
Old Industrial and Mining Areas: The Added Value of Local Employment Development



A First Thematic Report of the IDELE Project

ECOTEC
Research & Consulting Limited

Priestley House
12-26 Albert Street
Birmingham B4 7UD
United Kingdom

Tel: +44 (0)121 616 3600
Fax: +44 (0)121 616 3699
Web: www.ecotec.com

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1.0 INTRODUCTION

Many localities traditionally dependent on old industries or mining have suffered from high and persistent unemployment due to economic restructuring and deindustrialisation. They face the challenge of identifying new sources of jobs and helping local people into these jobs. There is often a need to stimulate a spirit of entrepreneurship and encourage the creation and growth of small businesses.

Experience shows that action at the local level can have a significant impact on the employment situation of such localities. Indeed, local partnerships across Europe have demonstrated innovative and diverse ways to meet the challenge. This paper presents the key success factors and lessons for policy as well as real-life examples.

We anticipate that policymakers and practitioners in other, similar localities will benefit from these lessons from experience and be able to transfer good practice principles into their own localities. The key success factors, lessons from experience and real-life examples presented here have been identified through research within the [IDELE](#) project, undertaken by [ECOTEC](#) on behalf of [DG Employment and Social Affairs](#) of the European Commission.

This paper is one of four Thematic Reports produced during the first year of the IDELE project. The other three¹ are:

- Second Thematic Report: *The Metropolitan City: Seeking Competitive Advantage through Local Actions to Integrate Immigrants and Minority Groups*;
- Third Thematic Report: *Remote Rural Areas: Stimulating and Managing New Firm Creation and Entrepreneurship through Local Action*; and
- Fourth Thematic Report: *Successful Local Milieux and the Lisbon Process*.

¹ Available from www.ecotec.co.uk/idele

2.0 OLD INDUSTRIAL AND MINING AREAS

2.1 Old Urban-Industrial Agglomerations and the Problems they Confront

There is no simple definition of old industrial and mining areas. But these types of areas are usually recognised by the EU as facing structural difficulties and therefore eligible for support from [Objective 2](#) of the Structural Funds in the current programming period (2000-06). They are normally made up of clusters of originally separate settlements drawn together by industrialisation to become urban agglomerations founded on a specialised economic base. Some, however, remain as free standing towns or small cities with substantial populations. Whether single or multi-centred they tend to have self-contained labour markets where the collapse of the traditional economic base can have far reaching effects.

These sorts of regions tend to suffer the problems that go with intractable unemployment and economic restructuring. There is a generally slack demand for labour but, as new sectors emerge, many also exhibit skills bottlenecks in emergent service sectors. Unemployment and social exclusion dominate the policy agenda, with a constant drive to establish new economic sectors that can take up the excess labour supply. They often contain pockets of long-standing high unemployment especially among young people and older men. Poverty and social exclusion, housing blight and other forms of deterioration in the living environment and urban fabric are widely observed features of these sorts of regions. A number of them contain mixed, multi-ethnic populations as a result of previous waves of immigration and as a result may find themselves now exposed to social tensions. Significantly for most of these regions, a history of heavy industry and of large firm dominance has denied them a tradition of local entrepreneurship and small independent enterprise. Their skill pools have been rooted in the traditional industries - leaving older but potentially active workers exposed to exclusion in the face of an inability to adapt in the face of change.

The continuing need for a physical and economic regeneration of these areas, and the fact that their problems give them a high political profile, makes gives them a history of policy initiatives and state schemes. Most have developed both a rich (and often active and radical) civic society together with complex multi-level governance structures. Partnerships and associations are normally well developed – many having been brought into existence to service one or another local development initiative in the struggle against unemployment. These sorts of regions provide a very particular environment for local employment and development actions by virtue of both the depth and longevity of their economic and social problems and the complexity of the administrative and governance structures that have grown up out of long histories of attempts to deal with them.

In summary terms the sorts of issues that old industrial and mining areas have to face include some or all of the following:

- a tradition of heavy industry and of large firm dominance that gives a narrow economic base and a vulnerability both to short-term employment shocks and long term economic decline as the old sectors confront new forms of competition;
- a weak local tradition of entrepreneurship and small independent enterprise as a product of single sector and large firm dominance and the weight of its influence on occupational and skill structures² ;
- long-standing, high unemployment, particularly amongst young people and older men and low wages and lack of job security for those women able to find paid employment;
- a complex, long standing and often deeply embedded mixture of social, economic, and environmental problems;
- a low overall level of demand for labour but with the paradox of skill shortages in certain key sectors through an inability to attract and retain the necessary human capital;
- a history of under investment and continuing deterioration in the natural and built environment with special problems in the area of housing;
- a tradition of loyalty to the locality and a strong spirit of community, an established and complex array of civic society forms together with well-established traditions of partnership and association;
- mixed multi-ethnic populations as a result of previous waves of immigration before the advent of decline, sometimes with associated problems of racial tension

2.2 The Established Portfolio of Policy Approaches: Diversification and Restoring Overall Competitiveness

The overall policy objective for these regions has been to find ways to re-position them away from the traditional sectors in decline and to install new drivers for economic growth. Diversification of the economic base has been the first-order policy objective and for the majority this sort of policy has been in place for at least 30-40 years virtually regardless of national designation. At its simplest, the aim has been two-fold: attract inward investment in new growth oriented sectors and boost indigenous potential - particularly through boosting levels of entrepreneurship and SME (small and medium-sized enterprises) development. Intervention has been through deliberate measures to reduce factor costs and to raise the overall efficiency of factor utilisation. Put in simple terms this means using state funds to offset the extra costs of land, labour and capital in these places in an attempt to

² This is what Checkland called the Upas Tree effect where a single dominant heavy industry (shipbuilding) effectively “cast a shadow” over the growth of the “flora” of small local enterprise and entrepreneurship.

make them more attractive as potential hosts to successful firms from inside and outside³. From the perspective of this paper we can, however, point to a tendency for centrally driven economic policies to give way to more *locally inspired and delivered initiatives* with an increased role for local actors.

These local actions have, however, to find their place within a complex portfolio of other – usually longstanding – interventions. Acting locally in these regions usually implies not just pursuing local area based activities in deprived neighbourhoods but finding ways to *add a more local dimension* to any or all of the following policies:

- Inward investment
- Sectoral clustering and the promotion of inter-firm networks
- SME development and entrepreneurship
- New technology and innovation strategies

2.3 *Extending the job creation potential of the local public authorities*

For most of the sorts of regions we are dealing with here the largest employers are often to be found in the local offices of the central administration, the local authorities and the health authorities. The numbers of available job opportunities available from these sources is, of course, chiefly underpinned by the allocation of public expenditure. Efficiency savings are usually an issue but in areas of high unemployment the public sector is a key player in local job creation. Grants and initiatives from national governments and the EU also offer job opportunities through public projects and programmes and the demand side of the labour market in old industrial and mining regions is powerfully influenced by the way the public agencies devise programmes for using them.

Maximising the job potential of the local authorities is a key component of the European Commission's Communication *Acting Locally for Employment*⁴. As part of this, there is a growing recognition that bringing people and key economic and public stakeholders together in partnerships around local employment development can produce significant innovation in the creation and preservation of jobs that originate from sources of public finance.

³ While “reactive” instruments such as factor cost subsidy have been a regular feature of such policies, there has also been the application of more “proactive” approaches in some countries where new investment has been explicitly directed to old industrial and mining regions.

⁴ ‘*Acting Locally for Employment – A Local Dimension for the European Employment Strategy*’ - COM (2000) 196, 7 Apr 2000

2.4 *Raising quality and inclusiveness in the skills pool*

A major component of policy for the development of old industrial and mining regions has also been to upgrade the quality of human capital in the local skill pool. This has a number of dimensions. The retraining of the existing workforce is a priority, with measures consistent with the European Employment Strategy to help workers become more adaptable and flexible – capable of responding to changing skill and productivity requirements. Another key component is the obvious need to capture young people early to make them more employable and to keep them from entering unemployment from full-time education. A focus on gender and, in particular, on the special needs of women returners has been a long standing feature of this dimension of labour market policy. For the long term unemployed and for those groups that are excluded not so much by skills deficiencies but by prejudice and discrimination, these sorts of regions have become test beds for a huge variety of schemes, projects and programmes directly targeted to particular groups and frequently particular neighbourhoods. The aim has been wherever possible to get “close to” such people and groups (geographically, culturally) and this has been a particularly important headline feature of the local employment development agenda.

2.5 *Urban renaissance and forging new economic and cultural identities*

While the policy portfolio set out above is played out with different emphases from city to city and region to region, there is some evidence that a model is emerging that is endowing at least some of the cities in such regions with a new kind of self identity that has the potential to turn around their economic fortunes. One of the features of this is the way some of the larger cities have engineered an urban renaissance based on arts and culture and the leisure industries and the development of associated sporting and entertainment venues. They have used European and national funds to revive the basic infrastructure and have then gone on to attract substantial private development capital. Many have benefited from the impetus of the [European Capital of Culture](#), the Olympic Games, the European Football or Athletics Championships or other festival or sporting events. For example, [Lille](#) has benefited from its status as European City of Culture in 2004, as will [Liverpool](#) in 2008.

