

Department for Work and Pensions

Research Report No 543

International review of effective governance arrangements for employment-related initiatives

Bruce Walker and Sian Sankey

A report of research carried out by the Centre for Urban and Regional Studies on behalf of the Department for Work and Pensions

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Abbreviations

BC	British Columbia
CAP2	Community Assistance Programme
DTES	Downtown Eastside (City of Vancouver)
DWP	Department for Work and Pensions
EI	Employment Insurance
LEC	Local Employment Council
LMDA	Labour Market Development Agreement
MHSD	Ministry for Housing and Social Development
NEC	National Employment Council
OECD	Organisation for Economic Co-operation and Development
PES	Public Employment Service
RAR	Regional Employment Council pre-January 2007
REC	Regional Employment Council post-January 2007
THEO	Training for Health and Employment Opportunities
WD	Western Diversification Canada

Summary

The purpose of the study

The background to this research is the Department for Work and Pensions' (DWP's) policy concern with the workless, who increasingly consist of people facing significant, and frequently multiple, barriers to accessing labour market opportunities and who are often spatially concentrated within urban areas. Under the recent City Strategy initiative, DWP expects Jobcentre Plus offices in the Pathfinder areas to implement employment initiatives targeting worklessness which will involve partnerships, greater inter-agency working and increased discretion and flexibility at lower tiers of the service's administration. In particular, the Government envisages a much greater degree of autonomy and devolvement of powers to successful local and multi-area partnerships than has been the case in the past.

Given this emphasis on new forms of partnership and innovative governance, DWP commissioned the Centre for Urban and Regional Studies at the University of Birmingham to undertake a short review of the international experience of governance arrangements for employment-related initiatives. The focus was to be on the setting up, maintaining and managing of effective partnerships in employment service delivery particularly within more disadvantaged areas and/or where the delivery of Welfare to Work initiatives is being undertaken through a devolved approach. This report presents the findings of that review.

The research approach

The review consisted of three main stages: The first was identifying which individual countries were to be chosen for study. These were: Australia, Brazil, Canada, Denmark, the Netherlands, Sweden and the United States of America. The second took the form of a scoping exercise, consisting of a desk-based review of relevant literature and other documentary resources with the intention of identifying a more limited number of countries for further study and for case study visits. The third stage was the case study visits themselves, reporting both on these visits and more fully on the scoping exercises for the case studies involved.

The choice of countries for further study

In the case of five of the countries initially chosen for study, the scoping stage suggested that additional analysis and case study visits might not be of immediate value. More details on these countries can be found in the Appendix.

The two countries chosen for additional study and for case study visits were Denmark and Canada. The Danish experience of the governance and delivery of employment services in the context of changing organisational relationships at the local level, and the changing relationships between the local level and higher spatial levels of organisation, were agreed to be worthy of further study. Canada provides examples of a range of governance arrangements for the delivery of employment-related programmes through partnership arrangements at a number of spatial and organisational levels. An in-depth examination of the Canadian experience and a consideration of any lessons for the governance of employment initiatives was agreed to be of potential value to DWP.

The Danish experience

Denmark is characterised by high levels of employment, a tight labour supply and unemployment which is increasingly concentrated among groups facing multiple barriers. The arrangements for the delivery of employment-related services have recently undergone radical reform. This reform is of interest for the purposes of the review because of the significant devolution of powers that it represents. The Danish approach to policy formation and implementation is based on an explicit consensus between 'social partners' (primarily, unions, business and government), and is characterised by extensive regional and local partnership working.

From January 2007, as part of the reform and reorganisation of sub-national government in Denmark, four new Employment Regions were created and the 14 pre-existing Regional Employment Councils (RARs) were replaced, and reduced to four regional councils (RECs) still having responsibilities for employment but with quite a significant reduction in their powers. The RECs are constituted as before but are now primarily responsible for monitoring the impact of employment policy in their, now larger, regions. More powers for employment policy have been decentralised to the municipalities, which have been reduced in number from 271 to 98.

The employment and employability functions of the municipality have been brought together with the responsibilities of the Public Employment Service (PES) so that labour market issues for all individuals can be handled in one of the 91 new 'Job Centre' offices. This has the advantages of a one-stop shop for clients. Employment and related services are, thus, intended to become functionally and organisationally, as well as spatially, integrated. Additionally, in 14 'Pilots', the municipalities have taken over managerial and administrative responsibility for the PES while retaining their own employment functions. The remaining 77 'Non-

Pilot' Job Centres are jointly managed by the PES and the municipality with the former continuing to be responsible to the regional administration and, through that, to national government.

These reforms increase the power of the municipalities, particularly so in the 14 Pilots, and represent a significant decentralisation of that power to the local level. The potential for increasing flexibility and responsiveness in the light of local requirements is clear. This is enhanced by the representation of the social partners, now more strongly at the municipal rather than the regional level, through the 91 Local Employment Councils (LECs), on which the municipality and other local organisations are represented. The LEC is intended to be an important forum for creating partnerships between the municipality and local stakeholders, as well as having responsibilities for advising on, and steering, local employment policies and their delivery.

The bringing together of responsibilities for policies related to worklessness and employability at the local level represents a radical reform. However, it should be noted that the Employment Region can request authority from the Minister to withhold funding and to intervene where Job Centres are seen to be performing poorly. Expected performance in the light of national, regional and local priorities is encapsulated in an Annual Employment Plan and each Job Centre is subject to an annual performance audit conducted by the Region and the municipality. Thus, while the LEC has an important role in determining Job Centre goals and monitoring performance, the content of the Employment Plan and the performance auditing process is heavily influenced by regional and national requirements in these respects. It is through these mechanisms that regional and national levels of government and administration continue to exercise what is seen as the necessary degree of control over local Job Centre activities.

Further, there are some administrative issues still to be resolved in at least some localities. For example, the PES and the municipalities have traditionally dealt with different groups of the workless and undoubtedly have often seen their responsibilities as primarily job matching in the case of the PES, and welfare support in the case of the municipalities. In addition, the PES has previously seen its role as a national service while the municipality has focused on local issues and under the reforms these organisations are brought together and expected to work together. Hence, there is a need for a significant change in both operational and cultural terms for those working in the new combined Job Centres.

The Canadian experience

The Canadian economy has performed well in recent years and British Columbia (BC) has shared in, and helped to create, the country's growth in employment and output. In June 2008 the recorded unemployment rate for BC was 4.6 per cent, compared to a national average of 6.2 per cent, and the participation rate was 67 per cent. Within BC, the continued growth and prosperity of the Vancouver

region and its low unemployment levels give particular importance to attempts to draw the workless into the labour market. The political and social importance of doing so is reinforced by the visible concentration of the workless and those facing multiple barriers to employment in BC in one area of the City of Vancouver, the Downtown Eastside (DTES).

In recent years, Canada has devolved responsibility for some of its federal services to the Provinces and Territories under so called 'horizontal initiatives'. The desire to encourage modes of governance based on partnership and co-working is also reflected in the federal government's guidelines for the delivery of labour market policies. These are intended to ensure that consistency in national labour market policy is maintained across Canada but that implementation takes place in co-operation with lower tiers of government and with local partnerships and organisations. The key to this are the 'Labour Market Development Agreements' (LMDAs) with the Provinces, which provide the broad framework under which initiatives for the workless are delivered in the Provinces.

BC has an LMDA with the federal government. This is a negotiated, cooperative agreement between the governments, employers and other organisations relevant to labour market programmes and service delivery, and apportions responsibilities for staffing and funding. The key element is that the federal government's labour market policies under the LMDA are to be delivered in partnership with the provincial government. This arrangement is intended to allow for flexibility in how national priorities are actioned locally and to be culturally and politically sensitive to local conditions.

Within BC, the provincial Ministry for Housing and Social Development (MHSD) administers the British Columbia Employment and Assistance programmes for citizens in need and provides financial (income and 'hardship') assistance to eligible persons, primarily those not in receipt of (national) Employment Insurance. MHSD clients include a range of individuals from the less to the highly employable.

MHSD's policies and practices explicitly recognise that helping clients to overcome barriers to work is a necessary first stage in enabling them to improve their employability. Thus, focusing attention first on, for example, housing or life skills and working with other organisations on these issues is seen as part of the employment service's remit. One example of this approach, concentrating on the reduction of pre-employment barriers, can be found in MHSD's Community Assistance Programme, which seeks to achieve a wide range of personal outcomes for participants, including increased community involvement and increased networking with those facing similar barriers (peer support). This demonstrates an 'holistic' view of an employment and employability service's role in enhancing the life and work chances of individuals facing multiple barriers and exclusion from the labour market.

There is a strong tradition of spatially targeting initiatives in Canada, one striking example of which is provided in BC by the programme of work which focuses

on the DTES in the City of Vancouver. Many of the area's residents face multiple barriers to employment such as addiction, mental illness and physical disability. In response to a public health crisis in the DTES in the 1990s, the governments of Canada, BC and the City of Vancouver drew up the Vancouver Agreement in 2000, committing these government partners to working together and with communities and business in the area. Under the Agreement, the partners commit to a coordinated strategy to promote and support sustainable economic, social and community development. It represents a multi-disciplinary, multi-agency coordination agreement reflecting the multiple barriers faced by the residents of the area. In particular, the co-ordination of public and other funding to meet community needs has been central to the Agreement from the outset.

The governance structures which were put in place reflected the need for co-ordination between the partners involved. However, working in partnership across governments inevitably gives rise to a number of issues, since federal, provincial and local governments each have their own accountability structures, funding streams and sources and priorities. The Agreement attempted to facilitate collaboration through a primarily hierarchical organisational arrangement reflecting the process of policy making and design through to implementation. Evidence from participants during this review illustrated the extent to which the problems of co-ordinating service delivery were indeed mitigated following the greater integration and coordination of services under the model of governance that was espoused.

Co-ordination continues to be an issue under the Agreement, however, even though some participants are of the view that the scope of the activities under the Agreement has been narrowed. This narrowing of focus may be partly ascribed to the emergence of the federal Western Diversification Canada (WD) as a particularly powerful partner with very clear priorities focused on economic development. It was suggested by some participants that the criteria applied by WD to the funding of new and continuing projects has reduced the priority given to projects yielding less direct economic development benefits. However, the narrowing of focus might also reflect, in part, the consequences of the co-ordination process for which the Agreement was created. Such co-ordination almost inevitably leads to some reduction in their number and, perhaps, the focus of the services being delivered.

There has been no evaluation of whether the structures and governance processes put in place under the Vancouver Agreement are the reason behind the success of many programmes in the locality, rather than the programmes themselves. However, the undoubted stabilisation of the DTES can be seen to be, in part, due to the Agreement. The crisis from a public health viewpoint and the problems of economic decline that were evident before the inception of the Agreement, have clearly been mitigated. In addition, most participants are of the opinion that the Agreement offers a genuine collaborative working opportunity across sectors in order to provide services for, and in, the community and that it has brought about a more holistic attitude towards revitalisation and redevelopment.

Conclusions

The review comes to five main conclusions: The first is that, perhaps self evidently, those involved in partnership working must be committed to the goals agreed for that partnership and it must be accepted by local and non-local partners alike that time and resources will be required to initiate and maintain it. Partnership working also almost inevitably involves a trade-off between the different personal or group objectives of the individual partners and a change to previous patterns of working and in individual responsibilities. This implies that there needs to be a willingness to negotiate and compromise on the part of all participants.

This leads to the second conclusion of the review which concerns the need for cultural adjustments by those working together. This applies to partnerships in general. It is particularly important where an organisation such as the PES has traditionally seen itself as essentially a national service which operates through local 'branches' and is required to take on a wider role than job matching. Bringing together organisations responsible for formerly separate functions to provide a co-ordinated service to the workless, can draw on synergies and, by focusing efforts, achieve significant improvements in delivery. However, the changes that this requires on the part of the individuals and organisations involved needs to be recognised.

The third conclusion is to emphasise that delivering effective employment services can never solely be a local concern. It is both unfair and potentially inefficient for otherwise similar workless individuals and groups to receive radically different services from each other or to have opened to them significantly different opportunities for accessing the labour market. In suggesting this, it needs to be recognised that, where partners are primarily locally based with a local constituency, a partnership focus which is not solely determined by local priorities can be problematic for them and lead to political and operational difficulties. Consequently, there has to be some mechanism for ensuring like treatment of similar people in different areas while encouraging local involvement and innovation.

The fourth conclusion concerns such mechanisms. One might be the requirement that local partnerships meet some specified standards in fulfilling their functions or have to meet given priorities. Here, mechanism design is crucial, since, as noted above, there may need to be a trade-off against local priorities, the desire to fulfil which encourages partnership working in the first place, and national/regional requirements.

The final conclusion concerns the design of this mechanism. The work of the review suggests that the mechanism for achieving the like treatment of individuals in different areas in the light of national/regional standards, should be incentivised so that the achievement of such standards and requirements can result in the allocation of additional resources and/or additional discretionary powers to partnerships which are successful in this way. This would be in addition to any additional allocations reflecting innovative or successful local practice. This

requires the monitoring of local activity by supra-local bodies, but such monitoring is necessary in any event for accountability purposes, even if only because the initiatives are mainly not locally funded. This monitoring need not be onerous if the standards and priorities are well defined.

Recommendations

The recommendations from this review follow directly from the observations and conclusions in the previous section. They are:

1. In considering the current and likely future success of partnership working in employment-related service delivery, it is essential that partnerships are given the time and resources to bed in and to create the forms of working arrangements that are appropriate to that partnership.
2. Cultural change among those involved in employment service delivery is necessary if the PES is to take a more 'holistic' view of the multiple barriers faced by some workless groups and if some (local) partners are to take a wider, less parochial view of the employment needs of their constituents. Such a change can only be achieved through working together over time and if resources are available for appropriate training and mentoring arrangements for partnership participants.
3. Local issues arising from worklessness can never be solely a local concern. The incorporation of non-local standards and priorities into local working can be achieved by involving partnerships some of whose members, in addition to the PES, have links and/or accountability to wider regional and national organisations. More formal incorporation requires some form of plan for the locality which contains these standards and requirements.
4. Incentivising resource allocation to local areas such that the demonstrable achievement of supra-local goals and standards as contained in the plan is rewarded, should be an active and integral part of the arrangements for the funding and other assistance given to local partnerships. This can sit easily with additional rewards for innovative local practice.

