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Evaluation of the North East's Regional Employability Framework

Stage One Report

Dr Matthew Dutton, Dr Colin Lindsay
Employment Research Institute, Edinburgh Napier University

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Employment Research Institute
Edinburgh Napier University
The Business School, Craiglockhart Campus
Edinburgh EH14 1DJ
e-mail: eri@napier.ac.uk

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EXECUTIVE SUMMARY

E1. INTRODUCTION

This summary reports key findings of research conducted by the Employment Research Institute at Edinburgh Napier University for ONE NorthEast (ONE) evaluating the North East's Regional Employability Framework (REF). The REF seeks to provide a single accessible network of employability support to meet the needs of both employers and individuals. It has a critical role in supporting progress towards an Integrated Employment and Skills (IES) service for the region. Bringing together national government agencies, regional stakeholders and local bodies, the REF provides a partnership framework which seeks to:

- improve joint planning between all key stakeholders;
- promote joined-up services so as to create an employment ladder for individuals;
- create and roll-out a common assessment and tracking system across employability agencies;
- and benefit employers by helping them to address their recruitment and skills needs.

ONE commissioned the Employment Research Institute at Edinburgh Napier University to evaluate the REF's progress and identify lessons for future implementation. Specifically, the findings presented here provide an evaluation of the extent and effectiveness of REF partnership-working within the region, and identify the main challenges in strengthening partnership-working and promoting greater shared ownership among local stakeholders.

E2. METHODOLOGY

The methodology for the evaluation had 3 phases.

Phase One: A desk based review of relevant policy and research evidence, focusing on the operation of the REF and current partnership

structures, approaches to partnership-working on employability in the UK, and good practice in other countries.

Phase Two: In-depth interviews with 23 representatives of ONE, LSC North East, Jobcentre Plus, and other key stakeholders. Interviews focused on the effectiveness, extent, strengths and limitations of current partnership-working under the REF. Interviews gauged stakeholders' impressions of the role of the REF in facilitating partnership-working and sharing knowledge of services and good practice.

Phase Three: Further research on good practice through a series of telephone interviews with representatives of key stakeholders in English regions and other UK nations. These interviews focused on recent developments in local and regional partnership-working on employability.

E3. FINDINGS FROM THE REVIEW OF INTERNATIONAL EVIDENCE

The review of international evidence focused on the use of partnerships to create an integrated employment service and the creation of partnerships across administrative regions. The intention of the REF to 'provide a single accessible network of support that meets the needs of both employers and individuals' (REF Draft Strategy 2008-2011). This reflects current thinking in public administration whereby the integration of public services is seen as a means of enabling a greater level of responsiveness to complex policy problems. Lessons from a review of international evidence on partnership-working include:

1. *The need for clear strategic focus:* countries reporting effective partnership-working tend to report a consensus around clearly defined aims and objectives. There is widespread agreement that multi-agency working is a necessary component of the delivery of policy. Furthermore, governance structures provide clarity over the strategic remit of partners

and there is demonstrable added-value to the buy-in of a wide range of stakeholders.

2. *The importance of co-operation and mutualism:* a critical feature of successful partnerships is the ability, authority and willingness of government and other stakeholders (and their individual representatives within partnership structures) to share resources and co-operate on decision-making. In several cases, adherence to these features has led to the creation of joined-up, seamless services with the introduction of one-stop shops (e.g. Canada; the UK; Finland; the Netherlands). Where the state has retained a dominant role in budget-holding or delivery, then opportunities for partnership can be more limited.
3. *The co-location of services:* There is strong evidence to suggest that the physical co-location of partners involved in the employment and skills training can have a direct and positive effect on the success of the partnership. For example, Finnish Labour Force Service Centres (LAFOS) provided a forum for closer working through the co-location of agencies involved in matching employers with job-seekers.

E4. FINDINGS FROM INTERVIEWS WITH KEY STAKEHOLDERS

As noted above, members of the research team conducted 23 interviews with key stakeholders involved in the REF and employability provision in the North East. Organisations represented in the interview phase of the research included: Jobcentre Plus; ONE; LSC; Tyne and Wear City Region; TUC; VONNE; Tees Valley Joint Strategy Unit; Newcastle City Council; Newcastle Futures; North East Coalition; Association of Sector Skills Councils; A4E; and Working Links.

Interviews particularly focused on progress against, and future priorities for, the six strategic actions as set out in the REF Strategic Action Plan. These are:

1. to implement a framework for planning and co-commissioning of resources and provision at regional and local level;

2. to develop and implement strategies to identify and engage those customers who are furthest away from the labour market;
3. to develop and implement systems which encourage and reward provider collaboration, to drive customer progression throughout the journey to sustainable employment;
4. to develop and implement a streamlined recruitment and support service for employers, to encourage the employment and retention of workless people;
5. to influence policies, strategies and subsequent activities (at European, national, regional, sub-regional and local level) to support the implementation of the REF;
6. to establish an infrastructure to support the development and delivery of the REF, including data management, communications and labour market information.

REF stakeholders have made some progress on **providing a framework for planning and alignment of resources**. Full co-commissioning/resource-pooling has been difficult to achieve given key funders' (understandable) concerns with retaining accountability and institutional barriers around contracting regimes. There may be a need to recalibrate the REF's strategic actions to acknowledge that full co-commissioning is unlikely to be realistic in the medium-term. Instead activities in this area should focus on:

- continuing to advocate that "all stages of the client's employability journey need to be adequately funded" and encouraging funders to complement mainstream employability/skills provision funded by LSC and Jobcentre Plus (engagement with local stakeholders to encourage further progress on the alignment of Working Neighbourhoods Fund resources and other employability spending would be particularly valuable);
- learning from and building upon Jobcentre Plus-LSC experiences in the alignment of ESF commissioning;
- influencing and proactively engaging with Jobcentre Plus and LSC providers once commissioned, in order to help them to see how their provision fits with the broader REF model/complementary services offered by REF partners.

Future formulations of the REF need to focus more clearly on advocating the alignment of funding and on influencing the development of services on the

ground. It is important that REF stakeholders are able to arrive at a language that does not make over-ambitious claims about promoting co-commissioning – the need to continue to build trust (which can be problematic given the institutional barriers around funding) and to focus on practical, 'doable' objectives was seen as a priority for future action by key stakeholders.

The recent establishment of a 'Funding Group' of senior managers from funders at the regional and sub-regional level is welcome. The priorities for this Group should focus on producing a simplified picture of funding across the region and identifying further opportunities for alignment and complementarity in commissioning.

There is also a need to develop means of ensuring that providers involved in the delivery of Flexible New Deal and other mainstream Jobcentre Plus and/or LSC provision, have a role and stake in the REF process. Proactive engagement with these providers may allow REF stakeholders to influence their approaches and help providers to see how their services fit with the wider REF (potentially resulting in improved practical collaboration).

Progress on **developing and implementing strategies to identify and engage those customers who are furthest away from the labour market** has been visible, although given national priorities on combating worklessness, the specific impact of the REF is difficult to measure. REF stakeholders should continue to identify and promote good practice at the local level on engaging hard-to-reach groups. However, there remain concerns that some funders want to 'commission the whole journey', reflecting a natural concern to retain control over the quality and focus of services for clients.

Progress on **developing and implementing systems which encourage and reward provider collaboration** has been mixed. Contracting practices appear to raise barriers to collaboration, despite the efforts of funders to 'write the REF into tendering processes'. 'Rewarding collaboration' as a strategic action for the REF may be unrealistically ambitious. Instead, a priority for REF stakeholders should be to identify lessons from innovative funding mechanisms where providers are rewarded on the basis of client engagement/distance travelled (rather than job entry), and encourage the sharing of good practice on these issues. Future

formulations of the REF should avoid specifically seeking to 'incentivise' partnership-working and inter-agency referral, but instead seek to act as an advocate for rewarding *all the progress*/distance travelled with clients made by different agencies.

Progress on **developing and implementing a streamlined recruitment and support service for employers** has been difficult to achieve. The REF Employer Engagement Model remains something of a 'paper exercise' and there is an urgent need to fully operationalise its activities (so as to make progress on developing a coherent 'single offer' for employers). The region's Employer Engagement Model needs to be simplified and made more action-oriented. A renewed REF Employer Engagement Group – with substantial involvement from employers' organisations such as CBI and Chamber of Commerce and individuals employers – should be charged with taking forward practical actions around the development of a single offer of a suite of employability services for employers. The same group should have a broader remit around gauging employers' views and encouraging a sense of ownership, buy-in and a 'hands on' approach from employers as active participants in the REF.

Progress in **influencing policies and strategies** has been most evident at regional and sub-regional levels within the North East, where the REF has helped to promote a common language and (for example, through the REF client journey model) a shared understanding of employability. Key stakeholders see the REF as dovetailing with the national Integrated Employment and Skills agenda, and stakeholders have effectively 'laid the groundwork' for IES. But the REF may be best understood promoting progress 'beyond IES' by encouraging collaboration across the broader employment, employability and skills agenda (rather than just focusing on improved partnership-working on LSC-Jobcentre Plus agendas). This broad-based, holistic approach to employability should continue to inform the REF and partnership-working on employability in the North East.

There has been some progress on **establishing an infrastructure to support the development and delivery of the REF**. In general terms, improved sharing of information and practice was seen as a major benefit arising from REF activities, but it was also acknowledged that progress towards a consistently used common assessment and tracking system has been limited. A key barrier to

progress is that key funders retain their own systems, while also often allowing their contracted providers to use independently developed assessment and monitoring tools. Although there has been some progress in the form of a range of delivery agencies adopting the Hanlon system, take-up remains patchy and there are cost and appropriateness issues for some agencies. Nevertheless, there may yet be scope for closer joint-working on a user-friendly assessment and monitoring system such as Hanlon or a similar model.

It is again important that future formulations of the REF focus on what is 'do-able' on promoting shared approaches to client assessment, monitoring and tracking. A short-life working group under the REF (involving key funders, prime/main contractors and those with expertise in Hanlon) should be established to explore the issues of compatibility between different assessment/tracking systems. Such a group would have a remit to explore: the potential to link different systems; legal, funding and data protection issues; the potential costs and benefits associated with any new or 'wrap around' systems for gathering and transferring client data.

A number of structural changes may further help to promote the more effective delivery of REF priorities. The need for a strong core team driving REF implementation, and a clearer distinction between strategy and delivery in taking the REF forward. The recent moves towards giving the REF Implementation Team (REFIT) a stronger sub-regional focus/remit, and a clear focus on the implementation of REF actions, appears welcome and should be supported, as should progress on bringing 'Employability Leads' together from across different organisations. There may also be value in considering how the REF Strategy Group can best be structured so that includes key senior strategic managers, and has a clearer strategic remit (i.e. setting the agenda, identifying and communicating priorities for the REF).

More generally, the need to secure buy-in at the local level and across a range of different stakeholders is an important future priority for the REF. There is a need for increasing efforts to ensure that local authority-level organisations see themselves as active partners in the REF process. Renewed activity to engage local authorities – for example through a strengthened 'champions' network – is welcome and should be supported.

It is important that changes to how the REF is designed and implemented have a strong outcome-based focus. Where REF partners agree recalibrated strategic actions for the Framework, they must *at the outset*, also agree how progress is to be measured and what indicators of success will be used. REF partners must also consider how any changes to the REF will impact on client experiences and outcomes on the ground, and again how the REF's future impact at the individual level can best be measured (also a priority for Stage 2 of this research).

Interviews with key stakeholders also focused on the broader '**Strategic Added Value**' associated with the REF – interviewees were asked to 'consider the counterfactual' (i.e. Would partnership-working in the region have been as effective without the REF or with other partnership structures in place?). Many of the priorities for action (and indeed the REF's focus on partnership-working) are shared with national programmes and local initiatives. However, it is clear that the REF has: a) created a formal space for the sharing of ideas and information on employability that did not previously exist; b) contributed to the establishment of a common language and so an improved, shared understanding of employability agenda priorities among partners; c) promoted the REF client journey model as a means of encouraging funders/providers to consider their roles (promoting complementarity and helping to avoid duplication).

Finally, the REF will continue to play an important role as the North East seeks to respond to the recession. Indeed, REF stakeholders have a key role to play in seeking to ensure that new redundancy response funding/initiatives fit with existing strategies and programmes; and that service providers do not lose sight of the need to support groups further from the labour market. The REF has an important role to play in reinforcing the message that regional and local stakeholders need to address the complex range of issues that feed into worklessness – issues that remain in place despite rising general unemployment. Finally, as noted above, there may be a need for ONE and partners to consider whether additional REF actions are required focusing on joining-up the demand-side and supply-side agendas in response to the recession.

E5. BENCHMARKING THE REF AGAINST OTHER REGIONS

An analysis of key policy/research documents, interviews with key stakeholders and (in some cases) case study visits sought to benchmark the REF against approaches to partnership-working on employability in other English regions and UK nations. Research was undertaken with representatives in the following regions: North West; South East; East of England; Yorkshire and Humber; West Midlands; East Midlands; and London. Research was also undertaken with stakeholders in Scotland and Wales. A review of partnership arrangements across regions and nations has produced a number of lessons for the REF.

1. *Effective partnerships demonstrate their relevance and purpose.* The most effective partnerships in the regions and nations participating in our research were able to demonstrate strong buy-in from key stakeholders, based on an action-oriented approach. These partnerships tended to be characterised by an agreement to pursue realistic, 'doable' objectives, which were within the remit of key partners. Future formulations of the REF need to increasingly focus on 'what is achievable' given the policy and funding levers available to its key partners.
2. *Effective partnerships demonstrate local engagement.* Some of the strongest partnership-working on employability in regions and nations was characterised by an effective attempt to link local/sub-regional and regional policy agendas (for example, by ensuring that City Strategy Pathfinder activities were integrated with broader employability strategies). Generating strong buy-in and even closer alignment of local/sub-regional and regional objectives must be (and is) a key priority for the REF.
3. *Effective partnerships demonstrate an awareness of the economic landscape.* A dominant theme across all regions and nations was the impact of the recession. Its effects are likely to shape the action required by regional and national government bodies and their partners in the coming months. In England, the focus of RDAs is increasingly on those individuals at risk of redundancy or who have recently become unemployed. Several RDAs had implemented joint regional responses to

the economic downturn. The effect of these response papers, combined with widespread awareness of the effects of recession, was to reinforce and reinvigorate partnership arrangements. In Scotland and Wales, government stakeholders and partners are similarly focused on developing co-ordinated responses to redundancy and the recession – for example, the Scottish Government's 'Partnership Action for Continuing Employment' initiative seeks to co-ordinate the work of Government, local authorities, Scottish Enterprise, employers and trade unions to develop effective responses to threatened large scale redundancies. In the North East, REF partners are similarly currently engaged in a series of initiatives to promote effective redundancy responses – these immediate priorities may need to be more clearly reflected in the REF's strategic actions.

4. *Effective partnerships demonstrate local knowledge.* EEDA, SEEDA and Advantage West Midlands are working towards, or have implemented, a centralised repository for labour market intelligence. In Scotland, the Scottish Government's 'Futureskills Scotland' initiative has provided a focus for LMI resources and has helped to promote good practice at the local level. The use of a centralised source of labour market data enables partners to work to objectives that are grounded in empirical data and reinforces the sense of purpose and relevance that are necessary to maintain effective partnerships.

In general terms, the North East is relatively well placed to continue to make progress towards an integrated employment and skills agenda. The REF has provided a comparatively effective framework for partnership-working on employability. Benchmarking the REF against other nations and regions did highlight some specific issues of practice and partnership-working that REF stakeholders may wish to consider, such as:

- using a database of employability services as a means of encouraging local providers to present employers with options from a coherent suite of employability provision (thus allowing each individual provider to 'sell' themselves as part of a comprehensive, holistic network of service providers)
- the potential for further action on 'mainstreaming employability' in other areas of local authority public services, by investing in networking, training and

capacity building work with professionals working in a range of other policy areas;

- the need to continue to work to effectively join-up employability and economic development/regeneration agendas.

E6. CONCLUSIONS

The REF has made an important contribution to improving information-sharing and promoting a shared understanding of priorities and approaches to employability in the region. The REF has been particularly valuable in creating a space for the sharing of ideas, establishing a common language on employability agenda encouraging stakeholders to consider/understand their roles. The North East is arguably more advanced than other English regions in developing a region-wide approach to thinking about and planning on employability issues as a result of the REF.

In order to promote further progress, there may be benefits in considering a number of organisational changes to how the REF is implemented, including: a more tightly-focused (and potentially smaller) REF Strategy Group; a greater emphasis on local authority-level engagement; and an increasing support for short-life, focused working groups to pursue specific implementation priorities.

In terms of the content of the Framework, the findings discussed above highlight the need to recalibrate the REF's strategic actions to focus on 'do-able' objectives around:

- the *alignment* of funding wherever possible and *influencing* the practice of contracted providers so as to promote complementary services and avoid duplication;
- producing a simplified picture of funding across the region and identifying further opportunities for complementarity in commissioning;
- proactively engaging with contracted providers involved in the delivery of Flexible New Deal, Pathways to Work and other mainstream Jobcentre Plus and/or LSC provision, so that these providers feel that they have a role and stake in the REF process;

- exploring new ways to 'reward collaboration' and *all* the progress/distance travelled with clients made by different agencies;
- facilitating the operationalisation of the REF Employer Engagement Model by proactively engaging with employers/employers' organisations and focusing on practical actions around the development of a 'single employability offer' for employers
- promoting shared approaches to client assessment, monitoring and tracking (for example, by exploring issues of compatibility between different client assessment/tracking systems);
- supporting effective responses to the recession, and in particular ensuring that redundancy response strategies benefit from being linked to the range of provision, resources and expertise that falls under the REF.