These re-imagined and re-designed older industrial city centres have been able to generate new kinds of revenue sources for their public and private stakeholders through rents for offices, hotels, conference centres and performance venues. A new economic base has been forged with a strong attachment to the growth sectors of the modern service economy. Significantly, one of the features of this economic base is its capacity to generate more labour intensive activities than most of the old industries. But many of the new jobs tend to be occupied mainly by women. They are not highly paid. They tend to have only relatively basic skill needs - though inter-personal skills are highly regarded. This is not the full story but the re-engineering of the economy has demanded a re-structuring of the labour market that has a significant impact on where the benefits and disadvantages of the new urban economy are distributed socially and spatially.

This new lease of life presents old industrial cities with an entirely new portfolio of economic opportunity. The task is to prepare their wider populations to reap the benefits. This has implications for the renewal of the skills base and, in particular, for finding the means to initiate and develop SMEs to meet the newly emerging demands for business and personal services. One task for local employment and development activities is to respond to this particular sectoral opportunity. The process of urban regeneration also presents job opportunities in construction and in the promotion a greener city environment. Here too social enterprise can play its role alongside orthodox for-profit businesses.

The prospect for *active labour market actions* to engage the unemployed in these sectors is also considerable. This is also the case for emergent sectors in the IT, distribution and logistics industries. The task is to render excluded workers, communities and local places capable of participating in this process of sectoral shift as the older industrial base gives way to new forms.

2.6 *Continuing Challenges for Equity and Integration*

Despite the overall benefits of these new opportunities, they are not a panacea for all the problems in old industrial or mining areas. Indeed, two particular problems often remain to be dealt with.

- Some localities in the wider conurbations are not in a position to share in the new growth impetus from the development of their core centres.
- Some sections of the workforce lack access to the new jobs and entrepreneurial opportunities.

In general, as we have suggested, the new tendency is often for traditional full-time male-dominated jobs to be replaced by part-time, often low-skilled jobs that are more likely to be held by women. This implies a need for both substantial interventions to ensure men's employability and adaptability and a move to stimulate enhanced entrepreneurship and equal opportunity both for men and for women. It also sees what has recently been described as the problem of the "doughnut effect" where the city core is being re-engineered and rejuvenated but where the trickle-down to the inner urban periphery is at a minimum.

2.7 *The emergence of local partnerships and growth coalitions*

What has become clear from this brief review of policy for old industrial and mining regions is that much of what has been happening has also involved some kind of *coming together* by different groups of stakeholders with an interest in the local economy. Once waiting for inward investment or direct government intervention to arrive became recognised as increasingly unlikely, the importance of local action began to have a more prominent profile in older industrial regions. Whether such action was at the behest of the new "local elites" of key business and civic leaders, by community groups or by clusters of small firms with a

much more prosaic and localised interest is less important than the fact of this *new drive to come together* has grown to become a key feature of development policy.

The local approach is, then, very much on the agenda for these older industrial and mining regions. There is a new climate of creativity that is spawning new forms of entrepreneurship alongside old. While there is entrepreneurship of a more recognisable form in the SME and social enterprise sectors, there is also enhanced innovation coming forward in urban design, in the arts and cultural industries, in community development, in policy design and in trying out of new local forms of governance. But, as we have said this is not the case everywhere and there still are vital tasks for policy innovation – particularly on the agendas of equality and social justice. What we turn to next is an exploration of the value added contribution of the local employment development approach as it exerts a wide-ranging impact on the broad development portfolio just outlined. It is not our ambition in this to be comprehensive at this stage but to highlight some key features of best practice that have emerged from our investigations under IDELE.

Three particular areas of local action are the focus of attention in what follows. Because of the long history of development in most of the areas we are exploring and because the majority of them have been involved in intensive policy intervention for some time, we find ourselves dealing with some of the most complicated systems of governance in the EU. Breaking through these complexities and finding ingenious ways to bring new stakeholder and partner groups together in the context of locally engineered strategies is one of the sources of competitive advantage for those that have succeeded. The *governance structures that support local employment development* represent our first focus of attention.

Finding new jobs sources is, at base, the most pressing need for older industrial and mining regions. The long portfolio of actions set out earlier represents a history of intensive jobs search. From a local perspective, it has become recognised that much can be done to enhance the levels of enterprise and entrepreneurship in these sorts of regions. Where there is a drive for local partnerships and networks to come together to find common sources of support and where they can find ways, while remaining in a competitive environment, to share some aspects of their business knowledge it is possible to demonstrate ways in which business performance and potential job creation can be enhanced. Our second area of focus is then on *local ways to enhance enterprise and entrepreneurship* in old industrial and mining regions.

Unemployment and social exclusion has long been a widespread and intractable feature of older industrial and mining regions. They also have a history, where central state policies were deemed inadequate, of local interests taking action on their own account. Indeed, local actions in many of these regions can be traced back to the depression years of the 1930s. Renewed pressure to deal with intractable unemployment once again in the mid-1990s saw increased interest both by European and by national policymakers in these sorts of locally based activities. This has given local players in the older industrial and mining regions an opportunity to show how valuable these interventions can be. The third point of focus in what follows is, then, *local interventions on behalf of the unemployed and socially excluded*.

3.0 LOCAL EMPLOYMENT DEVELOPMENT: WHAT VALUE CAN IT ADD?

3.1 Introduction

As we have seen, the local level of action has considerable importance for older industrial and mining regions. Increasingly, they are finding themselves having to depend on locally creative ways to reveal their own intrinsic value to the national and international marketplace. While these regions will still wish to present themselves as good potential hosts for mobile investment capital in the manufacturing sector and for new start ups, they also need to find ways re-position themselves by hosting service companies; sport, entertainment and leisure events; tourists and day visitors; consumer spenders; dispersed government offices and so on. This, in turn, brings a need to re-imagine their role in a modern society and, having done so, a requirement for them to re-engineer their formal and informal governance structures to support the new vision.

Part of the competitive edge that they can offer comes from more subtle attributes than those traditionally ascribed to the classic factor costs of production. The cachet that can be captured from having an internationally recognised football team, from being a well-known centre for arts or music festivals, from being a city region with a certain “style”, from being regarded as a “safe” city, from the quality and range of available international cuisine and so on are much more attributable to people, lifestyle and the civic and cultural life than to narrowly defined economic variables. Of course wages have to be reasonable, skills available, rents and property prices acceptable, risk for capital within limits, development land in reasonable supply. But empirical observation suggests that it is the way people and stakeholders come together to give positive messages about their visions and strategies that makes the difference.

What we have done in the first of the IDELE seminars held in Lille (a re-imagined older city in its own right) is to bring together a series of case examples from across the EU. The aim was to draw them into discussion with each other and to capture the views of a small number of experts in order to examine the sort of value added that can arise from acting locally for employment and development.

3.2 The Case Studies

The aim of the IDELE process is to identify examples of best practice from across the many programmes for local employment development – both those sponsored by the European Commission and those arising from national, regional or local initiatives in general. In the case of older industrial and mining regions, representatives of the following regions were invited to participate in the discussion process.

<i>Area</i>	<i>Industry</i>
Glasgow, UK	Engineering, Shipbuilding
Marinha Grande, Portugal	Glass
Roubaix, France	Coal, Iron, Textiles
Lille, France	Textiles
Leipzig, Germany	Mechanical Engineering, Metal Processing
Catalonia, Spain	Textiles, Engineering, Shipbuilding
Katowice, Poland	Coal, Steel, Engineering

In what follows we report both the essence of the seminar discussion and the results of desk based research (mostly an intensive telephone canvass of projects, experts and regional players) in order to explore the value added that the local approach can bring in these sorts of regions. Our focus, as we pointed out earlier, is around three key themes:

- governance structures that support local employment development;
- local ways to enhance enterprise and entrepreneurship; and
- local actions on behalf of the unemployed and socially excluded.

3.3 The role of governance and new forms of local partnership

There has been a growing tendency among older industrial and mining regions to turn to the local and to their own wit, guile and competency in finding ways to restore their economic fortunes. The task has generally been to switch from a backward looking view of an industrial past to a re-examination of those intrinsic strengths that can open up opportunities and prospects for the future. To achieve this, the established players have often had to be encouraged to take up new tasks and new players have needed to be given the freedom to pursue innovative and creative visions. In the best cases, this willingness to engage with new forms of governance tended to happen across the board from the region to the sub-region, to the town or city and to the locality.