1 Introduction

1.1 Policy background

The UK economy in recent years has been characterised by high levels of employment. In May 2008, 74.9 per cent of the working age population were employed, amounting to almost 30 million people, the highest number since records began in 1971 (National Statistics: Labour Market 4 August 2008¹). Increasingly, people of working age who are without work are those facing significant, and often multiple, barriers to accessing labour market opportunities. They are often spatially concentrated within urban areas. Thus, for example, the unemployment rate in Birmingham is currently 9.2 per cent and that in Tower Hamlets is 11.7 per cent, compared to a national average of 5.2 per cent. The uneven distribution of worklessness is also indicated by a difference in employment rates between ethnic minorities and that of Great Britain as a whole of 14.1 per cent (No one written off: reforming welfare to reward responsibility, Cm 7363, London, Department for Work and Pensions (DWP), 2008 – hereafter '2008 Green Paper' – para 7.20) while John Hills in his report on social housing in England observed that:

'...even if one controls for a wide range of... factors, the likelihood of someone in social housing being in employment is significantly lower than for those in the private rented and for those in owner-occupation.' (Hills, J. (2007), Ends and Means: The Future Roles of Social Housing in England, CASEReport 34, London, ESRC Centre for Analysis of Social Exclusion, London School of Economics, p103)

The 2008 Green Paper makes clear that addressing concentrated and longer-term worklessness continues to be a high priority for the Government. The rationale for this lies, at least in part, in a view of the responsibilities that the workless should acquire in return for their rights to welfare assistance and support. However, it is also clear that increasing activity rates amongst the workless is also seen as a way of increasing the labour supply, in the light of the high employment rates noted above, and as a way of decreasing the social exclusion experienced by the group

¹ All data in this section are from this source unless stated. They are available at: <http://www.statistics.gov.uk/CCI/nugget.asp?ID=12>

as a result of their worklessness. To achieve this, the Government has set a target of 80 per cent employment, a rate higher than that of other major industrialised economies (2008 Green Paper, para 1.11) and proposes a package of 'welfare to work' reforms which builds on the initiatives that have been implemented over the past decade.

1.2 Purpose of the study

It is these recent initiatives, some of which are to be continued and/or expanded under the 2008 Green Paper proposals, which form the background to this research. Specifically, these relate to the requirements of the DWP's City Strategy. Under the Strategy, Jobcentre Plus offices in the Pathfinder areas are expected to implement employment initiatives targeted at the workless which will involve partnerships, greater inter-agency working and increased discretion and flexibility at lower tiers of the service's administration. In particular, the Government envisages a much greater degree of autonomy and devolvement of powers to successful local and multi-area partnerships than has been the case in the past (see 2008 Green Paper, paras 7.24 et seq). This is a new form of working for Jobcentre Plus which requires an understanding of, and much greater involvement in, the new or reformed governance structures which characterise these initiatives.

This emphasis on new forms of partnership and innovative governance raises the question as to which are the most effective and appropriate forms of governance for delivering employment and employability services, in partnership, to the workless, and the issues that arise in attempting to do so. In order to address this, in March 2007 DWP commissioned the Centre for Urban and Regional Studies at the University of Birmingham to undertake a short review of the international experience of governance arrangements in the context of employment initiatives. In particular, the focus was to be on the setting up, maintaining and managing of effective partnerships in employment service delivery. This report presents the findings of that review.

1.3 The structure of this report

The remainder of this report proceeds as follows: the next chapter discusses the specific questions that the review addressed and the methods that were employed to address them. It also outlines some of the findings on governance that emerged from the review in respect of the experience of specific countries and explains which of these countries were, and were not, chosen for additional in-depth research. Chapters 3 and 4 discuss the experiences of governance and service delivery in two countries which were the subject of further case study work, Denmark and Canada (particularly Vancouver, British Columbia). Chapter 5 presents the conclusions of the review and makes some recommendations which the Department may wish to consider in the light of their current and proposed approaches to the organisation and delivery of employment-related services.

2 The research approach

2.1 The research questions

Recalling that the main interests of the Department for Work and Pensions (DWP) concerned the effective governance of employment related initiatives, rather than in the details of the initiatives themselves, the main research questions for the review were:

- a) What does international experience of the delivery of employment-related services to localities suggest are the appropriate governance arrangements at the strategic and local level for the effective delivery of those services?
- b) How are these governance arrangements set up and managed, and what are the best administrative arrangements for ensuring effective (and accountable) decision making when significant local discretion is allowed?

In addressing these questions, the review was to focus on the governance structures in place either within more disadvantaged areas and/or where the delivery of welfare to work initiatives is being undertaken through a devolved approach. Particular attention was also to be paid to international examples which might throw light on the governance implications of one or more of the following features of employment service delivery:

- The use of consortia.
- Delivering under contract.
- Strong involvement of/partnerships.
- Interesting (or at least clear) accountability arrangements.
- Clear targets.
- Local flexibility.
- Payments/funding of projects.

2.2 Undertaking the review

The review consisted of three main stages: The first stage, after refining the specific research questions discussed previously, was to determine the criteria according to which individual countries were to be chosen for study. Once these were determined, the second stage was to 'scope' these countries. The timescale for the review suggested that six or seven countries could be included in the scoping stage of the study. The scoping stage was essentially a desk-based review of relevant literature and other documentary resources.

Desk-based research can only uncover information that is, to a greater or lesser extent, in the public domain. However, a key concern of the review was how the structures of governance, in the context of partnership working, operate in practice, what benefits emerge from different local arrangements and how any problems that arise are dealt with either locally or by other tiers within those governance structures. The actual experience of those involved in these arrangements, and the inevitably 'private information' held by participants in the delivery of initiatives for the workless, cannot be readily accessed remotely or through the work of third parties. Consequently, after the scoping stage the review was to consider whether any of the countries studied had governance arrangements for employment initiatives which were both interesting and relevant for DWP, and from which DWP might fruitfully learn more through brief case study visits. Such visits were to be targeted so as to focus on the experience of those directly involved in the delivery of specific initiatives. The timescale and resources for the review suggested that a smaller number of countries from those considered at the scoping stage – two or three – might be identified which would be subject to further investigation through case study visits.

The third stage of the review then consisted of contacting the relevant senior officials in the countries chosen as case studies and arranging visits and interviews with representatives of a wide range of organisations and individuals involved in the governance of employment initiatives. These visits also gave the opportunity to collect additional documentation.

2.3 Choosing the countries for study – the criteria for choice

The criteria for choice of countries to study in the first stage were as follows:

- (i) The extent and nature of governance arrangements introduced for the delivery of spatially (and individually) targeted employment-related services, where those governance arrangements do not solely involve delivery by a single state body or agency.
- (ii) The accessibility of information concerning the details of the governance arrangements and assessments of their effectiveness.

- (iii) The date of the inception of these arrangements. There was seen to be merit in examining governance arrangements where they have been in place for sufficient time to bed down and for their effectiveness to be evaluated. However, in some cases it was argued to be equally valuable to consider the processes and issues that arise during the implementation of such arrangements, so that there was a benefit from reviewing some very recent experiences in this respect.
- (iv) The relevance for the UK of the policy and institutional (including welfare) framework of the particular country and the broader congruence of that country's approach with the social/liberal democratic values of the UK.
- (v) Similarity to the UK in the spatial distribution of the claimant groups addressed by the employment initiatives identified.

The degree to which criterion (v) applies to the countries considered in Section 2.4 was determined by first considering the degree of urbanisation of each country. This is on the grounds that the degree of urbanisation reflects (admittedly, imperfectly) the level of economic development that the country has attained. This approach also recognises that the impacts of worklessness are particularly manifest and therefore, a particular policy concern, in more urbanised areas. The population of the UK is, according to the United Nations' Index of Urbanisation, 90 per cent urbanised and all of the countries suggested for inclusion have urbanisation rates, on this definition, of at least 80 per cent. The second way in which criterion (v) influenced the choice of countries is by consideration of the degree to which their employment policies appear to explicitly acknowledge the existence of groups who face particular barriers in achieving sustainable employment and/or who are more difficult for policies to reach and influence. One of the main reasons for considering innovative governance arrangements in the review arises from a recognition by policy makers in Britain that these barriers impact significantly on worklessness and may need to be addressed by 'non-traditional' approaches. Thus, it was appropriate to consider these in the choice of countries for study.

It was recognised that, in order to bring international experience to bear on the governance issues concerning DWP, it was important not to be too 'Eurocentric'. However, it is also important to recognise that the experience of at least some EU member states is likely to be particularly relevant, given that, like the UK, these states are being encouraged to follow the European Employment Strategy. This Strategy, drawn up in 2005/06, requires 'flexicurity' in labour markets. Briefly, alongside flexibility in labour markets, flexicurity implies:

'...a degree of job, employment, income and combination security that facilitates the labour market careers and biographies of workers with a relatively weak position and allows for enduring and high quality labour market participation and social inclusion.' (Wilthagen, T. and Tros, F. (2004), The Concept of Flexicurity: A New Approach to Regulating Employment and Labour Markets, European Review of Labour and Research, vol 10, no 2: quoted in European Employment Observatory (2007), EEO Review: Autumn 2006, EEO Network Services, p7 n1)

Since DWP's City Strategy seeks to achieve exactly this, even where the European Employment Strategy is not explicitly referred to, it would be expected that the European experience would figure prominently in this review.

2.4 The individual countries studied

On the basis of the criteria outlined above, seven countries were chosen for the desk-based first stage study. These were: Australia, Brazil, Canada, Denmark, the Netherlands, Sweden and the United States of America. Each of the countries offered interesting and informative examples and experiences of employment service governance and delivery. Thus, the process of choosing the countries to be subject to additional study was essentially one of elimination – i.e., identifying which of the countries appeared to offer the most in terms of the research questions and characteristics outlined already. In the light of the work undertaken during the scoping stage, two countries from the seven studied appeared to offer most value in terms of further study. These were Denmark and Canada.

The Danish experience of the governance and delivery of employment services in the context of a changing organisation at the local level, and the changing relationships between the local level and higher spatial levels of organisation, were agreed to be worthy of further study. In particular, the potential of local inputs to employment service priorities through the involvement of the 'social partners' and other stakeholders resonated clearly with DWP's current policy concerns. The Danish experience is discussed in Chapter 3.

Canada provides examples of a range of governance arrangements for the delivery of a variety of activation and training programmes to diverse communities through partnership arrangements at a number of spatial and organisational levels. Examination of the Canadian experience and a consideration of any good practice messages for the governance of employment initiatives was agreed to be of potential value to DWP, particularly as this experience relates to issues concerning nationally negotiated, but local determined, initiatives and the practice of devolving these. There is also a wide range of targeted initiatives in Canada, congruent with DWP's activities in this area (for example, for hard to reach groups) and, perhaps of particular interest, specific and intensive multi-agency, area-based projects for the workless, such as that in Vancouver. The Canadian experience is discussed in Chapter 4.

Of the five remaining countries, the scoping stage suggested that more analysis and case study visits might be of less immediate value. In Sweden, the work of the review showed the significance of partnership working at different spatial levels (including local employment partnerships), the importance of initiatives targeted on groups similar (in terms of the barriers to work that they face) to those of concern to DWP, and the potentially radical implications of organisational reform in the delivery of employment services. However, since some of the key reforms were not to be implemented until January 2008, it was felt that it might be too early in this reform process for any messages and learning for good practice to be readily identified.

In both the Netherlands and Australia the amount of existing work, not least that undertaken recently by DWP itself, suggested that further work on the experience of these two countries did not represent a worthwhile use of the resources for the review. In the case of Brazil, initiatives for the young workless, in particular, emerge as something of genuine interest but there was a concern about the applicability of any lessons/models to the UK, given the very different legal and cultural contexts of the two countries. Finally, in respect of the United States' experiences, there is a prodigious amount of information demonstrating variation in policy and provision state by state. While there are many governance initiatives of interest and relevance – for example, the involvement of employers in local workforce development policy – the main emphasis appears to be on contracting between the 'state' and different types of employment service provider. This is important for DWP, but is not the only form of governance, or perhaps the most important form of governance, with which DWP and this review are concerned.

Although Australia, Brazil, the Netherlands, Sweden and the USA were not included in the review for additional study, a synopsis of the relevant findings from the scoping stage for each of these countries can be found in the Appendix.

3 The Danish experience

3.1 Denmark in context²

At 1 January 2008, the Danish population stood at 5.5 million, with around half a million people living in Copenhagen and just over 1.6 million residing in the Copenhagen region. The population of working age was approximately 2.8 million in the first quarter of 2008. The country had a measured unemployment rate of 3.8 per cent in 2006 and around 3.0 per cent in the first quarter of 2008.

The Danish economy is growing at just under two per cent per year (2007) and one of the difficulties faced in maintaining this growth is the comparatively tight labour supply. This is despite the frequent observation from commentators that the Danish workforce is highly mobile in terms of its employment, a characteristic that has the benefit of enabling a relatively rapid reallocation of resources between sectors as part of the growth process. Hence, in terms of worklessness Madsen (2006) has commented that:

'Even if the unemployment rate is low in an international perspective...about 20 per cent of the workforce is affected by unemployment every year and receive unemployment benefits or social assistance. But the majority of these unemployed people manage to find their own way back into a new job.'
(p8)

The need for an expansion in the labour supply has led to increased attention being paid to those groups currently marginal to the labour market and/or those facing barriers to accessing employment opportunities. This has led to an increasing emphasis on the sort of welfare to work approach adopted in many western countries.

In the Danish case this is taking place within the context of a major reform of the delivery arrangements for employment and employability services. In order to understand the implications and likely impacts of these reforms, this chapter

² Data in this section was primarily accessed from the OECD's StatExtracts available at <http://stats.oecd.org/wbos/Index> and the Danish national statistics source StatBank available at <http://www.statbank.dk/statbank5a>

begins by outlining the nature and delivery of assistance to the workless, before describing the rationale for the new form of delivery under the reform programme. The governance and organisational arrangements under the new system at the regional and local level in particular are then outlined and discussed. Note that the lessons that might be drawn from the Danish experience are more fully considered in Chapter 5.

3.2 The employment insurance system in Denmark

Traditionally, under the Danish employment system, there has been an important distinction between the insured and non-insured workless. Contributions to insurance schemes are overseen by the trade unions and access to support from insurance funds in the event of unemployment is one incentive for workers to join a union. In legislative terms, the insurance system and the trade unions are separate and it is possible to be a contributor to the former without being a member of one of the latter, and vice versa. However, historically, the two have been linked and hence, around 80 per cent of the Danish workforce is unionised and thus, insured. The uninsured consist partly of the self-employed but mainly of those individuals who have intermittent or poor connections with the labour market stemming from barriers to regular or any employment. Since, in general, they have not been members of insurance schemes or have not made sufficient contributions to those schemes, they do not have access to insurance funds. This group also includes those who are in receipt of sickness benefit. The uninsured group rely on income support through 'social assistance'.

There is a clear incentive for insurance fund administrators to encourage insured claimants to find work in order to minimise the number and length of the claims made on the funds, and to ensure continuing financial support for the fund from national government. In general, the insured workless, who by definition have a greater connection with, and experience of, the labour market and the 'world of work', are regarded as less of a policy issue than the non-insured, particularly given the high levels of employment in Denmark.

3.3 Delivering assistance to the workless

A key feature of the Danish system is that assistance to the insured and non-insured has been delivered by different institutions. Entitlements for the insured are calculated and distributed by the insurance funds while social assistance for the uninsured is administered by the 'municipalities' (local authorities) and financed from a combination of local and national taxation. The national regulations covering benefits for the uninsured are the same for all municipalities and when adhered, to determine the national government's funding contribution.