In conclusion, the REF has laid the groundwork for the emerging IES agenda in the North East. But the REF should be retained as a flexible framework informing partner agencies' policy actions – it can help, and has helped, partners to move 'beyond IES' by encouraging collaboration on a holistic employability agenda across the North East. The REF has added value by strengthening partnership-working, improving communication and promoting a shared understanding of employability and responses to labour market disadvantage in the North East. The recommendations in this report seek to inform future work that will help REF partners to move towards an increasing focus on the implementation of actions on the ground. Continuing work on implementing and operationalising the REF on the ground will help to ensure that the strong progress made in the North East on partnership-working on employability will have positive impacts for those excluded from the labour market.

1: INTRODUCTION AND METHODOLOGY

1.1 Introduction

This document reports the findings of research conducted by the Employment Research Institute, Edinburgh Napier University evaluating the North East's Regional Employability Framework (REF).

The REF represents an important initiative by the Regional Development Agency, One NorthEast (ONE), the Learning and Skills Council (LSC), Jobcentre Plus and partners to progress towards a single accessible network of employability support meeting the needs of both employers and individuals. The REF will also play a key role as stakeholders in the North East move towards an 'Integrated Employment and Skills' (IES) service for the region, as envisaged by the UK government.¹ Bringing together national government agencies, regional stakeholders and local bodies, the REF provides a partnership framework, which seeks to: improve joint planning between all key stakeholders; promote joined-up services so as to create an employment ladder and coherent journey for individuals; create and roll-out a common assessment and tracking system across employability agencies; and benefit employers by helping them to address their recruitment and skills needs.

REF partners have worked together to identify and address six strategic actions that will help to achieve these aims:

- to implement a framework for planning and co-commissioning of resources and provision at regional and local level;
- to develop and implement strategies to identify and engage those customers who are furthest away from the labour market;
- to develop and implement systems which encourage and reward provider collaboration, to drive customer progression throughout the journey to sustainable employment;
- to develop and implement a streamlined recruitment and support service for employers, to encourage the employment and retention of workless people;

¹ DWP/DIUS (2007) *Work skills command paper*, London: DWP/DIUS.

- to influence policies, strategies and subsequent activities (at European, national, regional, sub-regional and local level) to support the implementation of the REF;
- to establish an infrastructure to support the development and delivery of the REF, including data management, communications and labour market information.

The REF has provided an important starting point for partners to make progress towards a more joined up employability and skills network. It has helped to establish a coherent 'journey model' helping key stakeholders, delivery partners and customers to identify stages in the journey to work (and where different stakeholders/partners make an impact on that journey).

1.2 Aims of the research

The aims of the research were:

- to review the extent and effectiveness of REF partnership-working within the region (in line with the partnership's own objectives and compared with best practice from elsewhere), in terms of alignment, influence and membership, and 'strategic added value';
- to identify the main challenges in strengthening partnership-working and promoting greater shared ownership among local stakeholders over the period to April 2010, and in ensuring alignment with the developing Integration of Employment and Skills agenda.

1.3 Methodology

There were three phases to the research.

Phase One involved a desk-based policy and evidence review on good practice in the EU and North America on partnership-working on employability.

Phase Two involved 23 in-depth interviews with representatives of ONE, LSC North East, Jobcentre Plus and other key stakeholders. These interviews focussed on the effectiveness, extent, strengths and limitations of current partnership-working under the REF. Interviews gauged stakeholders' impressions of the role of the REF in facilitating partnership-working and sharing knowledge of services and good practice. This phase of the research identified how the REF has delivered on objectives and where further progress is needed.

Phase Three involved benchmarking the REF against good practice elsewhere through a series of face-to-face and/or telephone interviews with representatives of the other key stakeholders in other UK nations and regions. These interviews focused on recent developments in local and regional employability partnerships. Lessons for policy in the North East are identified, and current REF arrangements benchmarked. Drawing on evidence from these interviews, a series of case studies were undertaken to further explore best practice in partnership-working on employability in other UK nations and regions.

1.4 Structure of the report

Following this introduction, Section 2 reports the findings of a desk-based review of evidence and policy on partnership-working on employability. Section 3 reports the findings of interviews with key stakeholders involved in the REF process and employability provision in the North East. Section 4 draws out specific findings from key stakeholder interviews and a review of the REF in practice to make recommendations for taking forward the REF. Section 5 benchmarks partnership-working on employability in the North East, based on research on approaches in a number of other UK nations and English regions. Section 6 reports conclusions from the preceding analysis.

2. REVIEW OF EVIDENCE AND POLICY ON PARTNERSHIP-WORKING ON EMPLOYABILITY

2.1 Introduction to review of evidence and policy

More effective partnership-working is at the core of the way in which government is seeking to address economic exclusion and improve the delivery of employability policies. Partnership-working between different administrative levels of government can improve the co-ordination of activities, provide flexible, specialised services, and minimise inefficiencies due to the unnecessary duplication of services. Furthermore, partnerships across local and strategic levels of government enable the representation of local needs and views within policy frameworks. Across the OECD, governments have created networks of area-based partnerships through which 'agreements on long-term priorities involving a wide range of stakeholders may be used to deliver programmes and services consistent with local conditions' (OECD, 2008: 13)². Area-based partnerships represent an attempt to ensure that local actors are systematically engaged in local decision making rather than as a response to a specific threat such as the collapse of a major local employer.

Two trends are evident in the literature on the evolution of recent partnership-working. Firstly, the findings of the Leitch Review of Skills (2006)³ and the Freud Review of Welfare Reform (2007)⁴ have emphasised the role of partnership-working as means of achieving their recommendations. The Leitch review of skills (2006) recommended that the 'UK commit to becoming a world leader in skills by 2020, benchmarked against the upper quartile of the OECD' (Leitch, 2006: 3). This was to be achieved by increasing basic literacy and numeracy and shifting the balance of intermediate skills from Level 2 to Level 3. There is some evidence that the Leitch review has accelerated partnership-working across government as measures are implemented to ensure improvements in skills development for employees and those seeking work. The second trend in the

² Giguere, S., (2008) More than just jobs. Workforce development in a skills based economy. OECD. 2008

³ Leitch Review of Skills. Prosperity for all in the global economy – World class skills. Final Report. December 2006. HM Treasury.

⁴ Freud, D., (2007) Reducing dependency, increasing opportunity: options for the future of welfare to work. An independent report to the Department for Work and Pensions.

field of employment and skills has been the establishment of the link between raising skills levels and creating a more economically prosperous society. Related to this aim is the Government's intention to improve social inclusion and social mobility. The Skills White Paper describes a requirement for a 'step change in productivity and social mobility' (HMG 2005: 4)⁵.

This section of the report considers current trends in partnership-working in the field of skills and employability. We provide a review of some of the key published work in the field. The following section discusses the concept of partnership and discusses the benefits and limitations of partnership-working in practice. We conclude this section by offering an insight into the way in which partnership-working has been developed and delivered across a variety of international welfare regimes.

2.2 Definitions of partnership

The term 'partnership' covers widely differing concepts and practices and is used to describe a wide variety of types of relationship in a myriad of circumstances and locations. The OECD (1990: 18) has defined partnerships as:

Systems of formalised co-operation, grounded in legally binding arrangements or informal understandings, co-operative working relationships, and mutually adopted plans among a number of institutions. They involve agreements on policy and programme objectives and the sharing of responsibility, resources, risks and benefits over a specified period of time.

The concept of partnership continues to be used in a range of contexts, with reference to various meanings. Pollitt (2003)⁶ suggests that one way of identifying effective partnerships is by studying their intended outcomes.

First, situations in which different policies undermine each other can be eliminated. Second, better use can be made of scarce resources. Third,

⁵ Skills: Getting on in Business, Getting on in Work (HMG 2005)

⁶ Pollitt, C., *Joined-up Government: A Survey*. Political Studies Review. 2003. Vol. 1, 34-49

synergies may be created through the bringing together of different key stakeholders in a particular policy field or network. Fourth, it becomes possible to offer citizens seamless rather than fragmented access to a set of related services. (Pollitt, 2003: 35)

This method for understanding the character and purpose of partnerships is a useful counterweight to some of the more abstract definitions of partnerships. It makes use of several widely recognised benefits of partnership. Firstly, that the implementation of policy may have unintended outcomes. For example, the emphasis on performance management in schools throughout the 1990s led to a rise in exclusions and a corresponding rise in the incidence of criminality among young people (DETR, 2000)⁷. Closer co-operation among those involved in the delivery of programmes should enable the identification of unintended outcomes. Secondly, at a time when tax revenue is falling due to the current economic recession, and the increase in unemployment is placing a greater burden on the state through the need to support the unemployed, public services have a duty to demonstrate that they are making efficient use of resources. Partnership may highlight where duplication of services is occurring thereby creating opportunities for cost-saving.

Thirdly, by bringing together individuals with different specialisms and experience, there may be opportunities for the cross-fertilisation of ideas. For example, many amongst the ranks of the long-term unemployed are likely to experience significant social problems: debt; chaotic home lives; ill-health; low-levels of education. By bringing together individuals and organisations with experience in addressing these issues, there may be an opportunity for those with experience in providing, for example, debt advice, to enable an individual to address some of the issues that may have acted as an obstacle to entering employment. The fourth purpose of partnership as set out in Pollitt's (2003) description refers to the benefits that may arise as a consequence of providing a more streamlined service to users. Modern reforms to the UK welfare system have pioneered the use of 'one-stop shops' as a means of delivering a range of services under one roof. The Working Neighbourhoods pilot that ran from 2004-2006 deployed the concept of a one-stop shop whereby users had access to

⁷ Local Government. Cross-cutting Issues in Public Policy and Public Service - Full Report 1999

skills assessment and development advice delivered by the government's LearnDirect agency; specialist learning services (including literacy provision); debt advice provided by local voluntary organisations; financial support from a newly-formed credit union; childcare facilities provided by an on-site nursery; access to job search facilities including newspapers and computers. Although the REF is not a front-line method of delivery, there are parallels between the one-stop shop approach and the objective of the REF to provide a seamless, integrated client journey.

2.3 Benefits of partnerships

Partnership-based approaches to dealing with social and labour market exclusion have become increasingly popular among policy makers. A review of the literature suggests that there are a number of benefits associated with inter-agency co-operation.

Flexible and responsive policy solutions

Perhaps the most regularly deployed argument in favour of partnership-based approaches is that the problem of social and labour market exclusion is complex and multi-dimensional, requiring a range of inputs from stakeholders. The individual barriers (e.g. lack of skills), personal circumstances (e.g. caring responsibilities) and socio-economic context (e.g. living in an area of multiple deprivation and low job opportunities) faced by people with low employability are often inter-related, over-lapping and mutually reinforcing. Hence policy solutions aimed at one factor, or part of the support system, are unlikely to be fully successful due to the counteracting impacts of other factors. Partnerships between key actors or service providers are therefore essential in order to tackle the various causes as well as the symptoms of low employability. In terms of labour market policies, local partnerships arguably facilitate the tailoring of the programme and its delivery to the specific problems and opportunities of local labour markets.

Facilitating innovation and evaluation

Partnerships arguably have greater scope to test new and innovative approaches – the fact that stakeholders come together from a range of different policy

perspectives can, in itself, produce greater dynamism through the sharing of ideas, expertise and practice. Effective partnership-working therefore challenges existing approaches by bringing to bear experience from other sectors and organisations, and developing new ways of working.

Sharing knowledge, expertise and resources

A defining feature of any inter-agency partnership is the manner in which skills, knowledge and expertise are shared in order to maximise the appropriateness, quality and efficiency of provision. By engaging with private and third sector providers with expertise in specific areas of service provision, or with experience in engaging particularly disadvantaged client groups, public agencies can expand the reach, diversity and quality of their services.

Pooling of resources, synergy and 'bending the spend'

At the most basic level, partnership-based approaches can increase the total level of resources brought to bear on problems, by increasing the number of budget-holding organisations involved in delivering solutions. Synergy may also be achieved through combining complementary resources from different organisations and from them operating in more appropriate ways compared to their normal organisational approach. However, it is in targeting or altering mainstream expenditure on specific shared goals ('bending the spend') and achieving synergies, and so maximising the impact of resources, that partnerships are seen as potentially having greatest impact.

Developing a coherent service

Partnership-working at the strategic level can ensure that policy initiatives in major areas of government activity are aligned. The drive to achieve coherent local and regional frameworks linking regeneration and employability policies has been a major theme of recent reforms in Great Britain and Northern Ireland. The integration of policies under shared strategic priorities can ensure that – for example – supply-side and demand-side labour market strategies complement each other, and that supply-side interventions are informed by the needs of employers, communities and local labour markets.

Improving efficiency and accountability

One of the key benefits associated with effective inter-agency co-operation is that it can lead to more efficient policy delivery, by eliminating the duplication of effort and improving communications. Within partnerships, inter-agency bodies have the capacity to be more democratic – at best they can open up decision making processes and gain the input and buy-in of organisations representing a broad range of constituencies and interests. However, there are often concerns that it is not clear who is in charge.

Capacity building

Examples of best practice in regeneration projects in England have demonstrated that local partnerships can build community capacity and engender a sense of community ownership. For the voluntary sector, inter-agency co-operation (particularly with government) offers new opportunities to have a practical impact on the policy agenda, enabling organisations to fulfil the key objectives of representing the community and giving voice to the concerns of disadvantaged groups. Becoming 'delivery partners' can also help these organisations to access much needed long-term and stable funding.

Gaining legitimisation and 'buy-in'

The tapping of 'local knowledge' through the involvement of community-level stakeholders can contribute to the development of approaches that are able to engage disadvantaged communities and address specific, localised problems. Engaging community-level stakeholders can also result in the legitimisation of, and mobilisation of local support for, new policy goals. At a basic level, the involvement of local people may help the recruitment and retention of 'hard to reach' individuals. At the planning level, where lead agencies are willing to cede and share decision making, budgets and responsibilities with partners, they can engender a sense of shared ownership, helping to legitimise their policy aims.

2.4 International case studies

This section provides a review of international evidence on best practice on partnership-working in the delivery of employability services. Evidence from EU and other OECD countries is presented in order to identify areas of innovative

practice in partnership-working. The review focuses on areas of practice that have linkages with the implementation of the REF. These areas are: the use of partnerships to create an integrated employment service; and creating partnerships across administrative regions.

2.4.1 Partnerships to create an integrated employment service

It is the intention of the REF to 'provide a single accessible network of support that meets the needs of both employers and individuals' (REF Draft Strategy 2008-2011). This intention reflects current thinking in public administration that views the integration of public services as a means to enable a greater level of responsiveness to complex social situations (Klievink & Janssen, 2009)⁸. Greater integration of services refers to the 'consistency between the organizational arrangements of programs, policies, or agencies, which may enable them to collaborate' (6, 2004: 106)⁹. The following section uses case studies from 3 countries to examine the way in which these developments have emerged and to consider potential implications for the REF.

Finland

Historically, public employment services in Finland were organised around the principal of creating localised services. This method of organisation was criticised however because of the way in which it reinforced local inequalities and led to high administrative costs. Recent reforms have sought to create a more integrated and personalised approach to the delivery of public employment services. Unified local social service offices were created to provide an integrated form of provision. The use of local services was perceived to have improved the relationship between the local community and public services to the extent that 'the Finnish welfare system reached a significant level of integration between different social services areas and between public social services and local voluntary organisations' (Genova, 2008:384)¹⁰. Despite the way in which the organisations of services around local areas has improved integration across

⁸ Klievink, B., Janssen, M., (2009) Realizing joined-up government — Dynamic capabilities and stage models for transformation. *Government information quarterly*: 2009

⁹ Perri 6 (2004) Joined-up government in the western world in comparative perspective: A preliminary literature review and exploration, *Journal of Public Administration Research and Theory* 14 (1) (2004), pp. 103–138.

¹⁰ Genova, A. (2008) Integrated Services in Activation Policies in Finland and Italy: A Critical Appraisal. *Social Policy & Society* 7:3, 379–392

organisations, there was criticism that the localised method of delivery reinforced inequities. These protests led to the introduction of the 'life-course approach' in 2005. Under this approach, social services would be delivered in line with four main stages of life: childhood, youth, adulthood and old-age.

In 2002, a new integrated employment service was organised to provide assistance for those considered at greatest distance from the labour market. Pilot initiatives were launched across the largest cities in Finland to improve integration between labour administration, social affairs administration and the social insurance institutions. The outcome of this joint arrangement is the Duuri which has responsibility for moving those long-term unemployed into the labour market. Genova argues that the Duuri has had a positive impact on the re-integration of the long-term unemployed into the labour market.

More than an organisation, Duuri is a network, characterised by multiple professional figures, and has to be considered one of the most advanced experiences of integrated services in the EU. It relies on institutional integration between the public employment office and the City of Helsinki, aiming to promote employment in the city and representing a good example of managerial integration. (Genova, 2008: 386).

Duuri provides the unemployed with skills training, access to job opportunities and access to a range of professional services including social workers, employment officers, nurses and psychologists. Psychologists are employed by the Employment Office with responsibility for assessing and planning vocational rehabilitation. Similarly, nursing staff are responsible for improving the general health of those seeking employment.

Canada

The structure of the Canadian labour market is liberal and decentralized. Unlike in the more centralized structures of the Nordic countries, the state has made few attempts to coordinate labour market initiatives. Labour market policies have historically involved both federal and provincial governments. Constitutionally, the provinces have responsibility for social policy and the technical and vocational colleges through which some active labour market policies are delivered. Many of

the remaining services offered to the unemployed are delivered through a mixture of federal and provincial government assistance.

Labour market initiatives are delivered by the Human Resources and Skills Development Canada, provinces, territories and Aboriginal organizations. These groupings form bilateral agreements called Labour Market Development Agreements (LMDA's). Provinces and territories use third party providers to assist in the delivery of active labour market programming. There are two forms of LMDA's: transfer and co-managed. Under a transfer LMDA the provinces and territories have responsibility for design and delivery of employment advice measures. The funding and staffing of these programmes is transferred to the provinces and territories. Co-managed LMDA's are those where provinces and territories assume responsibility for the design and delivery alongside the federal Human Resources and Skills Development Canada.

