



PEER REVIEW
IN SOCIAL PROTECTION
AND SOCIAL INCLUSION
2009

THE CITY STRATEGY FOR TACKLING UNEMPLOYMENT AND CHILD POVERTY

LONDON, 6-7 JULY 2009

SYNTHESIS REPORT



On behalf of the
European Commission
Employment, Social Affairs
and Equal Opportunities



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Summary

Held in London (United Kingdom) on 6th–7th July 2009, the Peer Review on the UK City Strategy for tackling unemployment and child poverty was hosted by the UK Department for Work and Pensions (DWP). In addition to the host country, nine Peer countries participated, namely: Austria, Bulgaria, Czech Republic, Greece, Latvia, Lithuania, Norway, Portugal and Serbia. Participating as European stakeholders were the European Social Network and Eurocities, the network of major European cities. A representative of the European Commission's DG Employment, Social Affairs and Equal Opportunities took part in the meeting.

The City Strategy (CS) initiative forms part of the UK government's wider objective of reforming the welfare system. The initiative is about helping to regenerate underprivileged areas by pooling together local partners' resources and creating more flexibility for them to work together on activities relating to skills, employment and health. Towns and cities across England, Scotland and Wales were invited to send in expressions of interest and, by mid-2007, 15 had been selected to take part in the initiative, namely: Birmingham, Coventry & the Black Country, Blackburn & Darwen, East London, Greater Manchester, Leicester, Merseyside, Nottingham, South Yorkshire, Tyne & Wear and West London for England; Dundee, Edinburgh and Glasgow for Scotland; and Heads of the Valleys and Rhyl for Wales. These areas vary greatly in size and structure, but they all share the common problem of high levels of "worklessness" — a term used to indicate that the problem is more than just one of straightforward unemployment.

Once selected, the 15 "City Strategy Pathfinder" (or CSPs) were required to develop a business plan and to set themselves certain local targets reflecting their own local structures, with a view to achieving the broader national objective of boosting employment rates and reducing dependency on the main types of social benefit in the UK — namely, Jobseekers' Allowance, Incapacity Benefit and Income Support for Lone Parents.

The experience saw the individual CSPs take different approaches, with some adopting a high profile while others merged into the background. However, a number of common problems emerged, including the challenge

of engaging employers — whether SMEs in the private sector or large public sector employers — and the lack of data-sharing arrangements among the main partners. Pathfinders also expressed frustration with the slow progress made by central authorities in adopting enabling measures to provide them with more freedom to adjust national programmes to their needs. During discussions, Peer Review participants also pointed to the disappointing lack of explicit attention to the problem of child poverty. They further underscored how difficult it would be to achieve the CS targets in the current economic climate, given that the initiative was conceived at a time of steady economic growth.

To provide Peer Review participants with a clearer idea of how the initiative works in practice, representatives of the UK City Strategies Partnership for East London facilitated a number of site visits.

The key conclusions that emerged from the Review, including in terms of transferability of the policy, can be summarised as follows:

- The City Strategy initiative was generally seen as a useful way of substituting the traditional welfare state with the ‘welfare city’, providing a local focus for policy. However, to work, it requires a strong civil society and a certain degree of local autonomy (‘centralised localism’).
- While the overall wish to increase employment was clear, it was considered that more attention should be paid to the quality of jobs and their sustainability.
- Also, it was felt that although the initiative had a child poverty agenda, this was not made explicit enough, despite the fact that it was a vital objective that should not be lost.
- The same was said of the gender issue, which should be developed more explicitly within an equal opportunities framework.
- The City Strategy initiative does go some way towards responding to the European strategy of ‘Active Inclusion’. However, it was felt that



the issue of the 'intensity' of jobs should be addressed and that more attention should be paid to active inclusion outside the (regular) labour market.

- Overall the City Strategy initiative was seen as an interesting approach to harnessing existing resources and making best use of them, but it is was thought more likely that certain aspects of the approach would be more easily transferable than the strategy as a whole.



A. Policy context at European level

The City Strategy combines various approaches and themes. It tackles important social problems, such as worklessness and poverty — especially child poverty — from a spatial dimension and via specific forms of policymaking, such as the devolution of responsibilities to the local level and the creation of local partnerships.

Due to its breadth, the initiative relates to a wide range of European policies. At the most general level, the *Lisbon Strategy for Growth and Jobs* is the most relevant EU framework when discussing the reintegration of workless people. The European Structural and Cohesion Funds also focus on employment, approaching it from an urban and regional viewpoint. The *EU Social Protection and Social Inclusion Process*, through which the European Union coordinates and encourages Member State actions to combat poverty and social exclusion, and to reform their social protection systems on the basis of policy exchanges and mutual learning, also provides 'best practice' when it comes to integrating the different dimensions. The EU is also paying increasing attention to child poverty and to the implementation of children's rights — this being one of its priorities for the 2010 European Year on Poverty.

The Lisbon Strategy

Compared to the initial Lisbon Agenda adopted in 2000, the relaunched *Lisbon Strategy for Growth and Jobs* (2005) puts a stronger emphasis on increasing economic growth and job creation for all segments of the population, and on implementation through National Action Plans.

In line with this strategy, the UK National Reform Programme has identified two challenges that need to be tackled with the highest priority: improving skills levels in order to raise productivity, and reducing disadvantage on the labour market. In 2007, the European Council recommended that the UK "implement recent plans to substantially improve skill levels and establish an integrated approach to employment and skills in order to improve

productivity and increase opportunities for the disadvantaged”¹. The City Strategy objectives are clearly in line with this recommendation.

Further to this, the EU ‘Employment Guidelines (2008–2010)², which are the principal policy instrument for implementing the Lisbon Strategy, further request that Member States conduct their policies in cooperation with the social partners so as to ensure that the objective of more and better jobs also supports a more inclusive labour market. It also calls on Member States’ to improve quality of and productivity at work and to foster full employment in a balanced manner, through an integrated flexicurity approach.

Other important objectives of the Lisbon Agenda are strengthening social and territorial cohesion, as well as equal opportunities and combating discrimination — all considered essential for progress. The realisation of these objectives should be fostered through good governance of employment and social policies — i.e. by establishing a broad partnership for change that fully involves European and national social partners, parliamentary bodies, stakeholders and civil society organisations, both at regional and local levels.

Finally, the text recalls the social realities that exist outside of the labour market, requesting that Member States “aim towards active social integration of all through promotion of labour force participation and fight poverty and exclusion of those and groups who are most marginalised in society”. This brings us to a key concept within the European policy framework, which constitutes a necessary complement to that of flexicurity; i.e. active inclusion.

Active Inclusion

The Commission’s *Recommendation 2008/867/EC of 3 October 2008 on the active inclusion of people excluded from the labour market* [Official Journal

1 Recommendation for a Council Recommendation on the 2008 update of the broad guidelines for the economic policies of the Member States and the Community and on the implementation of Member States’ employment policies — COM(2007) 803 final, PART IV
2 Annex to the Proposal of the Council Decision on Guidelines for the employment policies of the Member States: promoting the European Social Model — COM (2007) 803 final, PART V



L 307 of 18.11.2008] requests that all Member States draw up and implement a comprehensive and integrated strategy, composed of the following three strands: sufficient income support, inclusive labour markets and access to quality services. This 'active inclusion' policy thus has a much wider scope than labour market activation only; it is also concerned with those who are permanently excluded from the labour market and it is multi-faceted, in that it focuses on income support and service provision, as well as on employment. Actions should thus support the employment of those who can work, while providing the necessary resources for all to lead a dignified life and promoting the social participation of those who cannot work.

The Recommendation also specifies that inclusion policies should integrate principles such as fundamental rights and equal opportunities for all, and pay special attention to the specific needs of disadvantaged and vulnerable groups, and of varying regional contexts. They should also contribute to preventing the intergenerational transmission of poverty, which implies putting child poverty at the centre of the picture. Last but not least, active inclusion measures should be aligned with the social cohesion objectives of the Lisbon Strategy.