The national Public Employment Service (PES) operating through local offices 'is about jobs not benefits' (interview with national government participant). Municipalities may, however, require claimants of social assistance to register with

the PES, as indeed may insurance funds where claimants begin to reach the time limit of their entitlements and/or do not demonstrate active job-seeking. As in the UK, it is recognised that the role of the PES in enabling a matching of the workless to job opportunities might be quite minor quantitatively. As noted already, the Danish labour market is characterised by high turnover with a large proportion of workers changing jobs each year. The great majority of these workers – 94 per cent according to an estimate by one participant – find new or alternative work without PES assistance. The PES's core business is, thus, assisting individuals who are less well connected to the labour market or who face barriers preventing readier access to labour market opportunities. Even so, such individuals have traditionally been from the insured, rather than from those in receipt of social assistance.

3.4 The Danish labour market system and its reform

3.4.1 The system prior to January 2007

Prior to the introduction of the reforms to the labour market system in January 2007, a key element in the delivery of active labour market policies in Denmark was the role of the 14 Regional Employment Councils (RARs³). The RARs had responsibilities which covered the same areas, spatially and in terms of focus, as the 14 regions of the PES. The RARs were comprised of equal numbers of representatives of employers, trade unions and the municipalities within the regions, and were responsible for adapting national employment policies, as overseen by the national Labour Market Authority, in the light of the needs of their regions. This role included setting targets for PES performance and identifying particular workless or disengaged groups for whom locally designed activation policies were to be implemented.

The RARs provided a clear example of the 'social partnership' approach to governance which continues to characterise much of Danish civic and political life. The involvement of trade union and employee representatives, and those from municipalities, in actively developing, agreeing and monitoring policy is not limited to the field of employment. However, its significance in this area provides a particularly clear example of how the involvement of social partners impacts on the form in which policy is delivered. The representation of the social partners on the RARs and the discretionary powers afforded to them was intended to enable the design of locally sensitive employment policies, and to give those policies a legitimacy in the view of local partners involved in implementation. The reasoning here is that if, for example, an employment initiative involving on-the-job training is designed with inputs from employer representatives, then local employers are more likely to respond favourably than might otherwise be the case.

³ The Danish acronym 'RAR' is used here to distinguish these Councils from the post-reform Regional Employment Councils (RECs).

3.4.2 The reformed system

The reform of the employment system was not primarily driven by employment concerns. Rather the main driver was concern about the efficiency of public service delivery for a population of less than six million under a system that contained 271 municipalities and 14 regional administrative bodies. As implemented, the reforms reduced the number of municipalities to 98 and the number of Administrative Regions to five. The reforms also delegated greater powers and discretion to the (new) municipalities and created four Employment Regions.

Much of the discussion about service delivery concerned the new arrangements for education, health and social care provision for the elderly and for children, as well as the delegation of administrative responsibilities for, for example, passports and driving licences. However, as in the UK, where the changing role of local government in terms of place shaping, community well-being and economic development has had implications for the role of Jobcentre Plus, so the changing administrative structure in Denmark has had implications for the delivery of employment services.

The key changes introduced by the reforms as they impacted on the structure and governance of the employment system were, in brief:

- the maintenance of the influence of the social partners on the National Employment Council (NEC) which advises the Minister/national government on employment issues;
- the creation of four Employment Regions (one covering two of the five new administrative regions);
- the reduction in the powers of the new RECs compared to those previously at the disposal of the RARs;
- the creation of 91 Job Centres, broadly one for each of the new 98 municipalities with some covering more than one municipality where population levels are relatively low;
- fourteen of the 91 Job Centres to be under municipal control on a pilot basis ('the Pilots') while the remaining 77 were to be under joint PES/municipality control ('the Non-Pilots');
- the formalisation of the role of Local Employment Councils (LECs), one for each Job Centre.

The structure of the new system is shown in Figure 3.1.

While the effects of these changes are still being worked through, there are some lessons from the Danish experience of implementation to date that can be drawn at this stage. These are discussed in the next section.

3.5 The new Danish employment system – issues for governance

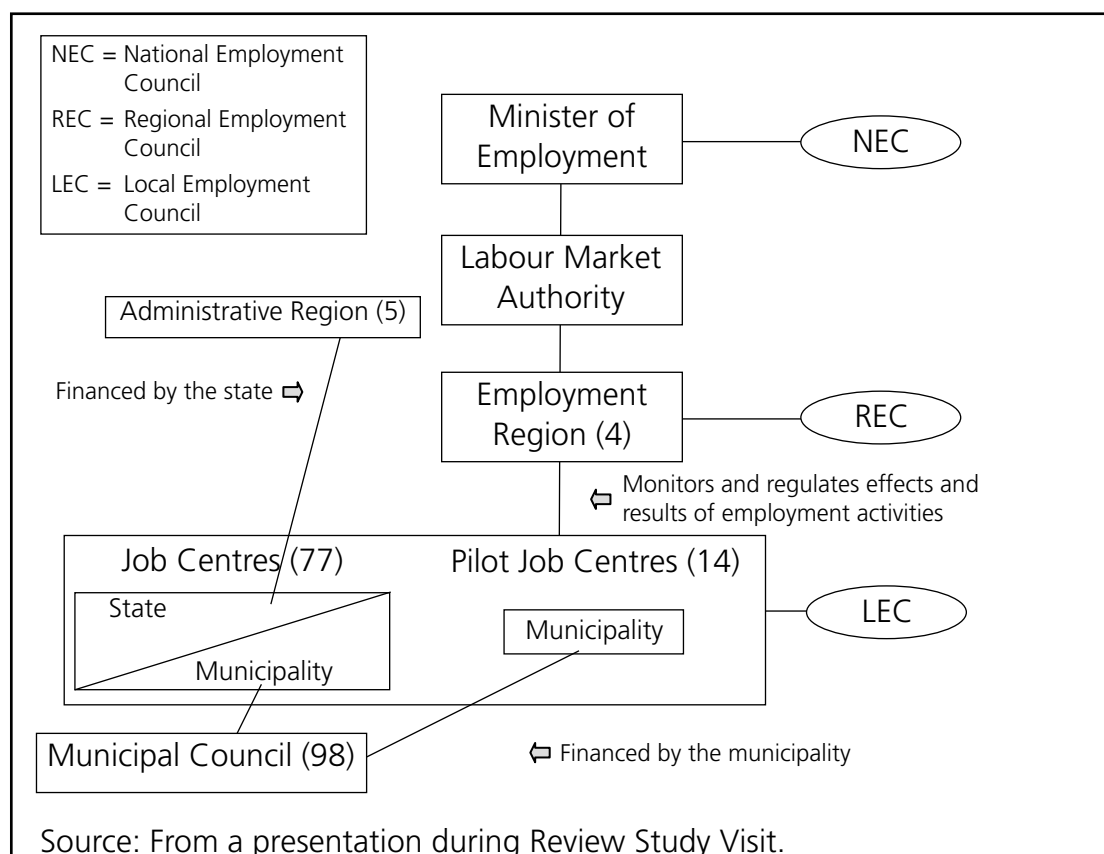
3.5.1 Regional-local relations under the reforms

The four Employment Regions have responsibilities for the PES in their region and thus for the Pilot and Non-Pilot Job Centres in the area. Their role, in respect of the PES/Job Centres, is primarily one of agreeing goals for the Job Centres and subsequently monitoring and measuring performance in relation to these goals through the Job Centre Employment Plan, which also contains specific locally agreed employment objectives (see the following and Figure 3.2).

Regional goals for the Job Centres are set in the light of national employment goals adjusted and tailored in the light of local conditions. Thus, the three national goals for 2008 are reducing the number of people who have been workless for more than three months, reducing the number of social assistance recipients and reducing youth unemployment. In the Zealand region, for example, these have been translated into regional goals for a reduction of those unemployed for more than three months by 20 per cent and the identification of particular target groups of workless people such as women, immigrants and unemployed graduates with humanities degrees.

The Employment Region also has responsibilities to act, or to encourage Job Centres/municipalities to act, in respect of identified labour shortages or large scale redundancies, and has allocated funding to enable them to do so.

Figure 3.1 Structure of the new employment system



The governance and administrative features of these arrangements at the regional level have given rise to a number of (potential) issues that are pertinent to the concerns of this review. One is that while the Employment Region has responsibility for Job Centre performance in respect of employment, the Administrative Region has, among other responsibilities, those for the administrative arrangements for state (i.e., PES) aspects of Non-Pilot Job Centre operation. These include matters concerning wages, staff employment and payment, usually to the municipalities, for office and other facilities. This means that the Administrative Region as well as the Employment Region needs to maintain close links with the municipalities.

Another consideration is that the Employment Region is responsible to the Minister for meeting agreed employment goals through the work of the Job Centres. However, all Job Centres also have responsibilities to report to the municipality and the Local Employment Council (discussed below) to meet locally agreed goals. Here there is potential for conflict between the Employment Region and the municipality even though the Employment Plan is agreed by both parties.

Figure 3.2 The annual employment plan for a Job Centre

Purpose

- The Plan and its effects are to be included in current and future budgeting and planning by the state and the municipal council in respect of employment activities.
- Creating more managerial and political focus on planning and results of the employment efforts in the municipalities.
- The plan determines the Job Centre's employment activities in the coming year.
- The employment plan is not a performance contract but rather a plan for how the Job Centre deals with the employment policy challenges.
- The employment plan is based on:
 - The Minister's targets for efforts.
 - Performance audit for the previous year.
 - Analysis reports by the RECs.

Source: From a presentation during Review Study Visit.

Given this, the Employment Region can request from the Minister the powers to take over (aspects of) the work of the Job Centre through, for example, enforcing the contracting out of services. The Region can also place experts in particular services – for example, in respect of employment services for those with disabilities or where equality issues arise – where a Job Centre is failing to fulfil national requirements in this respect. The Region also has financial incentives at its disposal in the shape of withholding funds for the reimbursement of Job Centre costs

if national goals and guidelines are not met. The Employment Region will also inform the Administrative Region where the PES administration in a Non-Pilot Job Centre appears to be performing poorly.

However, participants in this review were keen to point out that when examining Regional-Job Centre-Municipal responsibilities in this way, it was important to remember that, in the words of one official, *'the Danish way is one of partnership and negotiation'* not one of immediately enforcing the requirements of higher tiers of government. This also acknowledges the Danish administrative culture under which, as one Non-Pilot Job Centre officer put it, the municipalities *'don't like government regulations, controls and detailed specifications from the centre'*. Consequently, the exercise of formal powers of intervention by the Region is very much the exception and participants were unable to recall any significant examples of the use of these powers to date.

3.5.2 The role of the Regional Employment Council

The RECs, which as noted already replaced the RARs, consist of senior representatives of the social partners in the region who are appointed by the Minister for a four-year term. These can be large and can encompass a wide range of stakeholders, as in the case of Zealand where 42 members sit on the REC. Their function is to give their views and impressions of regional labour market issues and priorities, engage in exploratory work on, for example, matters relating to work permits, and to contribute to, and approve, the Employment Region's report to the Minister. Participants to the review suggested that the REC was a collective social partner with whom it was necessary, and appropriate, for the Employment Region to deal with in an open manner and with which the Region needed to discuss and agree priorities.

Under the reforms, however, the RECs have become primarily advisory bodies rather than bodies with the quite significant statutory and discretionary power that had been the case with the RARs. It was argued by some participants that while the RECs' formal powers were less than those of the RARs, the informal power of the latter had been retained. It was suggested that the RECs' influence on labour market development and regional employability strategies was now exercised through discussion, persuasion and political pressure, rather via administrative rules and regulations as previously.

However, exercising influence in these ways without a clear basis in statutory powers may prove both less effective than when those powers are available. It makes the RECs heavily dependent on the nature and status of the individuals involved, potentially less transparent and also less accountable, given that the individuals involved are ministerial appointees. If this is the case, then the thrust of the employment (and other) reforms can be seen as delegating power further down the hierarchy away from stakeholder bodies at the regional level to those at the municipal level.

3.5.3 The local dimension

(i) The role of the Job Centres

In considering the impact of the restructuring of the PES system into 91 Job Centres, it is important to outline both the rationale for reforming the system in this way and the realities underlying the form that it has taken. Both have implications for the subsequent governance and administrative issues that have arisen.

One of the aims of the reform of the employment system was to merge the employment aspects of the two systems – one for the insured and one for the uninsured and/or those claiming health benefits – that had previously been in place. There was to be one system so that those claiming insurance benefits and those in receipt of social assistance/health benefits would be entitled to the same assistance in terms of access to employment opportunities and to provisions for enhancing employability, and the same expectations in respect of responses to these opportunities. Note, however, that it was not, and still is not, the purpose of the reform to bring the insurance/social assistance systems together. Unlike Jobcentre Plus in the UK, Danish Job Centres continue to have no role in, or responsibilities for, calculating or distributing these benefits.

The reforms brought employment services for the insured and uninsured together into the Job Centre which thus, provides one access point in a locality. Given the moves in Danish welfare policy, from an ethos of entitlement to social assistance towards 'work first', the municipalities are expected to make much greater efforts, or at least more consistent efforts than before⁴, to encourage social assistance claimants to improve their labour market suitability and connections. This brings Job Centres into much more frequent contact with such claimants who were previously seen as primarily, often long term, clients of the municipality, and not necessarily as potential job seekers. This contrasts with the bulk of the PES's clients previously who, as noted above, were insured. The PES and municipalities are thus, expected to work much more closely together.

It was argued by some participants in the review that as the final reform proposals were being developed, the municipalities had wanted a more significant degree of what might be termed the 'joining up' of municipalities and PES roles in respect of employment and employability services. The municipalities themselves had also wanted a greater role in the administration and distribution of entitlements to the insured workless. This would have brought insurance-based and social assistance benefits for the workless, and the delivery of employment-related services to both groups together under much greater municipal control.

⁴ Data presented and discussed during the study visit to Denmark indicated that the pre-reform municipalities exhibited significant differences in the rate at which individuals on social assistance eventually secured employment. This had led to some concerns about differences in the type and nature of the services received by the workless in different locations.

However, there was resistance to these proposals. As powerful social partners, trade union opposition to extending local influence over insurance fund administration was sufficient to ensure that insurance fund management was not devolved to municipalities. In addition, the PES was still conceived of, and conceived of itself, as a locally based service but with responsibilities and management arrangements that were national and regional, not solely, or even primarily, local. Hence, many stakeholders saw full devolution of PES responsibilities to the localities as not being in the wider interests of the national and regional economy or of the service itself⁵.

(ii) Governance and administration of the Job Centres

Perhaps as a result of the ethos of working with social partners, under which mutually acceptable solutions are sought through negotiation and bargaining, the resulting governance structure and distribution of responsibilities in employment service delivery, as implemented, is something of a compromise. Of the 91 new Job Centres, 77 are designated as 'Non-Pilots' and 14 have been given 'Pilot' status.