With respect to those job-seekers who attend employment offices where services are co-located, a more systematic and comprehensive monitoring of clients who shift between federal and provincial income support is possible. The co-location of employment services fosters an informal co-operative culture at the local level. Cooperation through the co-location of employment services has improved services to job-seekers because there now exist mechanisms for joint planning and evaluation. For example, under the transfer LMDA's there are standing federal-provincial committees responsible for the implementation and administration of agreements. Under co-managed LMDA's there are permanent federal-provincial committees charged with program development and implementation.

USA

The Workforce Investment Act 1998 requires that a range of employment services are delivered through 'one-stop shops' (Belzer, 2007)¹¹. These 'shops' provide a single physical space for a range of support and training services for the unemployed. The Act encouraged these services to be delivered from a single location so that co-operation could take place between partners. Partners who operate from these 'shops' include: the local Workforce Investment Board

¹¹ Belzer, A., Implementing the workforce investment act from in-between. State Agency Responses to Federal Accountability Policy in Adult Basic Education. Educational Policy, Vol. 21, No. 4, 555-588 (2007)

(the local conduits for federal employment and training money focused on disadvantaged adults), un or underemployed individuals, living with very limited income and displaced workers (workers losing jobs through lay-offs); the state unemployment insurance system; the local employment service system (federally funded labour exchanged activities, principally job posting and labour market analysis); vocational rehabilitation system (state and federally funded service to help disabled workers connect with the labour market).

Although the Workforce Investment Act created certain expectations in the provision and delivery of employment services, there is considerable local autonomy in the design and delivery of these services. This autonomy has produced considerable disparities in the provision of services across, and within, different states. Some Job Centres provide little more than co-location of services whilst others provide seamless and high quality services where clients cannot discern program barriers and where staff coordinate on provision of services to both job seekers and employers. The uneven nature of the system is partly a result of integration which is federally mandated, but locally controlled.

In addition to the 'one-stop shops', the federal government also contributes to Workforce Development Boards (regional agencies with mandated boards including public partners and private business leaders). These Workforce Development Boards fund programmes for disadvantaged youths, disadvantaged adults (low income adults either unemployed or employed but earning too little money to be self sufficient), and displaced workers (workers who lose jobs through redundancy). These Boards are also intended to provide stronger strategic integration of workforce development programs. As with Job Centres, the quality of these Boards is variable.

The Workforce Investment Boards work in each state at a regional level. In general, these boards contract with local providers for services for specific clients. These Boards also support, and sometimes manage, the One Stops and their funding is intended to provide any interested person with some minimal level of service. Workers with insufficient income and long-term unemployed workers can receive more intensive services from agencies with whom the Workforce Investment Board contracts. Workforce Investment Boards can also use resource to provide training for individuals. This training sometimes takes place through

'individual training accounts' which provide workers with a voucher for training at certified providers.

The 'One Stop Shops' established by the Workforce Investment Act (1998) have had a positive impact insofar as they bring job-seekers closer to previously disparate sources of information. At a local Job Centre, a job-seeker has access to child-care facilities, the internet, employment specialists, housing and benefits advisors and college course representatives. This is made possible due to the co-location of a range of employment services under one roof. The co-location of services has advantages for strengthening linkages between agencies.

The Netherlands

The Netherlands' employability policy institutions have experienced a process of rapid and almost constant reform since the 1980s. In terms of managing employability budgets, the 2002 'SUWI' Act (meaning 'implementation structure for work and income') established the UWV – functioning under the control of the Ministry of Social Affairs and Employment – as the single management body for activation for the insured unemployed. However, this shift towards the centralised administration was unusual during a period when successive governments promoted the establishment of integrated local jobcentres ('Centres for Work and Income') and contracting-out of centrally managed employability programmes as a means of delivering more locally and individually-focused services. Local authorities have remained in charge of benefits and services for the uninsured unemployed (claiming income-based benefits), while a reform to funding mechanisms has given each municipality total autonomy over the delivery of activation services, but also total financial responsibility for income-based benefits.

Since 2000, employability and support services previously led by the Public Employment Service have been subject to a series of privatisations, and since 2002 the role of the Public Employment Service (now known as 'CWI') has been largely limited to gatekeeping – registering clients, assessing their 'distance' from the labour market, and providing basic job matching and employability services for the most able during their first six months of unemployment. There is evidence that Centres for Work and Income have improved partnership-working and the joining up of services – these Centres have co-located the CWI gatekeeping

agency alongside the key funding/management agencies for employability programmes (local authorities and the UWV). However, an increasing role for local authorities in leading the delivery of strategies will raise questions around the variability of capacity and expertise across municipality areas. There are also concerns that the extensive use of contracting-out has not fully delivered the promised individually-focused services, and that the quality of interventions varies according to the priorities and capacities of different private contractors at the local level. Furthermore, with local authorities and the UWV acting as purchasers, and the CWI restricted to a marginal role involving mainly job matching and signposting, much of the traditional influence and expertise of the Public Employment Service now transferred to the private sector – public agencies risk losing the detailed understanding of 'what's needed' and 'what works' that only comes from direct engagement with clients and service providers on the ground.

2.4.2 Creating partnerships across administrative regions

In common with the delivery of the REF partnership in the North East, international welfare regimes must also manage the implications of integrating different administrative regions into their partnerships. The national welfare regimes we discuss here reflect variation in the extent to which decision making powers with regard to employment, skills and training is either retained as a function of national government or has been devolved to a local level. We begin by studying the way in which partnerships have been forged across regions within European countries.

Belgium

Employability policies in Belgium revolve around the provision of training and subsidies to employers to take on job-seekers. Across Europe and the North America, Belgium has the highest expenditure in direct job creation programmes as a percentage of GDP. Nearly 0.5% of GDP goes toward direct job creation programmes. Cooperation in the delivery of employability is effectively imposed through government quotas on the recruitment of young people into public and private sector employment.

Despite a large bureaucratic structure, certain employability functions such as training and assessments for job suitability have been devolved to the regions. Elements of employability strategy that deal with subsidised employment are funded by central government but they reflect regional labour market policies and needs. At the regional level, regional local government officials and administrators administer the public employment services. Although there has been an element of decentralisation of the public employment services, the internal structures of the PES are not very decentralised. The local public employment service delivers counselling and tailored support services to jobseekers. In Belgium, attempts to ensure greater decision making at the local level have also been coupled with moves to encourage greater cooperation between local policy makers. Changes to the way in which active labour market policies were delivered have been instituted through sub-regional consultative platforms with the aim of creating a coordinated labour market approach. Local public bodies charged with delivering welfare were given responsibility for outsourcing some of their activities and entering into partnerships. In 2006, the Flemish areas of Belgium introduced legislation so as to allow the possibility of tendering certain aspects of counselling and training of the long-term unemployed to commercial and non-commercial third parties.

Finland

Moving into northern Europe, in Finland unemployment benefits are some of the highest in Europe (OECD, 2009)¹². The employment policy programme is led and coordinated by the Ministry of Labour. The employment policy programme is implemented in close cooperation with the Association of Finnish Local and Regional Authorities. The social partners are the main stakeholders with whom implementation of the programme is regularly discussed at the Ministry of Labour's Council for Labour Affairs and Committee on Labour Policy. A report by the Finnish Ministry of Social Affairs (2008)¹³ noted that 'partnerships between government and organisations have long traditions in Finland. These activities are important for the prevention of poverty and social exclusion and with respect to opportunities for inclusion and participation of socially excluded people'. European Social Fund programmes are implemented in cooperation with administrative and social partners. Those tasked with monitoring the

¹² OECD, [Economic Policy Reforms: Going for Growth 2009 - Finland Country Note](#)

¹³ National Strategy Report on Social Protection and Social Inclusion 2008-2011. Reports of the Ministry of Social Affairs and Health 2008:44

implementation of ESF programmes include the administration, the social partners, businesses, regions and the Equality Ombudsman's Office.

France

In France, partnerships across different administrative regions primarily function at local and sub-regional levels (OECD, 2005)¹⁴. The objective is to support employment development in the regions and to co-ordinate training, jobs and social inclusion. New decentralised structures are responsible for providing advice to young people in conjunction with local social and economic players. A 2004 report noted channels for building a closer partnership between the employment services, 'the National Union for Employment in Industry and Commerce (UNEDIC) and the National Employment Agency (ANPE)'. However there have been considerable difficulties in creating partnerships owing to the way in which responsibility for employment matter are widely dispersed across a multiplicity of structures. Institutions responsible for the delivery of services to job-seekers include the Ministry of Labour and its regional representatives, the National Employment Agency and the unemployment insurance system (UNEDIC). However the UNEDIC is administered by social partners who operate at various territorial levels (national, regional, departmental, local), which do not necessarily coincide and which reinforces the complexity of the system.

In addition to the national level structures responsible for employability, local authorities are involved in the delivery of employability programmes. These authorities are responsible for vocational training to the unemployed and have a role in the implementation of the Minimum Income policies. It is also worth noting that the Adult Vocational Training Association has a role in the delivery of vocational training. At the local level there appears to be no formal structure for the integration of differing services. Local cooperation can take different forms, but includes something called the Local Plan for Economic Integration which are created locally but usually involve the local branches of the national Ministry for Labour and, since 2005, the Job Centres.

¹⁴ OECD. Local co-operation for employment. 2005

Part of the difficulty that the French state has had in introducing partnership is related to the dominant position of the state and the absence of a culture of accountability from French political discourse. French resistance to contracting employability services can be seen as problematic when the state, political parties and government are increasingly seen as no longer being the primary expressions of democratic action. This must be seen in conjunction with the view that the modern state is too large and inflexible to respond to issues that affect local communities (Benington & Geddes, 2001)¹⁵. Therefore the ability of powerful groups within society to shape the terms of political debate in conjunction with the erosion of the states capacity to address micro-issues, require new forms of accountability.

The French state has been unwilling to relinquish the level of control over the French Employment Services and Benefit System (ESBS) necessary to form truly decentralised partnerships. Barbier describes how 'just like bolder reforms seem to be halted through the existing fragmentation inherited from the past, actual decentralisation has remained only partial across the French ESBS' (Barbier, 2005: 271).

Germany

Partnership within the German federal system occurs between the National Government, local authorities and Lander (regional governments). At the local level there are also public-private partnerships. These public-private partnerships offer job advice services. These partnerships can involve employers, trade unions and vocational training institutions and have been formalised.

Although there is some evidence of the involvement of non-public bodies in the distribution of German labour market programmes, in the view of Konle-Seidl (2005), the German state has made use of private providers for training and job-creation schemes for more than three decades, however this outsourcing has 'not been on an outcome-funded, contractual basis but rather on a discretionary, delegatory basis' (Konle-Seidl, 2005: 187)¹⁶.

¹⁵ Benington, K., Geddes, M., (2001) Local partnerships and social exclusion in the European Union: new forms of local social governance? Routledge, 2001

¹⁶ Eichhorst W. e Konleeidl R., 2005, "The Interaction of Labour Market Regulation and Labour Market Policies in Welfare State Reform", IZA discussion paper n. 1718, Institute for the Study of Labor (Iza), Bonn

How do we characterise these changes to the provision of German job placement and their effects on interagency cooperation in the delivery of employability practices? As has already been described, these changes do not constitute a clear break from the conservative tradition of a strong central state. The state has retained a degree of control over private employment services through a licensing system. However this position remains in contrast to the monopoly that the state public employment service retained over job placement activities for six decades until 1994 (Konle-Seidl, 2005). Since that time, the job placement regime in Germany has moved from a position of state monopoly over job allocation, to a system of semi-market partially regulated private employment services.

Whilst local partnerships may have had some effect for certain sections of society, there is some evidence that cooperation between local partners in the delivery of unemployment reduction measures is constrained by the reluctance of some organisations to engage in partnerships. This may be because some organisations are concerned that a larger more dominant partner will affect their own objectives. Furthermore, there is a view within some quarters of the public sector that some private or non-profit groups are not professional enough to engage in a partnerships to reduce unemployment. These outcomes lead Birkholzer and Lorenz to conclude that 'with few exceptions, current economic regeneration and employment programmes do not support or comply with the partnership approach' (Birkholzer & Lorenz, 2001: 109)¹⁷.

Spain

The Spanish system is characterised by varying degrees of decentralisation. Different regions have sought greater degrees of autonomy, and therefore possess differing levels of responsibility for employability policies. Although responsibility for the management of Social Security remains the responsibility of the state, several benefits have been devolved to regional administrations. Additionally, some regions have created their own social security policies. The Basque region took the lead in the introduction of the minimum income guarantees. This was then followed by the other regions who established their own funds, eligibility conditions and integration plans. There are 16 Autonomous

¹⁷ Birkhölzer K, Lorenz G (2001) Grass roots local partnerships in the Federal Republic of Germany. In M Geddes, J Benington, eds, *Local Partnerships and Social Exclusion in the European Union*. Routledge, London, pp 92 - 110

Communities but only the Basque Country and the Cities of Ceuta and Melilla have responsibility for the delivery of activation services. Central government negotiates annually with the autonomous regions to devolve certain employment, culture, health and education services to a local level. The devolution of powers, including those relating to employability, has allowed for greater adaptability to local needs and the development of regional models of action. However it has also created contradictions between local and national provision and, in some areas, led to the overlapping of responsibilities.

The Spanish National Employment System is composed of the National Public Employment Service and the public employment service of the Autonomous Communities. The Sectoral Conference for Social Affairs is the means by which central government and the Autonomous Communities collaborate in the creation of employment policy. The National Public Employment Service (NPES) is an autonomous organisation within the central government administration which is charged with regulating and monitoring employment programmes and measures. The executive committee of the NPES has representation from the main employers and the trade union organisations.

The Autonomous Communities also have a public employment service through which the regional governments deliver their active labour market policies. The employment services function in partnership with employers organisations and trade union representatives. The public employment services are also responsible for the delivery of active labour market policies, although the PES is entitled to collaborate with other agencies in the delivery of these policies.

The delivery of active labour market policies is brought about through the Integrated Services for Employment (SIPE) and the associated entities of the SIPE, the Integrated Employment Services. From the job-seekers perspective, SIPE consists of a work interview, information about suitable employment, a personal plan for employment and training, the development of personal characteristics for a specific job, active search for employment, specific plans for acquiring professional experience, and the provision of information and assessment for self-employment and other types of business start-up initiatives. This package of active policies is delivered by the Public Employment Service or by contracted training providers.

Within the literature on the Spanish model of social security and employability, there are conflicting views as to the effects of decentralisation on the implementation of active labour market policies. The Spanish system is a mix of the decentralised provision of active labour market policies and the retention of state control over the centralised distribution of benefit payments. In the view of Villagomez (2004) writing on the cross-transferability of Spanish active labour market policies, the mix of centralised distribution of social security policy and the decentralisation of active labour market policies to the Autonomous Communities, 'has been one of the great achievements for avoiding possible misuse of the system and ensures that those who need services to find jobs and/or increase their employability are given the best service possible' (Villagomez, 2004: 2)¹⁸. In her view, the move to the provision of increasingly personalised services (what are known in Spain as personalised insertion itineraries) has encouraged the decentralisation of service provision to local public employment services. These local public employment services are responsible for the provision of training, CV development, interview skills development, occupational training and job placement activities.

Denmark

In terms of the governance, planning and delivery of employability, Denmark has been seen as a leader in promoting effective regional responses. In 1994 fourteen new Regional Labour Market Councils (RARs) – co-ordinated by the Public Employment Service but with equal membership from social partner (employer and trade union) organisations and local authorities ('municipalities') – were established to plan activation for people entitled to insurance-based unemployment benefits. Employability programme content was agreed on an annual basis between RARs and the government, but RARs were granted some latitude in terms of setting their own 'tools and targets'. Crucially, these partnerships granted employers' organisations (and trade unions) a role in the management and design of employability programmes. A number of evaluations have since pointed to the added value associated with promoting such a sense of shared ownership among employers – with employers' organisations involved in

¹⁸ The Active Labour Market Policy Reform – The Second Wave. Statements and Comments. Elizabeth Villagómez Almenara Estudios Económicos y Sociales, S.L. 2004

the design of employability programmes, it is easier to arrange work-based training or place clients with individual employers.

The 2007 reorganisation of local and regional government in Denmark had important consequences for the governance of activation. Existing regional structures were wound-up. Public Employment Service and local authority-led service centres were amalgamated in 91 one-stop-shop 'jobcentres'. Four new 'state-region'-level Employment Councils have been charged with ensuring cohesion between the national and regional employment policy, while Local Employment Councils (covering each of the 91 integrated jobcentre areas) advise on the delivery of employability. However, despite similar interest groups being represented in these new local and 'super-region' level bodies, the decision-making authority and influence enjoyed by RARs has been lost. There is some evidence of employers being more reluctant to 'buy-in' to regional and local structures that have little concrete authority, with potentially negative consequences for partnership-working on employability in Denmark.

2.5 Key lessons for the REF

There is considerable variation in the extent and type of partnership-working across the countries surveyed. However despite national differences, it remains possible to identify key characteristics of partnership-working that can inform improvements to the REF model. This is possible because despite national variation in the character of partnerships, they retain their key elements of partnership discussed in section 2.2: formal or informal mechanisms of co-operation; a mutually agreed plan of action; the sharing of responsibility and resources to move towards a commonly agreed outcome or purpose. Therefore although there are clear differences between the formalised mechanisms for partnership established in Finland and the informal decentralised structure of partnerships evident in Canada, they retain key features of partnership.

From our analysis of the way in which international partnerships on employment and training have emerged we suggest that the following factors are common to

the effective delivery of partnership based approaches to moving individuals closer to the labour market.