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In order to ensure that inclusion policies are effective, Member States must make available the necessary resources for implementing social protection instruments, ensure the coordination of actions taken at local, regional, national and EU-level and include all relevant actors in the development, implementation and evaluation of their strategies. Information about people's right to support measures must be publicised widely and the public's access to appeals systems should be facilitated by simplifying administrative procedures. Member States should also take steps to improve indicators and statistical data on their active inclusion policies (OMC).

In their 'Key Lessons' report, based on the national reports prepared by the EU Network of national independent experts on social inclusion, Frazer and Marlier (2009) identified four paths for further improvements in active inclusion strategies, namely: enhancing employment security; ensuring that income support and activation rules complement each other; achieving a proper balance between activation, poverty alleviation and budgetary costs, and; taking into account the common principles for active inclusion.



For obvious reasons, this text provides a very comprehensive framework for the City Strategy. However, it does not mention anything of the spatial dimension, and the EU's policies on cohesion thus complement the 'active inclusion' strategy in this respect.

European regional policy: three Structural and Cohesion Funds

According to Eurocities, the network of major European cities, "experience in cities shows that a strong emphasis on job creation and economic growth does not necessarily benefit the local residents. (...) Hence, (...) the Lisbon strategy is not necessarily the best reference in this context." In fact, the cohesion dimension has actually disappeared from the original Lisbon strategy and now survives in the *European Union's regional and cohesion policies*.

For the EU, cities represent a dual challenge: they need to be promoted as centres of economic activity, innovation and employment, but also require support in handling complex problems, such as the growing suburbanisation, the concentration of deprivation and high levels of worklessness in urban neighbourhoods. Such challenges require integrated solutions, involving transport, housing, and training and employment schemes, which must be tailored to local needs. In order to foster such an integrated approach, the EU cohesion policy seeks to maximise the synergies between different policy domains and to encourage dialogue between administrations, social and economic partners and civil society organisations.

The EU cohesion policy regulations for 2007–2013 emphasise the need to involve local and regional authorities in the planning and implementation of national programmes. They recommend that national and regional authorities devolve programme management, or parts of it, to local authorities, and encourage private organisations of both the for-profit and the not-for-profit kind to become involved as partners. These are also central concerns within the City Strategy.

For the 2007–2013 period, three EU Structural and Cohesion Funds — the ERDF (European Regional Development Fund), the ESF (European Social Fund) and the CF (Cohesion Fund) — are made available with a view to meeting



the EU's three Cohesion and Regional Policy objectives, namely: convergence (formerly objective 1), regional competitiveness and employment (formerly objectives 2 and 3), and European territorial cooperation (formerly objective 3).

The ERDF's aim is to support programmes addressing regional development, economic change, enhanced competitiveness and territorial cooperation throughout the EU. Funding priorities include research, innovation, environmental protection and risk prevention. Infrastructure investment is also important, especially in the least-developed regions.

The ESF is meant to be implemented in parallel to the European Employment Strategy and focuses on four key areas: increasing adaptability of workers and enterprises, enhancing access to employment and participation in the labour market, reinforcing social inclusion by combating discrimination and facilitating access to the labour market for disadvantaged people, and promoting partnership for reform in the fields of employment and inclusion.

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In line with the Structural Funds' General Regulation³, Member States have also agreed to a set of "Community Strategic Guidelines for Cohesion"⁴, which require all future Structural Fund Programmes to focus resources on three main priorities. The first one is to enhance the attractiveness of Member States, regions and cities by improving accessibility, ensuring adequate quality and level of services, and preserving their environmental potential. The second priority is to encourage innovation, entrepreneurship and the growth of the knowledge economy by developing research and innovation capacities, including new information and communication technologies. Finally, Structural Fund programmes should create more and better jobs by attracting more people into employment, improving adaptability of workers and enterprises and increasing investment in human capital.

Although the purpose of the Guidelines is to provide a single framework for Member States and regions to use when developing their national

³ Council Regulation (EC) No. 1083/2006.

⁴ Annex to the Community Strategic Guidelines on Economic, Social and Territorial Cohesion 2007–2013, Council of the European Union, 18 August 2006 (http://ec.europa.eu/regional_policy/sources/docoffic/2007/osc/1180706_en.pdf).



and regional programmes, these will also have to take their specific local conditions into account.

The General Regulation also requires each Member State to produce a *National Strategic Reference Framework*, outlining its strategy for delivering the Structural Funds through its Operational Programmes and describing the contribution this will make to the Community's Objectives.

The *UK Strategic Vision for Structural Funds Spending* requests that the UK's nations and regions develop their own detailed priorities reflecting their specific circumstances and levels of EU funding. However, on a general level, it states that programmes must pay particular attention to three overarching themes, namely: Enterprise and Innovation, Skills and Employment, and Environmental and Community Sustainability. Within these themes, a number of sub-themes emerge as key, including the creation of social enterprises, assistance in overcoming barriers to entering the labour market, in particular for disadvantaged groups, and increasing the attractiveness and access to employment and public services in deprived areas. In addition to this strategic vision, the Government and Devolved Administrations have agreed a number of high-level principles for future Structural Funds Programmes across the UK, one of which is the creation of partnerships with regional and local stakeholders. They have also committed to using future Structural Funds to support the Lisbon agenda for growth and jobs.

The EU Structural and Cohesion Funds are not really prominent in the City Strategy, although they are not quite as absent as existing documentation would suggest. Individual City Strategy Pathfinders do make use of the ESF funding stream and attempt to take account of it when aligning policy interventions. The ERDF is less relevant for the City Strategy, although it is on the agenda in a few areas (namely Merseyside, which has a history of Objective 1 funding). The Convergence Fund is reasonably prominent for the two City Strategy Pathfinders in Wales (i.e. Heads of the Valleys and Rhyl)⁵.

⁵ All of England, Wales and Scotland are (Regional) Competitiveness and Employment Regions with South Yorkshire and Merseyside phasing in; West Wales & The Valleys is an eligible area under the Convergence Objective; the Highlands & Islands is a phasing-out region under the Convergence Objective.

Child poverty

Although responsibility for addressing child poverty rests with the Member States, the EU has increased its commitment in recent years. In March 2006, the European Council stressed the need to put the reduction of child poverty higher on the political agenda, declaring that “*Member States should take necessary measures to rapidly and significantly reduce child poverty, giving all children equal opportunities regardless of their social background*”⁶.

The EU recognises child poverty as a multi-dimensional problem that requires urgent integrated action. Combating this phenomenon is considered crucial to the achievement of more social cohesion and a sustainable social and economic development. To this end, the EU intends to increase its efforts on mainstreaming child poverty in national and EU policymaking. This is to be achieved by building stronger specific indicators to measure and evaluate progress in combating child poverty, by taking into account the voices of children living in poverty and other forms of social exclusion, and by increasing awareness.

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In their 2006–2008 National Reports on Strategies for Social Protection and Social Inclusion, Member States promised to develop a strategic, integrated and long-term approach to prevent and address poverty and other forms of social exclusion among children. In January 2008, the EU Social Protection Committee approved, upon request of the European Council, a report identifying the predominant factors affecting child poverty in each country. It found that the implementation of child poverty policies is very variable across the EU and that results are highly disparate. The report makes explicit reference to the UK’s ‘Sure Start’ programme, which seeks to assist disadvantaged families by increasing the availability of childcare and providing financial assistance to make it affordable. The programme also focuses on improving young children’s health and emotional development, and providing parents with advice and services to help them, both as parents and as workers.

⁶ Presidency Conclusions of the Brussels European Council on 23–24 March 2006 (paragraph 72).



The spatial dimension

At face value, and considering the name of the programme, the spatial dimension appears to be a crucial feature of the City Strategy. A closer look, however, reveals that the aim is not so much to develop integrated city strategies for combating forms of social exclusion related to worklessness (such as child poverty), but rather to devolve welfare provisions to the local level, by developing partnerships at that level and substituting the welfare state with a kind of 'welfare city' or 'local welfare regime'.