Considering the key governance and administrative issues in respect of these arrangements, in Non-Pilots and in the Pilots the PES and municipal staff concerned with employability and worklessness have been brought together into the same location, many into new or different premises from those previously occupied by the two services. This shift to a location new to both parties might be seen to be valuable in terms of indicating that the organisation is indeed a new one, with all employees making a 'new start'. Moreover, since the reform reduces the number of municipalities and reorganises the PES spatially, the staff of any one Pilot or Non-Pilot Job Centre will have come from a number of different (former) municipalities and PES offices. A location that is new to many or all employees may also obviate tensions between 'incumbents' and 'intruders'.

However, the Non-Pilots have two managers, one from the PES and one from the municipality. The PES manager reports to, and is monitored by, the Administrative Region, as explained already (see also Figure 3.1), while the municipal manager is accountable to the municipality's portfolio holder for employment matters. This is one of the very few organisational arrangements at the local level which was determined through national legislative action.

The potential problems of such parallel systems of management are clear, particularly in a context where the Job Centres have responsibilities for meeting national and regional, as well as local, priorities. If the two groups of merged staff were still to see themselves as being employees of the state or of the municipality these difficulties would be compounded. There are some indications that these

⁵ There is some indication that similar concerns were felt concerning the expansion of the powers of the municipality in respect of other services devolved under the reforms but the investigation of these was not part of this review.

problems may have arisen among PES staff in both the Non-Pilots and the Pilots, since both types of Job Centres still have extensive dealings with, and links to, the Region as before. However, to date comparatively few serious problems have been reported in this area. This may indicate either that the issue is not too problematic in practice or that, as yet, the arrangements are being handled sensitively by those involved during the process of bedding in.

Pilot Job Centres have a single manager, accountable to the municipality (see Figure 3.1), although some managers may have backgrounds in the PES. This manager is responsible for (former) PES and municipal staff and for ensuring that those staff fulfil the range of national through local priorities set through the Employment Plan. The Employment Region retains the same powers and responsibilities for intervention and monitoring in the Pilots as it had for the PES previously; thus, while in terms of administration the Pilot Job Centres are 'local', their role is not confined to meeting local requirements regarding accountability. It can be suggested, therefore, that the dual responsibilities in Non-Pilot Job Centres are explicit and formalised, while in the Pilots those lines of accountability take a different organisational form. However, those accountabilities are still present for both types of organisation.

It is also the case that in both the Pilots and Non-Pilots the budgets for national (and any regional) activities and initiatives are separate, and separately accounted for, from those determined by the municipality. National financial incentives for fulfilling activation and other requirements may also differ from those determined locally. Consequently, even in Pilots, budget considerations and constraints could lead to the prioritisation of one set of goals, (national or local), over the others (local or national).

The bringing together of PES and municipal staff also has implications for how the work of the Job Centres is apportioned and managed. The principle and ethos of the new arrangements is that insured workless and those receiving social assistance, enter the employment system in the same way and have the same opportunities open to them. Both in Pilot and Non-Pilot Job Centres, (former) PES and municipal staff will register, interview and initially screen those seeking employment and/or those who have been referred to the service. At this stage, individuals are provisionally allocated to one of five 'Match Groups', defined according to readiness or suitability for available job opportunities (Match Group One being the most readily placed). Additionally, both sets of staff have had responsibilities for contacts with local employers and can still activate these contacts as necessary. Since both municipal and PES staff have experience of these sorts of tasks under the previous system, the background of the Job Centre officer in the state or municipal system is not of great relevance. Thus, working together in mixed teams for these purposes is the norm.

However, where the professional background of the officers becomes more important in organisational terms is in which groups they deal with subsequently.

PES officers and managers, in dealing with the insured, have more experience of dealing with Match Groups One to Three. Municipal staff have experience of dealing with Match Groups Four and Five, through the municipality's social assistance responsibilities, and with those receiving sickness benefits. Consequently, in Non-Pilots in particular, work with these workless groups tends to be divided according to the previous functions of the staff. The PES also has much greater experience, in general, of contracting with external providers for job search, training and education, and PES officers tend to continue in this role. These arrangements reflect the benefits of specialisation, based on previous experience and working practices and procedures. They also reflect assurances given to all staff about job function and security under the changing system.

These arrangements are not, however, uniform across Job Centres, reflecting the absence of regional or national requirements in respect of the great majority of organisational arrangements internal to the Job Centre. In one Non-Pilot, for example, the team dealing with Match Groups One to Three is made up of, and managed by, staff with a PES background. However, the teams dealing with Match Groups Four and Five and with sickness benefit recipients have two (municipal and PES) managers each, reflecting both previous experience and a desire to mutually learn from that experience.

By way of contrast, in one Pilot Job Centre, there are five teams with members from both the PES and the municipality, which deal with clients from all groups allocated according to current workload. These teams are responsible for their clients from the beginning to the end of the activation process. They are headed by five managers from PES, municipal and private sector backgrounds. Specialist cross-cutting teams are responsible for particular clients such as younger people and those with disabilities.

(iii) Reflections on the Job Centre arrangements

In reflecting on the degree of integration of PES and municipal staff in the Job Centres and its organisational impacts and implications for delivery, it is important to highlight four broader considerations. The first is that the benefits to the workless and to officers themselves of bringing together staff who might learn from each other and complement each professionally, are likely to be felt over a longer period than the one year that provides the basis for the discussion here.

Second, there are issues concerning culture which may be at least as important to future success in these respects as organisational and functional form. A number of participants to the study observed that working under the new system in Pilots, in particular, was difficult for some officers. For example, PES officers were used to being able to launch projects and initiatives quickly, given the autonomy that they had previously been given in this respect. In Pilot Job Centres, local political agreement was now required, while in Non-Pilots the municipality 'side' also had to secure such agreement. This meant that projects could be delayed or amended to a degree that the PES had not experienced previously.

Another example of cultural differences was quoted by a number of participants. This concerned older municipal officers in particular, many of whom were used to dealing with social assistance cases. They tended to approach their task in a manner that was said to be more akin to social work, where the concern was with the well-being of the client and ensuring support to maintain a decent standard of living. Both the move to, and incentivising of, 'work first' nationally, and the focus locally on finding employment for social assistance recipients through Job Centres represents a significant change for some of these officers. In the words of one regional official, *'the focus is on getting a job, not on what you need to live a good life'*⁶. There are reports of some recruitment difficulties to the social assistance function as a result.

The national and regional levels of administration retain a significant degree of influence over both the Non-Pilot and Pilot Job Centres. However, while the latter cannot be seen as wholly autonomous locally, it is important not to underestimate the significance of the devolution of powers that the reforms represent. The Job Centres have locally accountable managers and the staff in the Pilots are municipal staff, while in both Pilots and Non-Pilots former municipal staff outnumber former PES staff in the new Job Centres often by a factor of between five and seven. Both types of Job Centre also bring together service delivery for the more and the less readily employable workless under local administrative control and under a set of priorities determined locally, at least in part. Certainly, national-local relationships in the employment service have been affected, strongly so in the Pilots. As one participant from the national Labour Market Authority (LMA) put it, *'We can order the PES about in the 77 [Non-Pilots], but not in the 14 [Pilots] – the municipalities say "Where is that in the rules?" It's the municipality that's important for the Pilots, not the LMA.'*

At the same time it is important to recall that this discussion has focused on governance and administrative change, as befits the purpose of this review, not on the nature of the services actually delivered. Whether the Pilots or Non-Pilots deliver services better or more efficiently is not yet apparent. However, one Pilot Manager was clear that *'Professionals, academics, trade unions and politicians all talk about the importance of the Pilot/Non-Pilot distinction – ordinary people don't. They're just concerned about getting a job.'*

(iv) The Local Employment Council and the Local Employment Plan

The Danish reforms enhanced the role of local stakeholders – local social partners – in influencing the operation of both Pilot and Non-Pilot Job Centres. While local partnerships focused on employment and involving municipalities were in existence previously, these were formalised in January 2007 through the creation of LECs. Their role is to facilitate, advise and monitor the performance of Job Centres in order to promote and safeguard employment and economic development at

⁶ Similar views were expressed by some participants in the Canada study (see Chapter 4).

the local level, and to establish local priorities. The broad expectations as to LEC composition are shown in Table 3.1.

Table 3.1 Composition of Local Employment Councils

Organisations represented on LECs	Number of reps
Employers	3
Trade union (from local TU organisation)	3
Disability groups	Up to 2
White collar groups	1
Academics	1
General Practitioners	1
Ethnic minority (from local organisation)	1
Elected members from municipality	1
Additional members (discretionary)	2

The opportunity to involve additional members has been used in Holbaek, for example, to bring in representatives from the local technical college and from the chamber of commerce.

There are a number of aspects of the organisation and role of the LECs that are pertinent to this review. The first is that there has been some difficulty in recruiting a full complement of representatives in some areas, resulting from the need to create 91 such councils. The problems of recruiting volunteers with the relevant experience, even where they are paid for attendance as in the case of the LECs, are well known, and are not peculiar to Denmark.

Second, the LECs are seen as local bodies but are clearly not local authority organisations – one municipal representative constitutes a very small minority of those on the Council. The possibility of disputes between the LEC and, particularly, the municipality in respect of local economic priorities is recognised by participants to the review. However, again echoing the social partnership approach, in practice the problems are said to be minimal. Both the LEC and the municipality have similar overall objectives in this area and elected members and LEC representatives have often known and worked with each other under previous arrangements.

Third, as part of their remit, LECs receive funding to pilot and implement special initiatives reflecting local priorities. In Holbaek, these have included making funds available for providers external to the municipality and the Job Centres to encourage projects focusing on those from ethnic minority groups in low Match Groups (mainly Match Group Four). The LEC has also provided finance for the local (Pilot) Job Centre to fund an initiative intended to bring into the Match Group system those people in receipt of long term sickness benefit but who could possibly work, enabling a faster entry to the activation process. This has involved assessing individual client needs in respect of what sort of jobs might be available and appropriate, whether those jobs might be adapted to suit the individual and

the sorts of pre-employment and in-employment support that might be needed. The project is also intended to inform and 're-educate' employers and Job Centre staff as to what should constitute 'sickness' and unfitness for (any) work and how the implications for employability might be handled.

Finally, one of the key functions of LECs is the role that they are expected to play in the formulation of their Job Centre's annual Local Employment Plan. The principles behind this Plan are outlined in Figure 3.2. The Plan for an individual Job Centre indicates the key areas for Job Centre activity in the coming year and includes targets for achieving priorities in these areas, and details of the budget and strategies for achieving them. It incorporates national and regional targets, and those determined locally in discussions with the municipality and the LEC. The LEC is consulted on local priorities and the draft plan is submitted to the Council prior to submission to the Employment Region. The LEC is empowered to take to the Region any concerns in respect of the Plan that are not resolved through negotiation locally, although, again, this is extremely rare. The LEC is also tasked with monitoring and reporting annually on the extent to which the local Job Centre has achieved local goals and on its performance more generally. Further, each Job Centre itself is subject to an annual Performance Audit conducted by the Employment Region and by the municipality, which involves eight performance measures (see Figure 3.3).

Thus, while the LEC has an important role in determining Job Centre goals and monitoring performance, the content of the Local Employment Plan and the performance auditing process is heavily influenced by regional and national requirements in these respects. It is through these mechanisms that regional and national levels of government and administration continue to exercise what is seen as the necessary degree of control over local Job Centre activities.

Figure 3.3 Measures of Job Centre performance

- **Number of people on transfer income:** Development in the proportion of the population on transfer income and the number of people receiving benefits – converted to man-years.
- **Expenditure on transfer incomes:** Development in central government and municipal net expenditure on public assistance.
- **Potential for savings:** Duration of periods people receive various benefits and total potential for savings by shortening duration.
- **Employment efforts, extent of employability enhancement programmes:** Extent of employability enhancement programmes analysed by benefit groups and extent of employability enhancement programmes analysed by lateral groups.

Continued

- **Employment efforts, proportion of people who are passive:** Proportion of people who are passive analysed by benefit groups and lateral groups.
- **Employment efforts, timeliness of efforts:** Compliance with minimum requirements for contact and employability enhancement.
- **Employment efforts, sanctions for lack of availability:** Availability and sanctions.
- **Effect of efforts:** Effect of employability enhancement analysed by benefit groups and by lateral groups.

Source: From a presentation during Review Study Visit.

4 The Canadian experience

4.1 Canada and British Columbia in context⁷

The Canadian economy has performed well in recent years in terms of both employment and output. In 2003, 62.4 per cent of the Canadian working population were employed, the highest level ever recorded, and all age and gender groups had recorded increases in employment at that time compared to the previous year. In that year the unemployment rate was 7.6 per cent, which contrasts with the situation some eight years earlier when unemployment stood at 14.9 per cent. The increase in employment can partly be ascribed to growth in the world economy, but the significant reforms of the Canadian Unemployment Insurance system and the implementation of a series of active labour market policies in 1996 are also argued to have significantly impacted on the country's employment levels. These policies were aimed at both increasing activation generally and for some specifically targeted groups, such as youth and aboriginals, while reducing dependency on passive assistance with minimal work/work search obligations. Canada thus adopted the 'welfare to work' approach characteristic of many western economies.

British Columbia (BC), Canada's most western Province with a population of 4.1 million and a working age population of 3.6 million, has shared in and helped to create the country's growth in employment and output. In June 2008 the recorded unemployment rate for BC was 4.6 per cent, compared to a national average of 6.2 per cent, and the participation rate was 67 per cent.

Within BC, the Vancouver Region (Metro Vancouver) has a population of 2.1 million, of which 600,000 live in the administrative area of the City of Vancouver itself. It is estimated that the region produces more than half of all BC's output and that

⁷ Data referred to in this section was accessed primarily from Vancouver Economic Development available at: <http://www.vancouvereconomic.com/page/economic-profile>, BC Stats available at www.bcstats.gov.bc.ca and Statistics Canada available at <http://www.statcan.ca/english/Subjects/Labour/LFS/lfs-en.htm>

between 2003 and 2008, grew at a faster rate, in terms of income and the value and volume of output, than the national economy. The unemployment rate in the Vancouver area is currently four per cent. The continued growth and prosperity of the Vancouver region and the low unemployment levels associated with this growth represent an economic imperative that gives a particular significance to the attempts to draw the workless into the labour market. The political and social importance of doing so is reinforced by the visible concentration of the workless and those facing multiple barriers to employment in one area of the city, the Downtown Eastside (DTES).

However, the governance and delivery arrangements for initiatives intended to reduce worklessness in the DTES are only one part of the set of employment-related policies, developed and implemented by various levels of government, which impact on worklessness in the Vancouver area. Hence, this chapter first outlines the arrangements for employment service delivery in Canada as a whole before considering the role of the provincial government within this system. It then considers the specific case of the DTES and offers some observations on the importance of governance arrangements for service delivery in this area. As in the case of Denmark, broader conclusions on the lessons to be drawn from the Canadian experience are reserved for Chapter 5.

