constantly changing and expanding and this is illustrated in the recent development of new programmes for new client groups including asylum seekers and ex-offenders.

The multi-faceted nature of our activity allows us to access a diverse range of funding streams. We are one of the largest recipients of European Social Fund income in Scotland. We also receive income from Local Authorities and Housing Associations, Jobcentre Plus and the DWP as well as other funding streams such as charitable trusts, the Big Lottery Fund and landfill tax credits. Unlike many charities our income is largely earned, with around 70% of our income being obtained through the delivery of contractual activity.

We have made use of a range of area-based funding aimed at tackling deprivation including income from Social Inclusion Partnerships and Better Neighbourhoods Services Funding in Scotland; and the Single Regeneration Budget, Neighbourhood Renewal Fund and New Deal for Communities funding in England. However we have often found these to be highly restrictive in terms of what we can deliver and who we can help. We believe that we have had most impact when delivering activity through a range of different funding streams that allow us to be flexible in our delivery, targeting our activity as broadly as possible to all disadvantaged groups and individuals.

Executive Summary

The Wise Group strongly believe that for most unemployed and economically inactive people, getting and keeping a job is the best starting point for improving their lives. The paper will outline our perspectives on the questions asked by the Finance Committee and will advocate a broader approach to economic and social regeneration. It will argue that:

- The problems faced by deprived communities cannot be addressed through geographically limited approaches alone but must take account of the wider economies in which they are based. Bottom up and top down approaches need to be complementary, and cannot be developed without reference to each other.
- Previous attempts at area based solutions to deprivation have not always been effective and rather can often have a negative effect, stigmatising areas, increasing a sense of isolation and territorialism and promoting a 'postcode lottery' whereby those individuals not resident in a certain community, but suffering from disadvantage, can be excluded from programmes.
- Area-based initiatives that have a wider focus and are flexible enough to acknowledge that what benefits a community may not necessarily take place within a restricted postcode or SIMD area, would be welcome.
- The way in which funding is targeted and distributed can restrict its effectiveness in tackling deprivation. Short term funding leads to short term priorities with limited usefulness for the transformation of deprived communities
- The heavy emphasis on innovation present in many funding streams also leads to short term approaches and can disadvantage tried and tested approaches to area regeneration
- Longer term investments in large scale programmes such as the ILM can have a meaningful and lasting impact on areas and communities of deprivation and can act as a means of ensuring that large scale and mainstream funding programmes have an impact on areas of most need.
- Effective and appropriate community consultation is an important aspect of developing approaches to area regeneration. However localised funding decisions are unlikely to result in effective area regeneration. 'Popular' programmes are not necessarily those which will have most impact on deprivation and often the groups seen as least 'deserving' of funding (e.g. ex-offenders, refugees, people on Incapacity Benefit) are those who most require publicly funded assistance.

What are the most effective types of funding in tackling area deprivation?

Joined-up approaches are important in tackling area deprivation and it is appropriate to seek to concentrate limited resources on those that most need assistance. However geography alone is not a sophisticated enough mechanism through which to determine need.

Deprived communities and individuals do not exist in isolation and the difficulties that they face cannot be addressed without reference to issues of both supply and demand, and the larger economy in which they are based. Local joint-working on its own, cannot solve the problems of deprived neighbourhoods. Action must also be taken at a regional and/or city wide level rather than within restricted geographies.

However we do not believe that macro-economic approaches alone are enough to tackle deprivation, 'trickle down' will not have an impact without active approaches to ensure that wealth and opportunity is shared across economies and targeted at those most in need. This is best achieved through programmes focussed on communities of interest, rather than within strictly defined geographical boundaries. Focussing provision on unemployed people across Glasgow for example allows the Wise Group to have a significant impact on some of the most deprived communities in the city (see below). We can demonstrate that our activity actively brings investment into the most disadvantaged areas of the city, without being restricted by area-based funding.

Localised Funding: the shortcomings

Localised funding streams continue to be used to tackle area deprivation. However, the initiatives they fund can actually have a negative impact on communities in terms of creating splits and divisions between and within neighbourhoods. Competition for funding can lead to local areas having to prove that they are more in need than others, creating a label of deprivation and an associated stigma which in itself can be damaging to a community.