In this sense, the City Strategy clearly fits into the Local Employment Development (LED) strategy of the European Union, which aims to improve the local economy and the local labour market by promoting partnerships between governments, employers' and employees' organisations, civil society (e.g. NGOs, Non-Profit Organisations, the church, social enterprises), and private businesses. The objective is to decrease unemployment by increasing the attractiveness of the local area as a business location; to improve the quality of jobs and working conditions; to reduce inequality due to gender, age, ethnicity or culture; and to foster labour market integration of the elderly, single mothers or ethnic minorities. Local actors are involved in both the design and implementation of the LED in order to take better account of the needs and potential of the local society and of target groups. Within the LED strategy, the definition of 'local' depends on the national context. Initiatives are not necessarily restricted to specific administrative units (e.g. communities) and while some cover rather coherent labour market regions (e.g. in terms of commuting distance), others are even cross-border.

The LED has been addressed through various European programmes, such as the European Structural Funds, the URBAN and LEADER Community Initiatives or the INTERREG programme. For instance, within the ESF, the former Community Initiative EQUAL sought to combat discrimination and exclusion by applying bottom-up strategies and partnerships ('development partnerships'; local or sectoral). The URBAN and LEADER Community Initiatives address urban and rural development, respectively, by emphasising capacity-building and empowerment of local actors. Local partnerships are involved in the definition of strategies and priorities, resource allocation, programme implementation and monitoring. Both initiatives specifically

involve actions and activities dealing with local employment development, such as job creation, integration of disadvantaged groups into education and training. The INTERREG programme integrates labour market related targets into a wider local development approach. Although the focus is on territorial cooperation rather than on local partnerships, a variety of local actors participate⁷.

The UK City Strategy is by no means the only initiative seeking to foster urban development through local partnerships. Indeed, recent European history is replete with examples of urban development programmes, which, throughout the 1980s and 1990s, developed into more targeted and selective programmes, in which the notion of partnership and community involvement has grown in importance. These programmes consist of interrelated projects at a local level that are implemented in a certain area within a defined period. Projects may focus on physical measures, such as demolishing and rebuilding parts of the housing stock, or on social and economic targets, such as decreasing unemployment. Often, they combine physical, social, economic and cultural initiatives in an integrated approach. Some examples are: England's *New Deal for Communities* (NDC) Programme, which took off in 1998 for an intended ten years; the Dutch *Grootstedenbeleid* (1994–2009); the French *Politique de la Ville et Contrat de Ville* (running since the 1970s) and *Politique Territorialisée de Développement Solidaire et de Renouveau Urbain* (1998); the German *Benachteiligte Stadtgebiete* (1993) and *Soziale Stadt* (since 1999); the Danish *Urban Committee Initiative* (1994), *Urban Area Improvement Programme* (1996) and *Kvarterløft* (1997–2007); in Belgium, federal *Grootstedenbeleid* (2000-), the *Vlaams Fonds voor de Integratie van Kansarmen* (VFIK) (1992) and *Sociaal Impulsfonds* (SIF, 1996–2002); The Italian *Contratti di quartiere I & II* (Neighbourhood Contracts, 1997 and 2002) and *Programmi di recupero urbano e di sviluppo sostenibile* (Urban Regeneration and Sustainable Development Programmes, 1998).

Given the broad range of problems and policies covered by the City Strategy, several Peer Reviews could provide a source of inspiration for comparison. The following selection is limited to those Reviews that took place in the past five years: 'Initiatives by the social partners for improving the labour

⁷ Vogler-Ludwig, K. and Greffe, X. (2004). *Horizontal Evaluation of Local Employment Development*. Munich: Economix.



market access of disadvantaged groups' (Austria, 24–25.04.2008), 'The social economy from the perspective of active inclusion' (Belgium, 12–13.06.2008), 'Getting women back into the labour market' (Germany, 17–18.11.2008), 'The NAPInclusion Social Inclusion Forum' (Ireland, 15–16.11.2007), 'Sure Start' (United Kingdom, 04–05.05.2006), 'Social Inclusion cross cutting policy tools' (France, 29–30.06.06), 'Integrated Services in Rehabilitation — On Coordination of Organisation and Financing' (Sweden, 04–05.12.2006), 'Preventing the risks of exclusion of families with difficulties' (Italy, 24–25.02.05), and 'Socio-Community Development — Mobilising all relevant bodies and promoting the participation of people suffering exclusion' (Portugal, 12–13.09.2005).



B. Policy and situation in the host country — United Kingdom

The City Strategy Initiative was launched in April 2007. As announced in the Green Paper 'A new deal for welfare: Empowering people to work' (2006), it is part of the Government's drive to reform the welfare system. While not referring to the City Strategy by name, the Green Paper stated: "*We will pilot a new initiative for cities to help local partners work together to improve economic regeneration through skills, employment and health.*"⁸

In simple terms, the idea is that local people are more committed and know more about the situation in their locality than centrally-based officials. By granting them greater responsibility for improving the local situation, duplication of efforts can be limited and a more efficient use of resources becomes possible. As usual, these formal reasons also hide more informal ones, such as the need to reduce the financial burden on the central state or the inability of the central government to break the cycle of worklessness and poverty in deprived areas.

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In its official formulation, the City Strategy states its general objective as being: "To deliver a significant improvement in employment rates among those of working age, with a particular focus on the most disadvantaged, especially benefits claimants, lone parents, older people and people from minority ethnic groups; to ensure that individuals within these client groups are better able to both find and remain in work; and to improve the skills of individuals within these client groups to enable them to progress once they are in work."

Specific objectives of the City Strategy to achieve this overall goal are:

- to share responsibility for tackling worklessness⁹ and poverty between the State and (local) communities;

⁸ Welfare Reform Green Paper, January 2006 [Ch. 5, § 14–16].

⁹ Worklessness refers to a situation of being unemployed with little or no prospects for employment.



- to tackle localised pockets of worklessness through actions tailored to the needs of local areas and their inhabitants;
- to empower local institutions to develop local solutions by giving them the freedom to innovate and the flexibility to work together and combine their efforts behind shared priorities, and;
- to provide a real canvas for local activities aimed at getting people back into work, so that the current patchwork of programmes and support, provided by a number of organisations, will be delivered in a more integrated, individually-focused and locally responsive way.

The Strategy's goals are thus clearly of two types: substantial and procedural. 'Substantial' goals include increasing employment figures, particularly among persons of working age that are furthest from the labour market; providing jobless people with the support and skills they need to find a job and progress in work; and tailoring services to local needs. 'Procedural' goals relate to raising worklessness on the political priority list; developing partnerships between government agencies, local government, and the private and voluntary sectors; evaluating whether local stakeholders can deliver more by being given more freedom to innovate and by combining and aligning their efforts behind shared priorities; testing a new bottom-up approach to resolving the worklessness problem, including devolving some decisions and funding to local levels. As pointed out by Eurocities, this dual focus is fundamental, making the City Strategy more than a mere employment initiative, but a policy aimed primarily at institutional change.

The first step in implementing the initiative was to encourage the formation of consortia in areas (mainly cities) with high levels of non-employment. These consortia were to use 'seed-corn' funding to develop local strategies showing how local partnerships can deliver real improvements in the proportion of local people in local jobs. A number of towns and cities were invited to submit 'expressions of interest' to the Department for Work and Pensions (DWP), concretely describing their plans to establish local partnerships, including potential members and key target groups for assistance; outlining their methods for making better use of existing resources; describing potential obstacles and required flexibilities overcome these barriers; and detailing

their methodology for measuring their progress towards the Strategy's objectives.¹⁰ In July 2006, 15 areas were selected to be pilot 'Pathfinders'.

The initiative was originally intended for a two-year period — from April 2007 to March 2009 — but the Secretary of State for Work and Pensions announced, in July 2008, that it would be extended for another two years. In making this announcement, the DWP nevertheless made it clear that dedicated City Strategy support would not continue beyond April 2011. By this date, it expects Pathfinders to have merged into Local and Multi Area Agreements in England, and into any separate arrangements that are agreed upon for Scotland and Wales.