- 1. The co-location of services:** Partnership-working in the Canadian, Dutch, Finnish, Norwegian and US cases has demonstrated the potential importance of co-locating employment services. Promoting physical closeness between service providers has been seen to encourage closer partnership-working and common working practices. In Canada, the co-location of services fostered an informal co-operative culture across partner agencies and, critically, improved the range of services available to job-seekers through the creation of joint planning mechanisms between key stakeholders. In the US, the co-location of services enabled clients to access a wide range of services under one roof thereby reducing barriers to employment. The benefits of the co-location of services in addressing worklessness have already been recognised in the UK: *'links between the commissioning processes for employment and skills and other service areas can help to realise opportunities for co-location and wrap a wide variety of additional support around core services'* (IDA, 2009)¹⁹. In the North East, the REF has added value by offering forum in which regional stakeholders are able to meet and agree common aims. To ensure that existing progress is solidified and that the REF can move to the fulfilment of a single accessible network of employability support to meet the needs of both employers and individuals, partners should consider areas of the REF 'client journey' where services can be co-located.
- 2. A single gateway:** The use of multiple entry points for labour market and welfare services information has been shown to have a disruptive effect on the administration of partnerships. The experience of many EU countries, where responsibility for the unemployed was split between national government and local authorities, demonstrated how the separation of responsibility for clients impedes the creation of a joined up service. There is widespread recognition among REF stakeholders of the

¹⁹ Improvement and Development Agency (2009). Tackling worklessness. Commissioning employment and skills services in partnership. Available at: <http://www.idea.gov.uk/idk/aio/9505871>

need to 'hide the wiring' and offer a seamless service for both employers and job seekers. The need for, and benefits of, continuing co-operation towards a single gateway approach, is a clear lesson for REF stakeholders from a review of international best practice.

3. **A shared strategic focus:** Countries that demonstrate effective partnerships also have effective mechanisms for ensuring that stakeholders are aware of the aims and purpose of the partnership. Furthermore, it is critical that partners possess a sense of ownership for their contribution to the partnership process. A consensus across partners regarding the intended outcomes of the partnership, and a sense of responsibility within each partner for making collaboration work on the ground, is key to the success of partnership-working. REF stakeholders have demonstrated a sense of responsibility over their contribution to the REF. That said, as Section 3 of this report demonstrates, there may be additional benefits in a refocusing of the strategic actions and objectives of the REF to provide greater clarity of purpose and shared ownership across REF partners. The consolidation of some strategic aims and the omission of others would arguably produce greater strategic focus.

3. FINDINGS FROM INTERVIEWS WITH KEY STAKEHOLDERS

3.1 Introduction

As a key element of the research, interviews were carried out with 23 representatives of organisations represented on the REF Strategy Group and other local and regional stakeholders with an interest in taking forward the aims of the REF. Organisations represented in the interview phase of the research included: Jobcentre Plus; ONE; LSC; Tyne and Wear City Region; TUC; VONNE; Tees Valley Joint Strategy Unit; Newcastle City Council; Newcastle Futures; North East Coalition; Association of Sector Skills Councils; A4E; and Working Links.

The interviews covered two broad areas: first, the extent to which partners have been able to make progress on, and future priorities for, the REF's six strategic actions; and the more general 'strategic added value' of the REF in improving joint planning, promoting joined-up services (including in-work support), and benefiting employers by helping them to address recruitment and skills needs.

The first part of this section of the report focuses on the REF's six strategic actions. These are:

- 1 Implement a framework for planning and co-commissioning of resources and provision at regional and local level.
- 2 Develop and implement strategies to identify and engage those customers who are furthest away from the labour market.
- 3 Develop and implement systems which encourage and reward provider collaboration to drive customer progression throughout the journey to sustainable employment.
- 4 Develop and implement a streamlined recruitment and support service for employers, to encourage the employment and retention of workless people.

- 5 Influence policies, strategies and subsequent activities (at European, national, regional, sub-regional and local level) to support the implementation of the Regional Employability Framework.
- 6 Establish an infrastructure to support the development and delivery of the REF, to include data management, communications and labour market information.

3.2 Progress on implementing a framework for planning and co-commissioning at regional and local level

The first strategic action of the REF stated that *partners seek to implement a framework for planning and co-commissioning of resources and provision*. Although there is considerable overlap between the concepts of 'co-commissioning' and 'planning', we need to consider progress towards these concepts separately as the term 'co-commissioning' refers to specific activities on the pooling of financial resources through which services are jointly procured. 'Planning', in the context of this strategic aim, refers to a broader series of activities that seek to engage stakeholders in the deliver of the REF to avoid the duplication of services and to ensure wider awareness of the purpose of the REF. Among the key regional partners in the REF, ONE, the LSC and Jobcentre Plus, there is a clear commitment to joint planning.

Planning arrangements for the REF appear to have benefited from the history of co-operation in the delivery of employability, economic development and skills across the North East that had taken root prior to the implementation of the REF. An LSC representative suggested that the most significant progress on joint planning had been made with the relationship between the LSC and Jobcentre Plus. Joint planning between the LSC and Jobcentre Plus has seen some progress in the alignment of funding (for example, through discussions during the commissioning of ESF co-funded services). The presence of joint planning in the delivery of services had, in the view of a local authority representative, come about due to the presence of these arrangements across the region prior to the

introduction of the REF. But although planning arrangements had previously existed the REF, by outlining a client journey along which individuals are expected to progress, had enabled providers to understand with greater clarity the way in which their joint planning arrangements fitted into regional employment strategies.

Planning at local level has always been there. It just hasn't been as obvious as a framework. All the local authorities and the LSP have always been working towards this kind of framework across the region. A lot of areas were very much working toward that strategic plan, looking at the client journey, communications, particularly through the local authorities. Maybe what they hadn't done is put it into a picture like the REF, because I think what people think of the REF is that model; the client journey. We almost hadn't take it to the next level.

As noted above, there appears to be close co-operation between the LSC and Jobcentre Plus to ensure that services are not duplicated and that the appropriate range of services are put in place – a number of stakeholders saw the Jobcentre Plus-LSC attempt to align ESF commissioning as an important example of good practice. It was suggested that the lessons from this process (in terms of both benefits and limitations) should inform future approaches to aligning resources. The way in which Single Programme resources have similarly been deployed in order to complement (rather than duplicate) these and other areas of provision is also an important contribution to co-ordination. The close working relationship between those engaged in employment services across the North East, has provided the REF with a network upon which to pursue the aims of the REF. However the form of joint planning that appears to exist between key stakeholders does not include the pooling of resources. At best, there appears, in the words of a respondent, to be an *aligning of commissioning* rather than co-commissioning.

Interviews with key stakeholders suggested there are several barriers to further progress on funding alignment and especially co-commissioning in the North East including: constraints on funders accountability once resources have been pooled; imminent institutional changes to the LSC; differing priorities across regional, sub-regional and local administrative levels (so that, for example,

Working Neighbourhoods Fund resources tend to be used differently in different localities); differences over the way in which the concept of co-commissioning has been understood between national and regional organisations; and institutional constraints on how funding is used and allocated.

Accordingly, a number of interviewees agreed that there were potential benefits associated with co-commissioning, but raised concerns that the pooling of resources could undermine the accountability of specific organisations for their funding decisions. As one interviewee noted: *'co-commissioning as I understand it means putting all your money in one pot and making that decision. I can't see how that can be done. If you are accountable to the equivalent department for the performance of that budget, I would find it quite difficult to hand over that responsibility and transfer that to another agency'*.

Crucially, there are also institutional barriers to co-commissioning related to the contracting regimes for the allocation of DWP/Jobcentre Plus and LSC resources. Regional managers have relatively little freedom to pool or align resources, given centralised regulations on contracting. Both organisations have required tenderers to reflect the priorities of the REF in their bids to deliver provision, but there is relatively limited scope to alter the fundamental content of programmes or incentivise partnership-working.

The evidence suggests that progress towards the strategic aim of the implementation of a framework for planning and co-commissioning of resources, has been mixed. The role of the REF may realistically be to seek to influence and link with Jobcentre Plus and LSC providers once commissioned, rather than seeking to promote a 'fuller' form of resource-pooling that is unlikely to be achievable. At the local level, the REF appears to have helped to promote a 'common language' and, in some cases, encouraged local authority-level providers to concentrate on services (or 'areas of REF journey') that complement existing provision (for example, by prioritising community-level engagement work). Nevertheless, there remain some concerns that Working Neighbourhoods Fund and other local authority-level funding was not sufficiently aligned/joined-up, and there may be a need to seek new ways to engage local authority-level stakeholders more fully in the REF process. Promoting a sense of ownership/buy-in among WNF, Single Programme and other stakeholders may

help to encourage the further alignment of resources. Private sector providers delivering Jobcentre Plus/DWP provision also appeared to be fairly isolated from the REF process – there is an urgent need to seek to more proactively engage with these providers. Contracted provider representatives participating in the research were enthusiastic towards further involvement in the REF.

3.3 Progress on developing and implementing strategies to identify and engage those customers who are furthest away from the labour market

Within the region there are cases of good practice on the identification and engagement of individuals at a distance from the labour market. Interviewees cited several examples of community outreach programmes that were consistent with the aims of the REF. Newcastle Futures was cited as an example of a community outreach organisation that reflected the 'REF journey' to clients in their delivery of skills training. As one interviewee noted:

I think if you take Newcastle Futures, they fully buy into the REF and when they do their community outreach I think what they do is that they will try to keep the REF journey in mind and try to progress that in a community setting to the next stage of learning because they know that is the direction of travel.

Another interviewee highlighted the contribution of the Wallsend People Centre in North Tyneside as an example of a local community project whose activities reflect the aims of the REF.

The value of local approaches when seeking to penetrate deprived communities was widely recognised by interviewees. However, there was a sense that it was difficult to disentangle the contribution of the REF from activities that would have taken place irrespective of the presence of the REF. For example, a number of stakeholders pointed out that targeting the harder to help had been established as a key priority for national policy (for example, through Pathways to Work) and that the REF's role had been more to reinforce this as a priority.

There is therefore evidence of initiatives across the North East that are aligned with the strategic action of identifying and engaging with individuals who are

furthest from the labour market. These initiatives, however, sometimes pre-date the REF strategy. Nevertheless, there is some evidence to suggest that the REF has influenced the approach to labour market interventions provided by these initiatives through their willingness to align their own approach to delivery with the aims of the REF.

Finally, one of the key benefits to emerge from the REF appears to be the acceptance of a 'shared language' around the REF client/employability journey, and an acceptance of the need for complementarity (rather than duplication) in services. However, as noted previously, there were still concerns that some funders wanted to 'commission the whole journey', reflecting a natural concern to retain control over the quality and focus of services for clients.

3.4 Progress on developing and implementing systems which encourage and reward provider collaboration, to drive customer progression throughout the journey to sustainable employment

In addition to the six strategic actions, a key component of the REF is the client journey model. The overall purpose of the REF is to simplify the journey from engagement with the unemployed through to sustained employment. The journey has 5 stages: engagement with client, action planning with client, access to employability services, job placement and aftercare and retention. To ensure progression between each stage of the journey, it is necessary to encourage service providers, who may have specialisms in different stages of the journey, to work together to encourage a transition to sustained employment at the end of the journey. It is assumed that if providers can be encouraged to collaborate with one another, then there is a greater likelihood that clients will not come off the journey before they have entered employment. The importance of creating a joined-up journey through which clients could progress was described by sub-regional stakeholder representative:

If we get this in-work support up and running, one of the emphasis is that they want to take customers from pre-employment support and then pick them up and give them in-work support. It could be different providers, but

that could be where the provider has to collaborate. And until we do that kind of approach, we are not going to get it right.

There is evidence to suggest that some progress has been made towards promoting greater provider collaboration. However, it was again suggested that existing contracting arrangements did not encourage co-operation between contractors. Contractors were considered to be in competition with one another and were therefore unlikely to engage in collaboration without incentives. Interviewees were unclear as to whether the shift towards a prime contractor model will have a positive impact on incentivising collaboration.

Despite these obstacles, changes have been made to the contracting process to improve the likelihood that organisations submitting bids to provide services would have an incentive to collaborate with other providers in the delivery of services. One such way in which this was being done was by including the need to partner and collaborate in tender documents drafted by the LSC.

Further examples of collaboration involved community organisations co-ordinating partnerships locally. Where local partnerships between providers did take place, this was often seen as a consequence of an initiative by individual providers in response to client needs, rather than being driven by the REF. However, a number of interviewees also noted that there was a greater awareness at a strategic level of the need to improve co-ordination between providers as a consequence of the REF.

Although providers are effectively competitors at the point at which bids are submitted for Jobcentre Plus/LSC contracts, it should remain possible for contractors with responsibility for providing services at different stages of the REF journey to engage in greater collaboration to ensure that the client does not slip through the system and return to unemployment. Nevertheless, there were doubts among stakeholders as to whether the REF has the capacity to incentivise collaboration. Some interviewees suggested that this was not a realistic objective for the REF, or at least that it would be difficult to structure funding regimes in a way that would encourage such behaviour. However, there was also an acknowledged need for funding mechanisms that reward 'distance travelled' and ensure that providers are rewarded even if they achieve outcomes

having been referred to another provider. There remain a number of practical challenges around achieving this. At the local level, some providers are rewarded on the basis of client engagement (rather than job entry), and there may be lessons to draw from these experiences about developing a broader range of provider-reward mechanisms. It may be that the REF has an important *advocacy* role to play in encouraging all funding partners to incentivise partnering where possible and rewarding sub-contractors for progressing clients towards work.

3.5 Progress on developing and implementing a streamlined recruitment and support service for employers, to encourage the employment and retention of workless people.

The REF strategic action plan states that the 'REF will support the development and delivery of an agreed model for employer engagement which promotes the use of dedicated access points for employers'. A critical element of the REF client journey is the client's transition to employment. To ensure greater employer engagement, REF partners developed a REF Employer Engagement Model. The model seeks to involve Jobcentre Plus, local authorities, One North East and providers to engage workless clients with employers. Organisations such as Sector Skills Councils, Business Link and employer representative bodies are incorporated as intermediaries between employers and the unemployed. In addition to an engagement model, there is a REF Communications Plan that has led to Partnership Conferences in all four sub-regional areas (Northumberland, Tyne & Weir, Durham and Tees Valley). In addition to the involvement of local authorities, LSPs and providers, private sector employers were also involved in these events. There is therefore a wide awareness among REF partners regarding the role of employers in the activities of the REF.

Despite this awareness, interviewees reported barriers to further progress on engaging employers (especially in terms of developing a coherent 'single offer' or 'single gateway' for employers). There was a general concern that the wide variety of organisations involved in the employability agenda across the North East had created a complex and confusing picture for employers seeking to recruit from the unemployed. An interviewee from an employer organisation

described how employers needed a simplified, flexible and responsive system that could react to short-term labour demand.

What we are talking about is simplifying the system for employers. Is there one number employers can ring and say I need 10 recruits this week and 20 the week after? That's where we are at the moment. We've talking about it a lot. We've developed a model that all the partners say they are prepared to sign up. We've got one or two examples where it has worked really successfully. We are at the stage now of implementing two pilots.

For those working directly with employers, there was a frustration that the current system that was perceived to be unsuitable to the supply of skilled labour: *'There is often the frustration that for employers where there are vacancies and the employer goes to Jobcentre Plus to provide some recruits, the question is over the quality and efficiency of the candidates being provided'*. Another key stakeholder saw an inevitable disconnect between employers' recruitment needs and the priorities of public sector organisations working with job seekers: *'[there is] quite a bit of frustration between what employers want to do and between what the public sector wants to do. So I don't think we have a single model that works for employers or the public sector'*.

A number of stakeholders called for greater clarity in the design and delivery of the REF Employer Engagement Model. Employer engagement is critical to the ability of REF partners to ensure individuals progress into employment. There was an acknowledgement that the Employer Engagement Model had produced limited progress towards a simplification of services for either individual clients or recruiting employers. One interviewee noted:

There has been a hiatus in developing a (employer engagement) model. It needs to be done because the constant message is that it is too confusing for the employers out there. In one of the IES trial regions they are trialling employer engagement... but we are pretty far off from having one in the North East.

In conclusion, most stakeholders agreed that there was work still to do towards developing a streamlined recruitment and support service for employers, and that the Employer Engagement Model has not fully succeeded in creating a network

to enable employers to link seamlessly with a range of providers to meet recruitment needs. There was consensus that the region's Employer Engagement Model needs to be simplified and made more action-oriented. A number of stakeholders used the term 'hide the wiring' to describe the goal of the concealing the complexity of the range of employability services provided by agencies, government organisations and private contractors (so that employers seeking to recruit are presented with a simplified, streamlined system). It is clear that there remains work to be done to ensure that the 'wiring' is hidden.

3.6 Progress on establishing an infrastructure to support the development and delivery of the REF, to include data management, communications and labour market information

3.6.1 Progress on common assessment and tracking systems

A common assessment and tracking system has several advantages in the context of the REF. Firstly, from a client perspective a single system would ensure that details on skills, employment history and current training activities could be shared by providers thereby avoiding the need to duplicate data. Secondly, as the client progresses on the REF journey they may receive provision through several providers. Under a common tracking system, the hand-off between each provider should be seamless as they already possess information on the client's journey. Clients would avoid the need to provide employment and skills related data that they may already have given to another provider. A common tracking system would also enable the REF to improve the measurement of job outcomes and enable providers to demonstrate their value for money.

In general terms, improved sharing of information and practice was seen as a major benefit arising from REF activities, but it was also acknowledged that progress towards a consistently used common assessment and tracking system has been limited. Interviews with key stakeholders pointed to a number of barriers to progress, including: a procurement system that does not enforce the use of common tracking or assessment systems; a lack of awareness/consensus

on how a tracking system would be implemented; and, to some extent, a lack of will among REF stakeholders to drive the implementation of a tracking system (it was suggested that stakeholders inevitably saw delivering more effective services for clients as a more important priority than monitoring and assessment). That said, a number of stakeholders acknowledged the value of effective monitoring in understanding why, and preventing, clients dropping out of the system of provision at stages of their REF journey; and in ensuring that clients are not forced into repeated form filling. As one interviewee noted: *'I hear frustrations from a clients perspective, and that he or she might join and have to fill in a form to make sure that information is captured, then when they go through the system they have to fill in that information again. Clearly we would support the view that it would make common sense to have a joint system'*.

