

The urban and national governance of active labour market policies in the UK

Author: Vanesa Fuertes, PhD candidate, Employment Research Institute, Edinburgh Napier University, UK.

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Introduction

This paper is part of the development of my PhD thesis. The paper is at an early stage; therefore, it is work in progress and it is incomplete, especially with regards to the theoretical framework to be used in the PhD. I would very much welcome comments and suggestions in that respect especially and in the paper in general.

The empirical part is based on data collected as part of the Seventh Framework European Commission programme LOCALISE (Local Worlds of Social Cohesion) under grant agreement no. 266768 (FP7/2007–2013).

The paper focuses on the achievement of labour market activation policy coordination amongst different political levels, policy dimensions, and stakeholders (multi-level, multi-dimensional and multi-stakeholder coordination respectively) in three different UK localities: Cardiff, Edinburgh, and Newcastle. It presents the barriers and enablers of coordination during policy development and implementation. The outcomes of that coordination (either of the process or substance) are not the focus of the paper.

The three localities have a similar labour market governance arrangements since the UK labour market policy is a UK central government responsibility. However, multi-dimensional, multi-level and multi-stakeholder coordination of labour market policies vary locally. It is argued that local specificities with regards to coordination are the result of local actors' agency and the usage of institutional constraints and facilitators of local discretion. At a later stage, the theoretical framework will be applied to the findings.

Labour market policy governance

In order to analyse the coordination of service provision it is necessary to understand governance of labour market policies. Governance is defined in this paper as an all-encompassing framework of interactions (including the principles guiding them), institutions, structures, mechanisms and processes for solving societal problems and creating social opportunities. Governance is understood as formal policy and operational governance (van Berkel & Borghi 2007). Formal policy could be situated in the symbolic aspect of the welfare institution, while the operational governance could be understood as the structures and practices of the welfare institution. However, both are intertwined and constitute each other.

Formal policy

Labour market policies can be defined as those policies that aim to tackle the risk or consequences of unemployment or precarious employment. The way of tackling this social risk/problem depends to a great extent on the definition of unemployment: its nature, causes and solutions. The problem-construction¹ of unemployment is therefore vital to understand the goal of policy and the instruments and mechanism deployed to achieve that goal. The mechanism are also influenced by the definition and concept of the role of the state with relation to social risks, and the relationship between the state and its citizens.

The definition of unemployment is going to influence labour market policies chosen. Labour market policies are usually classified in two categories, passive and active policies; where passive policies are usually income transfers and active policies refer to a range of policies aimed at improving the access of the unemployed to the labour market and jobs, job-related skills and the functioning of the labour market (Martin & Grubb 2001). According to OECD (2002) active labour market policies aim to get unemployed people back into work through providing pre-employment services, advice and support, and by making benefits conditional on improving employability and seeking work. Active policies have in turn been classified as supply-side policies which are focuses on the employability of the target of these policies, and demand-side policies which aim to influence the economic environment specially the supply of jobs (Evers 2003). Supply-side policies in turn have been also classified as work-first approaches aiming at increasing the chances of the target of the policies to take up any job and usually are accompany of sanction and pressure, human-capital or life-first approaches which aim, amongst other things, to increase the chances of the targets of the policy to take up a job which is meaningful to the person.

¹ Problem-construction refers to the accepted definition of and institutional solutions to unemployment: the understanding of the nature and solution to unemployment.

As a result of demographic, economic, political and other challenges, recent decades have seen changes in welfare state paradigms and in the governance of social policies in many European countries (Lindsay & McQuaid 2009; Taylor-Gooby, Larsen & Kananen 2004; van Berkel & Moller 2002). Labour market policies in the past decade have been subject to reforms under the label of 'activation' (Aurich 2011; Bonoli 2010; Dingeldey 2009; van Berkel & Borghi 2008). The emphasis is no longer primarily on income protection but on the labour market activation of working-age individuals (Jantz & Jann 2013). Activation approaches and policies vary amongst countries; however, there are a number of common characteristics that can be observed: redefinition of social issues as a lack of participation in the labour market rather than lack of income; a greater emphasis on individual responsibilities and obligations; enlarged target groups; integration of income protection and labour market activation programmes; and individualisation of social interventions (van Berkel & Borghi 2007). This trend is changing the relationship between citizens and the state.