Many deprived communities struggle with issues around territorialism and gang cultures. Our experience of running training programmes within deprived areas is that for many of our participants (and in particular for young men) participating on a programme such as ours can be one of the first times that they have positively

interacted with individuals from rival neighbourhoods or areas. We consider this to be a significant and positive unintended consequence of our approach to regeneration activity. This benefit is lost for our projects where our recruitment is restricted as a result of area-based funding streams, which can in some instances serve to perpetuate the parochialism that prevents many of our clients from accessing employment, because of an unwillingness to seek a job outwith their own community.

Area-based initiatives can also exacerbate inequality by targeting resource at obvious clusters of disadvantage meaning that smaller pockets of deprivation within more affluent areas often do not receive the same attention or degree of support as areas where the majority of residents are deprived. Clearly a more sophisticated approach to identifying need is required.

In our experience, localised funding for small, targeted initiatives often fail to achieve significant impacts on area deprivation. This perspective is reinforced by independent research which has considered the implementation of area-based programmes, where funding is targeted at small deprived areas and has found numerous drawbacks:¹

- There are often insufficient resources available to counteract the impacts of profound changes in urban economies.
- Resources for deprived neighbourhoods have often been directed through a range of discrete initiatives with specific timetables and budget requirements and insufficient attention has been given to the interdependent impacts of separately devised and managed funding programmes and other policy measures.

Furthermore research on behalf of the Scottish Parliament into Social Inclusion Partnerships (SIPs) highlighted the problems that micro-concentrations of funding are susceptible to²;

- Wasteful expenditure because of the excessive bureaucracy;
- Difficulties in securing private sector engagement;
- Difficulties in gauging how cost effective initiatives are;

¹ Devolved approaches to local governance: policy and practice in neighbourhood management. Joseph Rowntree Foundation, January 2001

² Developing a transition framework for social inclusion partnerships: interim programme review. Cambridge Economic Associates: A Report to Communities Scotland, March 2003

- Problems defining the precise issues to be addressed in areas and on what scale in order to make a difference

It is important to clarify that we do not disagree with all area-based funding. This can be an appropriate method of tackling deprivation, but should not be limited to restrictively defined areas. The Executive's Closing the Opportunity Gap strategy, for example, clearly aims to target groups and symptoms of deprivation and is pursuing this aim through an area-based approach. However, the strategy targets local authorities, rather than restricting funds to smaller areas of deprivation. We strongly support the Closing the Opportunity targets, and believe that they illustrate a commitment on the part of the Scottish Executive to regenerate disadvantaged areas by working to improve the economic output of regions in order to tackle deprivation in specific areas.

The Wise Group would suggest that the Executive move away from restrictive area-based funding targeted at small communities (such as Social Inclusion Partnerships) and develop funding streams in line with larger-scale economic development strategies and the needs of communities of interest.

The move from Social Inclusion Partnerships to Scottish Index of Multiple Deprivation Data Zones: Making the same mistakes twice?

The decision to incorporate SIPs into the Community Planning process and therefore link regeneration funding into mainstream funding could potentially help to resolve some of the problems associated with locally focussed funding identified above but this will depend heavily upon how the Community Planning Partnerships (CPPs) subsequently allocate their funds.

The establishment of Regeneration Outcome Agreements (ROAs) that detail how monies from the Community Regeneration Fund (CRF) will be allocated should allow for more outcome-based funding. The Executive intend the CPPs to ensure that *"local regeneration [is taking] place within the wider strategic context of community planning so that core public services have as much effect as possible on deprived areas and are working effectively in those areas."*³ We support the introduction of ROAs as a means of developing more

³ Cross-Cutting Review of Deprivation: Response from the Scottish Executive. Finance Committee 16th Meeting 2005 – 14 June 2005

outcome-based funding that permits greater flexibility in the development of programmes. However, the introduction of additional tools to help determine how funding will be allocated must operate under the same principles. We would suggest that Scottish Index of Multiple Deprivation (SIMD) data zones could actually decrease flexibility and create similar problems to those experienced under the SIP regime.

Scottish Index of Multiple Deprivation (SIMD)

The SIMD is designed to identify small areas of multiple deprivation with high concentrations of worklessness. In principle the SIMD is a significant improvement on previous area deprivation measures: the introduction of the new data zone geography allows the SIMD to pick out small pockets of deprivation previously missed by indices based on larger ward and postcode areas. In terms of data analyses and creating a map of specific areas of deprivation, this is indeed a useful information source. However, were funding allocated to multiply-deprived data zones on the basis of the SIMD, could this recreate, if not exacerbate the complications inherent to the SIP network?