Each of the selected City Strategy Pathfinders was expected to meet a series of targets in terms of reducing worklessness and increasing employment. These targets were set at both national and local levels. *Nationally* defined targets, relating to benefit-claims reduction and the employment rate, were calculated by the DWP for each of the City Strategy Pathfinders. Targets for reducing the number of claimants were set with regard to three key benefits: Job Seekers' Allowance (JSA)¹¹, Incapacity Benefit (IB)¹², and Income Support for Lone Parents (ISLP).¹³ For each type of benefit, the DWP produced an estimate of the so-called "counterfactual" level — i.e. the level of benefit claims that would have occurred under a "business-as-usual" scenario, without the City Strategy initiative. Each City Strategy Pathfinder was then set the target of achieving a 3% reduction compared to the counterfactual level by May 2009. If all pathfinders reached this target, while achieving at least an additional improvement in the local employment rate, this would have taken an additional 30,000 people off benefits. A new target was set for the 2009–2011 period so as to reflect the changing economic climate.

¹⁰ http://www.dwp.gov.uk/welfarereform/cities_interest.asp

¹¹ JSA is the main benefit for people of working age who are out of work. To qualify for JSA an individual must be capable of working, available for work and actively seeking work.

¹² IB was intended for those below State Pension age who cannot work because of illness or disability and had made National Insurance contributions. It was replaced for new claimants in October 2008 by the Employment and Support Allowance (ESA).

¹³ Payment of ISLP relates to the age of the youngest child. This age was reduced to 12 years in November 2008 and will be reduced to 7 years in October 2010.



Next to the national targets, City Strategy Pathfinders were also invited to devise *local* targets relating to their specific situations, for example, with regard to the percentage of ethnic minorities in employment, the improvement of local skills or the reduction of child poverty.

The target groups covered by the initiative are also of two kinds: direct and indirect. *Direct* target groups are the so-called '*hard-to-help*'. In particular, the Strategy focuses on three sub-groups of workless people — those claiming JSA for 12 months or longer, and IB and IS claimants — in those areas that are furthest from the Government's aim of 80% employment, most of which are currently in major cities and urban areas. Of course, not all of the '*hard-to-help*' live in eligible areas, which means not all of them will be reached by the initiative.

Other sub-groups were also identified at local level, such as lone parents, workless parents, low-income households, black and minority ethnic groups (including refugees), persons over 50, ex-offenders, those with drug and alcohol problems, care leavers, people with mental health issues, young people — especially NEETs (not in Education, Employment or Training) or MCMCs (More Choices, More Chances) in Scotland, and adults with no or low qualifications. In a few instances, low wage earners and those in insecure employment were also targeted.

Although child poverty is a key concept in the City Strategy's title, very little on this sub-group is actually found in the publicised documents. This is difficult to understand for several reasons. Great Britain has a long tradition of concern about child poverty, namely with the creation of the Child Poverty Action Group (CPAG). Moreover, alongside Hungary, Malta and Slovakia, the UK belongs to a group of countries that present particularly high levels of joblessness and in-work poverty among parents.

The *indirect* target groups are the actors of the public, private and voluntary sectors that the Strategy seeks to bring together as partners in a concerted local programme. Engaging employers emerges as particularly important for the scheme, for the simple reason that they are the ones providing the jobs in the welfare-to-work equation. Nevertheless, a concern shared by many was the relative absence of *voluntary and community sector (VCS)*

organisations. This is partly due to the disparate nature of the VCS and also reflects local level debates with respect to which organisations should be entitled to represent the VCS sector as a whole. In any case, it was agreed that the absence of this part of civil society ('welfare society') could seriously handicap the successful management of the strategy.

C. Policy and situation in the Peer countries

Although the Peer countries are fairly comparable in terms of population and surface — ranging from small to average — they are highly diverse when it comes to other parameters, such as the level and structure of their economy, the type of welfare regime (all types were represented), the level of regional cohesion (in Greece, unemployment pockets are mainly in urban areas, whereas poverty is mostly a rural and semi-urban phenomenon), or the presence of ethnic minorities (such as ‘vulnerable Roma’ in Bulgaria). On top of these variations, the countries presented a number of other specific trends, ranging from the prevailing views of men’s and women’s roles in society, the share of female part-time work, the rate of labour migration or the role of the ‘grey economy’. Due to this diversity, countries have adopted a vast array of different policy measures and implementation methods, which can only be partially reflected in this report.

This section therefore focuses on a limited number of programmes and policies, which were explicitly described by the Peer countries as being of high relevance for the comparison of their home situations with the British City Strategy. This selection mainly relates to (un)employment and worklessness, (child) poverty, the devolution of responsibilities to the local and regional level, the spatial dimension and the creation of partnerships. For further details on specific national policies, readers should refer to the Peer country reports.

Employment, social protection and social inclusion policies

A first observation common to most of the countries was that, despite EU calls for Member States to take an integrated approach to employment, social protection, and social inclusion policies in their National Action Plans, labour market and social policies remain separated policy fields in most countries, with interactions occurring only within certain specific programmes aimed at target groups and/or local situations. Only **Lithuania** explicitly mentions how setting common goals in these policy fields can act as a unifying force.

In **Austria**, there is a much stronger focus on employment initiatives, namely with the 'Territorial Employment Pacts' (TEPs) and the Viennese '*waff*' (Vienna Employment Promotion Fund). This focus could be explained by the strong position that social partners have in policymaking and by the nation's 'continental-corporatist-conservative' welfare regime.

In **Bulgaria**, the National Action Plan for Employment (NAPE) includes all employment programmes and measures, including those regional programmes regulated by the Act on Employment Promotion. The country's 'Human Resources Development Operational Programme' aims to promote local employment and training measures, as well as the development of local partnerships, including public-private ones. Labour market policy is mainly funded through the state budget. Funding by municipal budgets and the private sector is very limited, so that the money received from the European Social Fund is crucial.

In **Serbia**, National Employment Action Plans are developed to implement the National Employment Strategy 2005–2010 and to achieve the country's set priority of active employment. This national strategy is based on the European Employment Strategy of 1997, the EU Lisbon Strategy 2000–2010, the Bucharest Declaration and the Recommendations of the European Council and International Labour Organisation.

Programmes aimed at combating poverty are more prominent in the reports of some Peer Review countries than others, particularly in their former NAPs on Inclusion and in their current 'National Reports on Strategies for Social Protection and Social Inclusion'.

The main components of the **Bulgarian** social inclusion policy, which runs parallel to its employment policy, are set in the Bulgarian National Action Plan for Social Inclusion 2008–2010, namely: active inclusion of those furthest from the labour market, fighting intergenerational transmission of poverty, and, in particular, combating child poverty.

The **Czech Republic** traditionally has high levels of female employment and a relatively generous social protection system, which contributes to preventing poverty. What's more, recent reforms have sought to ensure that the social



protection system does not create a dependency on social benefits. Although child poverty in the Czech Republic is not as serious a problem as in some other countries, it remains a phenomenon that needs to be addressed and measures have already been taken to promote favourable living conditions for children.

According to **Lithuania**, eliminating child poverty by providing better assistance to families, increasing labour market participation and improving access to quality services are highlighted as key priorities in the poverty and social exclusion policies that are outlined in its National Report on Strategies for Social Protection and Social Inclusion 2008–2010 (NR SSPSI). The NR SSPSI also envisages encouraging labour market participation and economic activity among those individuals most vulnerable, including social risk groups, people suffering from social exclusion, or the disabled.

Devolution? The relation between the central and local levels

Another key issue in the UK City Strategy is the devolution of responsibilities to the regional and local level. This section looks at how Peer countries have themselves devolved responsibilities — whether through decentralisation or deconcentration policies and programmes — with a focus on the relation between the central and the local.

Under **Austria's** federal system, labour market policies are mainly driven by central actors, while the provinces (Länder) and local authorities are responsible for providing social welfare benefits. Vienna, being the most populated province, with one quarter of the country's population, as well as the capital, has a particular position. It has a long tradition of responsibility for social welfare issues and the City's 'waff' (Vienna Employment Promotion Fund) has become quite prominent. Nevertheless, in order to increase employment opportunities for the most disadvantaged, more coordination and cooperation between the different levels is required.