4.2 Employment services in Canada: An outline

Canada's highly decentralised federal system has allowed the federal government to devolve responsibility and funding for employment services, support and training programmes to the provinces. Despite this devolution, programmes and funding continue to be provided at both federal, provincial and city/local level. Consequently, there is an overlap between the roles and responsibilities of the federal government, the provinces and local authorities. The intentions of the reforms to the system since 1996 have been to enable initiatives for the workless to be much more responsive to issues arising at the local level. This raises a number of organisational and governance issues that are pertinent to this review.

4.2.1 Labour Market Development Agreements

As a brief background, in recent years, Canada has devolved responsibility for some of its central services to the provinces and territories under so called 'horizontal initiatives'. The desire to encourage modes of governance based on partnership and co-working is also reflected in the federal government's guidelines for the delivery of active labour market policies. These guidelines are intended to ensure that consistency in national labour market policy is maintained across Canada but that implementation takes place in co-operation with lower tiers of government and with local partnerships and organisations.

This arrangement is intended to provide enough flexibility to allow major decisions about implementation to be made at a local level while acknowledging wider, national requirements. The key to this difficult political and organisational balancing

act is the Labour Market Development Agreements (LMDAs) with the provinces, which provide the broad framework under which initiatives for the workless are delivered in BC and elsewhere.

BC agreed its first LMDA with the federal government in 1997. This was a negotiated, cooperative agreement between governments, employers and other organisations relevant to labour market programmes and service delivery, and apportioned responsibilities for staffing and funding. The key element of the LMDA is that the federal government's labour market policies under the Agreement were to be delivered in partnership with the provincial government. Thus, federal government delivers national employment and employability programmes but shares responsibility for the design, management and evaluation of these programmes with provinces. This arrangement is intended to allow for flexibility in how national priorities are actioned locally and to be culturally and politically sensitive to local conditions.

4.2.2 Delivering Employment Insurance and Income Assistance

In understanding how the LMDA delivers assistance to the workless, it is necessary first to appreciate broadly how the Canadian social security system operates. The national system provides benefits to those with Employment Insurance (EI), funded from compulsory contributions paid by individuals when in employment. The right to claim EI is subject to a minimum level of previous contributions and is time limited depending on the number of contributions that have been paid and the unemployment rate in the area. These EI-related benefits are delivered by a national government service, 'Service Canada', which provides one stop shop centres across the country intended to improve the delivery of a number of federally organised services.

These centres are intended to enable clients to access personalised services and benefits quickly and easily via a visit to the one stop Service Canada office or via the telephone or the internet. Currently, Service Canada also has responsibility for delivering national activation measures such as wage subsidies for eligible clients, Employment Assistance Services – including counselling, assistance with employer contacts and CV preparation – and Skills Development. Under the Skills Development Benefit, eligible clients can receive funding to access training that is purchased from external providers according to the agreed needs of the individual client. Service Canada, given its national responsibilities, primarily deals with those entitled to EI benefits.

In Vancouver, as in some other communities in the province, Service Canada has created a team to provide assistance for those facing multiple barriers to employment, to whom Employment Assistance Services, for example, can be provided. However, most of the workless without EI benefit entitlement in BC receive income and other support from the BC Ministry of Housing and Social Development (MHSD), formerly entitled the Ministry of Employment and Income Assistance. MHSD policies in the province recognise that the uninsured workless are

more likely to be facing multiple barriers in accessing labour market opportunities than insured groups. Thus, the ministry has designed and implemented a number of pre-employment initiatives intended to equip individual participants with the life skills and abilities to take advantage of training opportunities more directly related to employment. These are discussed below.

4.2.3 Bringing federal and provincial employment services together in British Columbia

Under the LMDA, Service Canada employment programmes and staff in BC are to be transferred to the provincial government with staff being co-located, in most instances, with BC officers with employment-related responsibilities. Service Canada will remain responsible for federal programmes not funded under the LMDA, including national initiatives for youth and job seekers with disabilities, but it is anticipated that many of the existing programmes which include the uninsured workless will come under provincial control. It is expected that as a result of this reorganisation, the insured workless, where appropriate, will also have greater access to provincial pre-employment programmes.

As this reorganisation will not take place until February 2009, it is not possible at this stage to comment in any detail on the organisational implications of this. However, it is clear that the rationale for it is that of focusing and integrating assistance for the workless much more closely than has previously been the case. Additionally, in practice the governance of Service Canada will be more firmly under local (provincial) control. In both of these respects, the reorganisation can be argued to reflect the spirit of the LMDA.

At the same time, experience from Denmark, where the Public Employment Service has recently been brought much more within the control of local government than was the case previously, suggests that a number of issues can arise from such reforms (see Chapter 3). In particular, it is possible to anticipate that some issues might arise concerning accountability and line management when a (formerly) national service, such as Service Canada, with responsibilities for meeting national priorities, comes under greater local control.

4.3 Governance structures and service delivery: The work of the British Columbia Ministry of Housing and Social Development

4.3.1 The role of the Ministry of Housing and Social Development

MHSD administers the BC Employment and Assistance programmes for British Columbians in need and provides temporary financial (income and 'hardship') assistance to eligible persons. These people are primarily those not in receipt of EI. MHSD clients include a range of individuals from the less to the highly employable. Reflecting this, the Ministry's employment programmes are offered on a continuum

from those for recipients who have low current employability prospects to those where the person can be expected to access job opportunities comparatively easily. Considering the lower end of the employability spectrum initially, programmes include Employability Programme for Persons with Disabilities, Community Assistance Programme, Bridging Employment Programme and Activities Towards Independence. Moving along the continuum, programmes that are offered for clients more readily suitable or employable (perhaps with some support) include the BC Employment Programme and supervised Independent Work Search.

Given MHSD's responsibilities for employment and support services throughout BC, the Ministry maintains a presence in the DTES and this would be the case even in the absence of the multi-partner area initiative (discussed below) which focuses on this area. However, within Vancouver, clients from the DTES make up a significant proportion of the MHSD caseload so that the workings of this and other initiatives within the area, have great significance for the Ministry's activities, as many participants in the review were keen to emphasise. Also of significance for MHSD's work is that between 2005 and 2008, homelessness in Greater Vancouver rose by 25 per cent and the issue has become a priority for all levels of government.

4.3.2 Tackling multiple barriers to employment

(i) The approach of the Ministry of Housing and Social Development

MHSD's policies and practices explicitly recognise that helping clients to overcome barriers to work is a necessary first stage in enabling them to improve their employability. To achieve this, MHSD works in partnership with other organisations to integrate service delivery. This involves working with partners to assist clients by coordinating case plans across agencies. MHSD's approach reflects a realisation that a 'work first' approach is impossible for many income assistance claimants. Thus focusing on housing or health or life skills first and working with others on these issues is seen as part of the employment service's remit, even though the ultimate, often long term, aim is to assist clients to enhance their possibilities for employment.

Integrating service delivery in this way involves working with partners in health, the City, the BC Housing Authority, drug and alcohol abuse teams, plus housing associations, hostels, and mental health organisations. For example, MHSD are cooperating in partnership with health authorities in a food store pilot project which aims to improve the health and nutrition of the city's most vulnerable residents. The Ministry's offices can also provide crisis supplements in the form of food vouchers which can be exchanged in the food store.

Another example of MHSD's policy to reduce fundamental barriers to labour market participation is the approach taken where workless people are threatened with homelessness or who are currently resident in unacceptably poor accommodation. The rationale here is that a person in such a situation cannot take up employment, or even actively participate in employability programmes, before they have a safe and

secure place to stay. For those living in single-room occupancy 'hotels' – essentially, collections of bedsits – in the DTES, the Ministry takes what those involved called a 'housing first' (and one might add 'employment later') approach. Under this approach, the province has recently purchased 18 single-room occupancy hotels in order to prevent their physical deterioration and to prevent the displacement effects of their sale for redevelopment. Market pressures for redevelopment in the DTES are growing due to a combination of rising land values in Vancouver, the proximity of the DTES to the city centre and the intensive construction activity that is occurring as part of the preparation for the Winter Olympics. Services provided by MHSD also include the provision of supported housing and community-based support in the form of outreach, assertive community treatment and home support. In this field of activity, as in others, MHSD policies recognise that the Ministry cannot work alone. Thus, partnership arrangements are in place with the City, and housing and health authorities to deliver integrated services to those in need. This coordinated assistance process enables multi-disciplinary teams to meet with clients in an outreach capacity.

A final example of this approach, concentrating on the reduction of pre-employment barriers, can be found in MHSD's Community Assistance Programme (CAP2).

Those with persistent multiple barriers, including single mothers with infants and people with disabilities, are eligible to participate in CAP2. These clients groups do not have employment obligations arising from undertaking the programme – it is not an employment programme as such, and those more readily available for work would be expected to participate in other provincial and federal programmes. While all participants in CAP2 are expected to prepare an Employment or Voluntary (volunteering) Plan on entering the programme, CAP2 seeks to achieve a wider range of personal outcomes. These include:

- increased community involvement by the participant, through, for example, sports teams and clubs;
- increased networking with those facing similar barriers (peer support);
- personal commitment to a healthier lifestyle;
- enrolment in education or training;
- eventual employment or placement as a volunteer or onto an employment programme.

For the purposes of this review, one of the most significant aspects of the CAP2 approach lies in its 'holistic' view of an employment/employability service's role in enhancing the life and work chances of individuals facing multiple barriers and thus exclusion from the labour market. Moreover, the approach recognises that achieving the personal outcomes identified above requires a wide range of partners and the active involvement of alcohol and drug programmes and support groups, housing services and health providers and advisers.

(ii) Delivering the services

The CAP2 programme is delivered throughout BC for MHSD by 33 contracted service providers in different geographic communities. Discussions were held with two of these CAP2 providers as part of the review.

The first provider, 'Success', specialises in clients facing severe and persistent multiple barriers including: drug and alcohol addictions, foetal alcohol syndrome, mental health issues, learning difficulties, grief and loss issues, abusive relationships or combinations of all of these. This 22-month programme aims to enhance clients' quality of life and increase their community connectivity. It does so by offering flexible and responsive services at community level, including in-depth assessment, individual services, such as one-to-one counselling and group life skills. Success then refers clients on to other service providers in order to complete the move towards employability. Some of these service providers are industry specific, such as those for the hospitality and construction industries, while others provide, for example, housing support/provision, or indeed to food distribution. A high attrition rate of clients is experienced (up to 52 per cent) some of whom do not even make it from the referral point to the premises of Success. Milestone payments are received by Success which depends on the client being compliant with the programme's requirements throughout each of its phases.

The second service provider participating in the review was the BC Society of Training for Health and Employment Opportunities – THEO. THEO is a non-profit company which contracts with the health authority for mental health services and has contracts with MHSD for services for those with disabilities (including mental health issues or older people). It also provides services for those with addictions and mental health issues under the BC Employment Programme. Under this programme, a 60-day directed work search occurs (including interview skills, CV writing, job search skills) for those not actively using drugs, medication or alcohol.

Where clients of THEO either have no fixed address or are using substances, they enter a six-month programme to help find somewhere to live, receive 'detox' services and support, connect to mental health teams and/or to providers of meals. THEO also offers a job developer service which works with employers to give employment opportunities to those who have successfully completed their programme. Examples of successful job development include working with Olympics 2010 contractors to provide employment for work-ready clients. The programme also provides help to those participants facing 'lower level', but nevertheless important, barriers to work through the provision of alarm clocks, transport, tools, health and safety equipment and clothing vouchers to enable a person to begin work.

It is clear that in order for THEO and Success to offer such a broad range of life skills and employability programmes, they need to draw heavily on partners and connections within the locality. This ability to network through partnerships of varying degrees of formality is essential if the programmes are to meet their

objectives and this is arguably better and more readily achieved by using community-based providers than through more formal state delivery mechanisms.

MHSD's payments to such providers are, primarily, based on the achievement of milestones, which in turn relate to the intended outcomes of the programmes. The providers then have both the opportunity, and the incentive, to deliver the required services, singly or in partnership, in the most efficient way. Incentivising outcomes in this way can be at odds with an approach which places emphasis on focusing exclusively – and in a resource-intensive way – on solutions to complex individual needs. This has proved difficult for some more 'social work oriented' professionals, whose primary objective was to improve the current material conditions and meet the personal needs of clients. A similar response on the part of such professionals as welfare to work policies were introduced was also found in the study of Denmark (see Chapter 3). However, those providers with whom this issue was discussed in Vancouver, while stressing that they required staff who cared about results, argued that it was possible to focus on results and yet still be accountable to, and empathetic with, the needs of the individual.

4.4 Delivering Employment Services in the Downtown Eastside: The Vancouver Agreement

4.4.1 The Downtown Eastside

There is a strong tradition of spatially targeting initiatives in Canada. A striking example is provided in BC by the programme of work in Vancouver which focuses on the DTES.

The DTES in the City of Vancouver covers approximately 200 hectares and has a population of around 16,500. It is one of Canada's poorest areas. Mason (2007) observes that the area has traditionally had a large low income population but that until the 1970s '*...alongside port-related distribution and processing industries, [it] supported a healthy retail and entertainment sector*' (p2369). Subsequent deindustrialisation and a lack of public and private investment have '*undermined its economic viability*' (Mason 2007, p2369) so that the area now has an unemployment rate three times higher than the rest of the city.

Many residents face multiple barriers to employment such as addiction, mental illness and physical disability. For example, it is estimated that 25 per cent to 38 per cent of the population have issues with substance misuse and eight per cent have known mental health difficulties. Thirty-nine per cent of all people in DTES receive MHSD assistance and almost two-thirds (65 per cent) of all MHSD cases in the DTES are designated as persons with persistent multiple barriers to employment or as a person with disabilities. The DTES was the site of a public health epidemic in the 1990s and it was this health issue within the area which initially promoted communication between the health authority and federal government for funding to tackle these problems. These talks led to the emergence of the Vancouver Agreement.

4.4.2 The Vancouver Agreement in outline

The Vancouver Agreement is, essentially, an urban development initiative, drawn up between the governments of Canada, BC and the City of Vancouver. The Agreement began in March 2000 for an initial five-year term and has been renewed until 31 March 2010. It commits these government partners to working together, and with communities and business in Vancouver, on a coordinated strategy to promote and support sustainable economic, social and community development.

The purpose of the Agreement is to rationalise and focus efforts on a range of new and existing programmes in the area of the DTES. Its goals are:

- Coordination: to increase and coordinate the efforts of the three levels of government towards outcomes in community change and action.
- Innovation: to achieve changes in how public agencies carry out their work together and in partnership with the private and non-profit sectors.
- Policy change: to identify government and public agency policy barriers to effective community change and action, and remove or reduce those barriers.
- Investment: to secure public and private funds for desired outcomes in community change and action.
- Monitoring and evaluation: to identify key indicators as benchmarks and monitor progress and concrete accomplishments.