Operational governance

Operational governance is the organisation and management of policy making and policy delivery (van Berkel & Borghi 2007). Organisational arrangements are often fundamental to the success of social cohesion policies. If a wider number of people with often multiple, complex, and overlapping barriers to participating in the labour market are going to be activated, the welfare state paradigm has to be transformed from a purely sector-based 'silo' to a multi-sector joined-up seamless service delivery (Karjalainen 2010; Saikku & Karjalainen 2012). In addition, it has been argued that ALMPs need to be more localise in order to tackle local needs, and need to be more holistic and service-user focused, allowing more effective multi-dimensional (diverse policy areas) and multi-stakeholder (various service providers) coordination and support (McQuaid & Lindsay 2005; Green & Orton 2009; Lakey, Barnes, & Parry 2001). It has been argued that effective governance of activation requires not only formal policy reforms (i.e. new content of labour market programmes or reform of benefit systems), but also operational policy reforms (van Berkel & Borghi 2008). Thus, recent trends toward activation have fostered reforms aimed at re-organising and coordinating the social security and labour market systems for working-age people (Champion & Bonoli 2011; Genova 2008), as well as increasing the interaction and cooperation of services providers (Champion & Bonoli 2011; Karjalainen 2010). Coordination is understood as joint working towards a common goal, or as Peters (1998) argued, the process of moving towards a state of minimal redundancy, incoherence and lacunae.

Many scholars have classified governance models, Considine and Lewis (2003) fourfold typology of governance forms is used to analyse current changes in operational governance of activation policies. Each model – procedural, corporate, market, and network – has specific characteristics regarding its core claim and source of rationality, the most common mechanisms of control and

the key drivers behind, and focus of, the service delivery (see also Künzel 2012; Martin 2010; Osborne 2010; Pollitt & Bouckaert 2011; van Berkel & Borghi 2007). A brief explanation of each of the typologies follows, and a brief summary can be seen in Table 1.

Table 1 – Governance types

Governance types	Source of rationality and core claim	Key characteristics		Service delivery focus
		Control mechanism	Major driver of services	
Procedural	Rule of law; public sector ethos.	Rules and statutes	Reliable treatment	Universal
Corporate Market	Management; efficient Competition; consumer-responsive	Goal driven plans Contracts	Goal-driven Cost-driven	Target groups Outcomes and price
Network	Culture; effective and legitimate	Co-production	Flexible	Client

Source: Fuertes et al (2014) based on Considine & Lewis (2003), Künzel (2012), Martin (2010), Osborne (2010), Pollitt & Bouckaert (2011).

- In the procedural governance model, the role of government is that of ‘rowing’ by designing and implementing policies. Regulation of actors is based mainly on a system of fixed rules and statutes, with legislation as the primary source of rationality. Bureaucratic organisations use top-down authority with agencies, and there is central regulation of service delivery in order to achieve universal treatment of clients;
- The corporate form of governance introduces business-type managerial models in the provision of employment services (Ehrler 2012). The main form of regulation/control is the use of goal-driven plans, and services are targeted to specific groups of individuals;
- Market governance is characterised by marketisation and contracting-out, although markets in public services have been termed quasi-markets (Le Grand 1991). In this model, the role of government is seen as ‘steering’ (enabling services to be provided rather than directly providing them). Regulation by statute, standards and process requirements is largely replaced by competition, performance-based payment systems and a purchaser-provider split;
- In network governance, “clients, suppliers, and producers are linked together as co-producers” (Considine & Lewis 2003:134). The role of government is seen as that of ‘serving’ by negotiating and brokering interests and shared-values among actors. Instead of fixed organisational roles and boundaries, the notions of joint-action, co-production or cooperation play a major role, with leadership shared internally and externally within collaborative structures. Coordination between actors can be motivated by a shared common culture (Considine & Lewis, 2003).