- Bringing new forms of local governance into play

Governance is a term covering those much more open and fluid associations, alliances, partnerships, and joint ventures that come to act alongside the institutions of government. In the process of changing roles in older industrial and mining regions there has been a flowering of these new forms. The New Member States are often beginning to build these sorts of less formal structures for the first time and our case example of the Voivodship of Katowice provides a good example of these forms of governance in a traditionally centralised new Member State.

Voivodship of Katowice, Poland

The Silesian region of Poland has experienced a period of fast economic restructuring and growth (5.9% in first quarter of 2004) but which has tended to bypass the potential of the

labour force and the potential to grow indigenous business (SMEs). Reskilling of the labour force lags behind economic restructuring leading to high unemployment (19.7%), and opportunities to develop indigenous small and medium sized enterprises have been missed with insufficient availability of capital investment and state investment (e.g. in R&D). As a result there is an increasing recognition of the need for a more structured approach to economic development including ‘soft’ measures to spread the benefits of economic growth (e.g. education, social development measures).

Reflecting this new approach, in 1997 the Voivodship of Katowice has started establishing Local Development Agencies as a basis for the development of Local Pacts as initiatives for community support for development. The mission of the development agencies is to address unemployment and support local economic development in particular cities and poviats. There have been variations in the way that local partnerships have developed. Initiatives implemented have included business incubators, training centres, loan guarantee funds, counselling for SMEs and personal resource banks. In addition ten Local Employment Pacts have been developed in the region under the PHARE programme – and forming part of the Silesian regional employment strategy involving the voivodship regional government, labour office and regional partners (NGOs and business).

- The value added from decentralisation and local empowerment structures

Administrative and, to a lesser extent, political *decentralisation* has been an accelerating trend across Europe during the last two decades. It has been happening to very different degrees between Member States but the overall trend is a clear one. In this respect local employment development has been “going with the grain” of political movement in a large number of national cases. The classic examples are those of the Irish Local Partnerships and the Italian Patti Territoriali but there are other clear examples of local actions fitting in well with political movements in the Autonomous Regions of Spain, the Local Strategic Partnerships and New Deal for Communities Pilot Areas in the UK, the PLIE in France and so on.

In the context of the more economic aspects of development there has been a tendency for the lowest level of decentralised action to be devolved to the regional or, at the lowest, sub-regional in scale. By contrast, for policy on work integration and the attack on social exclusion the spatial focus has been more readily handed down to the local authority, neighbourhood or community scale. There still are, however, examples across the EU where Member States seem reluctant to take the decentralisation process lower than the provincial level and where central control remains dominant. In these cases local employment development has had a harder job to be seen as more than a set of experimental projects with outside funding attached.

For those Member States where decentralisation is followed through, however, the proposition of local employment development is that acting at this level permits the effective mobilisation of additional resources – including financial and human resources and the special synergies that come from the combined effect of local partnership action. This includes local capacity to access and knit together different sources of finance at the local

level – including local finance from the public, not-for-profit and private sectors. Acting locally also offers greater opportunity to know about and manage uncertainty and risk since the participants are generally also the key players and, if they can establish a good working relationship, potentially risky ventures may turn out to be acceptable in the interests of wider common goals. The local level of partnership and action can also make a better determination of local strengths and weaknesses. A movement of effective action to the local level can open up the policy realm to creative responses based on local knowledge of, for example, the local ‘terrain’, local markets and customers – enabling central and regional policies to be better tailored to local needs. Above all, there is an opportunity to release otherwise dormant forces for the liberation of creativity and innovation by devolving action to the local level.

The evaluation of the EU Territorial Employment Pacts programme found that because there were significant differences in the way the local governance context influenced the success of local partnership actions, it was necessary to recognise these systematic differences in decentralised power across Europe as a key variable. Even where success or failure could not be measured it was clear that prevailing governance structures strongly influenced the way local partnership actions were structured.

Lessons for Governance Structures from the Territorial Employment Pacts

Member states could be seen as falling into three broad groupings in relation to the policy framework and governance context prevailing during the lifetime of the Pacts.⁵

- **Full spectrum – crowded platform**

A feature of this kind of governance context is a kaleidoscope of agencies, partnerships and local groups, often interacting with each other for different purposes. There is likely to be a multiplicity of strategies. A degree of duplication and at times rivalry between agencies with overlapping remits is to be expected, along with expressions of ‘initiative fatigue’ and ‘over planning’ on the part of local delivery agents. (Denmark, France, Netherlands, Sweden, United Kingdom)

- **Receptive space but limited scope**

This type of governance context exists where there is an accepted and legally determined role for devolved governance powers at the local level but this is not systematically combined with extensive, multi stakeholder partnership working. Partnerships may exist but will tend to be limited in scope or number, and there is unlikely to be substantial overlap of remits. Devolved forms of partnership have defined powers in relation to employment and development. It is appropriate to include in this group cases where the delegation of powers to local partnership organisations is partial but significant. (Austria, Belgium, Cyprus, Germany, Finland, Ireland, Italy, Malta, Spain)

⁵ Subsequent to the evaluation and to the accession to the EU of 10 new Member States in 2004, we have added the new Member States to the grouping in the evaluation report.

• **Narrow spectrum – limited space for action**

This kind of governance context reflects conditions where there has been only a limited history of *local-level* activity in relation to the labour market, and where labour policy has traditionally been the preserve of national (or devolved regional or provincial) government agencies. There often exists a reluctance to devolve power to the local level, and an absence of pre-existing organisations and structures.

Stakeholders from outside the public administration have little direct experience of involvement in joint activities for employment and local development. (Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Luxembourg, Poland, Portugal, Slovakia, Slovenia)

Source: *Thematic Evaluation of the Territorial Employment Pacts; Final Report to Directorate General Regional Policy; ECOTEC Research and Consulting 2002.*⁶

Many of the older industrial and mining regions we are examining here would be classified as presenting *crowded platform* conditions for the operation of devolved action. As we have pointed out, these sorts of regions in the urban-industrial core of northern and western Europe have long histories of disadvantage that have called up initiative after initiative and the local partnerships to promote them. As a result many such regions have emerged as the sites for intense local rivalry between groups to capture their share of the public grant allocation. This has often, paradoxically, led to quite the opposite of the innovative behaviour pointed to above with a retreat to defensive stances and a reluctance to countenance change in any form.

By contrast, most old industrial and mining regions in the New Member States would be operating in a governance context with *limited space for action*, reflecting the previous centralised communist model of governance. There is often little, if any, history of local partnership activity. However, some decentralisation is taking place, driven in part by accession and the introduction of the EU Structural Funds, as well as the Lisbon agenda. For example, in Poland, Local Development Agencies are breaking new ground in creating local employment partnerships where little local activity took place. The partnerships benefit from, encourage and are a means toward the decentralisation of power from the national and regional level to the local level.

Community Enterprise in Strathclyde

Experience from the Community Enterprise in Strathclyde⁷ (CEiS) case study highlights some important lessons about the empowerment of actors at the local level.

- A rich diversity of ‘bottom-up’ activity can be initiated by local authorities and other key local partners.

⁶ http://europa.eu.int/comm/regional_policy/sources/docgener/evaluation/rado_en.htm

⁷ See below for fuller description of CEiS.

- But this diversity needs to be brought together into a coherent whole by effective partnerships at the strategic level. Such partnerships can bring together money, people and ideas.
- Empowering local actors through partnership is not merely about injecting funding. It is necessary to build assets as well as to invest in the long-term capacity of people and organisations. Effective local employment programmes require credible organisations that can bear the ‘weight’ of policy. Such investment can provide sustainability and thus long-term impact.
- Indeed, it is most important to invest in people rather than strategies, although of course strategies are important.
- Investment needs to offer continuity and certainty – uncertainty destroys additionality.

- The value added from local partnerships taking a strategic view

As a platform for effective local employment and development, partnerships involving the sorts of complex multiple stakeholder arrangements that come from locally devolved action have a particular value. They can serve to reduce conflict between the different actors in a given venture. They can serve as a way of spreading risk across a wider group of players and therefore encourage more creative actions. They can increase co-ordination and ensure that the venture is properly embedded in the local system of governance. Most critically, however, they can underwrite a sense of *common purpose* that can offer more than just efficiency and effectiveness to a venture and give it the extra drive that can come from mutuality. In this critical sense partnerships can be regarded positively as a liberating device for creating new economic opportunities and for the creation and maintenance of social capital.

Partnerships are, in an important sense, vehicles for the installation and maintenance of trust and common purpose but it is important not to be naïve about them. In the end they are also about *negotiations over power* between the individuals, agencies and groups involved. In reality, partnership is a compliance mechanism – getting people and groups to negotiate with each other about the common purpose and to determine which views and interests will prevail over others in achieving it. Many examples of partnerships exist where vested interests use the façade of “partnership” to co-opt and disarm weaker players – destroying the basis of trust that gives real partnership its special edge. It is vital, then, to be realistic about partnership – to recognise that the positives we have been emphasising in previous paragraphs do not always emerge in all cases. Malign things are possible in the context of partnerships that seek to capture and defend a particular piece of the public policy domain. The real, on the ground, experience of partnership activities in the most disadvantaged places is very often a story of struggle and of hard fought conflict between groups and places.