Four key strategies have been developed to meet these goals:

1. Economic revitalisation.
2. Safety and security.
3. Housing.
4. Health and quality of life.

The Agreement is, thus, not solely concerned with employment but also focuses on other problems within the area which will have impacts on employability. It represents a multi-disciplinary, multi-agency coordination agreement reflecting the multiple barriers faced by the residents of the area. In particular, the co-ordination of public and other funding to meet community needs has been central to the Agreement from the outset. Prior to the Agreement, there were 12 Federal Programmes, 19 BC agencies and 14 City of Vancouver agencies and/or programmes operating in the DTES. Each of the three levels of government were responsible for both different and overlapping elements of service delivery within the area.

For its first three years the Agreement was unfunded, since the intention was to draw on and co-ordinate existing funding streams and the programmes that had proliferated in the area. Then, in April 2003, the federal and provincial governments each contributed \$10 million, which was in addition to staffing resources,

coordination and financial support for projects from a number of ministries and departments. Subsequently, the Province provided \$5.75 million, including \$3.25 million to the Vancouver Agreement Employment Strategy to help MHSD's clients in the DTES find and keep jobs. The City contributes resources through heritage preservation incentives (for example, the Dr Sun Yat-Sen Classical Garden in China Town located within the DTES) and through increased programme funding from their DTES capital fund. It also provides in-kind goods and services and dedicated staffing resources.

The Vancouver Agreement now works to lever additional financial and human resources through private sector partnerships. With staff from the three government partners collaborating to coordinate investments from the public and private sectors, potential funding can be identified in existing government programmes and from community groups, private agencies and foundations.

4.4.3 The structure of governance under the Vancouver Agreement

The governance structures which were put in place reflected the need to co-ordinate both existing programmes and funding streams, and initiatives within, and outside the geographical area covered by the Agreement. Working in partnership across government inevitably gives rise to a number of issues, irrespective of the particular area of activity. Federal, provincial and local governments each have their own accountability structures, funding streams and sources and priorities. Therefore, the Vancouver Agreement attempted to facilitate collaboration through a primarily hierarchical organisational arrangement, reflecting the process of policy making and design through to implementation.

The highest level of the hierarchy in respect of matters concerning both policy making and accountability is the Policy Committee comprising an appointed minister from the federal and BC governments, and the Mayor of Vancouver. This level of Ministerial responsibility is such that it emphasises the political buy-in and power to be exercised within the locality. It, thus, gives recognition and justification to the Agreement. Even though this Committee rarely meets, it can be seen as an important symbol of high level partnership working.

Government partners are then represented on a layer beneath this, known as the Management Committee, which comprises nine senior bureaucrats (three appointed by each layer of government) who work to the Policy Committee, carry out its recommendations and make decisions about funding.

At the lower levels, a Planning Table or Co-ordination Team/Unit comprises the executive director level. It was argued by participants in this review that it is at this level where most of the work undertaken through the Agreement is carried out. This team also organises research.

Next in the hierarchy are Task Teams who meet monthly and which drive the day-to-day activity of the Agreement. These are responsible for individual elements of

the delivery of services on the ground across four key areas of work, reflecting the four strategies outlined above:

1. Economic revitalisation: the federal partner on this team is Western Diversification Canada (WD), which provides leadership and significant funding under its economic development remit.
2. Housing (and homelessness): primarily the responsibility of the BC and City governments.
3. Health and quality of life: led by the health authority, Vancouver Coastal Health.
4. Safety and security: led by the Vancouver Police Department, funded by the City.

The structure of the Vancouver Agreement as an organisation reflects the attempt of the parties to it to ensure accountability and buy-in. In practice the Planning Table and, particularly, the Task Teams appear to work well, partly in terms of achieving outcomes but also in terms of encouraging and maintaining the engagement of participants. This suggests that, in this organisational context, focused and task-oriented teams tend to be more effective and potentially more durable.

4.4.4 Are some partners more powerful than others?

In considering the operation of the Vancouver Agreement, it is important to acknowledge the importance of the federal agency WD within the Agreement's structure of governance and delivery. The role of WD is to promote the development and diversification of the economy of Western Canada. Fong (2005) has described how WD's programmes and services are intended to support three strategic objectives: the enhancement of innovation and of entrepreneurship, and the creation and maintenance of sustainable communities. WD's funding has traditionally been focused on activities that support these objectives and which expand and improve the competitiveness of the business sector in Western Canada.

Reflecting this, the Economic Revitalisation Plan for the DTES, published in October 2004 by the Vancouver Agreement and for which funding was allocated in 2006, clearly identifies economic development as the key to the future success and sustainability of the DTES area. WD has also been the primary provider of federal funding specific to the Agreement and, as a result, has had significant influence on which projects and initiatives have been funded.

As a further indication of the importance of WD, when the department's priorities were amended as a result of a political change at the federal level, the assessed suitability and funding of projects for support under the Agreement also changed. WD continues to contribute significant funding to both the Agreement and individual projects within it. However, participants in the review argued that the emphasis has altered to focus more heavily on those activities likely to foster

economic development as outlined in the Economic Revitalisation Plan. Those initiatives primarily concerned with wider, or different, community or social benefits have received less support.

As a result, some of the Task Teams are no longer active, although it is important to acknowledge that some Teams – those concerned with aboriginals, youths and women, for example – had concluded their specific tasks under the Agreement. It was argued by some participants, however, that projects designed to tackle some specific issues which had become much wider in scope as they developed had become less appealing to WD as key funder. These participants therefore suggested that while the Agreement had its basis in citizens' and interest groups' concerns over *the challenges manifest in the DTES, in practice* 'the Feds became the big driver' through the Economic Revitalisation Plan.

Funding, then, is clearly a crucial issue. In Canada, the federal government, through WD, sets aside funding in trust for projects to match the contributions of other tiers of government. Each project requiring matched funding from federal government is therefore judged and monitored according to WD criteria. This, in turn, can limit the type and scope of the projects that are funded. Indicative of this is the fact that many of the activities funded under the Agreement are now concerned with ensuring that the DTES benefits in terms of economic development, from the preparations for the 2010 Winter Olympics in Vancouver. Strategically, the Olympics now provide employment opportunities, particularly in construction, for residents of the DTES. A clear demonstration of the importance of Olympics-related development within the Agreement is given by the partnership formed by the Vancouver Agreement signatories, the Vancouver Organizing Committee for the Olympic and Paralympic Winter Games and Bell Canada. Under this partnership, Bell Canada will invest \$1.5 million in the economic revitalisation of the DTES in support of the Economic Revitalisation Plan.

None of the above should be taken to suggest that the initiatives under the Agreement itself, where the short and medium term impacts on employment were expected to be minimal, were unsuccessful. Notable improvements have been made in the conditions of single-room occupancy hotels ('bedsits') in DTES, for example. Rather, the argument is that these other initiatives have become a series of, effectively, separate activities within the area and somewhat more limited in scope. In the view of one participant in the review, *'You don't need a Vancouver Agreement for that – you just need grant aiding bodies and clearly identified projects'*.

4.5 The importance of governance arrangements under the Vancouver Agreement

The Vancouver Agreement, being a commitment to tripartite inter-governmental partnership working, was undoubtedly difficult to organise due to the competing elements of political makeup, funding and accountability structures. Each layer

of government has a different accountability model which needs to be reflected in the broad accountability structures of such an agreement. The problems arising from the 'silo mentality' so often found within government, agencies and organisations were evident in the DTES and Vancouver generally prior to the Agreement. Subsequent to it, evidence from participants during this review illustrated the extent to which the problems were indeed mitigated following the greater integration and coordination of services under the model of governance that was espoused. Despite this, the degree of reciprocity across the system where multiple partners deliver similar projects, if better than previously, is still said to be limited.

The important question for this review, is whether the governance arrangements under the Vancouver Agreement have made a positive difference to service delivery in the DTES. While there are several evaluations of policies or programmes arising from the Agreement, there has not to date been an overall formal evaluation of it⁸. Therefore, it is difficult to ascertain the effects that changes in power structures, coordination and collaboration have had on service delivery. It is known, however, that the main emphasis of the Agreement on partnerships in governance and in delivery, has created a complex working environment. In this respect it is important to reiterate that government (and other) partners continue to have responsibilities for policy design and service delivery within DTES but outside the Vancouver Agreement and, of course, outside the Agreement and outside the DTES itself. As a result there are multiple access points for employment, welfare and personal support services and programmes. The proliferation of partnerships and policy regimes at both the governance and delivery level has continued to generate problems of coordination and indeed, in terms of knowledge of 'who provides what'.

Co-ordination continues to be an issue under the Agreement despite the argument put forward by some participants in the review that the scope of the activities under the Agreement has been narrowed. As suggested above, this narrowing of focus may be partly ascribed to the influence of WD as a particularly powerful partner with very clear priorities. Such a narrowing in scope is particularly likely to result when co-ordination requires decisions about '*who is going to deliver what and for what purpose*' and some partners have more power in decision making than others. However, it might also reflect, in part, the consequences of the co-ordination process for which the Agreement was created. A key feature of the Agreement was the depth and spread of projects that it was initially set up to coordinate but this depth and spread was, according to a number of participants, a major issue in itself. Co-ordinating services and programmes almost inevitably leads to some reduction in their number and, perhaps, their focus. If the initial problem with service delivery was that of proliferation and overlap, then successful co-ordination will lead to fewer, non-overlapping forms of service delivery. This may have been the case with the Vancouver Agreement.

⁸ See, however, Mason (2007) for a valuable attempt at an independent assessment of the Agreement.

While there may be little evidence as to whether the Agreement itself actually works – that is, whether the structures and governance processes put in place are the reason behind the success of many programmes in the locality, rather than the programmes themselves – the undoubted stabilisation of the area can be seen to be, in part, due to the Agreement. The crisis from a public health viewpoint and the problems of economic decline that were evident in the 1990s before the inception of the Agreement have clearly been mitigated. Also, most participants are of the opinion that the Agreement has brought about a more holistic attitude towards revitalisation and redevelopment which encompasses both economic and personal regeneration. This has offered a genuine collaborative working opportunity across sectors in order to provide services for, and in, the community.

5 Conclusions and recommendations

This chapter offers some observations on the broader findings of the review and draws some conclusions from these. It focuses on the role of partnerships in delivering employment-related services and the wider role that the public employment service (PES) can take in this area. It then considers the issue of accountability and how local and national concerns and priorities can perhaps be harmonised in a context where there is devolution of powers to the locality. Finally, it makes some recommendations reflecting these conclusions which the Department for Work and Pensions (DWP) may wish to consider in the light of their current approach to local employment service delivery.

5.1 Partnerships and the delivery of employment services

The experience of both Denmark and Canada has shown just how important partnership working is to the effective delivery of welfare to work and employment services. In Denmark, the reforms of the PES and of the delivery of associated services has created and formalised the role of a local partnership in the form of the Local Employment Council (LEC). The reforms require partnership working between the Pilot and Non-Pilot Job Centres and the LECs and also between the constituent members of the LEC who represent different interests and constituencies. In Canada, the 'high level' Labour Market Development Agreement (LMDA) represents a cooperative agreement between governments and other organisations where a vital element, in the case of the LMDA for British Columbia (BC), is that the labour market policies of the federal government are delivered in partnership with the government of the province. This partnership is intended to ensure that national policies are flexible in the light of local conditions and that these policies can be delivered alongside those initiated at the local level itself. As also demonstrated in the case of the Vancouver Agreement, great importance has been attached to the creation of an appropriate structure of partnership

management. It is the management structure which determines the formation and subsequent policy direction of such partnerships.

Some of the simple, but nonetheless relevant, messages arising from considering the work of this review more broadly centre around the time and resources necessary to create and maintain effective partnerships. It is clear from the experience under the Vancouver Agreement, and from that which is likely to emerge from the operation of the LECs in Denmark, that resources are needed to investigate the feasibility and potential benefits of particular partnerships in order to get potential partners to consider such arrangements in the first place. However, spending to build partnerships is difficult to sell politically and is difficult to monitor. In addition, representatives from different sectors may be prepared to work together on mutually beneficial arrangements, but funding, or the lack thereof, can make or break those working relationships. Getting agreement on the types and amount of funding or other resources that each partner will bring to the table is imperative. Understanding what partners will not be able to provide is just as important.

The review also suggests that there needs to be an understanding among the parties that it will take time to set up a partnership and that, in doing so, it will be necessary to negotiate about, and reach agreement on, the competing priorities of each partner. Moreover, agreements such as that in Vancouver and as embodied in the reformed administrative structures in Denmark depend on putting such partnerships together under a central coordinating remit. Successful co-ordination is itself crucial in signalling commitment by the co-ordinators – the commitment of governments in the Canadian case and of social partners in case of the Denmark – which then facilitates investment and buy-in from other agencies and communities.

The compatibility in practice of partners' priorities within partnerships once these are in place can also be problematic. One such potential area of incompatibility is a major issue for the City of Vancouver in planning terms, that of keeping the social, income and use mix of the Downtown Eastside (DTES), whilst recognising the pace and scale of current housing development and the need for economic development and revitalisation. Further, when one issue arising from the congruence of priorities is that of the need for the co-ordination of previously overlapping services, there can be the sense of a loss of empowerment by those previously involved in policy implementation and service provision. This is particularly likely to arise when this leads to fewer services or activities being required from some partners than was the case previously. This appears to be the case among at least some participants in the Vancouver Agreement.

These considerations lead to the first conclusion of this review. This is that, perhaps self evidently, those involved in partnership working must be committed to the goals agreed for that partnership and it must be accepted by local and non-local partners alike that time and resources will be required to initiate and maintain it. An additional consideration is that partnership working almost inevitably

involves a trade-off between the different personal or group objectives of the individual partners and a change to previous patterns of working and in individual responsibilities. This implies that there needs to be a willingness to negotiate and compromise on the part of all participants.

5.2 Widening the role of the employment service

As important, however, is the recognition that no one agency can deliver every aspect of an employment or welfare-based system in-house. In both Denmark and Canada, the contracting out of service delivery, to the private sector in the case of Denmark and to the private and not-for-profit sectors in the case of BC, is widespread and is not seen as a controversial or a particularly 'political' issue. Indeed, engaging other agencies, services and organisations in a 'pathway to work' approach has been seen to be central to the delivery of a citizen-centred approach in this area.

Following from this, a key finding from the Canadian fieldwork specifically is that the employment service can do more than simply find a client a job opportunity. It is a legitimate role for the service to ensure that clients can make full use of the job opportunities available to them. In recognising this, it is, therefore, appropriate for an employment service to prepare people for work through training, support and life skills, for example. By being more than just a connector to a job vacancy or a matching service, the employment service can be the facilitator which improves and enhances the life opportunities of a client through citizen-centred, focused and resourced activity.