The situation in **Bulgaria** is comparable to Austria's in terms of how responsibility for employment and social matters is split; the municipalities manage the social services, while employment remains centrally controlled.

Strategic documents are formulated at the central level and implemented by institutions relying on the central authorities. There is no balance between national and local policies. The local level is a mere copy of national policy, and therefore less inclined to meet local needs — although some programmes do focus on municipalities. Local partners are involved in implementation to a certain extent, but their participation is rather limited. Partnerships are mainly set up on a temporary basis, for the sake of specific project activities. Legislative changes have been introduced to encourage decentralisation, but it is a slow process — perhaps due to the lack of locally-vested authorities. Childcare is one area where responsibilities have been decentralised, but the same development is not likely to take place in the field of employment policy before many more years. Indeed, although certain mechanisms exist to actively involve the local level in employment policymaking, the central Employment Agency's regional and municipal subdivisions remain the players.

In the **Czech Republic**, attempts are being made to change the highly centralised approach to employment and social policies, but no effective system of cooperation has yet been established. Regional authorities do have responsibility for social protection, but the guidelines are developed centrally and centrally-steered labour offices are in charge of providing employment services. The lack of cooperation between the central state and local actors, the absence of a common approach and an unclear mix of responsibilities has resulted in a lack of mutual trust, which further disrupts progress in the field of devolution.

In **Greece**, a lot of research has been conducted on the local provision of employment and social services and, even though an atmosphere of mistrust prevails, local action is preferred to national action. Since 2004, under its National Reform Programme, which addresses the country's main economic and social challenges, the country has developed a Service Network with 16 Local Employment Services and 123 Employment Promotion Centres. Unemployment projects exist in a number of areas, such as the 'Local Employment Paths' that seek to address pockets of unemployment, by establishing partnerships and trying to implicate employers and local firms through 'Local Action Plans'. Plans to expand this type of activity exist,



but some actors have been slow to respond and it may take some time. The authors of the Peer country report also highlight Greece's above-average level of social expenditure and the big differences that prevail between regions. They underscore the need to organise the welfare state at the regional level in order to tackle such inequalities.

In **Latvia**, the central state bears the main responsibility for employment policy. The priorities set for 2009 include increasing the population's professional qualifications and capacity to work through on-the-job-training, measures promoting self-employment, subsidised workplaces and paid temporary work. Local governments have a role in trying to facilitate entrepreneurial activity within their territory and reducing unemployment. Municipalities draft Local Employment Plans on an annual basis and these feed into the State planning process. However, these local plans are not necessarily realised because the budget is often unavailable.

In **Lithuania**, local authorities draft their own strategic action plans within the limits assigned to them centrally. Their responsibilities cover the planning and provision of social services, the establishment and maintenance of social services institutions, and cooperation with NGOs. They participate in the implementation of employment policies by taking on unemployed persons to conduct temporary public works. This is considered to be a particularly good alternative for people with little work experience who face difficulties in finding a job, as it enables them to gain experience and increases their chances of finding a permanent job. What's more, when hiring a person sent by the territorial labour exchange unit, employers receive financial compensation.

Norway stands out among the Peer Review countries, not only because it is not an EU Member State, but also because it is the richest country in Europe and represents the 'Nordic, social-democrat' welfare regime. One of the country's major aims is to enhance cooperation between municipalities. In fact, a new welfare reform that would combine local offices and former national offices is planned. Currently, tensions between local and national agencies dealing with local concerns arise quite frequently. For example, some successful pilot projects have had to rely on local funding in order to be extended. Many initiatives are nevertheless funded through grants and so



they are not a political issue. On the other hand, some municipalities do not apply for funding at all, but they are generally persuaded to do so through meetings with national bodies.

In **Portugal** programmes are generally steered from the national level, although efforts to develop local programmes began in 1997 and led to the adoption of a first legal framework in 2000. In 2009, a pilot project for combating social exclusion and poverty, based on the subsidiarity principle (i.e. a preference for local solutions), which had been started without a budget but proved to have an interesting approach, was extended to all municipalities. In this project, partnerships and participation are key principles. However, the relation between the national and the local levels is complex. The proliferation of local organisations and institutions has occurred amidst a central level characterised by a lack of collaboration between institutions and confusion in administrative divisions. This lack of national direction has led to a situation in which the local level can find it difficult to develop strategies. At the same time, the central level sometimes asks the local level to do things that are beyond its capacities. The intention is nevertheless to ultimately connect local and national information systems, which is a very ambitious project.

As in most other countries, responsibility for employment and social policies in the **Republic of Serbia** lies with the central authority. Municipalities receive funding for matters such as income support but there are no separate local employment programmes. In spite of the country's considerable regional disparities — the highest in Europe — specific regional development and employment strategies are yet to be initiated. The adoption of the Regional Development Strategy 2007–2012, which is inspired from successful regional development policies in other EU Member States, therefore represents an important step towards balanced regional development in the country. Furthermore, Serbia is scheduled to adopt its Act on Decentralisation, with a view to widening local authorities' scope of activity and competence, at the end of 2009.



Partnerships, civil society and the ‘welfare society’

The partnerships promoted by the City Strategy aim to include a mix of public and private stakeholders, as well as civil society. Indeed, NGOs and voluntary organisations can play a key role in combating complex forms of social exclusion thanks to their proximity with the hard-to-help. However, as underscored by the **European Social Network (ESN)**, local public social service providers must also play an active role, and can prove particularly effective when partnering up with voluntary organisations. This section provides an overview of how the various Peer countries are attempting to involve local public social service providers and NGOs in their projects and policies.

Austria is well-known for its ‘*Sozialpartnerschaft*’ or ‘*Social Partnership*’ — a longstanding and well-developed cooperation between the main actors with regard to labour market issues. Their impact on the elaboration of labour market policies is very strong, both formally and informally. The influence of (other) NGOs seems to be less. The Viennese ‘*waff*’, which implements municipal labour market policy, also has a very high degree of political acceptance, namely as all parties of the Vienna City Council are represented on its advisory board. All decisions are made by the executive board, which is composed of representatives from six ‘institutions’.

In **Bulgaria**, the participation of social partners (employers and trade unions) in economic matters is compulsory and they therefore have a strong position on these affairs, but less so on social issues. NGOs have grown in number and, although they are represented in working groups when legislation is elaborated, overall they do not have a strong impact on employment policy. The ‘National Programme for the Activation of Inactive Persons’ represents an important milestone in the development of local partnerships. Indeed, one of its components is the promotion and development of local cooperation on employment issues, as local actors — including state representatives, social partners, NGOs, business people, and other members of civil society — are considered to be most familiar with the local situation. They are encouraged to combine their efforts through agreements on specific problem areas, on the actions required for tackling them, and on the opportunities for



improving the labour market situation. NGOs are also asked to focus more on vulnerable groups.

In the **Czech Republic**, the third sector comprises many NGOs with different tasks and different locations. These are largely subsidised by the state, which also exerts some control over them. Although their efficacy varies, they do have an important mediation role. With regard to social protection, a programme is established annually, with some basis for flexibility.

In **Latvia**, cooperation between the State Employment Agency and local governments is sometimes good in the sphere of employment policy, for example, when deciding how to use available funding. This is also the case of the Public Councils of the State Employment Agency's branches, in which different stakeholders take common decisions on potential projects and funding issues. However, increasing the engagement of employers when it comes to helping vulnerable groups join the labour market is a key concern. Latvia nevertheless has several good examples of how NGOs can facilitate employment, such as the "Apeirons" organisation, which brings together handicapped persons, as well as their relatives and friends, and has implemented several projects in the employment sphere, namely, establishing a database, publishing handbooks for employers to inform them and make them less sceptical about employing people with disabilities. NGOs are also involved in discussions about legislative change and the Latvian representative in the Peer review foresees even greater opportunities for their involvement.

In **Lithuania**, labour market participation has become an increasing priority and the Labour Office finances job subsidies for minimum wage earners, with some involvement of NGOs in providing services. The inclusion of non-governmental organisations leads not only to the creation of new jobs, but also to an enhanced civil activeness of the public. NGOs have the opportunity to show initiative in providing multi-faceted services, whereas local authorities are vested with the coordination and control functions.