One innovation that has emerged out of some early experiences of partnership in Great Britain and Northern Ireland is that the potential for conflict rather than collaboration should be overtly recognised and that a set of formal “rules of engagement and rights of challenge” are set out and signed up to by the partners at the outset.

- The value added from wider stakeholder involvement

Getting the “right” partners involved in local partnerships is vital both to deal with the common task itself and to create the necessary climate of trust. In the case of local employment development certain obvious players suggest themselves – state agencies, local authorities, social partners, local community interests – and it has been part of the major contribution of the European Commission through its Structural Funds and Community Initiatives programme regulations to take the lead in pressing Member States to widen the governance base for regional and local development. Today, most Member State governments are taking an increasingly active role in bringing them together. Experience shows, however, that, in places where partnerships have come into being independently and out of some local sense of common purpose, success is more readily achieved.

Once again, however, there is a need to remind ourselves that in the older industrial and mining regions there may be an over proliferation of partners as a product of a long history of experimental initiatives. The difficulty is that once created it is very difficult for them subsequently to be dismantled without serious political outfall. Under these conditions the injunction to “get the right partners in place” may be very difficult to follow through in practice.

The Catalan Strategy for Employment (ECO) goes some way to overcoming the proliferation of partners and partnerships. It offers technical assistance to all the local pacts, but equally importantly, places them in the framework of an overall strategy for the wider region. This allows the transfer of experience from one locality to another.

Estratègia Catalana per l’Ocupació (ECO), Catalonia, Spain

The Catalan Strategy for Employment (ECO) is an initiative developed by the Generalitat of Catalonia - the government of the Autonomous Community of Catalonia - which has responsibilities regarding the development of employment policies. ECO is a tool that allows the transfer and consolidation of the previous experiences of the Western Vallès county TEP and 20 territorial pacts developed in Barcelona to the rest of the Catalan territory. ECO uses the European Strategy for Employment as a reference and was developed under the new round of Innovative Measures of the European Commission.

ECO facilitates the management, programming and ‘concertation’⁸ of employment policies with a bottom up approach and acknowledges the important role of social agents at local level. More precisely, ECO encourages the development of Territorial Employment Pacts (TEPs) based on private-public partnerships and offers technical assistance to all the TEPs developed in Catalonia. The main sources of funding that ECO draws include 66.9% European Funds and 33.1% from the partners (mainly Generalitat and other regional institutions).

⁸ Concertation is a public, private and third sector legal agreement.

The partners in the ECO project are:

- Generalitat of Catalonia, as institution responsible for the project.
- Diputació⁹ of Barcelona, Diputación of Tarragona, Diputación of Lérida and Diputación of Gerona.
- County Council of Western Vallès, as provider of technical assistance.

The Generalitat has initiated an on-going dialogue with Local Authorities, County Councils, large local companies and trade unions emphasising the need of joining efforts in development employment initiatives; conducted studies of the labour market using SWOT analysis; and carried out analysis of factors involved in territorial development. Each of the Catalan regions has been assigned a theme (tools for local integration, equal opportunities, support to entrepreneurs, and new technologies) and is then responsible for organising a conference for politicians, policy makers and practitioners for dissemination and exchange of best practice.

Key lessons from the ECO are that:

- Regional partnership structures should create political as well as managerial capacity;
- Any overarching regional strategy will have to cater for local partnerships and strategies that develop at different paces; and
- Effective networking within and between localities requires principles of subsidiarity and complementarity to be applied at the regional level.

- Local leadership as a source of enterprise and creativity

One of the critical factors determining success in any arena for action is the presence or absence of those with the necessary leadership qualities to take up the local agendas for action and draw others in. There is an untested but intuitively reasonable proposition that in the end the ultimate supply constraint that defeats local attempts to climb out of disadvantage is a limitation not so much in the existence of supporting structures but the *presence of those people with the right entrepreneurial and leadership qualities* to make things happen. The need for a strong local leader who can identify common needs, propose activities and create an atmosphere of trust between partners or enterprises is central. This can be linked to a need for local political and institutional support. Leadership needs to be both personal and appropriately set within a supportive institutional framework.

Leadership in Roubaix (France) and Marinha Grande (Portugal)

The SARL Cité de l'Initiative, Roubaix, France has benefited from the leadership of the municipality (*ville*) in helping to restore premises where a cluster of 43 textile companies could be located. Similarly, the [Marinha Grande TEP](#), Portugal, has benefited from strong

⁹ The 'Diputació' is an institution that represents collectively all local authorities in the region.

leadership provided by the local authority (in addition to the important tradition of associationism between local businesses). This leadership has enabled resources to be drawn down from the EU level, which would not otherwise have been possible. The Marinha Grande TEP also benefited from the personal leadership of the Mayor, which raised its profile and provided credibility.

- The added value from local action set within a multi-level programme

Local action is most effective where it works as one component in a multi-level programme of action that engages regional, national and perhaps even EU levels of governance. One of the benefits of acting locally is to offer the opportunity to deliver programmes conceived in or managed from higher levels of government with greater *sensitivity to local circumstances*. Good practice needs, therefore, a sound integration between different levels - with the local playing the role that best exploits its particular added value. There is also, of course, a need to integrate, or at least to co-ordinate, different initiatives within the same locality.

Plans Locaux de l'Insertion et de l'Emploi (PLIE), Roubaix and Lille (both France)

Roubaix and Lille demonstrate the potential benefits of integration between different levels of governance (state, région, département and municipality) in achieving the objectives of their respective Plans Locaux de l'Insertion et de l'Emploi (PLIEs). PLIE are local programmes for the inclusion and employment of unemployed people and other disadvantaged groups. In Lille, the PLIE is managed by *Reussir*, the organisation which also manages the *Mission Locale de Lille*. The *Missions Locale de Lille* supports the integration of individual young people into social and working life. Each neighbourhood (quartier) hosts a branch of the Mission, linked to the Mairie de Quartier. Integration of these two interventions – the PLIE and the Mission Locale – offers significant benefits and limits duplication of activity.

Leipzig, Germany

The Leipzig URBAN II programme highlights the value of integrated action that involves both employment development and social investment actions in the same locality. In particular, investment in retaining the local population is vital to stabilising the demand for SME products and services. The Leipzig example also highlights the importance of a common agreement between different levels of governance as regards local employment development action, as negotiations at different levels of government can act as a barrier to local innovation.

3.4 Enterprise and Entrepreneurship

While the issue of governance can be discussed in relatively generic terms for all sorts of regions and localities, turning to the question of job generation and to issues of labour supply and work integration demands that the real economic context comes to the fore. Older industrial and mining regions, as we have already seen, face problems of generally

slack labour markets and of skill pools that need a long period of renovation. The primary need for local employment and for development in these regions is for new jobs to be created from somewhere. The most promising place to look tends to be among small and medium enterprises both in the commercial and in the social economy sector. Local partnerships across Europe have proven that they can add value to national approaches by better understanding and responding to local needs relating to enterprise.

- Local action enhancing the conditions for local firm competitiveness

SMEs, like all firms, have to find, exploit and defend market positions. The ability to do this depends on the competitive advantage they can manage to achieve against their competitors. Some of the market positions may be international, some national and some local and it is important for public policy intervention to recognise the difference. Assisting local enterprises to enhance their ability to draw in revenue from outside the area is undoubtedly to be preferred. Assisting one local small firm to capture the market share of another local firm by virtue of some public policy assistance is clearly far less satisfactory, unless perhaps there is some clearly stated objective to privilege one group or place over another in the interests of social inclusion.

The optimal approach is to identify market gaps and particular niches where a new enterprise or a re-positioned existing firm can open up an entirely new area of activity. Where such activity can arise out of some re-alignment of the existing business skill base to address a new market niche then there is a clear advantage. Local partnership action in Marinha Grande (Portugal) focused on developing the competitiveness of the local glass and mouldings sectors as a key source of employment.

Marinha Grande Territorial Employment Pact, Portugal

Marinha Grande is an industrial town in the central region of Portugal close to the Atlantic on Portugal's West Coast and just north of Leiria. The town has a traditional dependence on manufacturing (accounting for 63.2% of jobs), particularly in the advanced processing of glass and plastics.

Faced with a need for re-conversion of the glass-making industry, a partnership, led by the local authority and including local entrepreneurs, developed a strategy to increase the competitiveness of the town's glass and moulding industry for consideration by the Portuguese Government as a 'zone of excellence'. The partnership also sought and gained recognition from the EU as a Territorial Employment Pact.

The TEP is a partnership of local economic and social actors lead by the local authority. This is based on a strong tradition of associationism amongst glass companies in the town. The success of the partnership is attributed to the strong leadership provided by the local authority and the strength of involvement of local industry representatives. This enabled the identification of specifically local needs relating to competitiveness, as well as the development of a customised local response.