Governance models are dynamic and rarely found as ideal types (van Berkel & Borghi, 2007; van Berkel, de Graaf, & Sirovátka, 2012; van Berkel et al., 2012; Saikku & Karjalainen, 2012). However,

the use and characteristics of the models differ across countries and these differences can be partly explained by the interplay between institutions and actors.

United Kingdom: the governance of labour market policy

The main mantra behind UK labour market policy from the 90s onwards is that 'work is the best route out of poverty'. National UK employment provision tends to be mandatory, and increasingly non-compliance can result in income transfers (e.g. benefits) sanctions. In some cases benefit recipients can access initiatives on a voluntary basis, but in most cases actions are mandatory. From around the 1980s, ALMPs, usually consistent with work-first approaches (Lindsay, McQuaid, & Dutton 2007) increased in the UK (Taylor-Gooby et al. 2004). It is, however, through the 1990s when a turn towards greater activation is more clearly distinguishable. Increasing support measures aimed at labour market participation through 'welfare-to-work' programmes and 'make-work-pay' initiatives have been implemented, alongside increasing compulsion for some unemployed or inactive groups, and coordinating the benefits and employment agencies by merging them into Jobcentre Plus (JCP) in 2002.

The Labour administration (1997-2010) arguably favoured labour market deregulation and limited state interventions over the traditional neo-Keynesian approach, which promote demand-side intervention in order to achieve economic growth (Taylor-Gooby et al. 2004). For those claiming benefits capable of undertaking some form of work, activation meant greater support, and compulsion through the threat of sanctions, to find employment (Lindsay & Dutton 2012). The current UK Coalition Government's welfare policies have continued, and in some cases accelerated or expanded, some of the previous administration's welfare policies, and have introduced major new reforms. A number of 'Get Britain Working' measures² or welfare-to-work programmes have been established, the majority of which are supply-side measures, with several demand-side interventions such as wage subsidies and incentive payments. The changes to the benefits system started in 2008 which affected economically inactive and unemployed groups have been continue, with the result that people previously receiving inactive benefits (such as income support or incapacity benefit) have been transferred to out-of-work benefits (such as Jobseekers Allowance or Employment and Support Allowance). Receiving any benefit is increasingly conditional on taking part in activation measures or other requirements.

² Get Britain Working measures or welfare to work programmes for those currently unemployed consist of a number of initiatives, some of which are compulsory for some benefit recipients groups depending on the Department for Work and Pensions conditions and the Jobseeker's Agreement with Jobcentre Plus (gov.uk website: Moving from benefits to work, [accessed 12/01/13] <https://www.gov.uk/moving-from-benefits-to-work/overview>).

The operational governance of labour market policies

The UK has three devolved administrations: the Scottish government, the Welsh government and the Northern Ireland Executive. Each administration has devolved responsibilities for a number of policy areas. Some of the devolved policy areas directly relevant to this study are: education and skills, housing, health (and social work), social welfare, economic development, transport, and local government. Policies on devolved issues are set up by each of the administrations. In Scotland, legislative powers are conferred and legally defined by the 'reserved power' model, while in Wales they are defined by legislative competences (the constitutional settlement was being reviewed at the time of the research). Devolved administrations are financed mainly by the UK Government through a block grant via the Departmental Expenditure Limit in a 3-year calculation over an inherited budget. They can raise Self-financed Expenditure through borrowing, and through non-domestic rates and council tax in Scotland; nevertheless the UK treasury can decide to adapt the Departmental Expenditure Limit accordingly. In Scotland, regional councils were abolished in 1996, which created the current 32 local authorities (a single tier system of council areas). Wales is organised into 22 local authorities (again a single tier system of unitary authorities). England is organised into 9 regions under which there is a mixture of single tier (unitary) and two tier authorities. Local authorities have many powers in a range of issues and are responsible for providing front-line services such as social services, economic development, housing, etc. There are local government Acts that set out the relation between central and local government

Employment policy is a UK Government reserved matter. However, local government funds employability³ provision in each of the cities studied. The local authority delivers some of these services; others are contracted out through grants, negotiation or in most cases competitive tender to the public, private and third sector. Employability provision is also funded through other bodies such as the Scottish and Welsh Governments, through European funding, and through other organisations such as the Big Lottery. There are, in each of the cities in the devolved administrations, Scottish and Wales national programmes.