A key barrier to progress is clearly that key funders retain their own systems, while also often allowing their contracted providers to use independently developed assessment and monitoring tools. For example, the LSC has not generally requested that its providers use a common tracking and assessment system. Jobcentre Plus-contracted providers also described how they had developed their own client assessment, monitoring and 'distance travelled' tools. One interviewee described how, as a consequence of this approach, providers were *'developing their own things (assessment tools) in isolation...so there is a danger that we have all these silos of data collection'*.

Perhaps the most significant area of data sharing that has emerged throughout the duration of the REF has been the increasingly extensive use of the Hanlon system. Awareness of this tracking and assessment tool appears widespread across those involved in the delivery of the REF. There is some evidence to suggest that where the Hanlon system had been implemented by providers there has been an improvement in data management and communications. A representative of an employer representative organisation claimed that the use of the use of the Hanlon system *'has moved things fairly dramatically'*. It was also noted by the representative of a local authority that use of the Hanlon system had enabled improvements in the quantification of client progress. However, take-up of Hanlon has been patchy. When asked to consider why the Hanlon system had not been more widely adopted by those involved in the REF, interviewees again emphasised the way in which providers and sub-contractors rely on their own

systems. It was also suggested that the cost of licenses for running the Hanlon system could act as a barrier (in some cases, funders have subsidised local providers' use of the system).

The decision to include as a REF objective the introduction of a common assessment and tracking system was a reflection of the benefits that are assumed to arise as a consequence of a single system. However, given the additional costs of implementing any new system, the relative lack of incentives by funders to do so, and the reality that Jobcentre Plus and LSC-contracted providers will continue to use their own systems (reflecting their own priorities) it seems unlikely that a unified tracking and assessment mechanism will be introduced imminently.

Nevertheless, there may yet be scope for closer joint-working on a user-friendly assessment and monitoring system such as Hanlon or a similar model – it was noted that engaging the prime contractors leading Flexible New Deal in discussions on these issues should be a priority for REF stakeholders. It was also noted that it is important that any further activities on client progress evaluation (for example as part of Stage 2 of this research) build on and help strengthen existing practice.

3.6.2 Progress on LMI

Interviewees reported varying degrees of integration of labour market information (LMI). Although LMI was being collected at regional, sub-regional and local levels, there was limited evidence to suggest that a comprehensive system of LMI exists across the region. Rather, there appears to be a disparate collection of data at different levels with no obvious method for bringing those data sources together. Furthermore, data collection and LMI activities have been ongoing prior to the formation of the REF, limiting the Framework's influence on practice.

Some interviewees described more progress in terms of 'policy intelligence' – suggesting that the REF had promoted greater shared knowledge of different stakeholders' priorities and services. There was a perception that the REF had created a '*common language*' that enabled providers across the North East to

communicate more effectively in the delivery of the REF. An interviewee from the LSC described how the REF had driven an improved level of service integration.

I think there has quite a bit of progress on communications and less so on data management which is the tracking one and LMI. From my perspective on the communications side, on one level it's about the common language but it's also about the collective campaigns like passionate about employment campaign – the joint media campaign that the employer coalition is co-ordinating.

A similar view was expressed by another stakeholder who described how '*communications have definitely improved on the REF, more people are getting to know what the REF is about, what it is trying to do*'.

3.7 Progress in influencing policies, strategies and subsequent activities (at European, national, regional, sub-regional and local level) to support the implementation of the REF.

There was widespread awareness of the REF across the North East among key regional partners. The formation of the REF has been critical to the emergence of a '*common language*' that can be exploited by those engaged in the delivery of employment policy to provide clarity of purpose. There was a view among some REF partners that the Framework has had a positive influence on policy and strategy, due in part to the absence of an alternative forum for collaboration at a regional and sub-regional level. There was uncertainty among REF partners regarding the extent to which REF priorities could be attributed to local/region concerns or the rise of the employment agenda nationally. However, there was also an acceptance that the impact of the REF at the local level has been mixed. A number of key stakeholders suggested that a future REF priority should be to ensure that local authorities (and other local stakeholders) have a sufficient voice and sense of engagement in REF activities.

Parallel with the emergence of the REF, the Integrated Employment and Skills agenda has come to prominence in national policy. Integrated Employment and Skills seeks to improve access to training and employment opportunities through

improvements in signposting and referral services thereby seeking to break the cycle of benefit to low income job to benefit. Central to this approach is improved partnership working between service providers: *'This will ensure that the service which an individual experiences is enhanced to provide the right support when unemployment begins until sustainable employment with ongoing progression is secured. The benefit to the individual must be to remove the burden of navigating the employment and skills system from individuals, by developing a system that actively supports a customer's journey through the system'* (IES, 2009: 3)²⁰. In addition to these supply side measures, the IES also seeks to address employer needs through the creation of a 'no wrong door' service whereby *'improved and simplified employer engagement and better identification of business needs will make a positive impact on business performance'* (IES, 2009: 3). There are clear parallels between the demand and supply measures implemented by the IES and the strategic aims of the REF. The supply side measures of the IES are aligned with REF measures to provide a streamlined support service for clients and improve co-operation between providers. Demand side IES activities are aligned with the REF strategic actions to provide a streamlined recruitment and support service for employers.

The manner in which the IES agenda continues to evolve means that key stakeholders were reluctant to predict how it would fit with existing REF activities. There was agreement that the REF has 'laid the groundwork' for Integrated Employment and Skills in terms of bringing LSC and Jobcentre Plus together. However, there was also a sense that REF has promoted progress 'beyond IES' by encouraging collaboration across the broader employment and skills agenda (rather than just focusing on improved partnership-working on LSC-Jobcentre Plus agendas).

In terms of fit between the REF and national policies, key regional-level and sub-regional stakeholders saw clear overlap between the REF and City Strategy Pathfinder agendas. Regional stakeholders also cited strong relationships with the Scottish Government, UKCES and Working Ventures UK. Accordingly, the

²⁰ Integrated Employment and Skills. Core Service Component Briefing Pack. Phase One Pathfinder Trials 2008/09. Available at: http://readingroom.lsc.gov.uk/lsc/SouthEast/2. IES_overview.pathfinder_doc.pdf

REF has a national-level profile, although its influence on decision-making among other regional or national policy makers remains difficult to gauge.

3.8 'Considering the counterfactual' – the REF's Strategic Added Value

A further element to our evaluation of the REF was the use of counterfactual reasoning. The basic concept underpinning this approach is to consider the extent to which causation can be attributed to outcomes associated with the REF. For example, if an interviewee claims that the REF has improved partnership-working across the North East, how can we be sure that this would not have happened anyway given national prominence given to the role of partnership-working in the delivery of government policy. We recognise that there are certain limitations on the way in which causation can be attributed to REF outcomes, however it is a useful addition to the evaluation.

Despite these difficulties, it can be said with some certainty that the REF strategy group, the REF implementation group and regional REF groups emerged as a direct consequence of the REF. Furthermore the Tyne and Weir Employment Consortium was closely associated with the REF. These groups exist to drive the implementation of the REF and as such where there are positive outcomes associated with these groups, then these can, to an extent, be attributed to the REF. More specifically, partnership-working in employment and skills in the region has improved as a consequence of the REF. Although partnership arrangements may have occurred without the REF, it seems likely that such arrangements would not have incorporated the wide range of stakeholders that the REF has succeeded in engaging. The REF has succeeded in improving partnership-working because it provided a clear set of priorities that were not previously present. The REF also created a space where key stakeholders were brought together. The creation of a shared space was important for several reasons. Organisations exist as separate entities with different aims and priorities. They operate within time and budget constraints and exhibit varying degrees of willingness to participate in the administrative structures that are required to create and maintain partnership arrangements. There is a tendency for organisations to function in isolation from one another due to the perceived

costs incurred by seeking and maintaining partnership arrangements. Also, organisational funding structures may not provide an incentive to partner. These issues were highlighted by an interviewee, a representative from an employer organisation, who noted that without the REF, *'things don't just happen, or you would get isolated activity going on'*. Pathways to Work was cited as an example of a programme that occurred without the REF, but which (to some extent) *'was happening in isolation'*.

REF strategy and implementation groups have provided organisations with an opportunity to collaborate and have therefore gone some way to overcome institutional tendencies to isolation. The effect of creating a shared space to collaborate was illustrated by a representative from an SSC who noted that that by encouraging organisations to come together, there was an opportunity for the creation of a shared vision: *'The nice thing about the REF is that it gets all the stakeholders around the table and we all have a clear vision about what is happening'*. A further benefit of this approach was the potential for the avoidance of the duplication of services: *'the other thing that would have happened in the absence of the REF, I would say is that duplication would have occurred. There would have been some solutions that would have been duplicated'*.

As noted above, it was consistently suggested the REF has contributed to the establishment of *'a common language'* and so an improved, *shared* understanding of employability agenda priorities among partners. As one regional-level interviewee noted:

'The REF is not just a common language between agencies at a regional level, it's a common language across the region as well. So I think that local and sub-regional groups would have emerged talking about employability issues, but whether there would have been any commonality, or any read-across, I think the opportunity to learn lessons is greater when you are talking a common language'

Key stakeholders did acknowledge that partnership has increasingly become a national policy focus, so that at sub-regional level Tyne and Weir City Strategy Pathfinders (for example) emphasis would have developed similar local partnerships as a means of addressing worklessness independently of the REF.

Nevertheless, from a sub-regional perspective, there appears to be an acceptance of the REF 'as the model for the best practice in the delivery of employability services' (Sunderland City Council, 2009)²¹. The REF has adapted to the introduction of the City Strategy Pathfinders by demonstrating consistency with the approach to tackling worklessness set out by DWP. One local stakeholder argued that the closeness between the REF and national policy priorities made it problematic to disentangle the influence of regional and national strategies, but added that the REF had helped to reinforce partnership-working at the local level.

Well we were very much going down this line anyway... I always find that a difficult one, because to what extent would we be doing things without the City Strategy Pathfinder? The national policy and strategy was all leading us in this direction anyway, but I suppose if you've got co-ordination it does help drive things forward, so perhaps we are further down the road than we would have been without [the REF].

Applying a counterfactual analysis has clarified the influence of the REF. The REF has accelerated the pace of partnership-working at a strategic level across the region. The REF has created an opportunity for key stakeholders to meet and consider the direction of employability strategy across the north east. Critically, the REF has also instilled a shared vision regarding the way in which the strategy ought to be implemented. The benefits of partnership-working discussed in section 2.4, including the avoidance of duplication, the sharing of knowledge and the development of a coherent service are beginning to emerge from the REF. However, there is also evidence to suggest that national arrangements to institute greater joined-up working and local decision making have, in some respects, eclipsed the function of the REF. Key REF stakeholders including the LSC and a local authority are of the view that the relevance of the REF has lessened as national worklessness strategies have been introduced. In the future, the continued expansion of the welfare reform agenda and the application of a networked structure of governance will require the REF to re-focus its role and purpose to avoid duplication with national programmes.

²¹ <http://www.sunderland.gov.uk/committees/CmisWebPublic/Binary.ashx?Document=10897>

4. TAKING FORWARD THE REF – STRUCTURES, ACTIONS AND PRIORITIES

4.1 Operationalising the REF – priorities for structures and actions

Throughout our interviews with key stakeholders we asked them to identify priorities for future actions and approaches under the REF. When combined with a reflection on the lessons from international practice identified in Section 2, a number of priorities for the future development of the REF are suggested.

First, in terms of how the REF works and its **structures**, there were consistent calls for a broader range of approaches to ensure that all relevant stakeholders have a voice in, and sense of ownership over, the REF. More specifically, there were a number of recurring themes.

- ***The need for a strong core team driving REF implementation.*** A number of key stakeholders were aware of the REF Strategy Group's role in leading the REF process and welcomed the work done by the group. However, it was also suggested that there needs to be continuing progress in developing a clearer distinction between strategy and delivery in taking the REF forward. The recent moves towards giving the REF Implementation Team (REFIT) a stronger sub-regional focus/remit, and a clear focus on the *implementation* of REF actions, appears welcome. There has also been welcome progress on bringing 'Employability Leads' together from across different organisations – this should be continued, given that some interviewees expressed concerns that there remained gaps in sharing information on employability-focused activities (for example, one interviewee viewed Pathways to Work services as 'operating on their own'). There may also be value in considering how the REF Strategy Group can best be structured so that includes key senior strategic managers, and has a clearer *strategic* remit (i.e. setting the agenda, and identifying and communicating priorities for the REF).
- ***The need for structures to promote funding alignment.*** As noted above, progress on the alignment of resources under the REF has been mixed. The recent establishment of a 'Funding Group' of senior managers from funders at

the regional and sub-regional level is welcome. The priorities for this Group are likely to focus on producing a simplified picture of funding across the region and identifying further opportunities for alignment and complementarity in commissioning.

- ***The need for structures to promote a greater employer voice and employer engagement.*** A number of stakeholders pointed to the valuable work undertaken by North East Coalition and other partners on employer engagement (for example, as part of Employer Engagement Group). However, there remains a concern that employers/employers' organisations do not have a sufficient voice in the direction of the REF, potentially limiting buy-in from these key partners. There may be value in considering the development of a broader-based Employer Engagement Group, with a greater degree of representation from employers' organisations such as CBI and Chamber of Commerce and individuals employers. As noted below, in terms of 'actions', encouraging a sense of ownership, buy-in and a 'hands on' approach from employers as part of a renewed Employer Engagement Model should be a priority for the REF going forward. A greater voice for employers within REF structures – and especially the REF Employer Engagement Group – would seem to be an important step in taking forward this agenda.
- ***The need for structures that promote buy-in among local authorities.*** As noted above, the need to secure buy-in at the local level and across a range of different stakeholders was seen as an important future priority for the REF. A number of stakeholders pointed to the need for increasing efforts to ensure that local authority-level organisations see themselves as active partners in the REF process. While it was suggested that there was good awareness of the REF at the local level, there was some concern that local stakeholders may not feel a sense of ownership over the REF, which was sometimes reflected in resource allocation decisions. Renewed activity to engage local authorities – for example through a strengthened 'champions' network – was welcomed. Continuing support for such measures to include local authorities and other local stakeholders in the REF should be a priority.
- ***The need for structures that include mainstream contracted providers.*** A renewed effort to engage with prime contractors and other LSC/DWP

contracted providers may also reap additional benefits. As previously reported, these contractors have had little contact with REF stakeholders (at least in terms of specific discussions on where contracted provision fits within the REF). Contracted providers are key players in the delivery of employability services, and so REF priorities in the North East. There is a need to develop means of ensuring that providers involved in the delivery of Flexible New Deal and other mainstream Jobcentre Plus and/or LSC provision, have a role and stake in the REF process.

In terms of **actions**, there were similarly a number of consistent themes on priorities for taking the REF forward.

- ***Operationalising the Employer Engagement Model.*** As noted above, the further development of the REF Employer Engagement Model was consistently raised as an area for future activity. The Employer Engagement Model largely exists 'on paper' at present, and there is a need fully operationalise a system that encourages all organisations engaging with employers to present a 'single employer offer', a suite of provision that employers can choose from. This is not to say that individual organisations should not continue to work with employers. It's more a case of 'hiding the wiring' (see above) and ensuring that employers have the information that they need to choose the type of partners that best meet their needs and priorities.
- ***Continuing to support actions to fund the whole client journey.*** One of the strengths of the REF process was seen as its reinforcement of the principles that "all stages of the client's employability journey need to be adequately funded". The gradual progress made on encouraging the alignment of funding in recognition of this priority clearly needs to be built upon, through increasing involvement of all funders in REF activities. As suggested above, actions to engage with local authority-level stakeholders (which may encourage further progress on the alignment of Working Neighbourhoods Fund resources and other employability spending) are particularly welcome.
- ***Refocusing the REF on the alignment of resources.*** Given the structural and institutional barriers to 'full' co-commissioning, a number of stakeholders

suggested that future formulations of the REF need to focus more clearly on advocating the alignment of funding and on influencing the development of services on the ground. Continuing partnership-working between LSC, ONE and Jobcentre Plus on aligning their funding *where possible* should remain a priority, as should continuing engagement with sub-regional and local funders. It is important that REF stakeholders are able to arrive at a language that does not make over-ambitious claims about promoting co-commissioning – the need to continue to build trust (which can be problematic given the institutional barriers around funding) and to focus on practical, 'doable' objectives was seen as a priority for future action by key stakeholders.

- ***Linking supply and demand.*** ONE's role in supporting REF activities was seen as crucial by all key stakeholders. The RDA also has a potentially important role to play in linking the labour supply and demand agendas (particularly crucial during a recession). However, there was an acknowledgment of the need for further work to link the economic development/job creation and economic inclusion/employability agendas within and beyond ONE. Key stakeholders may need to consider how best to ensure that the needs of new business in the region are responded to, *and anticipated by*, REF-related provision.
- ***The rationalisation and sharing of LMI.*** As noted above, key stakeholders pointed to plethora of LMI sources and activities in the region. Activities to promote better access to, and information on, LMI resources were seen as an area for potential future action for REF stakeholders.
- ***Encouragement of continuing progress on assessment and tracking.*** There was again a suggestion from many key stakeholders that the REF would benefit from being re-focused on what is 'do-able' on promoting shared approaches to client assessment, monitoring and tracking. While it was acknowledged that major funders (such as LSC and Jobcentre Plus) and their contracted providers will inevitably retain their own systems, there may be scope to explore how more consistent approaches to client data-gathering and sharing can be developed. Among the suggestions from key stakeholders was the establishment of a short-life working group under the REF (involving key funders, prime/main contractors and those with expertise in Hanlon) to explore the issues of compatibility between different assessment/tracking systems.

Such a group would have a remit to explore: the potential to link different systems; legal, funding and data protection issues; the potential costs and benefits associated with any new or 'wrap around' systems for gathering and transferring client data.