Key lessons from the experience of Marinha Grande are that:

- Creating a new local ‘image’ (for example based on quality, excellence and co-operation) is vital, particularly where an area currently has a negative one (based on social unrest and strikes in the case of Marinha Grande);
- Establishing a structure where local political power (e.g. the municipality) can have dialogue with local economic power (e.g. local business leaders) can widen the scope for action where national or local (public) funding is limited;
- Without the decentralisation of significant amounts of national funding to the local level, local approaches will struggle to become sustainable and will continue to depend on external sources such as EU funding.

The URBAN II programme in Leipzig (Germany) has also developed a strand in local employment policy focused on developing the capacity of indigenous business as key sources of employment. This has complemented the traditional policy approach, which focuses primarily on attracting large-scale inward investment.

- Local action as a stimulus for entrepreneurship and the creation and development of new businesses

One of the features of older industrial and mining areas is acknowledged to be a shortfall in new business start-ups in relation to the national average. In part, as we have pointed out, this has been a function of their industrial history within labour markets dominated by large employers in coal, steel, shipbuilding or textiles. Some scope for the small sub-contractor traditionally existed but usually as an element in the value chain of the major industrial sectors and declining with them. The ethos of such areas has also made its contribution with little tradition of business entrepreneurship as opposed to wage labour. Where, however, there has been an influx of immigrant and outsider groups, these have in many cases provided a valuable dimension of business entrepreneurship and enterprise.

Support for the creation of micro-businesses, Lille, France

The Mission Locale de Lille has extended the service that it offers, by providing routes into enterprise for unemployed people, through its *Le service d'aide à l'émergence de micro-activités* (Support for the creation of micro-businesses). Crucially, it complements rather than replaces national programmes. The key strength of the service is the *Agents d'Aide à l'Émergence* that provide advice in centres in six neighbourhoods across the city. The Agents promote the idea of enterprise and provide practical support to potential entrepreneurs through:

- Organising support interviews to consider the motivation, professional competencies and personal competencies of the individual;
- Identifying barriers to action and signposting the individual to suitable support agencies;
- Guiding the individual towards other sources of information and advice;

- Providing logistical support, such as administrative, internet and telephone facilities;
- Supporting in presenting the business idea to the project's Steering Group;
- Directing those who choose not to create a business towards other, more suitable insertion opportunities.

Lessons learned from the experience of *Le service d'aide à l'émergence de micro-activités* are that:

- Unemployed individuals are often best supported by services that are available in the local neighbourhood;
- Capacity needs to be in place to signpost individuals to other opportunities if necessary;
- Project partners can recognise the importance of good actions that may, nonetheless, be outside their own direct area of competence and activity.

Creating new pools of entrepreneurs where they have not existed before is far from easy. This is not made easier in the most disadvantaged areas and communities by a tendency for the informal economy to flourish in parallel with high levels of dependency on state benefits. In essence new sources of entrepreneurial talent will need to come from within the local culture and society itself. It has been a feature of new development in some of the core cities of these regions that new ventures have started to come from the performing arts, from restaurant and food ventures (Balti food in Birmingham for example), from media activities, from computer games design (in Liverpool for example), from the heritage industries and so on. The re-invention of many of these places has been both led by and accompanied by a new emergence of entrepreneurial activity from young people, women and women's groups, early retirees and black and minority ethnic groups. Support for such newly emergent entrepreneurs has come from local development and employment projects. For example, the Interarts Foundation, Spain has engineered local policy support for the value of creative industries as a viable alternative to traditional models of job creation and as a potential engine for growth.

Developing Clusters for the Creative Industries in Barcelona, Interarts Foundation, Catalonia, Spain

The Interarts Foundation is developing cluster projects based on the idea that culture incubator projects are traditional sources of jobs and can be an alternative in areas where the manufacturing base has been lost. Interarts also follows a policy trend by which creativity and innovation are encouraged through the creative industries sector.

In particular, Interarts has identified a few locations in Barcelona for the development of creative industries clusters, such as one in the neighbourhood of Sant Cosme. The idea is to bring people together from different sectors with the aim of creating a critical mass that generates a multiplier effect and acts as an engine for innovation. This idea is being developed as part of an on-going debate with the local authority in Barcelona about the economic role that the creative industries have to play in the local economy.

The Interarts Foundation is an independent private cultural foundation that works with public, private and third sector agents to solve problems of local unemployment and encourage entrepreneurship. Interarts works in partnership with all local actors to identify the problems facing them and tries to address them from a cultural perspective.

Once in place, local businesses need support in a number of areas – marketing and financial management advice, technological support, training and human resources development assistance. While most Member States provide these sorts of services at national or provincial level, there is much more variability in the provision of business support services at local level. Locally sensitive support, however, offers an arena for integrated policy action. This can include investment in social and infrastructure measures. For example, the URBAN II Programme in Leipzig, demonstrates the importance of support for the creation of new businesses in a wider context of urban and social regeneration.

URBAN II Programme, Leipzig, Germany

The Leipzig West URBAN II programme addresses the decline of the western inner-city quarters of Leipzig (Plagwitz, Lindenau/Old Lindenau and parts of Kleinzschocher and Leutzsch) which have suffered from the decline of traditional manufacturing activity, primarily mechanical engineering and metal processing. This decline has led to high rates of unemployment and population loss to the suburbs and beyond.

The programme integrates activity targeted at local economic and employment development, social integration and renewal, and environmental and infrastructure improvements. It is delivered by a partnership of the City, the Chamber of Commerce and the Crafts Council, and the local bank.

Economic development measures adopted include more traditional approaches of bringing under-used premises and land back into economic use, as well as newer approaches to supporting small and medium enterprise development, particularly in the local retail sector and other local service sectors. Action to support SME development has developed initiatives to encourage local entrepreneurs to work together to share innovative ideas and develop joint action.

Other initiatives delivered in Leipzig which have benefited the URBAN II programme area include the development of a Business Innovation Centre, Business Start-Up Centre and Youth Technology Centre and Intermediate Labour Market projects in the East of Leipzig, for example based on environmental improvement actions.

Key lessons from the experience of Leipzig are that:

- in weak local economies, the creation of new businesses is more difficult than the development of existing indigenous businesses. The key strength of local businesses is their knowledge of local customer potential and partnership structures.
- business owners and managers in old industrial and mining areas need increasingly to see themselves as partners who run a business location together, rather than as mere competitors for the same local market;

- SME associations, trade chambers and industry chambers can support the formation of local networks. They should be involved in programme advisory committees where possible.
- The value of using local business networks to give scale and scope to local enterprise groups

Supporting small firms at local level can give scope for drawing together businesses operating within the same supply chains/markets. From this they can capture mutual advantage. By operating as an integrated network they can, for example, pool their knowledge and resources.

For example, the local partnership action developed in Marinha Grande between glass and moulding companies (led by the local authority and with other social partners) – assisted with TEP designation - has enabled the development and implementation of a local strategy for competitiveness. This has led to the development of a regional quality mark, and the creation of a Technology and Professional Training Park.

The Leipzig URBAN II programme has also involved the development of local business networks (e.g. amongst local retailers) as a basis for joint action to develop their competitiveness. Similarly, The Interarts Foundation in Barcelona works to develop creative industries clusters which create sufficient critical mass to generate a multiplier effect and to act as an engine for innovation. The SARL Cité de l'Initiative in Roubaix, Nord Pas-de-Calais provides a more comprehensive example of what can be done.

SARL Cité de l'Initiative, Roubaix, France¹⁰

The Cité de l'Initiative is an association of 26 enterprises established in 1994. It is based in Roubaix in the north eastern part of the wider Lille conurbation. The core mission of the Cité de l'Initiative is to support the local textiles and clothing sector through various means, including business networking. This local initiative has its origins in the Roubaix company nursery, with 18 of the enterprises involved based at a single site in re-used industrial space.

The basic principle of the Cité de l'Initiative is the sharing of resources, including techniques, technologies, management and communication tools and human resources, in order to reduce the enterprises' fixed costs and enhance their competitiveness and access to new markets. This approach has been found to be particularly suitable for very small enterprises and SMEs as it offers the most effective basis for sharing of resources and achieving diversification.

The companies also prioritise the employment of groups disadvantaged in the labour market, including the long-term unemployed and young or handicapped people, through

¹⁰ www.citedelinitiative.com

insertion activity. As a result, some 37% of those employed at the site are from these groups.

The Cité operates as a French association under the law of non-profit organisation managed by a limited company (SARL) in the form of a Union d'Economie Sociale (UES or Social Economy Union). The partnership is broad, involving the local authority, Région, Département, urban community, national government, EU, consular bodies, European networks, schools and training institutions, trade associations and professional unions, major customers and funding bodies.