A criticism levelled at Social Inclusion Partnerships was that there were too many of them and this led to overlapping aims, overly prescriptive funding and detachment from main programmes⁴. With this in mind there are 6505 data zones in Scotland with 976 ranked in most deprived 15% (compared to 48 Social Inclusion Partnerships). There is some indication that the low ranking SIMD data zones have simply replaced the SIPs and are therefore likely to demonstrate similar shortcomings, where funding is absorbed into deprived areas at too small a level to deliver results.

Our experience to date is that the CRF approach is proving a more restrictive regime than its predecessor and in some instances has actively prevented the development of projects that could have had a real impact on deprived communities and the priorities of their residents. This is aptly demonstrated by two case studies detailed below:

⁴ National Strategy for Neighbourhood Renewal: 2001. Report of Policy Action Team 17: Joining it up Locally.

CASE STUDY - THE FLAIR COMMUNITY SAFETY PROJECT

Another example of the way in which area-based funding can restrict the development of projects of benefit to deprived communities is a project developed by the Wise Group in partnership with FLAIR, which as a result of the limitations of CRF funding, never came to fruition. The project was developed in response to an identified need by FLAIR tenants and the CRF priorities for improved action on community safety. Crime and the fear of crime are significant issues in this area and the partners were keen to develop activity that would allow us to tackle this whilst providing support and training for local unemployed people. However only half of the FLAIR's residents are living within eligible CRF datazones - the partners therefore had to decide whether to provide these services only to these residents or not to proceed with the project. The latter option was selected as the project would have no meaningful impact if only targeted on a section of the community. A more flexible approach to area-based funding would have acknowledged that tackling community safety within and on the boundaries of the SIMD areas would have a more meaningful impact than just dealing with it within limited postcode driven areas.

Neighbourhoods do not exist in isolation from the wider communities and economies in which they are based and we would advocate an alternative approach to localised funding as a means to tackle deprivation. We support the wider regeneration of 'city regions' where programmes targeting deprivation are linked to the markets, the prosperity, the culture and the services of their surrounding area.

City region regeneration

There has been a distinct shift amongst many policy makers towards the perception of city regions as engines of economic growth. In the North of England for example the Northern Way strategy argues that, "if city regions do not prosper, the North will not prosper"⁵. By developing single visions for areas through Regional Economic Strategies (RES), the Northern Way encourages effective partnerships between the public, private and voluntary sector and removes the layers of bureaucracy that a plethora of funding streams aimed at smaller pockets of deprivation can perpetuate.

⁵ Making it happen: The Northern Way. Office of the Deputy Prime Minister, February 2004.

City regions can be instrumental in the analyses of regional priorities and issues, in terms of both identifying market failures and creating market opportunities. Recent research has pointed to the importance of strong city regions as the focus for driving wider economic growth and productivity because of their ability to improve competitiveness and promote inclusion.

Understanding the interdependencies between city regions as a whole and the smaller areas within them is crucial to ensuring that deprived areas are in a position to take advantage of prosperity and growth. Key to this is improving tangible and intangible linkages between areas of opportunity and areas of need, for example those with high levels of worklessness and deprivation.

The Social Exclusion Unit report *Jobs and Enterprise in Deprived Areas* shows that concentrations of deprivation and worklessness in local areas generates social, cultural and economic effects that undermine people's life chances, create low levels of economic participation. The report highlighted the tendency of people living in deprived areas to have shorter travel horizons to those who live in areas with the lowest rates of worklessness. Consultation with residents of deprived areas found that this was often due to poor public transport links and the fact that local people did not want to travel out of their immediate area. The refusal of some people to consider jobs that are outwith their own neighbourhood can create significant problems for service providers, particularly because a symptom of deprivation is that there are fewer employment opportunities in the locale than in areas of growth. The Wise Group have experienced this challenge in both urban and rural areas and has found that the negation of people to work outside their particular area can be as strong for people from Easterhouse and it is for those from rural Ayrshire⁶. In order to address this problem effectively, the Scottish Executive must develop economic development strategies that encourage links between areas of business and growth and areas with high economic inactivity. Furthermore, the benefits of job opportunities in the wider labour market for people in deprived areas need to be made clear.