- ***Advocacy on rewarding engagement and referral.*** Key stakeholders again suggested that there may be value in a refocusing of REF activities away from specifically seeking to 'incentivise' partnership-working and inter-agency referral, towards a more general objective of acting as an advocate for rewarding all the progress with clients made by different agencies. One funding manager acknowledged that there was still work to do to "build trust and confidence among providers that the progress that they have made with clients, even if it's not a job outcome, will be recognised. That trust and confidence is important if providers are going to be comfortable with letting the customer leave". At the same time, there was an acknowledgement of some cases where local providers were partly paid on the basis of engagement of clients further from the labour market rather than hard job outcomes. While formal processes to incentivise the referral of clients were generally viewed with some scepticism, a number of stakeholders saw an important continuing role for the REF in encouraging funders and providers to value (and where appropriate reward) clients' distance travelled.

4.2 Responding to recession

Finally, key stakeholder representatives participating in our interviews were asked to reflect on the potential implications of the current economic climate for the REF. At a practical level, there was an acknowledgment of the challenges presented by the recession. With the region facing job losses, all supply-side initiatives are struggling. Furthermore, there was some concern among stakeholders that the need to find large numbers of redundant workers jobs would result in an increasingly scatter gun approach. It was noted that Local Employment Partnerships have been instructed to change their focus from targeting those facing barriers to work to simply matching unemployed people with opportunities offered by participating employers. There were also concerns that increased funding for LSC and Jobcentre Plus in response to the crisis could

potentially see contracted provision quickly 'parachuted in' without sufficient time to consider the fit between new initiatives and REF activities. It was therefore considered crucial that key funders work closely with other REF stakeholders to ensure that a coherent approach to responding to the recession was developed, and that this should be an immediate priority for REF stakeholders.

More generally, REF stakeholders consistently noted that it was important that providers and funders in the region did not lose sight of the need to support groups further from the labour market. The reality is that in times of recession it is the lower skilled and more vulnerable workers who are more likely to be excluded, and to see their redundancy turn in long-term unemployment. It is therefore crucial that REF stakeholders continue to target resources where they are most needed and can do most good. It was also suggested that the REF may have an important role to play in reinforcing the message that regional and local stakeholders need to address the complex range of issues that feed into worklessness – issues that remain in place despite rising general unemployment. There was some optimism that with major programmes such as Pathways to Work still in place, UK government remains committed to combating both unemployment and other forms of worklessness.

Finally, as noted above, a number of stakeholders pointed to the need to ensure that job creation activities are calibrated so as to deliver benefits for disadvantaged job seekers. Clearly, ONE (as a key agency involved in both the REF and demand-side economic development issues) will have a clear role to play here. There may be a need for ONE and partners to consider whether additional REF actions are required focusing on joining-up the demand-side and supply-side agendas.

5. BENCHMARKING THE REF AGAINST REGIONS AND NATIONS

5.1 Introduction

An analysis of key policy/research documents, interviews with key stakeholders and (in some cases) case study visits sought to benchmark the REF against approaches to partnership-working on employability in other English regions and UK nations. Research was undertaken with representatives in the following regions: North West; South East; East of England; Yorkshire and Humber; West Midlands; East Midlands; and London. Research was also undertaken with stakeholders in Scotland and Wales.

Results from research in other regions and nations suggest that there is widespread awareness of the importance of partnerships to the efficient and effective delivery of services to tackle worklessness. There is evidence that RDAs have used the introduction of Employment and Skills Boards as a springboard to improve their partnership mechanisms. There has also been an increasing use of joint action plans to address the current economic downturn. In Scotland and Wales, innovative forms of partnership-working have also facilitated new approaches to promoting employability, ranging from innovative redundancy response strategies in Wales to widespread local employability-focused 'Workforce Plus' partnerships in Scotland. In each of the area-based reports below, we briefly describe key partnership approaches in the nations and regions before reporting on challenges and priorities for partnership-working.

5.2 North West

Key partnerships

The North West Regional Skills and Employment Board (SEB) and its partners, the LSC, Jobcentre Plus, North West Development Agency (NWDA), Government Office North West (GONW) and sub-regional partners have agreed a joint regional response to the current economic downturn. This response builds on previously established structures and included partners resources on

intelligence gathering, advice and guidance, training and the Jobcentre Plus Rapid Response Service.

The North West Joint Economic Council, chaired by the regional minister, involves the LSC and Jobcentre Plus. The Regional Skills and Employment Board (RSEB) has developed a joint regional response to the current economic downturn. RSEB partners include the RDA, Jobcentre Plus, LSC, sub-regional partners, local authorities, the North West Universities Association and trade unions. The North West RSEB and its sub-groups provide the infrastructure within which partners...can develop and deliver the regional response²². Beneath the RSEB, sub-groups, including the Regional Employability Group, focus on worklessness and employability. It was noted by a key informant that the current recession had reinforced partnership arrangements and provided a greater sense of urgency to their activities. A key informant described how, at regional level, the Joint Investment Framework would ensure that key funding agencies align their resources, avoid duplication and fix systems wherever there are problems.

Jobcentre Plus chairs the Regional Employability Group, bring the resources of their Redundancy Response Service, mainstream services for the unemployed, and discretionary funding to the table. LSC bring the mainstream budgets and the provider base as well as discretionary funding that delivers to disadvantaged groups and drives provider behaviour of the broader provider base so they are more flexible and responsive to providing services to clients.

Challenges and priorities

The North West has identified four groups of individuals that are particularly threatened by the current economic recession. These are: individuals threatened with redundancy; individuals made newly redundant; individuals already unemployed; individuals entering the labour market for the first time. This latter group includes school, college and university leavers and apprentices. The RSEB has sought to develop a co-ordinated response to the threats that these groups face and is collectively referred to as the 'Individual Offer'. For long-term unemployed people the 'Individual Offer' includes:

²² The North West Joint Regional Response to the Labour Market Downturn. January 2009. Version 10.LSC

- job search, benefit advice and referral to other services including core components of the IES trials;
- Jobcentre Plus ESF Programme - specialist help with finding work, particularly focused on the harder to help.
- Flexible New Deal;
- Nextstep careers information, advice, and guidance services;
- customised vocational training responsive to individual circumstances and the local labour market conditions providing job-change training, updating existing skills to continue employment in the same sector and customised provision linked to other vacancies (RSEB, 2009)²³.

This 'Individual Offer' is complemented by an offer to employers. This component of the response to the recession seeks to provide 'business stabilisation measures through the NWDA and Business Link to improve the stability of employers that are threatened by the recession. Measures are also being implemented through Local Employment Partnerships (LEPs) 'to strengthen the relationship between Government and employers and open up recruitment opportunities to disadvantaged job-seekers' (RSEB, 2009). The employer Offer also includes: pre-employment training followed by Train to Gain support once the client has entered employment (RSEB, 2009); work trials enabling employers to hire an individual for 30 days without incurring additional costs; Public Sector Skills Hubs to improve the take-up of public sector vacancies by the unemployed. To ensure that the unemployed and employers are aware of the intentions set out under the Individual Offer and the employer offer, a joint communications and marketing effort has been sought that will create a single brochure or e-bulletin.

The key informant recognised several challenges when seeking to use regional and sub-regional partnerships to meet the objectives of the North West's joint plan. Despite improvements in the alignment of commissioning between Jobcentre Plus and LSC across the region there remain rigidities in how national programmes are structured and funded that limits flexibility and joint-working between delivery agencies. It was also suggested that, although the IES has been designed to introduce a common system taking in Jobcentre Plus and LSC, differing national targets ensured that differing priorities to some extent persisted.

²³ The North West Joint Regional Response to the Labour Market Downturn - Summary. RSEB. January 2009

5.3 East of England

Key partnerships

The East of England joint regional plan '*incorporates activities that will be delivered in partnership with the LSC, Jobcentre Plus and EEDA funding via existing ESF mainstream funds*' (EEDA, 2009)²⁴. The East of England Development Agency (EEDA) is seeking to convene a group involving the LSC, Jobcentre Plus, EEDA, Government Office East and local authorities. The purpose of the group is to improve the flow of economic, programme and intelligence information between partners. There is an intention to reduce the possibility of duplication of services and improve access for individuals and employers. The group will meet regularly and report to the Regional Economic Forum. In addition to the joint regional plan, the Regional Skills Partnership, called the East of England Competitiveness Partnership (EECP), provides skills, employability and business support. For 3 years, the EECP has involved public sector stakeholders, LSC, Jobcentre Plus, East of England Regional Assembly (EERA), EEDA, Government Office and the Alliance of Sector Skills Councils. In total, there are about 50 organisations under the EECP. Engagement with other stakeholders takes place through the regional skills and competitiveness partnership (EESCP). EESCP makes use of the SSC regional structures 'as vehicles for two-way communication to promote the availability of support and act upon intelligence from each sector' (EEDA, 2009: 4).

Challenges and priorities

The key partners in the joint regional plan developed by EEDA, Jobcentre Plus and the LSC are closely involved in the delivery of skills and employment support programmes. The aim of the plan is to '*bring those services together and address any gaps in provision, intelligence and response times in order to support mass redundancies, those threatened with redundancy and reduce the impact on unemployment as well as supporting those already redundant*' (EEDA, 2009: 4).

More specifically, the plan sets out six guiding principles. These are:

- a single access point for information and data;
- joint support and management across delivery partners;
- a seamless customer journey aligned with the IES model;

²⁴ East of England. Economic Downturn and Redundancies Joint Regional Plan. January 2009.

- no wrong door approach to engagement;
- monitoring and evaluation to inform ongoing development;
- use of ESF funds via tendering to enhance existing support.

There are parallels between the desire to create a seamless customer journey aligned with the IES model and similar activities in the North East and the North West. Furthermore, the concept of a 'no wrong door' can also be seen through work being undertaken across the north east to ensure that employers have a single access point for services. Support for employers has been made available through the Jobcentre Plus Rapid Response Service and a response to redundancy (R2R) service for small employers. R2R seeks to provide a '*fast response service to smaller numbers of redundancies and offers funded training to enable individuals to up skill and re-skill prior to being made redundant*' (EEDA, 2009: 13).

Despite these advances in employer engagement, there remains further progress to be made in this area. Our key informant for the region, when asked to assess the effectiveness of measures to build relationships with employers, said that there was '*some way to go*'. However the process of improving employer engagement was under way and there was widespread acceptance amongst partners of the need to engage employers. The region hosts three IES Trial areas, and a key respondent suggested that this initiative had seen some progress in resource alignment, but that there again remained barriers to genuine co-commissioning: '*[its] aligned commissioning not co-commissioning as I would understand it. It's not putting it into a central pot and saying we will buy it from there. Aligning funding is as far as we have been able to go*'. Despite the limitations of co-commissioning, the LSC, Jobcentre Plus and EEDA have established co-financing mechanisms whereby LSC partners work with Jobcentre Plus regionally to ensure that 'respective offers, including existing ESF and mainstream provision, are aligned to ensure the additional ESF funding is deployed to deliver the maximum benefit to individuals' (EEDA, 2009: 42). It was also suggested that limited resources (and competing pressures on resources) and the tightly defined (but different) outcome measures attached to LSC and Jobcentre Plus funding could act as a block on closer partnership-working.

5.4 South East

Key partnerships

The South East of England Development Agency (SEEDA) is currently working with partners to establish sub-regional Employment and Skills Boards (ESBs) across the South East. According to a key informant within the region, '*the overriding principle for an ESB is to be 'employer-driven' creating a more effective, more responsive system and will encourage a more strategic collaboration between providers and employers*'. The findings of Leitch regarding the complexity of services to meet skills needs was recognised by a key informant who argued that this had shaped the emergence of ESBs in the region.

The main remit of ESBs is to simplify the landscape for employers, there is always a proliferation of different committees and boards. The boards were set up to try to get the key partners around the same table and rather than us all going off and doing our own thing and working in silos, why don't we all try to work together. Through Business Link, that is seen as our main portal to the businesses.

In common with the aim of the REF, SEEDA and partners are seeking to ensure that the ESB becomes a mechanism to 'hide the wiring' to provide a streamlined, simplified service to employers. SEEDA, in partnership with sub-regional partners, has created six sub-regional ESBs in order to pursue this aim. These ESBs adapted existing Local Skills for Productivity Alliances that were already partnering with private and public sector employers. Membership of South East ESBs includes: an employer or employer body as chair; employers and/or employer body representatives; economic partnerships; Learning & Skills Council; Jobcentre Plus; local authorities; trade union representative; Sector Skills Council representative; Business Link; Training providers. Although ESBs have only recently been introduced they have been responsible for introducing joint strategies and joint skills plans.

SEEDA has also worked with partners to establish Regional Skills for Productivity Alliances (RSPA), also known as Regional Skills Partnerships. The RSPA is driven by the needs of the regions employers and forms partnerships to improve

business support. The RSPA has three primary aims: to advise and influence Government by identifying barriers to enhanced skills delivery and improving productivity and offering solutions to overcome them; to provide a structure to enable partners to jointly plan against shared objectives that achieve closer alignment of the supply and demand for skills and drive-up demand for skills to improve productivity; to maximise the contribution that publicly funded skills provision, workforce development, business improvement and labour market services support can make to the productivity and profitability of businesses (SEEDA, 2009)²⁵. A key informant from the region held the view that contacts with employers *'work fairly well'* but that there were some difficulties in trying to make contacts with businesses.

Membership of the RSPA includes a diverse range of stakeholders that can be categorised as employer representatives, providers and government departments and agencies. Employer representatives include the Federation of Small Businesses, Alliance of Sector Skills Councils, Business Link and the South East Chambers of Commerce. Represented provider groups include University for Industry, Association of South East Colleges, Higher Education South East, HEFCE and the Association of Learning Providers. Represented government bodies include Jobcentre Plus, the LSC and Government Office South East. Partnership-working between key organisations involved in the RSPA occurs through a structure similar to a memorandum of understanding. In 2008, SEEDA, the LSC and Jobcentre Plus implemented joint working arrangements.

In the view of a key informant, partnership-working ensures a range of expertise can be applied to the employability agenda and that services are not duplicated: *'if you didn't work together things might get missed out. At a general level you get more out of the same input by working together'*. A further crucial element of the formation of partnerships in the region was the way in which Jobcentre Plus, the LSC and SEEDA were brought to the same table: *'physically working together, the fact that Jobcentre Plus, LSC and SEEDA are all sitting together makes it easier to understand what each other is doing. Physically locating together is certainly something that helps'*. An example of this is the way in which Jobcentre Plus are working with ESBs providing data on vacancies and which sectors are

²⁵ SEEDA 2009 website available at: http://www.seeda.co.uk/smart_growth/Skills_for_Productivity/

affected. By doing this, other partners are given an opportunity to decide on where to focus their actions.

Challenges and priorities

Key informants within the South East raised several issues on challenges for partnership. There was some concern that the reduction in levels of discretionary funding over previous years had reduced opportunities for local partnerships. The key informant noted that this reduction had constrained the capacity of local partners to influence LSC funding:

When it comes to the LSC, most of their funding is already ear-marked for the colleges so it is quite difficult to shape future funding in that way because discretionary finding has reduced considerably over the years.

To counter the effects of the reduction in discretionary funding, a key informant suggested that ESBs could be more effective if they grouped together to influence events at a national level or possessed greater statutory powers.

5.5 Yorkshire and Humber

Key partnerships

An important element to partnership arrangements within Yorkshire has been the Joint Directors Group between LSC and Jobcentre Plus senior directors. This meeting of directors has led to improvements in joint strategy and the regional plan. Although the Directors Group does not have formal partnership arrangements, there are terms of reference for its activities. Until March 2009, there also existed an implementation group whose members were the RDA, LSC and Jobcentre Plus. Recent changes to the Regional Plan have sought to improve partnership arrangements between the LSC, Jobcentre Plus and Nextstep careers services. Although Yorkshire was not part of the trial IES regions, Yorkshire Forward has sought to pre-empt the arrival of the IES through joint planning and the creation of 'regional products' to support the IES. A key informant described how one of these 'regional products' were a '*tool for advisors*

to have on their desktops so that advisors could refer into LSC from Jobcentre Plus. This is now being rolled out across the whole region'.

Partnerships have been strengthened in the region through the LSC's recent use of Jobcentre Plus contractors to deliver services. A key informant argued that by placing larger LSC contracts with existing Jobcentre Plus contractors, there had occurred a strengthening of links between the LSC and Jobcentre Plus: *'The providers are key to a successful delivery. Some of our bigger contracts recently have been with Jobcentre Plus providers and that has created a really important link using the same providers'.*

Challenges and priorities

The Yorkshire Regional Economic Strategy 2008-2011 (RES) has five objectives: championing RES delivery; helping people to access good jobs, skills and transport; helping businesses to start, grow and compete through innovation; regenerating cities, towns and rural communities; improving Yorkshire Forwards capacity. A key priority for Yorkshire Forward has been the development of relationships with Jobcentre Plus. The same key informant noted that across the region *'there is a close working relationship with the Jobcentre Plus at all levels'.* This relationship was cemented by the close working relationship between the two regional directors in addition to the national emphasis on partnership-working as a means to improve the delivery of policy. The key informant described the importance of the synergy between the Jobcentre Plus and LSC directors:

'The fact is that it seems to be almost a given now in regional working that the LSC and Jobcentre Plus are working together. There is a real synergy between the two regional directors that they can say to the regional minister and speak in one voice about the aims of our support for individuals and employers. There is a common understanding of who we are trying to support and what we are trying to do'.

Although there was a close working relationship between the LSC and Jobcentre Plus, there was, in common with most English RDAs, limited evidence of the use of formal co-commissioning. A number of other issues were raised by a key informant when asked to describe challenges to partnership-working (for example, the differing organisational priorities of the LSC and Jobcentre Plus).

The somewhat prescribed approach to funding that limits the flexibility of some Jobcentre Plus/DWP provision was also seen as potentially problematic. Finally, a key respondent suggested that future priorities included further improving communication between Jobcentre Plus and LSC staff, and the strengthening of joint-working between employability providers and Business Link/Train to Gain.