Since the 1970s, marketisation of UK labour market policies has occurred (Finn 2005), based on opinions that competition and client choice would result in innovation, better customer service and improved performance (Davies 2010; Freud 2007; McQuaid & Scherrer 2010). Evidence to

³ McQuaid and Lindsay in 2005 propose an employability framework, in which employability barriers encompassed: *Individual factors* such as lack of skills, lack of motivation or confidence etc.; *Personal circumstances* such as caring responsibilities, and other stresses in the household; *Structural factors* such as lack of childcare, transport or training, benefits barriers, etc.; Also the *availability of jobs* in a tight labour market (Nunn et al. 2010), as it is in those instances where barriers are likely to be more visible as employers can afford to be more selective in their recruitment.

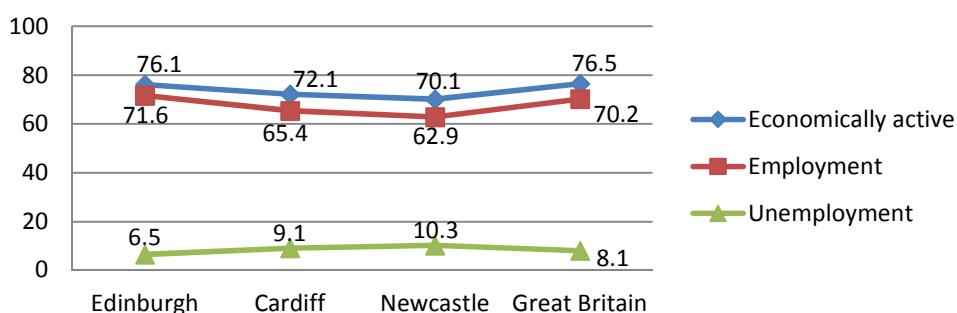
support this is at best scarce and on occasion contradicts this assertion (Davies 2010; Hudson, Phillips, Ray, Vegeris, & Davidson 2010; National Audit Office 2006).

There are different types of national activation initiatives: for the short-term unemployed these are work-first services mostly focused on placements, job search support and vocational training; while for the long-term unemployed, programmes can include other support. In the current national activation initiative for the long-term unemployed, the Work Programme, providers – through the ‘black-box’ approach - have total discretion over services they provide. It could be argued that the Work Programme’s payment-by-sustained-job-outcome financial model⁴ signals a departure (started to an extent with previous programmes) from work-first approaches, towards an ‘employment-first’ approach (Fuertes & McQuaid 2013)⁵. On the other hand, an individual’s participation in local and national devolved provision is voluntary and tends to revolve more around human capital investment and counselling, although there is an increased focus on job outcomes and employability in a number of policy areas, e.g. skills.

Methodology

The thesis looks at macro-, meso- and micro-factors that influence (facilitate or inhibit) coordination of territorial levels, policy dimensions, and service providers. This paper is based on three local cases studies in the UK. The three localities are major urban cities in the UK: Edinburgh and Cardiff are the capital cities of the devolved administrations, while Newcastle is a major urban centre situated in the north east of England. The three localities had similar population numbers, and although their labour market situation is different (see Figure 1).

Figure 1 - Population and Labour Market Information by City



⁴ Work Programme primes receive an attachment fee for every client, a job-outcome payment 26 or 13 weeks after entry into work, and then sustainment payments during the next 52 weeks of employment.

⁵ In an employment-first model sustainable employment, with long-term career progression or maintenance, would be the aim, which for some service users would require dealing with barriers to maintaining and progressing in employment (Fuertes & McQuaid 2013).

Source: ONS annual population survey

Document analysis and semi-structured interviews with relevant stakeholders were conducted in each case study in a timeframe for each of approximately three months. Documents analysed were: strategic documents prepared by local, regional and national government; reports; agencies' or organisations' minutes; strategic documents and annual plans of agencies and/or service providers; and other relevant documents. Interviewees had experience and an overview of policy development and implementation at the local level and questions centre on local coordination. A wide range of actors within each case study was selected to make sure different opinions and experiences were gathered. The number of interviews in each case study ranges from 20 to 25 (see Table 2).