Smart, Successful Scotland clearly identifies the role of city-regions in driving growth across urban and rural Scotland. A key aim of the strategy is to facilitate effective operation of local economies, labour and housing markets and to understand the interrelationship between the cities and their regions and the

⁶ Although the additional problem of public transport tend to be greater in rural areas.

infrastructure, which connects them. The Wise Group would strongly support regeneration strategies that build upon the city region focus as a means of tackling area deprivation and would suggest that the Executive maintain this approach as opposed to targeting small areas with specific funding.

What are the major financial barriers to tackling area deprivation?

In order to create successful regeneration programmes that tackle deprivation as part of macro-economic approaches, funding must be focussed on sustainable growth. Sustainability is dependent on flexible funding packages that *move away* from the short-termism that is endemic amongst small area-investment schemes. Short-term funding encourages short-term projects, which by the nature of their transience, makes a long term impact on deprivation less likely as an outcome.

Tackling deprivation requires long-term thinking and planning for the renaissance of communities and the transformation of the lives of their residents. However, funding attached to projects aimed at achieving just this tends to be allocated in one or two year packages, discouraging long term thinking or approaches in area regeneration.

Funding needs to be viewed in terms of area investment rather than as transitory maintenance grants for projects and therefore evaluation and methodology of funding streams should have longer timescales and outputs to reflect this.

Many funding streams have also placed disproportionate amounts of emphasis on innovation. Innovative thinking is important in the development of programmes that work but there is a danger of losing sight of the strategic direction of regeneration programmes. Too much emphasis on innovation can jeopardise tried and tested programmes, such as the Intermediate Labour Market, that have a long and proven history of success.

How can the benefits of available funding be maximised?

Funding should favour targeted interventions that are proven to help regenerate areas of deprivation. A prime example of this is the Intermediate Labour Market (ILM), which has demonstrated its success in tackling long-term unemployment and contributing to community-based regeneration. The added value of the Wise Group's ILM rests in its ability to deliver a range of joined-up outcomes that impact on the regeneration of its local area by boosting the economic output of a community whilst improving the skill levels and employability of its locally recruited participants. The flexibility of the model means it can be adapted to create a wide range of training programmes and deliver valuable services to the community.

Among the Wise Group's current ILMs are community wardens, landscaping and energy efficiency advisors, all of which aim to increase economic activity in an area whilst simultaneously contributing to the regeneration agenda.

After twenty years, the ILM remains successful because it can adapt to changes in the wider labour market. Our clients have changed over the years and with reform of the Incapacity Benefit we would anticipate further changes with more people with health issues coming onto our programmes. Because of the flexibility of the model we have been able to adapt it to suit the needs of different client groups and develop new demand-led ILMs which deliver a variety of projects in direct partnership with local employers that offer participants who are closer to the labour market a range of work-based learning opportunities.

EMPLOYER-LED PROGRAMMES: THE WHIGG PROJECT

The Wise Group currently operates the WHIGG project (Working for Health in Greater Glasgow) which was developed in response to employment opportunities in the NHS and aims to widen the labour market, improve the diversity of the NHS workforce and improve the health of new recruits. We have just begun the second phase of the initiative, which having helped 95 out of the 149 trainees into work in 2004, has been expanded and we expect to offer opportunities for employment this year to 350 long-term unemployed people.

The effects of ILM extend far beyond employment and training benefits to the positive influencing of the wider economic, social and environmental dimensions needed to improve areas of deprivation. Compared

with other labour market initiatives for the same target group, ILM programmes have been shown to offer equivalent or better value for money after adjustments are made for the value of provision, the higher job placement and durability of employment rates and the higher incomes gained.⁷

Wise Group ILMs tend to deliver regeneration activity in some of the most deprived communities. Most however do not receive area-based funding to do so but rather pull together a cocktail of regeneration and mainstream funding programmes, bringing inward investment to the most deprived communities.

The success of this approach is largely because we pull together a range of funding sources which allow us the flexibility to target our operations where they are needed. This demonstrates how funding targeted at the regeneration of wider areas or at communities of interest can be used in a way that impacts upon areas of deprivation.

How can the people most affected be best involved in the funding process?

Effective and appropriate community consultation is an important part of the development of regeneration projects. Wise Group environmental and housing based ILMs for example are usually developed as the direct result of community consultation, which has been used to identify priorities for regeneration. This is an appropriate approach: if people who are the beneficiaries of regeneration activity are not engaged in the process of developing it then it is less likely to be successful.

However we would question how far local people should be involved in making decisions about how **funding** is allocated. As we have argued above localised funding is not always the most effective means by which to bring about change in deprived communities. Local concerns are important but as detailed above should not be the only determinant of investment in regeneration activity, a bigger picture encompassing the wider economic sphere in which a community is based should also be taken into account.