5.6 West Midlands

Key partnerships

The West Midlands Regional Skills Partnership (RSP) provides the focus for joint-working on employment and skills in that region. The RSP is formed from regional partners that come together to deliver the skills element of the Regional Economic Strategy (RES). The aims of the RSP are to: ensure that employers needs are met by appropriate training and business support; and encourage and enable employers and individuals to improve their performance by investing in skills. Partners include Advantage West Midlands, the LSC, the Alliance of Sector Skills Councils, the Chambers of Commerce, the CBI, Jobcentre Plus and key regional employers. A key informant suggested that the RSP had promoted a sense of shared responsibility for the delivery of the skills component of the RES.

The RES has key skills elements to it and each of the partners are responsible for delivering different parts of that. All partners share responsibility for delivering the skills part of the RES but all of them deliver different parts of it. Everybody knows what they are responsible for and they are accountable to the partnership and the partnership board for making sure that is delivered.

Challenges and priorities

A key priority for the RDA has been the development of the West Midlands Regional Observatory. The Observatory has responsibility for organising and disseminating data resources to ensure that partners have a common picture as to the skills needs of the region. Responsibility for shaping the development of different data sets is shared between the RES partners. The Observatory is

funded by AWM and the LSC to ensure that their respective data needs are being met. A regional skills partnership data group meets every 6-8 weeks to ensure that requests for data are examined, prioritised and adapted to fit with the RES and RDA corporate plan. A key informant described how:

every year we do a regional skills assessment, we also have a regional skills index which measures how we are closing some of the gaps that the partnership identified when it was first established. The skills assessment enables the RDA to track year on year how well we are doing and looking at the issues that were identified initially we can see how we have progressed against those.

In common with the experience of other RDAs when seeking to improve the delivery of partnership-working, regional geography presented an important challenge. A key informant noted that *'the needs of Birmingham are very different to the needs of Stoke, but that is always going to be the case. There will always be pockets that are going to be very different'*.

5.7 East Midlands

Key partnerships

The East Midlands Development Agency (EMDA) has identified three areas for strategic action in their economic strategy for the period 2006-2020. These are to: increase the proportion of adult employees gaining new skills, helping to create more opportunities for more people to move into better jobs by encouraging competitive businesses; support businesses across the region and work hard to raise the profile of enterprise to encourage the creation of new businesses and overcome the barriers to small business growth; encourage businesses to embrace new technologies and processes, and ensure our universities continue to lead the way in research and development. In particular, the strategy focuses on four sectors - transport equipment, construction, food and drink, and healthcare - identified as offering the greatest potential contribution to the region's economy²⁶.

²⁶ A flourishing region: Regional Economic Strategy for the East Midlands. 2006-2020. Available at: <http://www.emda.org.uk/res/docs/RESSUMMARY12ppweb.pdf>

At a regional level the Regional Skills Partnership, called the Employment Skills and Productivity Partnership (ESPP), has as its focus the IES process and employer engagement from the grassroots up to the regional level. The ESPP does not view itself as strategic group because each of the partners have their own strategies – however, the ESPP was seen by a key respondent as adding value by improving communication and avoiding duplication.

A further example of partnership-working in the region was the use of a joint regional strategic framework to ensure that partners involved in ESF funding were aware of each other's priorities. A key informant highlighted the way in which the framework ensured that *'the three co-financing organisations didn't overlap too much in terms of what they were going to deliver'*. However, it was also suggested that some overlap between the functions of partners could have positive effects *'because it gives the service provider a much greater flexibility when dealing with individual customers. But the point of the strategic framework was to ensure that there wasn't duplication so DWP and the local authorities weren't going to be funded to do exactly the same things'*.

Challenges and priorities

Key priorities for the East Midlands are outlined in EMDAs response to the current recession. The document promotes several priorities for the region throughout the recession²⁷. At a local level, there are six Employment and Skills Boards (ESBs) that work with local authorities, the LSC and Jobcentre Plus to deliver programmes in their respective localities. ESBs, similar to the Regional Skills Partnership, are not formally constituted as legal entities. They have terms of reference and are linked to local and multi-area agreements where applicable. A key informant argued that the absence of statutory powers from ESBs gave them greater flexibility and burdened them with less bureaucratic regulation.

Partnership-working was perceived by the same key informant to be a valuable asset when working to achieve regional and local priorities. Underpinning partnerships was the personal commitment of those involved. It was suggested that there is a clear acceptance of the benefits of partnership-working amongst partnership managers. A key informant identified three issues that could affect

²⁷ The East Midlands Economy: A joint response to changing economic circumstances. August 2008. Available at: <http://www.emda.org.uk/uploaddocuments/eastmidlandseconomytaggedforweb.pdf>

the delivery of partnership-working in the region: balancing the objectives of different stakeholders; a numerically driven target culture in some agencies; and sub-regional variations in resources for RSPs.

5.8 London

Key partnerships

The London Skills and Employment Board's strategy argues for 'radically new approaches' from funding and delivery agencies to ensure that employment and skills services are seamless for employers and individuals; increased responsiveness from employability providers to meet demand; closer links between the college sector and employers to support improving employability and progression to higher level skills at work; and a wider range of providers to improve quality and generate innovation in employment and skills provision. London's key employability and skills partnerships include an Integrated Employment and Skills (IES) trial in Central London, charged with creating a more effective customer journey by helping public agencies (particularly the LSC, JCP and London Development Agency) to develop more effective ways of integrating their services. The region also has two City Strategy Pathfinders – one in East and South East London and one in West London. As elsewhere in the UK, these bring together a consortium of the key partners, including the borough local authorities, Jobcentre Plus, the London Development Agency, the Greater London Authority, the LSC and local employers. Local authority-level Local Area Agreements support the skills and employability agenda with many having skills and employment related indicators amongst their target measures.

A City Strategy Pathfinder representative participating in our research noted the added value associated with the relatively flexible governance and funding arrangements for Pathfinder areas. With the governance of the City Strategy Pathfinder defined by relatively flexible memoranda of understanding, an Implementation Group has been able develop innovative approach, which have been adapted to changing labour market circumstances. 'Work Package' activities for the City Strategy Pathfinder include: the development of the Management Information Tool that pulls together provider data to track residents' progress through the route to work to sustainable employment and provide a centralised directory of local skills and employment provision with e-referral

capability; the creation of a performance based quality mark to establish a common benchmarked rating measure for the effectiveness of employment and skills provision; the creation of a new Investment and Target Group, that brings together key funders to plan provision, agrees common targets and aligns funding to eradicate any duplication; the establishment of a Business Partner programme linking volunteers from local employers with employability project staff; and outreach work that links frontline staff delivering other public and third sector services (in relation to housing, social care, health, leisure, RSLs and probation with employment and skills provision.

Challenges and priorities

As in other regions, responding to the recession is a key priority for London stakeholders. The region's response to the recession is articulated through the Mayor's Economic Recovery Plan and a regional-level Joint Action Plan which work on the basis of a twin track response: assistance to the newly unemployed and continuing support to prevent the long-term unemployed/economically inactive becoming more marginalised; and a commitment to maintaining the focus on the long-term ambitions of the LSEB strategy so that the region is better equipped for the recovery. In practical terms, these strategies link into longer standing commitments that call for flexible skills provision which will help re-skill the unemployed, including professional workers, matched with increased employer engagement; improved work-based provision; and strengthened progression pathways that take in (and more effectively link up) Train to Gain, other forms of in-work support and mainstream FE and HE provision.

A representative of the City Strategy Pathfinder participating in our research identified a number of continuing challenges for partnership-working. A key priority for the Pathfinder is to develop a coherent employer engagement strategy that avoids duplication and links the efforts of local employability providers, the LDA and Jobcentre Plus. Some progress has been made here – specifically, the City Strategy Pathfinder has led the development of a directory of employability services for local stakeholders engaging with employers. The hope is that employability service providers can refer employers onto alternative agencies where their own services are not required by employers. The Service Directory has been 'sold' to employability providers as a way of demonstrating to

employers their expertise and knowledge of employment and skills provision across the area. While this strategy has helped to establish the credibility of the Directory and has helped to share information between providers on 'who does what' (with the potential for improved inter-agency referral as a result) there remains work to be done in terms of encouraging providers to share employer contacts.

Our City Strategy Pathfinder respondent also argued for improved cross-regional partnership-working between different City Strategy Pathfinders and other local partnerships; and raised concerns regarding institutional barriers preventing staff and managers within the LSC and Jobcentre Plus from engaging in closer partnership-working. This concern also linked to an acknowledgment of the limitations of progress on resource pooling. It was argued that, while the City Strategy Pathfinder had facilitated a more effective use of resources through joint planning and alignment activities, institutional barriers (especially around contracting for major programmes) have limited opportunities for genuine co-commissioning.

5.9 Wales

Key partnerships

In Wales, the Welsh Assembly Government (WAG) employment and skills strategy 'Skills That Work For Wales' provides the overarching framework for partnership-working on employability. Skills That Work For Wales is clear that the WAG's role (and that of local authorities) is to add value to existing mainstream Jobcentre Plus services. For example, the Skills That Work For Wales strategy emphasises the role of the WAG and its partners in providing a basic skills platform. A National Support Project on basic skills was established in partnership with Jobcentre Plus in 2007, focusing on improving screening and signposting among frontline staff.

The WAG, Careers Wales and DWP/Jobcentre Plus are working closely on the development of a joined-up 'Careers Ladder' model in Wales, and partnership-working on this approach will be formalised further as partners move towards Integrated Employment and Skills. The WAG and local and regional partners are

also leading on the integration of employability services with regeneration and economic development. Promoting employability and access to work are key to the agenda of WAG-supported Strategic Regeneration Areas. The Strategic Regeneration Area approach seeks to promote 'holistic regeneration' in communities ranging from inner-city Swansea to disadvantaged coastal towns and the Western valleys of South Wales. An agreement between DWP and the WAG means that from April 2009 the delivery of DWP Deprived Area Fund resources will be co-ordinated by the Assembly Government, working with Jobcentre Plus, local authorities and Strategic Area partners.

Challenges and priorities

Partnership-working has been central to Welsh stakeholders' responses to the recession. The ReAct programme marks a new partnership between Jobcentre Plus, the WAG and Careers Wales to support people who are facing unemployment following large scale redundancies. ReAct brings together recruitment and training support and advice; and access to discretionary funding (either to support vocational training or for other costs associated with training such as equipment, travel, accommodation or childcare). Meanwhile, the complementary ProAct programme marks an even more innovative approach that seeks to prevent redundancy and support individuals to undertake alternative activities. A £68m funding package, including £38 million from the ESF, will allow the ProAct scheme to support businesses, apprenticeships, employees and learners over the 2009-2010 period. It will provide alternatives to redundancies by supporting short-time working with retraining during the days not worked. It will also help apprentices complete their training in cases where their employers are struggling, owing to the fall-off in business activity caused by the current economic crisis.

In terms of challenges for partnership-working, a key respondent raised familiar issues around the perceived inflexibility of some DWP/Jobcentre Plus budget and contracting processes. There was some optimism that the new Flexible New Deal process, with its 'black box' approach to funding local provision, would result in contracted DWP providers working more closely with (and sub-contracting to) local, community-based providers. However, it was also acknowledged that the evidence from Pathways to Work and other programmes is that the impact of

such flexible funding/contracting mechanisms is mixed. It was argued that the 'triple devolution' (to jobseekers, providers and communities) sought by the UK government can best be achieved through more flexible funding and co-commissioning, which is at odds with the *relatively* centralised contracting model which continues to be imposed on UK government-funded agencies such as the LSC and especially Jobcentre Plus.

5.10 Scotland

Key partnerships

The then Scottish Executive's 2006 policy document 'Workforce Plus: An Employability Framework for Scotland' (since adopted by the Scottish Government elected in 2007) seeks to promote more joined-up policy action on employability in a range of areas – employability itself is understood broadly as the combination of factors and processes which enable people to progress towards employment, stay in employment and move on in the workplace (Scottish Executive, 2006)²⁸. The aim of *Workforce Plus* is to establish mechanisms to increase the chances of continued employment for vulnerable and disadvantaged groups throughout Scotland. The Framework particularly prioritises improving co-operation and efficiency in local employability services, and ensuring that employability is mainstreamed through a range of Scottish Government policy areas. The Scottish Government elected in 2007 has continued to support the establishment of local *Workforce Plus* partnerships across Scotland's 32 local authorities (and especially in its most 'job-deprived' areas) in response. A National Partnership body, headed by the Scottish Government, supports local actions. The National Partnership also promotes action within the Scottish Government to mainstream employability as a goal and "a core part of policy making" within other competency areas such as: education; childcare; health; regeneration; economic development; homelessness; justice; and public procurement.

²⁸ Scottish Executive (2006) *Workforce Plus: an employability framework for Scotland*, Edinburgh: Scottish Executive.

In order to operationalise Workforce Plus objectives, a Scottish Government Workforce Plus team has worked at the local authority-level to develop communities of practice. While targeted funding was initially directed towards seven local authorities with particularly high levels of worklessness, the Government is now committed to a stakeholder-led approach that will establish Workforce Plus partnerships in all of Scotland's 32 local authorities. Workforce Plus budgets have more recently been rolled up into the Government's Fairer Scotland Fund (its main anti-poverty programme), but given the strong overlap between the social inclusion and employability agendas both national and local stakeholders participating in our research saw benefits in this change. Workforce Plus partnerships sit within broader-based Community Planning Partnerships (which lead local delivery of social inclusion in Scotland). In terms of practical capacity-building measures, a Workforce Plus Learning Network – supported by the Scottish Government – is facilitating practice-sharing between local authorities. The Scottish Government has also promoted a standardised approach to assessing and measuring employability among individuals. Finally, 'Futureskills Scotland' – which is funded by and sits within the Scottish Government – was acknowledged by both local and national stakeholders as playing a valuable role in providing a central repository for LMI and research, and in building capacity and knowledge at the local level in relation to evaluation and data analysis methodologies.

Scotland also has three DWP City Strategy Pathfinder areas, covering Dundee, Edinburgh and Glasgow. A local authority representative participating in our research (representing an area covered by both City Strategy Pathfinder and Workforce Plus partnership structures) saw added value in both sets of arrangements. The Workforce Plus model was seen as of greater value in terms of building capacity across Scottish local authority areas – the Government's hands on approach has helped to build capacity and share information and practice across areas. However, the City Strategy Pathfinder model was also seen as an invaluable catalyst for more effective partnership-working – it engaged more senior stakeholders from key funders, while Pathfinder seedcorn and Deprived Area Fund resources have been important to the development of innovative new provision and approaches (see below). It was also suggested that the City Strategy Pathfinder has provided the impetus for more operations-focused planning. This has seen a useful division of responsibilities with a

number of small teams/groups taking forward specific operational tasks, with fewer large meetings of the whole partnership. Meanwhile, one group has focused attention on more strategic issues, such as linking with national policy, forward planning and 'horizon scanning' on emerging policy agendas.

Challenges and priorities

Beyond the overall Workforce Plus agenda, more recent partnership-working on employability has particularly focused on responding to the recession and the threat of redundancy. PACE (Partnership Action for Continuing Employment) is the Scottish Government's national strategic partnership framework for responding to redundancy. There are 21 local PACE teams in Scotland, involving local and national agencies, including Skills Development Scotland; Jobcentre Plus; local authorities; the Scottish TUC and its affiliated unions; Citizens Advice Bureaux; local training providers; and colleges and universities. Skills Development Scotland (the Scottish Government's lead skills agency) co-ordinates the national and local level response teams to provide tailored help and support to individuals facing redundancy and identify training activities where appropriate. This support is tailored to meet individual needs and may include: Jobcentre Plus services; one-to-one counselling; comprehensive information packs; access to high-quality training; seminars on skills such as CV-writing and starting up a business; and access to IT facilities. A recent intensification of the PACE approach has seen 80 Skills Development Scotland staff dedicated to work alongside Jobcentre Plus staff to deliver seamless services between skills development and employability support to individuals in different locations, including Jobcentre Plus offices, Careers Centres and employers' premises.

In terms of more general priorities at the local level, local authority-level key respondents highlighted a number of issues. For example, Deprived Area Fund resources have been deployed to fill gaps in local engagement work, through the establishment of innovative, area-based 'community animator' services in two neighbourhoods; and in linking employability and health provision, funding an NHS secondee to raise awareness of employability issues among NHS stakeholders. Innovative local area initiatives dovetail effectively with the Scottish Government's Wider Role Fund, which seeks to help Registered Social Landlords to address poverty, community decline and worklessness in disadvantaged communities. More generally, 'mainstreaming employability' was a

key priority in the City Strategy Pathfinder/Workforce Plus area participating in our research – considerable effort has been committed to networking with local authority service providers in policy areas ranging from social housing to homelessness to addictions to childcare to community learning. Local authority agencies in these areas have been encouraged to adopt a series of standardised employability measures as part of their client assessment and referral processes, a practice that has raised awareness of the employability agenda and increased referrals to employability providers.

In terms of challenges for partnership-working, local authority-level stakeholders noted that City Strategy Pathfinder status had little impact in terms of increasing the flexibility of DWP/Jobcentre Plus mainstream funding and provision. There has been some increasing transparency regarding the *potential* options for Flexible New Deal, while communication between contracted providers and local stakeholders has seen some improvement. However, it was suggested that New Deal and Pathways to Work providers are understandably focused on delivering their own outcomes. The lack of discretionary funding within Jobcentre Plus and Skills Development Scotland/Training for Work budgets remains a key barrier to alignment and co-commissioning.

Progress in developing coherent regional/cross-local authority approaches has also been limited. The winding up of Local Enterprise Companies, which operated at a regional level, has arguably weakened cross-local authority structures in Scotland. The fact that much of the Scottish Government's focus is on devolving initiatives to local authorities means that there are few immediate benefits in local authorities building collaboration at the regional level.