Table 2 – Number of organisations accessed and interviews conducted

Type of organisation	Edinburgh	Cardiff	Newcastle
Government officials	3	4	4
Public agencies	4	2	4
Service providers	12	10	10
Federations and experts	3	4	4
Total	22	20	25

Interviews were selected using an institutional criterion (actors relevant for the study) and the snowballing technique. In each locality a number of core organisations were accessed. Interviews were face to face and lasted between forty-five minutes and two hours⁶. All interviews but four were recorded and transcribed or partly transcribed. Interviews in Edinburgh were analysed using NVivo⁷, while thematic analysis (Braun and Clarke 2006) was used for the interviews in Cardiff and Newcastle following codes developed through NVivo. The general analytical strategy was to develop case descriptions underpinned by theoretical propositions (Yin 2003). A research framework was developed with a clear description of the information that needed to be collected but with enough flexibility to allow interview schedules to adapt to localities' context and guard against rigidity and imposition of concepts and understandings to different settings.

⁶ Longer interviews were conducted in Edinburgh as it was the first case study.

⁷ NVivo is a qualitative data analysis (QDA) computer software package, designed for analysing qualitative rich text-based and/or multimedia information.

The local coordination of labour market policies

National governance frames are very influential on policy coordination at the local level. However, the sub-national level plays an important role in the implementation activation policies (Künzel 2012), including the coordination between territorial levels, policy areas and service providers. In this section local specificities which affect multi-level, multi-dimensional and multi-stakeholder coordination are presented in detail.

Territorial competences

National government has a high degree of influence especially on multi-level coordination. In the three localities, national government labour market policy governance is procedural, centralised and top-down. Centralisation was said to stop coordination and when coordination of territorial levels takes place, it seems to be focused around projects (for example when finances allow it through pooling money together to provide or contract out services), at specific times (when big developments are taking place), or around specific initiatives such as employer engagement⁸, and always when and where national policy is not prescriptive⁹. Coordination and local flexibility in national policies was stressed as extremely important because although some characteristics of unemployment are similar for individuals, the context could be, and in many cases is, different. *Local discretion* was mentioned as very important for coordination of territorial levels, especially discretion of national bodies (such as the national public employment service). In the three localities local policy was said to be very much constrained by national UK policy and funding. Local and national level policies seem to align themselves, due to the local level adapting its strategy, initiatives and target groups to national policy, in order to avoid duplication or achieve complementarity with national policy (also a finding from Lindsay and McQuaid 2008).

“The notion had always been that we locally will wrap around whatever was available nationally, so fill the gaps. So the menu at national level changed significantly so the wrap around has changed significantly ... I don’t think we control all the levers sufficiently for us to call it a genuinely [local] employment strategy.”

However, in terms of devolved government relation to local government we can find differences between Scotland and Wales. While the English locality multi-level governance is procedural, in devolved policy areas, local authorities in Scotland seem to enjoy greater level of decentralisation from the Scottish Government party linked to an explicit agreement (‘Concordat’), while at the same time local policy tends to align with overall national Scottish targets through the Single Outcome Agreements (agreed outcomes that local authorities seek to achieve and that are in line with Scottish Government priorities) and the national Economic Strategy. The territorial

⁸ E.g. the Employment Offer developed in Edinburgh

⁹ E.g. The Job Match initiative in Cardiff is an example of this coordination.

governance in Wales, in the other hand, is also decentralised but there seems to be less coordination between Welsh and local government policies.

However, *decentralisation* or local discretion was not the only factor needed to achieve coordination. In some cases, even when discretion is present, resources constraints, unclear structures or guidelines for coordination (Cardiff between Welsh and local government), and habit or culture (Edinburgh) can be barriers to coordination in any of the dimensions. *Parallel structures for coordination* and lack of clear competences mean that national legislative requirements of coordination lead to conflicts and confusion over role and tasks of territorial levels.