It is important, however, not to underestimate the cultural change that this can mean for those involved in the governance and delivery of employment-related services. This has been experienced in Denmark and in Canada where the moves towards welfare to work have reportedly led to some difficulties for those officers and other involved parties who have previously been primarily focused on providing resources to ensure the well-being of their clients rather than enhancing their employability. There is little doubt that in Denmark, as Chapter 3 has shown, the bringing together of the PES and the municipal functions related to work and welfare have necessitated different methods of working. More generally, this will require significant adjustments in attitudes and outlook on the part of PES and municipal employees, particularly in the case of the Pilots where the lines of accountability in management terms have radically changed for (former) PES officers. This may also be the case in the future in BC when the PES (Service Canada) is brought more closely under provincial control.

This leads to the second conclusion of the review, closely related to the first, which concerns the need for cultural adjustments by those working together. Where an organisation such as the PES has traditionally seen itself as essentially a national service which operates through local 'branches', such changes can be difficult. This is particularly the case where the PES is also being asked to take on a wider

role than 'simply' job matching. Bringing together organisations responsible for formerly separate functions to provide a co-ordinated service to the workless can draw on synergies and, by focusing efforts, achieve significant improvements in delivery. However, the changes that this requires on the part of individuals both at the front desk and in the back office needs to be recognised.

5.3 The question of accountability

The experience of both Canada and Denmark has shown that accountability at the level of the local community is also important. The search for this has been one of the drivers behind the Pilot Job Centres in Denmark, where there is accountability to both the municipality and, as also in the case of the Non-Pilots, to the local social partners as represented on the LEC. It is perhaps a truism to say that accountability is not always easy to achieve. For example, in Canada the Ministry of Housing and Social Development (MHSD)-funded Personal Supports Programme in BC, providing individually tailored employability strategies for people with disabilities, has governance structures organised on the basis of that particular community's requirements. In implementing this initiative, five community partnerships were set up with a broad range of community and voluntary organisations in different areas of Vancouver. These local partnerships set their own governance frameworks independently, thereby giving autonomy over decision making according to local priorities. However, this required very significant time and effort on the part of the primary agency as well as the community involved, not only during the implementation of the programme but also in maintaining the initiative. In many respects, the resource intensiveness of this particular process was increased by the fragmented spatial location of the disabled communities.

However, in some instances, despite the involvement of citizens and communities and the existence of many not-for-profit and advocacy organisations, the systems put in place do not fully enfranchise these participants. Taking the Vancouver Agreement as an example, housing was a high priority for many residents and organisations involved in the DTES to the extent that plans for housing improvements to both hotels and other accommodation were proposed by locally organised groups. However, there was little attempt by these groups to obtain buy-in to the programme from the Province, while the case for their plans was also hindered by poor communication and a lack of an evaluation of alternatives, according to one participant. The rejection by the Province of the proposals put forward by local groups in an attempt to improve their neighbourhood, was seen by some as a major failing of the Agreement, even though the subsequent joint BC-City initiative to improve hotels has been heralded as a success. Here the failing can be seen as resulting from process rather than the eventual outcome.

Discussions with participants in the review illustrate the importance of partnerships built on trust and mutual understanding. It was observed in Chapter 3 that a defining characteristic of the approach to policy formation, implementation and monitoring in Denmark, is the active involvement of the social partners at

national level and now, much more strongly than previously, at the municipal level. For this, public and political support for such arrangements is essential as is effective leadership and commitment from the social partners themselves. The high profile involvement of national, provincial and local partners and groups in the revitalisation of the DTES is a similarly striking example from Canada. Within this, targets, priorities and results-driven action plans have their place if the ability to deliver these is present in the locality and they can be delivered through local action and local networks. Locally determined service delivery, where both the service and its method of delivery are sensitive to the needs of individuals and communities, inevitably requires a degree of discretion in decision making to be lodged at the local (sub-national) level, as the experience of Canada and Denmark have shown. For local partnerships to be effective they have to be able to exercise a degree of autonomy and control, requiring a devolution of powers to the locality.

5.4 The devolution of powers

Such a devolution of powers is a characteristic of the Canadian federal system as evidenced by the LMDA arrangements, the representation of a range of sub-national government and other bodies in the governance arrangements for the Vancouver Agreement and the widespread inclusion of a range of private and not-for-profit organisations within the DTES itself. Devolution is also a striking feature of the new Danish governance and delivery system for employment services. The transfer of powers to municipalities and their explicit transfer, in the case of Pilot Job Centres in Denmark, is a bold experiment. It is not without difficulties in terms of achieving a balance between local and national responsibilities, and in relation to local and supra-local administrative requirements. However, it is perhaps in the creation of a new body in the form of the LECs, containing a range of local social partners, that the spirit of the reforms is most clearly demonstrated. It is possible to make a number of observations in respect of the LECs' role from which some broader lessons can be drawn.

The first is that, as in the case of many aspects of the Danish employment system's operation, it is perhaps easier to identify and describe the function of the Councils than it is to analyse their day-to-day operation. This is because any such group, which operates primarily through discussion and negotiation, must depend for its effectiveness on the ability to recruit appropriate members, the commitment of those members (e.g., in terms of attendance and contributions to strategy) and the degree to which they are prepared to fully discharge their obligations under their remit. Moreover, the nature and strengths of the LEC in respect of the links that it has both with other major stakeholders in the area, notably the municipality and the Job Centre, and with Council members' own constituents will impact on its effectiveness. While this, inevitably, is likely to vary from area to area, it is the view of the majority of the Danish participants in this review that the LECs not only have, but also fulfil, an important role in the new system.

Second, while the LECs are an important example of the devolution of powers in respect of employment to the local level and are essentially independent bodies, they are clearly not conceived of as autonomous. It is expected that the LEC will liaise and work with other stakeholders, including the Employment Region from which officers regularly visit all LECs in their area. Regional officials are also invited to speak at LEC meetings. Maintaining Regional-LEC links is of great importance since, recall, the work of the Job Centre, as encapsulated in the Employment Plan, must also relate to national and regional employment objectives. It is again indicative of the Danish approach that the relationship between the Region and the LEC was described by one regional official as being mainly *'one of dialogue, not formal powers'*.

Finally, it might also be inferred from the above that the LEC fulfils a political function. Recall that there were concerns about the effects of the municipality taking on 'too great' a role in respect of employment, to the possible detriment of wider goals and interests. The LEC, though 'local', can be seen as a potential counterbalance to the power of the municipality by bringing in representatives of those other interests to influence the local dimension of the Job Centre's work. The LEC's links with the Region and the (unused) power of the LEC to appeal 'over the head' of the municipality to the Region is another indication of this potentially counterbalancing, or even constraining, role that the Council can play.

5.5 Balancing local and wider priorities

In reflecting on this experience, it is important to note that in neither the Canadian nor Danish cases are all employment-related services fully delegated to the local level. Chapter 4 has discussed the role of Western Diversification (WD) under the Vancouver Agreement and how, as a federal agency, it has strongly influenced the types and focus of many of the projects involving federal funding. Prior to the reforms of the employment service in Denmark, significant powers were allocated to the regional level, through the RARs, rather than to the locality. After the reforms, national and regional priorities remain a powerful influence on the work of both Pilot and Non-Pilot Job Centres through the responsibilities and intervention powers of the Employment Region, the Job Centre Annual Employment Plan and performance audit. This reflects the reality that employment and employability issues are of national, as well as sub-national concern. The nature of the delivery of these services is thus of concern to all citizens, not only local people, and in most cases it is national tax payers who are called upon to fund, at least in part, some of the key programmes and initiatives in this area.

This leads to the third conclusion of the review: Delivering effective employment services can never solely be a local concern. Where the economic and social contexts are comparable, it is unacceptable for otherwise similar workless individuals and groups to receive radically different service from each other or to have open to them significantly different opportunities for accessing the labour market. This is both unfair and potentially inefficient. In suggesting this it needs to be recognised that,

where partners are primarily locally based with a local constituency, a partnership focus which is not solely determined by local priorities can be problematic for such partners and lead to political and operational difficulties. Buy-in to the partnership can then be difficult to achieve and maintain. Consequently, there has to be some mechanism for ensuring like treatment of similar people in different areas while encouraging local involvement and innovation.

The fourth conclusion concerns such mechanisms. One might be the spread of best practice information between employment-related partnerships in different areas. While valuable, this does not ensure that best practice is adopted. Another might be the creation of partnerships which consist of representatives of wider interests, additional to the PES, who have links to higher tiers of government and other bodies. The LECs in Denmark and the original governance structure of the Vancouver Agreement provide (different) examples here. A third mechanism would be the – in effect – imposition of particular standards and requirements on local partnerships. In Denmark, attempts to achieve this take the form of the Job Centre Employment Plan which incorporates national and regional requirements alongside those of the locality. A similar role is fulfilled by the UK Government's objective of achieving 80 per cent employment in the City Strategy (and other) areas. Here, mechanism design is crucial, since, as noted above, there may need to be a trade-off between local priorities, the desire to fulfil which encourages partnership working in the first place, and national/regional requirements.

The final conclusion concerns the design of this mechanism: The public expenditure and taxation arrangements in Denmark and Canada are different from each other and different from those of the UK, so the work of the review gives only a partial guide to what the possibilities here are. However, it is possible to point to the powers of the Employment Regions in Denmark to withhold funding from local Job Centres judged to be performing inadequately, to the LECs' discretion as to which projects to fund locally and to the importance of WD's criteria in funding local projects in the DTES. In both Canada and Denmark, it might be added, financial incentives under contracts with third party service providers are common. This suggests that the mechanism for achieving the like treatment of individuals in different areas in the light of national/regional standards should be incentivised so that the achievement of such standards and requirements can result in the allocation of additional resources and/or additional discretionary powers to partnerships which are successful in this way. This would be in addition to any additional allocations reflecting innovative or successful local practice. The Reward Fund under the City Strategy, though only partly used to date, reflects some of these features. Of course, this requires the monitoring of local activity by supra-local bodies, but such monitoring is necessary in any event for accountability purposes, even if only because, to reiterate, the initiatives are mainly not locally funded. This monitoring need not be onerous if the standards and priorities are well defined.

5.6 Recommendations

The recommendations from this review follow directly from the observations and conclusions in the previous section. They are:

1. In considering the current and likely future success of partnership working in employment-related service delivery, it is essential that partnerships are given the time and resources to bed in and to create the forms of working arrangements that are appropriate to that partnership.
2. Cultural change among those involved in employment service delivery is necessary if the PES is to take a more 'holistic' view of the multiple barriers faced by some workless groups and if some (local) partners are to take a wider, less parochial view of the employment needs of their constituents. Such a change can only be achieved through working together over time and if resources are available for appropriate training and mentoring arrangements for partnership participants.
3. Local issues arising from worklessness can never be solely a local concern. The incorporation of non-local standards and priorities into local working can be achieved by involving partnerships some of whose members, in addition to the PES, have links and/or accountability to wider regional and national organisations. More formal incorporation requires some form of plan for the locality which contains these standards and requirements.
4. Incentivising resource allocation to local areas such that the demonstrable achievement of supra-local goals and standards as contained in the plan is rewarded, should be an active and integral part of the arrangements for the funding and other assistance given to local partnerships. This can sit easily with additional rewards for innovative local practice.

Appendix

Findings from the scoping stage of the review: a synopsis

As noted in the main text (Chapter 2), seven countries were chosen for the desk-based first (scoping) stage of the study. These were: Australia, Brazil, Canada, Denmark, the Netherlands, Sweden and the United States of America. Denmark and Canada were chosen for further study and were the subject of case study visits (see Chapters 3 and 4). The findings for each of the five countries which were not identified for additional study are summarised and presented below.

1. Australia

There already exists an extensive and recent literature on Australia's welfare to work initiatives. Since the Department for Work and Pensions (DWP) have already conducted research work in this area (Morrel and Branosky, 2005), it was decided not to replicate this work in this Review. There are, however, several key areas of interest in the Australian experience of service delivery which are worth considering briefly here.

The replacement of the public employment service (PES) with a job network in the late 1990s led to the contracting out to the private sector of the PES' functions. The Australian experience is therefore interesting, given this has not been a dominant feature of the PES in the UK. Some particular issues arose which led to further reforms, particularly in respect of:

- the specification of contractual outcomes;
- incentivising those outcomes;

- adjusting incentives in the light of different degrees of disadvantage among the workless;
- constraining opportunistic behaviour (cream skimming and cherry picking) under the contracts.

A series of pilot projects have also been initiated, aimed at workless people for whom the barriers to work were deemed to be particularly severe. These include the Mature Age Participation Pilot (MAPP) to encourage older persons to become more active in work and the community, the Workless Families Pilot (WFP), to assist with childcare for such households, and the Very Long Term Unemployed Pilot (VLTUP), which intended to create better linkages between existing programmes and the assistance from agencies which were available to help this group.

MAPP is targeted at those aged 50 or over, in receipt of some form of income support. Participants are initially interviewed to gather data on key barriers to work. MAPP participants were found to have a greater degree of labour market attachment than many other targeted groups. Thus, the interventions trialled included offers of direct assistance in booking appointments for a referral service and cash assistance of up to A\$500 if a financial barrier for assistance was raised by a participant. Unfortunately, there appears to have been no evaluation of this initiative so far.

WFP is targeted at households with workless parents and school age children, with parents in receipt of some form of social assistance. Again, initial interviews were conducted to find out about key barriers to work, which for this group included child care responsibilities and an absence of local jobs. Interventions tested in the pilot included claimants being interviewed alone or with their partner and offering cash assistance of A\$500 in suitable cases. Again, very little evaluative work has been conducted, although there is evidence that the pilot participants were more than likely to be become involved in training and work-related study than non-participants.

VLTUP participants are workless people receiving income assistance for a period of five years or more and aged 50 or less. These clients were considered hardest to reach due to the length of their period without work. This pilot included the threat of benefit sanctions with the aim of incentivising greater labour market participation by this group.

A set of employment services and initiatives have also been targeted at Aboriginal people who, as a group, suffer from very high rates of unemployment relative to other Australians. The nature of welfare services for Aboriginals is a highly contested area, given cultural and heritage differences and the geographical remoteness of some workless Aboriginal groups. Nevertheless, Community Development Employment Projects have been utilised and became part of the national Indigenous Employment Policy implemented in 1999. Structured Training and Employment Projects (STEPs) offer financial assistance for projects offering training leading to lasting employment for Aboriginal job seekers. STEP and

Indigenous Employment Centres are currently reforming service delivery for Aboriginal populations. Community capacity building projects aimed at fostering economic and community development and partnerships with business in order to provide ways into work for the workless, are also worthy of note.

To summarise, some interesting and important issues have arisen in Australia in respect of the delivery of services to the workless following the PES reforms, and the hard to reach groups to which the pilot initiatives have been targeted are in many ways not dissimilar to those groups with whom DWP is particularly concerned. However, it would not appear that, given the previous work undertaken by DWP and others, a more in-depth study of the Australian experience would add much value to the review.