Our local authority-level stakeholders also noted that while moving towards a single employer offer remains a priority, progress has been mixed. The development of a shared management information system has been important to ensuring access to vacancy handling for all relevant agencies. Local stakeholders are also making progress on planning a charter for basic services for employers – a 'guarantee' to employers of a basic standard of provision from all employability providers across the area. In terms of linking directly with employers, most progress has been made with public sector agencies – a well-established Public Sector Academy run by the local authority offers targeted training and work placements for job seekers, and it is hoped that close

partnership-working with NHS workforce managers will lead to a large number of similar opportunities in NHS organisations.

5.11 Lessons for the REF

Two themes emerge from research with stakeholders in other regions and nations. Firstly, there is widespread acceptance of the importance of partnership-working as a means to add value to the actions of partners. Secondly, the current economic recession has underscored the relevance of working in partnership to address the threat of redundancy and the effects of unemployment on the skills of the individual. More specifically, REF partners ought to be made aware of the following cases of good practice that have improved the effectiveness of partnership-working as a method for confronting the effects of the recession.

1. *Effective partnerships demonstrate their relevance and purpose.* There is a contrast between the extent of buy-in to the REF amongst partners and that demonstrated by regional strategic partnerships in the RDA benchmarking regions. Effective partnerships in the RDA benchmarking regions demonstrate strong buy-in from key stakeholders. Joint partnership events as were described in the North West and the Yorkshire RDA Implementation Group enable the respective partnerships to provide a clear demonstration of the direction and purpose of the partnership. These factors are critical to acquiring buy-in to the partnership from key stakeholders. Buy-in to the REF amongst partners is variable. Partners do not always exhibit a good awareness of REF objectives. REF managers need to engage in activities that promote the objectives and purpose of the REF.
2. *Effective partnerships demonstrate local engagement.* Although the REF is, as its name suggests, a regional strategic group greater local buy-in is required to give the REF greater credibility and more access to the organisations and individuals whose delivery of REF objectives will ultimately decide the effectiveness of the REF. Several examples of strategies to improve local buy-in are provided in the preceding benchmarking exercise. The use of joint partnership events by the North

West and importance of local buy-in to partnership activities in the East Midlands demonstrate the need for the REF to improve the extent to which it has thus far engaged with local partners and local authorities.

3. *Effective partnerships demonstrate an awareness of the economic landscape.* The dominant theme across all RDAs was the impact of the recession. Its effects are likely to shape the action required by RDAs and their partners in the coming years. The focus on RDAs is increasingly on those individuals at threat of redundancy or who have recently become unemployed. Several RDAs had implemented joint regional responses to the economic downturn. The effect of these response papers, combined with widespread awareness of the effects of recession, was to reinforce and reinvigorate partnerships arrangements. It is suggested that REF strategic actions and objectives are revised to provide a systematic partnership based response to the effects of the recession in the North East. It is also suggested that REF partners study the use of the 'Offer' approach as implanted by the North West RDA²⁹. Under this approach, the NWDA makes a series of 'Offers' to employers, individuals at risk of redundancy, newly redundant and the long-term unemployed that in effect commit partners to fulfilling a series of actions to address the effects of unemployment.

4. *Effective partnerships demonstrate local knowledge.* EEDA, SEEDA and Advantage West Midlands are working towards, or have implemented, a centralised repository for labour market intelligence. The use of a centralised source of labour market data enables partners to work to objectives that are grounded in empirical data and reinforces the sense of purpose and relevance that are necessary to maintain effective partnerships. However it is also evident that the Regional Observatory³⁰ created for the West Midlands, has an audit function that enables Advantage WM to track their year-on-year progress under a skills assessment exercise. Labour market intelligence in the North East is spread across various regional sources including the North East Regional Information Partnership, the Annual LMI Report and a series of Sector

²⁹ The North West Joint Regional Response to the Labour Market Downturn, January 2009. Version 10. North West Regional Skills and Employment Board

³⁰ <http://www.wmro.org/>

Fact Sheets. It is suggested that the creation of a centralised repository for the North East using the West Midlands Regional Observatory model will ensure that partners are able to access timely and relevant data to inform objectives.

A review of practice in nations and regions suggests that there are important lessons for REF partners in specific areas of policy and practice. However, particularly in comparison to other English RDA regions (none of which had a direct equivalent of the REF), the North East is particularly well placed to continue to make progress towards an integrated employment and skills agenda. While all of the regions and nations examined had developed some forms of regional skills partnerships and/or Employment and Skills Boards, few (e.g. the North West) were as advanced in putting structures in place focused specifically on employability. The Scottish Government's employability framework pre-dates the REF, and there may be lessons from how Scotland has now moved on to focus on operationalising shared priorities on employability at the local level (see below).

More specifically, the discussion above suggests that other regions have faced similar institutional barriers as experienced in the North East when seeking to make progress on co-commissioning provision. There have been similar attempts to use joint-planning and the alignment of different commissioning exercises to achieve synergies between LSC, Jobcentre Plus and other funders. The REF client journey model has helped to frame these practices in the North East, and its acceptance means that that the region is well placed to make continued progress on resource alignment.

The other regions and nations have encountered similar challenges to those faced by North East stakeholder in trying to move towards a joined-up 'employer offer'. While there are no easy answers, we identified potentially transferable good practice in: a London-based City Strategy Pathfinder's use of an employability Service Directory as a means of encouraging individual providers to 'sell' themselves to employers as part of a joined-up, coherent suite of employability provision; a Scotland-based City Strategy Pathfinder's plan to develop an 'Employer's Charter' or 'guarantee' regarding a basic level of service

from different local employability providers; and (in terms of the content of employer engagement activities) Wales's innovative ProAct programme's provision of skills services for individuals alongside support for employers to opt for short-time working rather than redundancy during the recession.

The REF client journey model has also helped key funders and stakeholders to emphasise the importance of engagement work with those furthest from the labour market. While it is difficult to gauge the range of local practice from work with regional-level stakeholders, the North East's approach appears to be an example of particularly regional good practice. Nevertheless, there are again lessons for good practice from elsewhere. For example, City Strategy Pathfinders in both London and Scotland have particularly prioritised 'mainstreaming employability' in other areas of (especially local authority-led) public services, such as health, housing, adult learning and services for people facing problems such as homelessness and substance abuse. In the latter case (for example) this has involved investing in networking, training and capacity building work with the NHS and Registered Social Landlords, among others, as well as mainstreaming a set of employability measures in client assessment/registration tools in a range of other areas. While mainstreaming employability is acknowledged as a priority by REF partners, there may be practical lessons to take from these examples.

We have also seen above how stakeholders at the national, regional and sub-regional (e.g. City Strategy Pathfinder) level have prioritised improved data management/sharing and LMI use (also key issues for the REF). Many of the institutional barriers encountered by North East stakeholders (issues around cost of developing shared systems, stakeholders' commitment to their own existing tools, and compatibility) have also limited progress elsewhere. There may be lessons from the way that the Scottish Government has sought to encourage the use of a single, 'core' employability assessment model at local authority level. In nations such as Scotland and regions such as the West Midlands there has also been substantial investment in centralised LMI resources, something which should remain a priority for REF stakeholders.

Finally, in relation to broader issues of partnership formation and membership, the evidence suggests that the REF is well placed in terms of getting the right players around the table. The REF as a framework has provided a strong sense

of focus (and clearly defined criteria) for partnership-working among key stakeholders and funders. While the North East is as advanced or more advanced as other regions and nations in this respect, there are again some specific potential lessons for practice relating to: the clearer sense of integration between the employability and regeneration agendas in some areas (for example, in Wales); and the apparently closer integration of careers services/strategies within overall employability planning in some RDA areas.

To conclude, the North East is as advanced, or more advanced, than most other nations and regions in joint-planning and partnership-working on employability. There are a number of areas where good practice lessons can be identified from a review of approaches elsewhere, especially in specific aspects of implementation. However, the REF as a framework for joint action has helped ensure that the North East is well placed to take forward further partnership-working towards an integrated approach to employment and skills.

6. CONCLUSIONS

6.1 Key issues from international practice and benchmarking against regions and nations

Our review of international practice highlighted a number of common themes in how different national and regional governments are seeking to promote more joined-up employability services. Considerable caution must be exercised before suggesting the direct transfer of ideas/approaches from one policy context to another. However, there are a number of recurring themes around good practice that REF stakeholders may wish to reflect upon, including:

- the value of co-locating a wider range of services than is traditionally found under the UK's Jobcentre Plus model – a number of other EU and OECD states have prioritised the development of one stop shops providing access to a wide range advice/services on: benefits and financial problems, health, housing, lifelong learning, childcare, and other issues;
- the need to present clients and employers with the appearance of a single gateway defined by a consistent brand and a guarantee of consistency in services;
- and the need to continue to promote a sense of shared ownership and strategic focus among all necessary key stakeholders, through inclusive but focused partnership structures.

Our review of practice in other regions and nations highlighted a number of general lessons around the need for partnerships that are able to demonstrate their relevance and purpose; provide regional-level leadership but are defined local engagement and knowledge; and are responsive to the changing economic landscape.

However, particularly in comparison to other English RDA regions (none of which had a direct equivalent of the REF), the North East is well placed to continue to make progress towards an integrated employment and skills agenda. The REF has therefore provided an effective framework for partnership-working on employability. Benchmarking the REF against other nations and regions did

highlight some specific issues of practice and partnership-working that REF stakeholders may wish to consider, such as:

- using a database of employability services as a means of encouraging local providers to present employers with options from a coherent suite of employability provision (thus allowing each individual provider to 'sell' themselves as part of a comprehensive, holistic network of service providers)
- the potential for further action on 'mainstreaming employability' in other areas of local authority public services, by investing in networking, training and capacity building work with professionals working in a range of other policy areas;
- the need to continue to work to effectively join-up employability and economic development/regeneration agendas.

6.2 Key issues from research with key stakeholders

REF stakeholders have made some progress on **providing a framework for planning and alignment of resources**. Full co-commissioning/resource-pooling has been difficult to achieve given key funders' (understandable) concerns with retaining accountability and institutional barriers around contracting regimes. There may be a need to recalibrate the REF's strategic actions to acknowledge that full co-commissioning is unlikely to be realistic in the medium-term. Instead activities in this area should focus on:

- continuing to advocate that "all stages of the client's employability journey need to be adequately funded" and encouraging funders to complement mainstream employability/skills provision funded by LSC and Jobcentre Plus (engagement with local stakeholders to encourage further progress on the alignment of Working Neighbourhoods Fund resources and other employability spending would be particularly valuable);
- learning from and building upon Jobcentre Plus-LSC experiences in the alignment of ESF commissioning;
- influencing and proactively engaging with Jobcentre Plus and LSC providers once commissioned, in order to help them to see how their provision fits with the broader REF model/complementary services offered by REF partners.

Future formulations of the REF need to focus more clearly on advocating the alignment of funding and on influencing the development of services on the ground. It is important that REF stakeholders are able to arrive at a language that does not make over-ambitious claims about promoting co-commissioning – the need to continue to build trust (which can be problematic given the institutional barriers around funding) and to focus on practical, 'doable' objectives was seen as a priority for future action by key stakeholders.

The recent establishment of a 'Funding Group' of senior managers from funders at the regional and sub-regional level is welcome. The priorities for this Group should focus on producing a simplified picture of funding across the region and identifying further opportunities for alignment and complementarity in commissioning.

There is also a need to develop means of ensuring that providers involved in the delivery of Flexible New Deal and other mainstream Jobcentre Plus and/or LSC provision, have a role and stake in the REF process. Proactive engagement with these providers may allow REF stakeholders to influence their approaches and help providers to see how their services fit with the wider REF (potentially resulting in improved practical collaboration).

Progress on **developing and implementing strategies to identify and engage those customers who are furthest away from the labour market** has been visible, although given national priorities on combating worklessness, the specific impact of the REF is difficult to measure. REF stakeholders should continue to identify and promote good practice at the local level on engaging hard-to-reach groups. However, there remain concerns that some funders want to 'commission the whole journey', reflecting a natural concern to retain control over the quality and focus of services for clients.

Progress on **developing and implementing systems which encourage and reward provider collaboration** has been mixed. Contracting practices appear to raise barriers to collaboration, despite the efforts of funders to 'write the REF into tendering processes'. 'Rewarding collaboration' as a strategic action for the REF may be unrealistically ambitious. Instead, a priority for REF stakeholders should be to identify lessons from innovative funding mechanisms where providers are

rewarded on the basis of client engagement/distance travelled (rather than job entry), and encourage the sharing of good practice on these issues. Future formulations of the REF should avoid specifically seeking to 'incentivise' partnership-working and inter-agency referral, but instead seek to act as an advocate for rewarding *all the progress*/distance travelled with clients made by different agencies.

Progress on **developing and implementing a streamlined recruitment and support service for employers** has been difficult to achieve. The REF Employer Engagement Model remains something of a 'paper exercise' and there is an urgent need to fully operationalise its activities (so as to make progress on developing a coherent 'single offer' for employers). The region's Employer Engagement Model needs to be simplified and made more action-oriented. A renewed REF Employer Engagement Group – with substantial involvement from employers' organisations such as CBI and Chamber of Commerce and individuals employers – should be charged with taking forward practical actions around the development of a single offer of a suite of employability services for employers. The same group should have a broader remit around gauging employers' views and encouraging a sense of ownership, buy-in and a 'hands on' approach from employers as active participants in the REF.

Progress in **influencing policies and strategies** has been most evident at regional and sub-regional levels within the North East, where the REF has helped to promote a common language and (for example, through the REF client journey model) a shared understanding of employability. Key stakeholders see the REF as dovetailing with the national Integrated Employment and Skills agenda, and stakeholders have effectively 'laid the groundwork' for IES. But the REF may be best understood promoting progress 'beyond IES' by encouraging collaboration across the broader employment, employability and skills agenda (rather than just focusing on improved partnership-working on LSC-Jobcentre Plus agendas). This broad-based, holistic approach to employability should continue to inform the REF and partnership-working on employability in the North East.

There has been some progress on **establishing an infrastructure to support the development and delivery of the REF**. In general terms, improved sharing of information and practice was seen as a major benefit arising from REF

activities, but it was also acknowledged that progress towards a consistently used common assessment and tracking system has been limited. A key barrier to progress is that key funders retain their own systems, while also often allowing their contracted providers to use independently developed assessment and monitoring tools. Although there has been some progress in the form of a range of delivery agencies adopting the Hanlon system, take-up remains patchy and there are cost and appropriateness issues for some agencies. Nevertheless, there may yet be scope for closer joint-working on a user-friendly assessment and monitoring system such as Hanlon or a similar model.

It is again important that future formulations of the REF focus on what is 'do-able' on promoting shared approaches to client assessment, monitoring and tracking. A short-life working group under the REF (involving key funders, prime/main contractors and those with expertise in Hanlon) should be established to explore the issues of compatibility between different assessment/tracking systems. Such a group would have a remit to explore: the potential to link different systems; legal, funding and data protection issues; the potential costs and benefits associated with any new or 'wrap around' systems for gathering and transferring client data.

A number of structural changes may further help to promote the more effective delivery of REF priorities. The need for a strong core team driving REF implementation, and a clearer distinction between strategy and delivery in taking the REF forward. The recent moves towards giving the REF Implementation Team (REFIT) a stronger sub-regional focus/remit, and a clear focus on the implementation of REF actions, appears welcome and should be supported, as should progress on bringing 'Employability Leads' together from across different organisations. There may also be value in considering how the REF Strategy Group can best be structured so that includes key senior strategic managers, and has a clearer strategic remit (i.e. setting the agenda, and identifying and communicating priorities for the REF).

More generally, the need to secure buy-in at the local level and across a range of different stakeholders is an important future priority for the REF. There is a need for increasing efforts to ensure that local authority-level organisations see themselves as active partners in the REF process. Renewed activity to engage

local authorities – for example through a strengthened 'champions' network – is welcome and should be supported.

It is important that changes to how the REF is designed and implemented have a strong outcome-based focus. Where REF partners agree recalibrated strategic actions for the Framework, they must *at the outset*, also agree how progress is to be measured and what indicators of success will be used. REF partners must also consider how any changes to the REF will impact on client experiences and outcomes on the ground, and again how the REF's future impact at the individual level can best be measured (also a priority for Stage 2 of this research).

It is difficult to establish the **Strategic Added Value** delivered by the REF. Many of the priorities for action (and indeed the REF's focus on partnership-working) are shared with national programmes and local initiatives. However, it is clear that the REF has: a) created a formal space for the sharing of ideas and information on employability that did not previously exist; b) contributed to the establishment of a common language and so an improved, shared understanding of employability agenda priorities among partners; c) promoted the REF client journey model as a means of encouraging funders/providers to consider their roles (promoting complementarity and helping to avoid duplication).

The REF will continue to play an important role as the North East seeks to respond to the recession. Indeed, REF stakeholders have a key role to play in seeking to ensure that new redundancy response funding/initiatives fit with existing strategies and programmes; and that service providers do not lose sight of the need to support groups further from the labour market. The REF has an important role to play in reinforcing the message that regional and local stakeholders need to address the complex range of issues that feed into worklessness – issues that remain in place despite rising general unemployment. Finally, as noted above, there may be a need for ONE and partners to consider whether additional REF actions are required focusing on joining-up the demand-side and supply-side agendas in response to the recession.

In conclusion, the REF has laid the groundwork for the emerging IES agenda in the North East. But the REF should be retained as a flexible framework informing partner agencies' policy actions – it can help, and has helped, partners to move

'beyond IES' by encouraging collaboration on a holistic employability agenda across the North East. The REF has added value by strengthening partnership-working, improving communication and promoting a shared understanding of employability and responses to labour market disadvantage in the North East. The recommendations in this report seek to inform future work that will help REF partners to move towards an increasing focus on the implementation of actions on the ground. Continuing work on implementing and operationalising the REF on the ground will help to ensure that the strong progress made in the North East on partnership-working on employability will have positive impacts for those excluded from the labour market.