Key lessons from the experience of Roubaix are that:

- local partnership approaches can reduce the fixed costs of SMEs;
 - providing premises that can host several SMEs in the same sector provides important advantages through sharing information, resources, expertise, etc.
 - locating several social enterprises in a single site facilitates the provision of specialist support, for example in the operation of insertion programmes for disadvantaged groups.
-
- The benefits of coming together locally as a platform for the development of new financial instruments

Many of the problems faced by the small local enterprise derive from its inability, without assets or a bankable track record, to capture investment finance or even working capital cover. One of the ways in which a local approach can assist with this is to draw local banks and financial institutions into association with local partnerships. Good examples exist where local partnership networks will act as guarantors for bank loans or where they will take the lead in creating mutual or micro credit networks among local enterprises. In some cases local loan guarantee funds have been established using European and national grant aid (Merseyside Special Investment Fund, Aston Re-investment Trust, for example).

For example, in Leipzig, recognition of the opportunities for current and new small business development have led to positive action considered appropriate to local capacity – whereas higher-level policies (e.g. cluster development policies) may be less suited to local capacity. Similarly, in Strathclyde, knowledge of local sources of financial and human resources has enabled these resources to be mobilised for the benefit of local employment development action.

Cité de l'Initiative Roubaix, (France)

The Cité de l'Initiative has demonstrated an innovative approach to the financing of investment. Seven textiles companies required particular equipment, yet were unable to finance such investment individually. The partnership association was able to purchase the equipment, with 80% funding from the Etat-Région and 20% from the companies themselves. This equipment was owned by the association, which rented the equipment to the companies, according to need.

- The added value from supporting local businesses to capture contract and outsourcing opportunities

One of the difficulties for small local enterprises is in finding a route to market opportunity for their products and services. As a small operation, the internal resources available for this are inevitably limited. However, where local clusters or networks of firms can be brought together there may be the opportunity to take on board combined research into market trends, into new marketplaces in other regions or overseas, into the wider competitor context that has to be confronted in the marketplace. Traditionally this has been the domain of the Chamber of Commerce or the Trade Association. However, local employment and development partnerships that include their local business enterprises both large and small can offer a substantial enhancement in the scale and scope of this kind of supporting activity.

A key success factor of the Cité de l'Initiative (Roubaix, France) was its ability to convince the enterprises that, at least as far as exports were concerned, the real competition was from producers abroad, rather than from other local producers. This enabled common solutions to be developed, particularly in the area of exporting or where customers required large repeat orders that could not necessarily be met by just one producer.

[Community Enterprise in Strathclyde](#) also encourages large organisations to create new entrepreneurship opportunities by 'making their back office someone else's front office'. In other words, they are encouraged to contract out back office functions to SMEs and social enterprises that can not only create new jobs for disadvantaged people but also provide better value for money.

- Opportunities for finding new social enterprise and social economy openings by local action

It is by no means a coincidence that the contemporary growth of interest in multi-stakeholder partnership forms described earlier has a parallel in the increasing attention being given to the social economy and in particular social enterprise. This has come through the re-emergence of interest in co-operatives, mutuals, and associations as legitimate business forms in the just society. The European Commission, in particular, sees the social economy as a new dynamic force – in particular for creating entrepreneurship and jobs at local level.

“The social economy and the activities oriented to meet the needs unsatisfied by the market can lead to the development of a new sense of entrepreneurship particularly valuable for economic and social development at local level. This sense of entrepreneurship is closer to the aspirations and values of people that do not seek profit making but rather the development of socially useful activities or jobs. These forms of entrepreneurship have a useful role in promoting social cohesion and economic local (sic) performance”. European Commission 2000.

The organisations that inhabit the social economy are essentially partnership driven and mutual in ethos and have those basic features of local partnerships described earlier and social entrepreneurship, social enterprise and the social economy can be expected to play a key role in the economic development of older industrial regions. They account for some 5-6% of total employment in the EU and their importance has increased rapidly over recent years. The advantages of social enterprises are that they can be:

- Innovative and entrepreneurial;
- Better than conventional businesses at attracting and retaining staff;
- Good at involving people who, for different reasons, have been excluded (*and therefore particularly important for declining industrial regions*).

Local policy makers need to be supported to grasp the opportunities presented by social enterprise and the social economy. Partnership is a clear feature of supporting frameworks for social enterprise and, as such, provides a clear opportunity – linking together two key components that have been identified as central to local employment and development. Community Enterprise in Strathclyde, an industrial area in Scotland, UK, offers a good example how a partnership can provide a supporting framework for the social enterprise sector.

Community Enterprise Strathclyde (CEiS)¹¹, UK

CEiS is a development agency providing comprehensive, specialised services to social economy organisations in Scotland. These include creating local development companies and intermediate labour market initiatives. By having a team of experts available locally, social economy organisations can have access to specialist support, which would be beyond the means of any one organisation. This includes information on the latest developments in policy and practice, as well as strategic and practical advice about setting up and operating a social economy organisation.

CEiS has 36 staff and a budget of €2.4m. In 2002 it created or sustained 284 jobs at a unit cost of €5,034. The agency has delivered local development companies and intermediate labour markets amongst other actions.

The Development Services Team provides development of innovation and new ways of thinking and delivering practical projects, interventions and partnerships. Current developments include new areas of work such as environmental, sustainable development, new employment and community regeneration projects

The Client Services Team works with each client, delivering customised programmes of support services to effect change and growth within social economy organisations.

¹¹ www.ceis.org.uk

One of the main thrusts of CEiS' work is directed towards building the financial capacity and assets of individuals and organisations. Despite there being many private organisations like banks and investment companies who provide a wide range of financial services, there is still a large excluded group of organisations and people that find it difficult to access mainstream finance.

CEiS is developing projects and new ways of working in conjunction with partners that will build a range of financial services to meet the needs of the more excluded individuals and organisations. For example, Community Development Finance Initiatives (CDFI) that specialise in giving loans to social economy organisations or to organisations/businesses based in areas that are under-invested.

3.5 Local interventions for the unemployed and socially excluded

The broader contribution of local employment development to labour market measures can be across the board. Those local partnerships we discussed earlier can have a significant impact on the co-ordination and integration of training and skills development, on the establishment and dissemination of good practice on equal opportunities, on finding ways to integrate young people into the labour market on leaving full-time education, on finding ways to re-train older workers for new and even post-retirement roles. These wider aspects are possible subjects for future working papers in the IDELE series as the programme develops. Our focus here in the case of older industrial and mining regions is on what in European terms is known as "job insertion" – helping the unemployed find access to work. Most of these activities take individuals and groups that have difficulty in accessing labour market opportunity along pathways that will see them find better opportunities for entry.

As we have indicated, there is a long tradition in most EU countries of programmes to address unemployment by offering routes into employment. The years of intractable unemployment following the recession of the mid-1970s saw the majority of EU Member States adopt what are often called "second labour market programmes". These were designed to use state subsidies to draw long term unemployed people into work activity. Most were closely linked to the social welfare system – requiring some form of work or training activity as a condition for the payment of unemployment benefit. The precise form of such schemes is highly variable across the EU since different welfare systems are in place and since these measures were (and still are) politically controversial. The delivery of these sorts of central state programmes has normally been under the auspices of the public employment service with administrative management carried out at the provincial or regional level. The arrival of more local approaches has begun to have a significant impact on such schemes in a number of Member States with local partnership bodies being drawn in to give local sensitivity to them and to make use of organisations closer geographically and culturally to the unemployed people they seek to serve.

The special challenge for old industrial and mining areas also, as we have seen, requires actions to integrate unemployed individuals not just into paid jobs but also into entrepreneurship and the small businesses sector (in either the market or the social

enterprise sector). The problems of creating sufficient numbers of sustainable “job slots” in the most depressed of these regions demands not just training and second market schemes but deliberate actions to have people cut themselves “tailor made jobs” by creating enterprise on their own account. Once again the local partnership is in a position to assist in “fine tuning” training, routes into employment, and entrepreneurial skills development.

- Locally engineered pathways as adding value to work integration

Many of the most successful local employment development activities in the area of job insertion have used their special attributes to map out what have come to be called “pathways to integration” – taking the long term unemployed and socially excluded along the complete journey from confidence building, to initial steps in training, to temporary work experience, to recruitment and finally to in-work job support.

Most Member States nowadays offer mainstream programmes – creating pathways to integration - usually through the public employment service. Whilst these may work effectively for large numbers of people who have a certain level of skills, experience and confidence and who have not been unemployed for a long time, they are not necessarily the most effective way to integrate the long-term unemployed or those with particular disadvantages. A local approach can help identify, and provide for, such individuals, either by customising the service offered by national policy (where this is possible) or by creating new routes that start ‘further back’ than routes offered by national policy.