In **Portugal**, voluntary groups participate at the local level. All types of organisations are represented, although not necessarily on equal terms.



In the **Republic of Serbia**, active employment policy measures are implemented by the competent central agencies, in collaboration with other public authorities, institutions and social partners that are designated as responsible parties in the Table of Objectives. Although the activation of social partners is yet to be initiated, a Strategy on Corporate Social Responsibility is being developed. It intends to promote the social role of well-performing businesses and companies and to involve them in the problem-solving process for groups with a high risk of social exclusion and poverty. In parallel, the country's third sector comprises a large number of NGOs dealing with social security and unemployment issues, some of which are closely involved and play a significant role. A Social Innovatory Fund was established to support proposals from NGOs.

Regarding the position and role of target groups in policies, programmes and projects on worklessness, poverty and other forms of social exclusion, the Peer country reports offer little information. **Austria** mentions that target groups are not included in formal partnerships, although *waff* cooperates with migrant communities within some programmes. In **Portugal**, voluntary groups covering all types of organisation participate at the local level, but not necessarily on equal terms. The importance of user participation is very much stressed by **ESN**. Similar schemes in Europe demonstrate that it can offer a powerful contribution to cohesiveness, if carefully designed. The Danish model of Neighbourhood Regeneration in Copenhagen and the way Dutch authorities consult the population in the strategic design of entire projects and as partners in policy-making processes are cited as good practices.

Unemployment and worklessness in relation to poverty

According to the ESN, "today's unemployed can also ultimately be tomorrow's businessmen". As improving the local economy is a key aim of the City Strategy, stimulating the jobless population's interest in employment or self-employment and providing support to start-ups is essential. The Peer countries have implemented a wide range of different measures to help achieve this.



As mentioned previously, employment initiatives and initiatives aimed at reintegrating the disadvantaged are important in **Austria**. In Vienna, such initiatives started in 1996, with the establishment of the 'Vienna Employees' Fund' for assisting people already in employment to improve their position or to change jobs. Many initiatives have been launched since then and the Vienna City Administration is currently developing a pilot partnership project to provide support to social welfare beneficiaries who are not eligible for benefits from the Public Employment Service. Thanks to the establishment of an innovative type of jobcentre, the project will provide beneficiaries with individually-tailored case management, including continuing guidance and training programmes, to ensure their sustainable reintegration in the labour market and to further secure their existence. Another major tool for improving labour market opportunities is the system of Territorial Employment Pacts (TEP), which develops and tests innovative measures to improve the integration of those furthest away from the labour market and to foster the collaboration of institutions involved in the region.

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The main operational instrument to implement employment policies in **Bulgaria** is the National Action Plan for Employment (NAPE), which defines the activities, measures and programmes to be undertaken, as well as the types and amounts of incentives for those participating in subsidised employment and training. NAPE includes regional employment programmes proposed by the regional employment commissions. The regional employment programmes assist local organisations and communities in tackling specific local labour-market-related problems, in increasing labour supply and employment in the region, and in training the labour force in certain municipalities or districts. Programmes that encourage unemployed persons who are neither registered at the Labour Offices nor seeking employment to actually register and participate in employment receive a higher rating.

Led by the desire to stimulate motivation for seeking employment and to increase employment of the most vulnerable groups, the **Czech Republic** recently implemented a reform of its unemployment benefits system. The objectives of the reform were similar to those set during recent changes in other social benefit systems.



According to the **Greek** report, employment is the key to prevent poverty. However, the intensity of that employment is crucial and social mobility also plays an important role.

Since the economic crisis, which has hit **Latvia** particularly hard, with unemployment levels now standing at 11.3%, unemployment benefits will be paid for a longer period. Some of the country's municipalities have been more successful than others at promoting employment and the municipality of Liepaja, which has established a municipal institution called 'Employment Projects' that operates with good results, provides an example of good practice.

The objectives defined in **Lithuania's** employment and social policies are actually fairly close to those set out in the UK City Strategy. Like the United Kingdom though, Lithuania has not yet reached an adequate level of coordination and integration of the local and national levels in forming and pursuing employment and social policies.

The Republic of **Serbia's** National Employment Strategy 2005–2010 aims sets active employment policy priorities and objectives with a view to ultimately achieving full employment. Those made redundant receive assistance, as well as job search support, training and retraining, and informal education. Self-employment and job creation through public works is also promoted. The main issue, however, is the promotion of the employment of disadvantaged groups. Two issues specific to the country are worth mentioning here, namely the mismatch between job supply and demand, and the existence of the grey economy. The mismatch between labour force supply and demand is reflected in the fact that a number of jobs advertised by employers remain vacant while, on the other hand, considerable numbers of people with qualifications in low demand are available. At the same time, such labour-force surpluses and deficits are region-specific and jobs remain vacant owing to the very low geographical mobility of the workforce. Next to this issue, there is that of the grey economy and undeclared work, which generates about 38% of total income in Serbia. In addition to intensifying tracking activities and consistently enforcing sanctions, preventive measures will be implemented, primarily by providing incentives for employers that operate legally. The National Employment Service will also, *inter alia*, engage in disseminating



information to both employers and employees on the advantages of legal, registered work. The social partners, particularly trade unions and employers' associations, are expected to contribute significantly to these activities.

Poverty and Child Poverty

Probably because only brief references are made to child poverty (and to poverty as a multidimensional problem) in the UK City Strategy documents, these subjects are not elaborated at length in the Peer country reports. The **ESN** stressed the need to prevent the child poverty issue from disappearing from the radar and believes that involving social services in the City Strategy contribute to this. According to Luca Pirozzi from the European Commission's Directorate-General for Employment, Social Affairs and Equal Opportunities (Unit E2), child poverty should be addressed through policy mixes that seek to enhance labour market access for parents (and second earners) in jobless households and to provide adequate in-work income support.¹⁴ What's more several countries provide examples of how child poverty can be partly alleviated through relatively efficient transfers or thanks to the prevalence of strong family structures.

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Among those countries that specifically mention the issue of child poverty, the **Czech Republic** outlines its childcare provision policy, aimed at facilitating the take-up of a job, especially in regions with pockets of high unemployment.

Following a survey-based investigation of **Greece's** child poverty and health problems, the author of the Greek report highlighted the usual links between the two issues. This research also illustrated the evident negative association between child poverty and the employment rate of mothers and questioned whether non-financial dimensions and their negative impact are sufficiently taken into account in policymaking.

Child poverty is very important in **Latvia**, where 60% of children live in households from the two lowest quintiles. There is a direct relation between

¹⁴ EFSC workshop — National analyses, reports and strategic concepts to prepare the new National Strategies 2008 — 2011 (Brussels, 5th May 2008).



the number of children in a family and its poverty risk, and one-parent families also present a high risk factor. Faced with this situation, the approach to child poverty in the Latvian report is somewhat original: Since 2004, the State Employment Agency has implemented a project to provide job opportunities for pupils during summer holidays. The measure was well received, with children from primary, secondary, special and vocational schools given the opportunity to gain professional experience and to learn new skills, by working in enterprises and receiving a (state-supported) salary. However, due to the lack of funding, the project has now been postponed.

Also in **Lithuania**, many families are at social risk. 3% of children live without their parents and over 600 social workers are employed in helping families. The government therefore needs to define certain strategic priorities. The Lithuanian report identifies a number of highly relevant questions concerning the relation between unemployment and child poverty: 'How to increase the positive impact of employment policies on reducing child poverty?' 'Does reconciling work and family life help to solve child poverty issues?' 'How to reconcile both goals at a local level?' 'Will child poverty diminish only by solving the unemployment problem?'

The first action plan against poverty in **Norway** was launched in 2002, with subsequent revisions in 2005 and in 2008, and a Green Paper from the Department of Labour reports annually on the key measures regarding employment. Employment has always been a priority and currently unemployment stands at just 3%. The poverty figure is 8% using the EU index and this has remained quite stable over the past few years despite the nation's significant economic success. Ongoing discussions on how to tackle the poverty problem have led to the combination of unemployment and social welfare administrations and the development of a new qualifications training programme to equip people for employment in the hope of achieving additional benefits. There is a strong governmental commitment to get people into work but it is still recognised that some will not be able to enter the labour market. Concern over children living in poverty does not lead to new initiatives, since at present there is a restriction on funding with no spending on personnel.