2. Brazil

Prior to the late 1980s, labour market policies in Brazil were piecemeal, not institutionalised and were often in response to what seems to have been political whims. Such policies that were directed at the unemployed or to combat unemployment were extremely sparse and while an unemployment insurance scheme was established in 1986, financed by a tax on enterprises, the scheme was very limited in its coverage. Following the country's constitutional change in 1988, there has been a major effort by the government to institutionalise and expand both passive and active labour market policies (ALMPs), although these are still relatively poorly funded and the evaluations of them have been limited.

National direct employment creation programmes are not a feature of Brazilian policy. While some national employment programmes were drawn up in the late 1990s, instability in the country and the general increase in unemployment and poverty meant that most of these programmes were never enacted, although there were some limited examples of ad-hoc smaller state or municipal programmes during this period. One of the very few national schemes, introduced in 1994, was the Programa de Generacion de Empleo e Ingresos (PROGER) which gave credits to sectors with little or no access to main financial systems in return for training commitments and agreement to monitoring of the recipient's business. Job creation estimates under this programme vary, but it is thought 40,000 direct and 67,000 indirect jobs have been created.

The first subsidised employment programmes began in 2003 when the Primeiro Emprego (PPE or 'First Employment Programme') was launched. PPE is intended to generate jobs for young workers from low income families who have not completed secondary education and have no previous work experience. Under the programme, financial incentives were offered to employers in exchange for increasing the average number of employees they had at the time of joining the programme, excluding from the count those young people they employed via the programme. Presumably this was intended to prevent young subsidised workers displacing existing or other potential workers.

PPE is one example of the more general, if still relatively limited, approach of the Brazilian authorities in the area of employment and worklessness which appears to place greater emphasis on younger workers than on other groups. For example, Youth Business International is currently running a pilot programme in Brazil. This programme aims to help those young people who are unable to find help elsewhere to become entrepreneurs and set up their own businesses. The domestic Youth Consortia (Consórcios Sociais da Juventude) pilot programme combines training and income support, but also requires involvement in community care activities. Further, while this latter programme is funded primarily by the unemployment insurance fund, it is delivered by non-governmental organisations.

Another initiative of interest is Brazil's Alternative Primary Education Program (Educação Suplementario de Primeiro Grau – ESPG) which offers youth in Rio Grande do Sul a chance to complete their primary education and to work in their community as trained rural development workers. According to a report from the International Labour Organisation (2001), this 18-month programme works with 15-23 year olds combining classroom and community-based learning, and courses in Portuguese, mathematics and science, as well as modern community development and rural administration. Concerns, relevant to the local area, include issues such as soil conservation about which participants learn in the field. Almost 75 per cent of those enrolled in the ESPG graduate, compared with a national rate of 22 per cent, and the great majority of participants subsequently remain in the region.

Since 1993, the National Employment System of Brazil (SINE) and the PES, which aims to place workers who are seeking work, have been decentralised. Whilst the numbers of registered workers, vacancies and placements has increased dramatically, perhaps as a result of this reform, there is concern over the numbers of those actively placed and those losing their jobs irrespective of this programme. Not-for-profit organisations have also been able to participate in assisting the workless into employment under these reforms, although there is concern that this has had no statistical impact on the likelihood of finding employment.

Despite these changes, the share of Brazilian GDP available for activities or programmes to aid the unemployed has tended to decrease, whilst unemployment rates have tended to increase. It can be argued that there has been a longer term steady effort at labour market intervention over the recent past, even if labour regulations which contribute to shaping employer practices do not appear to have changed or influenced employment generation. As important from the point of view of this review is that there appear to have been very few evaluations of the impact of policy change in labour market performance, and few readily accessible studies of the labour policies themselves or of their delivery and governance at the local level.

3. The Netherlands

The experience of the Netherlands in reforming its activation/reintegration services for the workless is one of the more widely studied. Among European countries, the Netherlands has gone further than most in introducing policies based upon the private provision of activation services. The expectation is that contestability for the supply of these services will increase the efficiency and effectiveness of their delivery.

In the Netherlands this policy is the latest in a long series of reforms of the social security system and employment services stretching back to the 1980s. Briefly, under the current system, the unemployed first contact point is one of the 131 Centres for Work and Income (CWI), which is still a public service. CWI staff make both an initial assessment of benefit entitlement and of the skills and work experience of the unemployed person, and provide job matching and job search assistance. Those deemed to be at risk of longer term unemployment are referred either to the social insurance agency (UWV), if they are entitled to unemployment or disability benefit, or to the municipalities, if they are entitled to social assistance. Private and non-profit organisations then bid for placement and training contracts from the UWV and the municipalities.

DWP have recognised the potential significance of the Dutch experience in shaping their response to the UK contestability agenda. Morrel and Branosky (2005) have examined this experience in some depth and describe the impact that the approach is having on worklessness as 'impressive' (p77). Tergeist and Grubb (2006, especially para 27, p18 et seq) have itemised some of the governance and related issues with which the Dutch policy is having to deal. These include:

- the absence at present of a one-stop approach for clients of the CWI, UWV, municipalities and the private providers, implying relative high transaction costs and handover problems in client transfer;
- the client profiling undertaken by CWI currently lacks predictive value and is rarely followed by organisations for whose use it is intended;
- outcome-focused arrangements with private providers, and the 'work first' approach more generally, may be reducing the amount and role of training to which clients have access;
- there is a lack of monitoring and evaluation of the operation of the new arrangements which means that the effectiveness of private providers and the contractual arrangements under which they operate has not been assessed.

In respect of the last of these both Tergeist and Grubb (2006), and Morrel and Branosky (2005) also point out that there has, as yet, been no formal evaluation of the new system or an assessment of its costs and benefits. The latter report indicates that the Dutch government was embarking on an evaluation in 2006 but it is unclear when, or if, it is due for publication and a search has not revealed any outputs from this to date. As noted, there have been extensive studies by DWP

and others of the Dutch experience and, in the apparent absence of a formal evaluation of this experience (though see McGonigal and van Paridon, no date, for a valuable attempt), it was decided that the returns to additional research for the purposes of this review would not be high.

4. Sweden

Labour market policy in Sweden is the responsibility of the Ministry of Employment and is delivered through the National Labour Market Administration (AMV). The AMV currently consists of the National Labour Market Board (AMS), 20 County Labour Boards (CLBs) and over 320 local Public Employment Service (PES) offices. The CLBs have had responsibilities at county level for general labour market matters and for the employment offices in their county. Each CLB is headed by a Directorate, chaired by the County Governor, which is responsible for forming the Local Employment Services Committees (LESCs) that are based in most municipalities. These LESCs are joint bodies tasked with implementing and developing national labour market policy in the light of local conditions. There are clear parallels between the role of LESCs and that of LECs in Denmark.

As in the case of Denmark, although not necessarily for the same reasons, the Swedish government has taken the view that the AMV is in need of radical reform. In particular, the 20 counties are not seen as necessarily the appropriate geographic areas for implementing labour market policies and an organisation based on 21 separate agencies (the counties plus the AMS) with a significant degree of local discretion and independence means that similar workless clients are managed differently in the various areas. Hence, the workless do not necessarily receive equality and fairness in receipt of service.

Under the planned reform, which is intended to be fully implemented by January 2008 and for which the AMS is responsible, the AMV will be restructured as one new central agency. The CLBs are to be abolished and the PES will be reorganised on the basis of between 60 and 80 local labour market areas. In each area, one central employment office will be established along with a number of local offices.

The new AMV is to be given greater independence and responsibility for deciding how programme resources should be allocated. However, it is clear that the main tasks of the PES itself are, and are to remain, that of assisting the workless through vacancy information, matching and placement services, and help with job search, rather than taking more of a pro-active, community-oriented role. Thus, according to the Director General of AMS, Bo Bylund, the most important principle of AMV's reorganisation is to consolidate the primary role of the employment service, which is to support jobseekers and employers, to improve performance in matching jobseekers with vacant jobs and, under the new arrangements, to provide a personal career guidance coach to jobseekers. Moreover, the Ministry of Enterprise, Energy and Communications (2007) has stated that:

'The most important task for the Swedish employment service should be matching those seeking work with available jobs, instead of implementing labour market policy programmes.' (p21)

The reorganisation of the responsibilities for employment service delivery and the reinforcement of the traditional role of the PES should not be taken to indicate a retreat from the social partnership approach which characterises Swedish civic and political life. This observation is confirmed by a report on Sweden by the European Commission (2004) which pointed to the:

'...long tradition of employment development at national, regional and local level. Each level has a clearly defined role with established management and governance structures in place. Much of the responsibility and resources for employment development is in fact devolved to the local level, although fairly tight conditions are applied to national programmes.' (p29)

In terms of further developing local employment partnerships, the report highlights the current significance and future potential of partnership arrangements at the sub-national level. In particular, at the level of the municipality, the LESCAs can have an increasingly important role, first, in the Regional Growth Agreements; second, in using opportunities for local customisation of national programmes enabling greater sensitivity in dealing with differences in the extent and nature of local worklessness; and third, for introducing new partnerships.

According to the Swedish government, experience with the implementation of Regional Growth Agreements indicates a number of key factors in the success of local employment partnerships. These factors include:

- A 'cluster' approach, which is often the most effective way for public authorities to collaborate with partners from business who are in the same sector. Clusters promote networks between employers, creating synergies.
- The availability of common resources which directly affect the effectiveness of implementation between localities.
- Partnership agreements, which prove an important tool for co-ordination and collaboration between actors and sectors if sufficient resources are available. Without significant common resources, the partnership role risks becoming simply one of exchanging information.

In the Spring Budget 2007, the Swedish government proposed a number of packages of reform aimed at increasing employment and integration through employment for a number of groups, including youth, older persons and those with disabilities. One set of reforms is intended to strengthen the integration of people born outside Sweden. One measure will be the introduction of 'step-in jobs', providing subsidised employment in the private or public sector linked to instruction in Swedish for immigrants, with clear elements of mentorship.

One current initiative, trialled since September 2003 and which is also targeted at immigrants and refugees, is the SIN (Special INtroduction) programme. Participants

are those who are considered capable of taking a job immediately, but who are also at risk of becoming long-term unemployed. Briefly, the SIN approach offers eligible clients a SIN officer who evaluates the jobseeker's skills and potential and mentors her/him through a supported job placement programme. The officer also performs a follow up in order to see whether the temporary employment status of the participant is, or can be made into, a permanent employment offer. These supported employment methods were based on those previously used for disabled workers.

Åslund and Johansson (2006) suggest that this supported employment approach offers a new – or at least largely unexplored – approach to helping job seekers. It also suggests that successful implementation builds mainly on better counselling and understanding of each applicant, combined with intensified efforts in finding work for the clients, and careful matching between unemployed individuals and employers. Since these are all elements of an intensified job-search and matching assistance approach (the additional resources used are quite significant relative the normal employment service level), they are not a new element of labour market policy. The authors conclude by suggesting that theory and previous studies suggest that it should generally be expected that positive effects will result from these types of efforts. However, they argue that successful matching between unemployed individuals and jobs presupposes a large pool of potential participants to choose from, relative to the number of people actually assigned to the program. Also, it is possible that the value of matching efforts is greater for the groups currently targeted than for others who could be included in the scheme because of the latter's even greater lack of networks of employer contacts.

The Swedish government also has plans to initiate a trial scheme involving 'New Start Centres' in a number of municipal and urban districts where those born outside of Sweden face particularly extensive exclusion. The scheme will need find a form of coordination and governance under which different agencies and organisations are brought together under a single umbrella, so as to make it easier for the individual to obtain speedy and well-focused help and support in becoming established in Sweden and in the labour market. Bringing private, public and not for profit actors together into a 'one-stop' shop can make it easier and quicker for individuals to get help with education and training, job matching, business start-up support or health care. The form of this coordination will be drafted by the government with a view to implementation in 2008.

In the light of the above, it is evident that the process of change and development in the delivery of employment related services in Sweden has some parallels with the current experience of DWP/Jobcentre Plus, though set against a background of much greater experience of partnership working in Sweden. However, it is important to reiterate that some of the initiatives and governance arrangements discussed above are new or have yet to be (fully) implemented. From the point of view of this review, it could be argued that because the Swedish service delivery system is operating in a context of quite significant change, rather than in one of

long run stability, the lessons to be learned from a 'full scale', rather than a highly targeted, study might be obscured or of uncertain long term value.

5. United States of America

There is extensive information and analysis of the USA's welfare to work policy, its delivery and governance – so extensive, indeed, that any attempt to produce a meaningful summary is a major task. Part of the richness of this material stems from the ability and willingness of the individual states to both augment federal programmes and to add additional 'local' programmes to activate the workless. This adds to the complexity of any review of arrangements for delivering such services. To give but one example, an OECD report (OECD 2000) observed during an audit of the training programmes on offer in Wisconsin that *'an economically disadvantaged, unemployed 23-year-old woman living in Madison, who is a single parent not eligible to receive benefits, would likely qualify for 10 programmes provided by four [different] agencies'* (p128). On the other hand, the different experiences of different states, given their freedom to develop and tailor their employment programmes, provide an opportunity to examine the success of different approaches to policy and governance.

One well known feature of the US approach is the use of private agencies to deliver federal, state and local services for the workless. Thus, for example, more federally funded employment and training services have been contracted out than not since the 1960s and these services cover a wide range of ALMPs, including intake and eligibility determination, training, and job placement. However, the interpretation of 'contracting' in the context of federal programmes needs to be approached with caution since the PES itself, at the state and local level, is able to 'bid' for the delivery of these services. It has been estimated that most of the contractors for these programs have been public or not for profit organisations, including employment services, vocational schools, public school districts and community colleges.

Clearly, direct contracting with the private and other sectors can legitimately be classified as one form of governance for the delivery of employment and employability services. However, given its widespread use internationally, particularly among many of the countries considered here, perhaps more interesting from a governance point of view are the attempts that have been made in some states in the US to actively consult and involve employers – 'employer outreach' – in the welfare to work initiatives. Michigan's Work First programme, for example, is a collaborative effort, using local boards, generally with a private sector majority, to co-ordinate employment opportunities for participants. Not unusually among US welfare to work initiatives, welfare recipients enrolled in the Work First programme must work at least 20 hours a week or actively seek a job within 60 days or lose benefits. In Wisconsin, the one stop Workforce Development Centres have employer representatives on their Boards and in some counties the menu of services is developed in consultation with an employer advisory board. The

Centres themselves have staff drawn from a number of public, private and non-profit organisations, which potentially raises a number of 'internal' governance and management issues.

Overall, it is clear that training and job search assistance, delivered by a mix of agencies and often accompanied by benefit sanctions for non-participation, are key elements in the US work to welfare system. However, this system is heavily based on, and imbued with, a contracting culture which, arguably, does not have direct correspondence with that of DWP/Jobcentre Plus at present. This, and the great variety in the detailed operation of policies towards worklessness, makes it a major, and arguably too great, a task to highlight areas of the US experience which could be subject to more intensive study in this review.

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