⁷ The Intermediate Labour Market: A tool for tackling long-term unemployment. Joseph Rowntree Foundation, September 2000.

Decisions about larger-scale regeneration activities should be consulted on at a strategic level but decisions about the funding of individual projects should not be made by referenda, this is not only a highly impractical way of making funding decisions but also one which would lead to populist decisions that would not always be those that are best for the area of deprivation. There would be a danger that funding would not go to those areas where it is most needed. This is aptly demonstrated through an examination of patterns of public giving in the UK.

Public giving tends to prioritise certain types of recipient - those considered to be most 'deserving'. The most popular causes in the UK for public giving are medical research (25%), children and young people (22%) and animals (11%). Those considered most 'undeserving' attract far less support⁸. We work with people who are furthest from the labour market including ex-offenders, refugees/asylum seekers and drug users. 66% of our participants have no qualifications and 70% come from a workless household. These are serious barriers to labour entry and the difficulties of deprived areas cannot be resolved without tackling the difficulties faced by these individuals. However these are the groups most likely to be seen as 'undeserving'. If funding decisions were made at a local level there would be a danger that, in the absence of popular support, these client groups could be excluded from the support they require.

There are also issues around how representative community consultation tends to be. Community consultations and involvement projects have been demonstrated through numerous studies to in themselves result in the disproportionate representation of a local elite. There is a danger of too much community involvement by too few people. In a series of unpublished reports and in a synthesis report, Fitzpatrick, Hastings and Kintrea (1998)⁹ described the difficulties faced by young people in disadvantaged communities and investigate the extent to which regeneration projects have met their needs. They also examined the extent to which young people had become active participants in these initiatives. They found that young people and adult decision makers typically had very different views about the priorities of regeneration and the position of young people within regeneration plans and initiatives. Drawing on the principle that young people warranted attention both in their own right and as the next generation of active citizens the

⁸ Source: Inside Research, Charities Aid Foundation, October 2004.

⁹ Fitzpatrick, Hastings & Kintrea Youth involvement in urban regeneration initiatives: Hard lessons, future directions'. *Policy & Politics*, vol 28. no 4.

researchers found that local professionals rather than current activists initiated most activity to draw young people into the process¹⁰.

Anastacio et al¹¹ make the observation that approaches to community involvement will tend to engage effectively only with the most powerful groups and interests in a community when the local patterns of diversity are recognised from the outset. This is supported by Foley and Martin¹² who found that only twenty per cent of residents said that they would like to have more say in how the local services were run. This would suggest that the most disenfranchised residents of deprived communities, such as those assisted by Wise Group interventions, are the least likely to be involved in any localised decision making process about how funding should be spent.

The Wise Group would suggest that for regeneration initiatives to work, there needs to be buy in from the local community and this should involve some degree of consultation with residents over aspects of the regeneration process, however this should not extend as far as making decisions about how funding is distributed.

¹⁰ *ibid*

¹¹ Anastacio et al, *Reflecting Realities: Participants' perspectives on integrated communities and sustainable development*. (2000)

¹² Foley & Martin (2000) *Perceptions of Community Led Regeneration: Community and Central Government View Points*. *Regional Studies*, 34:8.

Conclusions

This paper has highlighted a number of the issues for the Finance Committee to consider in their inquiry into deprivation expenditure. In particular the Wise Group would emphasise the limits of tackling disadvantage using localised funding that can encourage parochial provision. Area-based funding is best targeted at wider economic regeneration strategies so that deprived communities are in a position to benefit from neighbouring areas of growth and opportunity and so that deprivation funding avoids the pitfalls of the “postcode lottery”.

Furthermore, investment decisions need to take account of what works in tackling deprivation so that long-standing interventions that generate successful outcomes are not marginalised in favour of innovation for its own sake.

Tackling social exclusion and deprivation is a local and national challenge and finding a solution will involve the joint-working of national and devolved government and partner organisations. We hope that you find these comments and observations both useful and informative and we would welcome the opportunity to discuss them further with the Finance Committee.



The Wise Group

The Wise Group is a not for profit organisation whose key focus is helping those outside of, or disadvantaged within, the labour market to change their lives through improving their labour market position. We operate throughout Scotland and the North East of England.

The Wise Group is managed by a voluntary Board of Directors which consists of:

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