Plans Locaux d’Insertion et d’Emploi (PLIEs or Local Plans for Insertion and Employment) operate in localities across France, supporting the re-entry into employment of unemployed people who may also suffer health, professional, social or other disadvantages. They are nationally recognised and established but operate locally. The PLIEs are initiated by partnerships led by the municipality and supported by other levels of government such as the Département or the Region. Their objective is to place people in fixed-term employment contracts within a six month period.

‘Plan Local de L’Insertion et de l’Emploi’ (PLIE) - Lille and Roubaix, France

The ‘Plan Local de L’Insertion et de l’Emploi’ (PLIE) are local programmes for inclusion and employment which are nationally established and recognised - usually for three years. They seek to support the reintegration of long term unemployed people or disadvantaged groups in target areas defined by municipalities in consultation with the department. Local action plans are developed which mobilise the partnership and support of different tiers of local government (the local, department and region). Finance is provided from various sources including local national and ESF Objective 3.

The first PLIE came into operation in Lille in 1990. This initiative aims to enable local people who face social and economic exclusion, to have access to the new jobs generated by Lille’s development as a European city. The PLIE’s innovation consists of the co-ordination and joint-working between all the institutional, social and economic partners; a

territorial approach to tackling long-term unemployment; the integration of this approach into wider local economic development.

The Lille PLIE is a strategic partnership that plans activity across Lille. It is managed by *Réussir, Le Plan Lillois d'Insertion*. It brings actors together such as the *Département, Région* and the *Ville*. These oversee the *opérateurs* such as: *Opérateurs d'insertion*, who integrate individuals into the labour market, for example through intermediary employment (Associations Intermédiaires, Entreprises d'Insertion, Entreprises de Travail Temporaire d'Insertion, etc.) and training providers. The PLIE receives funding from the *Fonds de Revitalisation Urbaine*.

The *PLIE de Roubaix* was initiated by the *Ville de Roubaix* in 1991 and brings together key local actors with an interest in employment. Its primary objectives are to develop and co-ordinate structures concerned with reinserting unemployed people in the labour market. Given Roubaix's character as an old industrial area, there is a recognition that new jobs needed to be created and people needed support in accessing those new jobs.

Lessons from the experience of the PLIE are that:

- national and legislative recognition can allow a local partnership to move from experimentation to the delivery of mainstream programmes;
- common partnership structures across a country can be beneficial, providing that the scope for local initiative is not lost;
- generating political will and local financial and managerial capacity are vital to the sustainability of a local partnership.

- Local approaches helping to build capacity and confidence

As we noted earlier, high unemployment is often long-standing and concentrated in old industrial and mining areas and large numbers of individuals may be 'distant' from employment opportunities in the sense that they are not immediately 'job ready' and perhaps no longer even feel themselves able actively to participate in the formal labour market. Older men particularly may not have the skills to fill jobs in the new emerging sectors and after several years of unemployment may be losing the more generic employment skills, such as communication or task management, as well as their confidence. Some may have low expectations of ever returning to paid employment and instead rely on 'odd jobs' for friends and family or on benefits, in some cases those benefits related to invalidity.

In some neighbourhoods and families, unemployment can extend to the 2nd or 3rd generation, further reducing the capacity of young people to enter employment. Informal networks and family 'trades' useful for learning skills and for identifying employment opportunities have been eroded, as have self-confidence. This situation can be worsened by an experience of passing through a series of employment and training 'schemes', none of which lead to real employment opportunities. Experience from across Europe demonstrates

that building the capacity and confidence of individuals is often best done in through offering real experience of employment, for example through secondary and intermediate labour markets or social enterprises. Having these programmes sensitised to local conditions is a vital ingredient in their eventual success in finding those that are hardest to reach.

- Local contributions adding value to secondary and intermediate labour market programmes

Linked to the need to build the capacity and confidence of individuals is the need to provide real experience of employment, yet in a way that takes into account their needs, particularly the need to develop employability skills. Such employment may not be possible in the open or 'first' labour market, but may be possible in the secondary or intermediate labour market (ILM). This model of waged work in specially created temporary jobs has been tried in many localities across Europe. It features paid employment, usually on a temporary contract of up to 12 months, as well as training, mentoring, personal development and career guidance support. In order to avoid unfair competition with the mainstream labour market, intermediate labour market activities should ideally provide additional local services and therefore contribute to wider local development.

Intermediate Labour Markets in the UK

Research by the Joseph Rowntree Foundation reports¹² the following lessons learned from intermediate labour market activities, mostly in the big cities and older industrial areas of Scotland and the north and midlands of England:

- Properly managed, they can deliver better outcomes, in particular, a more sustained progression from welfare to work than other programmes for the long-term unemployed.
- A comprehensive 're-engagement package' covering work experience, training and confidence building is most effective in achieving sustainable employment.
- Setting up and managing ILM programmes requires strong local partnerships and lead bodies, the development of a robust delivery infrastructure and skilled and capable managers.
- The main problems facing those setting up and operating ILM programmes is the complexity associated with funding packages and monitoring requirements and the absence of secure funding sources.
- Compared with other labour market initiatives for the same target group, ILM programmes offer equivalent or better value for money after adjustments are made for the value of the services provided, the higher job placement and durability of employment rates and the higher incomes gained.

¹² The intermediate labour market: A tool for tackling long-term unemployment; Bob Marshall and Richard Macfarlane, Joseph Rowntree Foundation.

- Using local approaches to stimulating social enterprise as a pathway to work integration

Social enterprise can play a key role in the economic development of old industrial and mining areas by creating new job opportunities. These job opportunities can be filled by people who, for different reasons, have been excluded from the labour market. For example, one-third of jobs created by the Cité de l'Initiative (Roubaix, France) are reserved for the long term unemployed, people with disabilities or young jobseekers. Like ILMs, social enterprise also can build the confidence and capacity of individuals for entry to the mainstream labour market.

Social enterprises are able to offer support to individuals in a way that would not necessarily be possible for a purely commercial enterprise. They can provide a route to integration in the labour market by offering the chance to gain qualifications and competencies required by a mainstream employer as well as building the confidence and capacity of individuals to determine for themselves the direction of their career.

Vitamine T¹³, France

Vitamine T is a group of 37 social enterprises, mostly in the Nord Pas-de-Calais region in France, committed to addressing the social and economic consequences of unemployment. It does this by operating enterprises that operate in competitive product markets, across many diverse sectors, yet create integration routes into employment. For each individual helped, Vitamine T offers an insertion route, customised to the individual and taking into account his or her levels of confidence and competencies. Lessons learned from the experience of Vitamine T are that:

- a 'welcome period' is important in enabling the individual to readjust to working life;
- preparation for employment is best gained from working in a real job, which will allow the development of personal and professional skills;
- it is necessary to allow for a period of 'transition' to mainstream employment, which can include external work placements.

- Local inputs adding value to learning and training and human capital development programmes

Old industrial and mining areas often face the paradox of skills shortages in certain key sectors as well as long-standing, high unemployment. Clearly, there is a massive need for human capital development in terms of learning and (re-)training. National policy will usually take the lead in human capital development, for example through mainstream education or vocational training programmes. The key priority for local action in old industrial and mining areas will therefore be to harness the opportunities offered by national policy and funding, in a way that meets specifically local needs.

¹³ www.vitaminet.asso.fr

Lance Ton Business, Lille, France

The Mission Locale de Lille offers one possible approach by addressing the need to create new businesses as well as the need to raise the qualifications of young people. *Lance Ton Business* enables young people to start a business, as well as providing a route to gaining a qualification. It particularly focuses on young people with only a low level of qualification. *Lance Ton Business* provides support over ten months, consisting of:

- A contract of employment (*Contrat Emploi Solidarité*);
- Theoretical training leading to a University diploma at level IV;
- Vocational training building on the theoretical training and relating to the specific business project ;
- Customised support in the creation of the business.

Key lessons of Lance Ton Business are that:

- Routes into self-employment for young people (with no/low qualification) should also enable the young person to gain qualifications; this will better equip young people to enter employment in the event of their business failing;
- A contract of employment provides greater security for young people as well as increasing their commitment to a programme; and
- Activity of this sort should encourage young people to take responsibility for their business proposal and be able to operate autonomously.

4.0 SUMMARY: LESSONS FROM THE CASE EXAMPLES

4.1 Lessons from experience

What the IDELE case studies show, above all, is that there is no one-size-fits-all approach to what is needed locally or otherwise to revive old industrial and mining regions. New governance structures have to be devised and put in place, new routes to job and enterprise creation devised and creative ways to integrate those most excluded from work brought into activity. What IDELE shows with great clarity is that *local specificity* is both inevitable and desirable. What works in one locality cannot be transferred in some context-free way to another no matter how similar. This does not, of course, mean that lessons cannot be learned and experiences shared. What it does mean is that there are two components to the IDELE process. The first is about recovering general lessons from best practice examples and the second is about allowing for and learning about the *customisation* of those ideas to meet the local situation of the recipient. Only interaction and dialogue of the kind that IDELE practices as part of its root philosophy can ensure that *both* are taken on board and simplistic policy prescriptions are avoided.