The integrated approach and spatial dimension

The need for an integrated approach is very much underscored by the **ESN**. Indeed, before people in a situation of social exclusion, such as in worklessness, can be proclaimed 'job ready', the complexities of their life situations must be dealt with. This may involve counselling, confidence-building, child and adult care provision, new housing and a holistic support to the family. Local social services are in a privileged position to cater for such an integrated approach.

In **Austria**, a very good social housing policy has been implemented and many factors influencing a person's ability to take up a job are dealt with before tackling the employment problem. However, care and health sectors are inadequately funded at present and it would appear worthwhile to further develop the social economy, which is one of the main sources of jobs for people in situations of worklessness.

In **Bulgaria**, the Agency for Social Assistance cooperates with the Employment Agency concerning the practical implementation of measures to provide individual support for the most vulnerable groups on the labour market.

The **Czech** report signals little cooperation between schemes for employment and those for social support.

In **Lithuania**, the involvement of unemployed people in public works can be combined with vocational training or non-formal education when the unemployed person does not have the required qualifications, professional knowledge or skills, or when training is necessary after doing public works under an open-ended employment contract.

Some other issues

One important issue that emerged from the discussions was that of **data collection and sharing**. The ESN identified this as an important challenge, pointing out that middle management and implementing teams may not always feel confident about disclosing otherwise confidential data without a clear go-ahead from senior managers for fear of breaking data protection



laws or sharing information with partners that do not reciprocate. There needs to be a clear agreement as to the scope and type of data that should be pooled to guarantee equal and unhindered access for all relevant stakeholders.

Participants in the Peer Review meeting were particularly impressed by **Lithuania's** information system — the Social Assistance Information System, which is based on an agreement between central authorities and the municipalities and enables access to information on the levels of assistance granted to persons and families, thus facilitating the monitoring and assessment of employment and social security policy results across municipalities. Information collected from diverse sources on various forms of social assistance is incorporated into a single database that can be used not only by the ministry, but also by local authorities and other institutions interested in specific information (at a general level, not at the level of individual records, as these are confidential). A 'social map' is produced showing good practices across the municipalities (for example on child poverty) so that each area can see what the others are doing and adjust its priorities if needed.

Lastly, the use of EU Structural and Cohesion Funds in relation to worklessness was not mentioned by many countries in their reports. The **Austrian** national programme, 'Territorial Employment Pact', which focuses on those furthest away from the labour market, is an EU-programme funded through the ESF. Its main role is to coordinate existing projects and funding sources. The programme also includes some cross-border pacts. Access to the ESF is now operational for **Bulgaria**, but the focus is not yet on social inclusion or the social economy. The authors of the report hope that awareness of the need to fight poverty will rise in 2010. **Latvia** has implemented a special ESF-funded programme to support temporary employment during the current crisis.

D. Peer Review discussions and transferability aspects

The transferability of the City Strategy initiative would appear to be both limited and strengthened by differences in national characteristics, such as diverse political systems and welfare regimes. What's more, where some Peer countries may already be further developed than in the British initiative on some specific aspects, others may still consider these as 'good practice'. This is not always a question of being ahead or lagging behind; more often it concerns the 'compatibility' of the country context. Moreover, the question of transferability should not so much carry on the City Strategy as a whole, but rather identify its most interesting 'pieces'.

For the Czechs, the problem of transferring lessons from the City Strategy does not lie in legislative barriers, as these are minimal. The more fundamental limitations relate to insufficient financing and the limited experience of cooperation and partnerships among different types of actors.

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Other potential causes for limited transferability include low mobility of the workforce and the population in general, growing deficits in financing for infrastructure and housing, insufficient personnel capacity in local institutions, and problems relating to the division of competencies between the central state and local authorities.

The transferability of the City Strategy needs to be assessed on the following dimensions:

- *The degree of devolution of powers to the local level:* Which degree of autonomy did local government possess before the introduction of the programme/strategy? Decentralisation or deconcentration — Is the 'centralised localism' referred to in the Host Country Report something in-between both or just another label for deconcentration? What is the relation between the concepts of 'centralised localism', subsidiarity and local self-determination? How strong is civil society (NGOs) and, in particular, which role does 'welfare society' play — meaning the NGO as providers of welfare services?



- *The type of partnerships at local level, with special attention to the position of NGOs:* The composition of partnership is considered important by Eurocities: How are the partners selected? Who decides who will take the lead? From a local government perspective, a number of key principles should inform all public actions including partnerships: accountability, subsidiarity, transparency, efficiency and effectiveness, and citizen participation.
- *The type of labour market and the role of employment schemes:* Which unemployment benefits and provisions are available to the unemployed in the Member State? What is the structure of the labour market? How strong are sectors outside the regular labour market and, in particular, is there a well-developed social economy? What about the informal labour market, which sometimes acts as a 'training ground' for the formal labour market? What kind of activation strategy dominates — rather a 'disciplining activation' from the perspective of the regular labour market or a more 'social activation' concerned with contributing to personal empowerment and the social emancipation of the target groups? Does 'active inclusion' include and integrate both dimensions?
- *The relevance of the spatial context:* As for its spatial transferability: how important is the role of cities in the production of poverty & social exclusion? Does the Peer Review country have any experience with programmes linking the spatial to the social dimension, such as urban development programmes (UDPs)?
- *The level of social exclusion and poverty in the Peer review country:* Since worklessness is a form of social exclusion and will ultimately lead to poverty or other forms of exclusion, it is important to identify the main types of social exclusion in the Peer Review country. Which type of poverty dominates? Is there strong ethnic discrimination, or another form of social stigmatisation? Which are the main poverty production lines? How directly does unemployment (worklessness) lead to poverty and how do existing policy measures slow down or increase the speed with which this happens? Has the Peer Review



country developed a coherent anti-poverty strategy? What is the child poverty situation?

In terms of transferability, what sometimes appears as a disadvantage could in fact be turned into an advantage; the significant heterogeneity between Pathfinders could be lifted to a higher level of relevancy if developed into a typology. Peer Review countries could then select among the different local cases the one that appears most transferable to their country.

Some transferable lessons and practices¹⁵

The British welfare state presents a long-standing tradition of regionally organised welfare services, with a corresponding decentralisation in the financing and delivery of social and employment services. The development of partnerships and synergies at local level, the activation of local stakeholders, the empowerment of local institutions, and the development of integrated local employment strategies have proved particularly useful to this end.

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Building on the country's experience, the City Strategy has proven highly instructive in identifying the main obstacles and problems that can arise when trying to **transfer responsibilities from the central to the local level**, such as the lack of necessary financial means to carry the responsibilities that have been delegated.

Another valuable dimension brought in by the City Strategy is the opportunity for local actors to formulate local policies on the basis of local needs. This could lead to the development of a real local labour market policy and to local actors taking active responsibility for local development and for achieving concrete results in their region. In this respect, the importance of setting specific local targets was recognised, alongside the need to build local capacity both for the formulation and the implementation of policies. Both the public and private sectors need to be actively engaged. What's more, the ESN points out that many City Strategy partnerships still fail to sufficiently

¹⁵ Since often these items were presented by more than one Peer review country, we omitted references to them. At the same time, we kept as close to the formulation in the report or in the minutes of the meeting.



involve their social services in the development of solutions to the problems faced in underprivileged areas.

Insufficient cooperation among partners at the local level has often acted as a hindering factor when trying to solve economic and social problems. For this reason, **partnerships between local stakeholders** are the backbone of the City Strategy and the Host Country Report highlights how local partners “can achieve more together than separately”, especially with regard to poverty as a multifunctional phenomenon. Thanks to its strategy of involving stakeholders from different levels, encouraging cooperation among local partners, and involving the hard-to-help directly in projects, the City Strategy Initiative could have a positive impact on establishing a culture of partnership and dialogue at the local level.

There was indeed a great interest in the partnership from the Peer Review participants. The ESN stressed the importance of inter-agency work and of partnerships in delivering modern, empowering services to communities. Nevertheless, such partnerships need to be carefully thought through to guarantee that all relevant stakeholders are involved. They also need to be well embedded within the local community. For this reason, the ESN believes that the City Strategy should have a longer lifespan to increase the probability that the newly created partnerships will grow. In Denmark, a similar model is based on seven-year partnerships, with the first year reserved for mapping out, and the last for ‘anchoring’, i.e. ensuring that the change will be sustained.

To make these types of partnerships work, both **political and practitioner involvement and representation are required**. This implies that they have sufficient expertise and the ESN suggests investing more time in staff training to prevent shortcomings. Finally, participants highlighted the risk of ‘overlapping partnerships’, due to constant changes in the neighbourhood policy landscape over the past 15 years, pointing out that these could result in ‘partnership fatigue’.

The City Strategy objective of **making more effective use of existing resources** through these local partnerships was also pinpointed as being of particular relevance, especially in these times of economic crisis, when

the number of unemployed is rising steeply. The City Strategy provides an opportunity to **evaluate the unused potential** for promoting employment and to stimulate innovative solutions and ideas.

Lastly, the initiative highlighted the importance of developing and applying **sound reporting, evaluation and monitoring mechanisms**, and of establishing the necessary tools for a flexible management of problems that emerge in relation to policy implementation at local level. In turn, this will require more a rigorous data collection and production system, that not only relies on quantitative indicators, but that puts “greater emphasis on individual biographies — i.e. the ‘human stories’ of how disadvantaged people in disadvantaged places have been linked into the labour market”. Success stories could then be disseminated through a common website, serving to encourage social workers and local authorities to seek out similar solutions for the integration of other excluded families, by helping them to find a job and making it possible for their children to attend pre-school establishments or day-care centres.



E. Conclusions and lessons learned

The key issues emerging from the Peer Review can be summed up as follows.

- The City Strategy initiative was generally viewed as a useful way of substituting the traditional welfare state with the ‘welfare city’, providing a local focus for policy. However, to be successful, such a strategy requires a **strong civil society** with well-developed NGOs. Indeed, NGOs are much closer to the service users and therefore can better assess their needs and respond accordingly. Local public social service providers must also play a major role in the process of activating the unemployed and long-term social assistance beneficiaries. This approach requires a certain degree of local autonomy, meaning that, in comparatively centralised countries, an appropriate level of ‘centralised localism’ will first have to be achieved.
- **Partnerships**, which are central to this kind of initiative, need to be carefully embedded within the local community and need to be given a certain amount of time to gain recognition and start delivering sustainable results. A local strategy cannot be developed overnight; it is a process that requires a lot of time and effort, so that investments made at the beginning will usually take some time to pay off. **Seed-corn funding** can facilitate the process and the idea could even be taken into account when discussing the further development of Structural and Cohesion Funds at EU level.
- **User participation and empowerment** are important because they transform clients from subjects into partners. This also provides policymakers with the practical knowledge of local challenges and potential solutions that are paramount to the success of the programme.
- It was felt that, while the City Strategy Initiative’s overall objective of increasing employment was clear, **more should be stated about the quality of the jobs and their sustainability**. It was also felt the



issue of the 'intensity' of jobs needs to be addressed, and that other significant factors in the worklessness debate, such as accessibility to affordable housing, social service, education and vocational training, social networks and minimal income provision need to be taken into account — their importance varying depending on the characteristics of the Peer Review country. Taking into account such factors would bring the City Strategy initiative much closer to the European strategy of 'Active Inclusion'.

- It was further underlined that, while the initiative has a **child poverty** agenda, this is not made explicit enough — despite the fact that this is a vital objective that should not be lost. The same goes for the **gender issue** that need to be developed more explicitly within an equal opportunities framework.
- In term of the wider transferability of the UK City Strategy policy, the **high degree of heterogeneity** between areas within each country and across different countries could be a positive factor. Institutional structures and local labour market conditions in different countries will have an impact on the best and most appropriate means of implementation.
- The City Strategy was developed during a period of economic boom, and even then it was not easy to activate the so-called '*hard-to-help*' groups. Considering that the privatisation of enterprises and public sector organisations is an ongoing process, and that, owing to the **economic crisis**, more forced liquidations are anticipated in the coming years, causing more redundancies and higher unemployment, the number of people in worklessness will increase, with many falling victims to the 'last in — first out' mechanism. In this fundamentally changed economic context, initiatives such as the City Pathfinders could be forced to replace the workless as their target group with the (short-term) unemployed and with those who have recently lost their jobs.
- The *Commission Recommendation [2008/867/EC](#) of 3 October 2008 on the active inclusion of people excluded from the labour market*



[Official Journal L 307 of 18.11.2008] provides an excellent framework for initiatives such as the City Strategy. However, linking this active inclusion approach more structurally to the urban and regional dimension of the Structural and Cohesion Funds could improve the framework even further and facilitate the successful realisation of initiatives such as City Strategy. EU Social Affairs Commissioner Vladimír Špidla has highlighted the need for a more integrated approach, saying: “Current schemes for tackling poverty often don’t work... We must take an integrated approach to offer people a genuine way out of poverty. This means reintegrating as many people as possible in the labour market, while ensuring that those who cannot work also have access to adequate resources to live a dignified life.” Thanks to the opportunity it offers for financing transnational networks, the European Social Fund should be used to promote active inclusion policy, and some successful examples already exist. The question is whether Structural and Cohesion Funds can actually be better linked to strategies such as the City Strategy, and what the next steps should be at European level to achieve this? At local level, there will be attempts to promote mutual learning. Peer reviews at the local level were already attempted last year and a network of local authorities that will promote studies and data collection has been launched.

- **Overall** the City Strategy initiative was seen as an interesting approach. It appears as part of a recent trend for local stakeholders to join efforts to tackle localised worklessness, and the wealth of experience across Europe in developing similar urban regeneration strategies and activation schemes constitute a strong potential for mutual learning. The City Strategy’s initiative to evaluate its progress after the initial two years constitutes an example for other initiatives of the same type. It is, however, likely that certain aspects of the approach will have greater transferability potential than the whole policy itself. That is why efforts to make the reports and findings of Peer Reviews even more readily available for local and other actors should be increased.





<http://www.peer-review-social-inclusion.eu>

The City Strategy for tackling unemployment and child poverty

Host country: **United Kingdom**

Peer countries: **Austria, Bulgaria, Czech Republic, France, Greece, Latvia, Lithuania, Norway, Portugal, Serbia**

The City Strategy aims to improve support to the jobless, in the most disadvantaged communities across the UK, through a bottom-up approach that devolves more decision and funding powers to the local level.

The idea is to test how best to combine the work of government agencies, local government agencies, the private sector and voluntary associations in a concerted partnership and to test whether local stakeholders can deliver more by combining their efforts behind shared priorities alongside more freedom to innovate. The aim is to provide the support jobless people need to find and progress in work by ensuring that local employment and skills provision services are tailored to the needs of both local employers and residents. The host country hopes that it will contribute to the UK Government's long-term aims of increasing the number of people in work and tackling child poverty.

Pilot projects have been launched in 15 'Pathfinder' areas (mainly major cities and other urban areas, where employment levels are furthest from the UK's 80% target) and Ministers have agreed to continue the Department for Work and Pensions' (DWP) support for all Pathfinders until March 2011.

All Pathfinders agreed to set themselves standard targets in terms of reducing the number of people on out-of-work benefits and increasing the local employment rate. Also where areas have a significant ethnic minority population DWP also agreed an additional local target on reducing the numbers of ethnic minorities out of work.

Initial appraisal of the programme, which has been allocated £65m (around EUR 70-75m) in government funding from 2007 to 2009, has found that it acts as a catalyst in enhancing coordination between local activities and national policy, increasing the priority given to reducing unemployment, including increasing local resource both financially and in terms of staff capacity, and making those involved feel more accountable for achieving targets.