In what follows, as just one part of the process, we set out some “key success factors” and lessons for policymakers and practitioners.

1. Maintaining the wide-portfolio approach to attracting investment development

Old industrial and mining areas need to maintain their broad portfolio of activity. They need still to present themselves as suitable hosts for mobile investment capital in manufacturing industry. There will continue to be opportunities to attract large employers that create large numbers of new jobs in a single investment – though the chances are much lower than in the past. As derelict sites are gradually reclaimed, old industrial and mining areas will continue to be well placed to offer good locations for investment. In seeking to attract such investment, it will remain important to keep factor costs of production competitive, promote the area and offer a good ‘support service’ to potential inward investors in terms of help with recruitment, supplying information about suitable sites, etc.

However, there are increasingly limits to the benefits of inward investment. State aids are being applied more rigorously, reducing the scope for offering direct incentives to employers. Capital is also increasingly mobile. As information and communications technology becomes cheaper and more sophisticated it becomes more difficult to compete on the basis of low cost. Indeed, most EU localities cannot and probably do not wish to compete with developing countries on the basis of cheap labour alone.

Local partnerships have a significant capacity to influence how these wide portfolio approaches can put together by their ability to create *locally-owned visions and strategies* and, as we have seen, to provide impetus for essential debates that involve shedding old identities and adopting new ones.

2. Adding a new story to the traditional approach to employment development

Whilst continuing to attract investment remains a priority, local partnerships in old industrial and mining areas can also assist in driving and widening the scope of those debates that are nowadays necessary as old industrial and mining regions strive to *add a new 'story'* to their view of the future. This includes but goes beyond an exercise in 're-branding' since it demands capturing hearts and minds to the project if success is to follow. Sporting, entertainment, leisure and tourism events and facilities are increasingly the subject of these debates in the core cities of these regions. Discussions of "image" are vital here but no longer just couched in terms of how to attract the new plants of international companies. How people see themselves and local cultures can be sustained in places that are "comfortable with themselves" are some of the new attractors to private as well as public and commercial investment. Increasingly, it is *local culture* that is being valorised as a means of drawing wealth as well as investment to particular locations. Some of the larger cities like Glasgow, Barcelona, Lille and Liverpool have been able to promote themselves through attracting events such as the European Capital of Culture. But partnerships in smaller areas can also develop 'positive messages' based on people, lifestyle, civic and cultural factors. The strength and depth of local partnerships and networks and the extent to which they can be seen as sharing a positive view of themselves and of their city or region's place in the world is today's attractive force for new investment.

3. Developing more open and fluid forms of governance

The move from a local economy dominated by a single industry or employer or a dominant sector to one that is diversified requires not just new economic drivers but new forms of governance. Relying solely on the traditional public authorities working in isolation (or even competition) is likely to be insufficient. More open and fluid forms of governance are required to develop new visions, engage new players and more effective local strategies and approaches to economic and social regeneration in old industrial and mining areas. Member States enter this from different starting points. In some, the essential civic society institutions such as associations, alliances, partnerships, joint ventures and so on are historically well developed. In others, countries with traditionally centralised systems of governance and most of the New Member States, time will be needed for such governance forms to evolve or be set in place. The governance variable to which we have paid so much attention is one that has the power strongly to condition how rapidly the local approach can be disseminated across the European space.

4. Simplifying and rationalising the proliferation of initiatives

While a rich platform of civil society institutions will take time to evolve in some parts of the EU and this is a problem for local development, those areas that have the opposite characteristics also have problems to confront. IDELE can point to a problem that arises from the sheer proliferation of local employment and development 'initiatives' in recent years. Those places that have created a rich and diverse network of local partnerships and local activity – particularly the old industrial and mining regions – have also generated an intense rivalry for public funding among the players. This produces an ethos of conflict instead of common purpose and results in wasteful activity as different actors jockey for position and compete to attract 'beneficiaries' to feed their programmes. The challenging

aim here has to be both a wholly new attitude to sustainability beyond the continued hope for public grant funding and a re-assertion of the value of all those properties of trust and common purpose that this report has constantly emphasised. Rationalisation is undoubtedly needed in some places but it is the terms on which this is carried out that will have a profound impact on the local development project in the years to come.

5. Supporting a local culture of enterprise

Localities that have been overly dependent on a single industry or employer need time to build new local cultures of enterprise and the sorts of intermediary support structures that are vital to their economic health. New sources of entrepreneurs need to be sought out and supported and, in this, local sensitivities are critical. Immigrant and “outsider” groups traditionally represent a substantial source of new entrepreneurs – often with prior experience, expertise and a spirit of enterprise. Social enterprises are also an important potentially innovative business form for old industrial and mining areas but their sustainable growth depends on both the removal of legal and financial barriers that get in their way and the creation of umbrella organisations that provide specialist support. For both commercial and social enterprise development the provision of locally available and “patient” sources of capital and support should figure strongly on the agenda of local policymakers.

6. Reducing the fixed costs of SMEs by the creation of networks

In old industrial and mining areas, SMEs may not have a tradition of looking far outside for market opportunity. Individually they may also see themselves primarily as competitors for the local market rather than potential collaborators able to come together to tap external ones. Partnership approaches between local small businesses can help to establish the basis for appropriate cooperation. This is especially valuable where markets are national or international and where local SMEs are less in competition with each other than with other suppliers nationwide or worldwide. Cooperation can serve to reduce the fixed costs of SMEs by enabling the sharing of techniques, technologies, management and communication tools and human resources. Partnership approaches can also facilitate access to finance by creating links to banks and financial institutions or providing loan guarantees.

7. Customising and complementing mainstream insertion programmes

One weakness of mainstream insertion programmes, for example those operated by public employment services, is often the relative lack of flexibility at the local level. In old industrial and mining areas, this can translate into inappropriate support for large numbers of people who are long-term unemployed or who do not have the skills needed for new service sector jobs. Mainstream programmes can be made more effective by drawing in local partnerships that can make such programmes more sensitive to local needs and by providing a different type of support. For example, actions are needed to help people create as well as enter employment. Training and insertion programmes can be ‘fine tuned’ to offer routes into entrepreneurship as well as employment. The large numbers of long-term unemployed people in old industrial and mining areas also require support that is different from that offered to the newly unemployed. Local approaches can create routes into employment that start ‘further back’. They can provide comprehensive ‘re-engagement’ packages covering work experience, training and confidence building, rather than simply

seeking to reinsert the individual into a job vacancy. Local approaches can also be sensitive to the experience of individuals who may already have passed through a series of ‘schemes’ none of which lead to real employment. In such cases, local approaches can and should offer real experience of employment through secondary or intermediary labour markets or through social enterprises.

4.2 Conclusions

- Traditional, centrally-driven policy approaches that have sought to diversify old industrial and mining areas increasingly need to be complemented by local approaches that are better customised to the specific needs and opportunities of an area.
- These local approaches should not rely solely on attracting inward investment and reducing factor costs of production. There is also a need to create a positive ‘message’ for a locality based on people, lifestyle, civic and cultural factors.
- Such ‘messages’ are increasingly important where sporting entertainment, leisure and tourism events and facilities are taking over the role of more traditional investment.
- Key challenges are to create open and fluid forms of governance, encourage a local culture of enterprise and entrepreneurship and customise or create insertion programmes suitable to the specific needs of an area.
- New forms of governance for effective local employment development include: associations, alliances, partnerships and joint ventures. These approaches can be built on the rich tradition of civil society, strong sense of community and local loyalty that often exists in such areas.
- Such new forms of governance in areas with a long history of ‘initiatives’ should address the proliferation of local actors and partnerships by co-ordinating or rationalising current delivery mechanisms. In areas with little experience, the emphasis should be on building capacity to undertake local employment development.
- In areas traditionally dominated by a single industry employer there is a need to create a culture of entrepreneurship and enterprise. This can be encouraged by social enterprises, training programmes that offer routes into entrepreneurship and the arrival of immigrants or outsiders with an aptitude and appetite for entrepreneurship.
- Partnership approaches can encourage local SMEs to cooperate, where they supply national and international, rather than local markets and are thus not direct competitors.
- Partnership approaches can also reduce the fixed costs of SMEs by enabling the sharing of techniques, technologies, management and communication tools and human resources, as well as facilitating access to finance.

- Mainstream programmes of national public employment services can be made more effective by drawing in local partnership bodies that can make such programmes more sensitive to local needs.
- Training and employment programmes need to offer routes into entrepreneurship as well as employment in order to help create new jobs.
- Long-term unemployed people in old industrial areas may be particularly “distant” from the labour market and yet may have already passed through a series of “revolving door” schemes. Local approaches should offer new routes into employment that start ‘further back’ than mainstream programmes - offering ‘re-engagement’ packages together with real work experience in secondary or intermediate labour markets or social enterprises.