There seems to be an increase in working together between different levels of policy (e.g. Newcastle Futures in Newcastle), but in some cases even when this multi-level coordination takes place collaboration seems to still be limited by bureaucracy, lack of discretion, and inflexible funding streams, also because cultural and structural factors (such as lack of leadership and authority vacuums). The UK Government has recently given more flexibility to Jobcentre Plus districts through the Flexible Support Fund¹⁰, which could facilitate cooperation, and in some cases even co-production, with other agencies. Different priorities in activation (work first vs. human capital) of the different levels also can hinder coordination.

“Jobcentre Plus is an organisation, they have their own drivers, and ... Jobcentre Plus district managers will sit with us and agree with us one thing and mean it. And sometimes that just changes, and they said ‘I am really sorry but we can’t do that anymore’, that is part of the difficulties of working, or trying to align national drivers and local drivers.”

Institutional boundaries

Multi-dimensional coordination is seen as important to create efficiencies and synergies, and to ensure coherence between policy areas (McQuaid & Lindsay 2005). Policies are developed at national UK or devolved national level through the various ministries. There seems to be a lack of coordination between departments at national level, which has been recognised since the 1970s (NAO 2013) and, according to some authors, fragmentation has increased due to further departmentalisation and boardisation of policy (Wilks 2007).

Multi-dimensional coordination in the three localities seem governed by structured departmentalisation and systematic methods of coordination. Operational governance could be characterised as procedural, however, there are initiatives that bring partners together. Lack of coordination between dimensions seems to be even more acute in those policy areas were

¹⁰ The funding has two aspects, both focused on engaging and employment: (a) Funding to overcome individual barriers; (b) Funding gaps in or niches areas of service provision that mainstream funding does not cover, for example supporting a wide range of approaches to engage with customers.

competences are situated in different territorial levels (e.g. in the devolved administrations for example between labour market policy and education and skills).

“You can get partners sitting in a room talking to each other about what they would like to do, when the reality is that they have got no resources to do anything, because the power lies elsewhere”.

Institutional boundaries and professional culture are related to the competences given to specific departments, bodies, agencies and these can be a barrier to coordination if institutions protect those boundaries. Factors such as different *ethos and drivers* can discourage coordination, therefore building sharing objectives and trust was said to be very important for coordination. Although in most cases boundaries are clearly seen, special conditions (e.g. decrease funding) can influence the level of protectionism of those boundaries. It was stressed that a solution to ‘siloesation’ could be the development of shared objectives, or to a lesser extent a shared framework. This would mean that interventions would follow a path with a common direction, even if interventions were from different policy areas and intervened at different points on that path. This shared objective could create alignment, collaboration or co-production of services towards a recognised shared outcome. This could also be achieved by having a core focus, such as an initiative, programme or policy, around which other policies areas coordinate. This resonates with Edinburgh’s development of a shared ‘employability’ framework within which diverse policy areas incorporate.

“We are hoping to influence these services to recognise employability as an important part of their holistic plan for their client, but we also need to make sure that [employability] services are accessible, flexible and relevant enough to be ready and to be available when that happens.”

“Some people would be very far from the end aim but as long as the direction is right, interventions will be aimed towards the end objective”.

Coordination during implementation was seen to be improving due to a shared understanding that moving individuals towards employment requires an assessment of their individual barriers, and that to achieve sustainability it is necessary to deal with those barriers along the way, including links with employers, and client and employer post-employment support. Links with employers for example are seen as vital by Cardiff Council Education Department. However, lack of intelligence/data (or inability to share data) on service users and on successful paths to a better situation can be a barrier to achieve this.

“We could help more people if there was better sharing of information from central government, particularly from DWP (Department for Work and Pensions): information when they provided benefits of some kind and we provide support like the social fund, crisis loans... we could make better use of that public money to help more people”

The three cities had strategies at local level regarding employment, education and skills, housing, and economic development. There are *partnerships and/or boards* that bring departments and partners together and focus on specific areas such as health, housing, employability etc. (e.g. in Edinburgh a cross-partner panel helps to align policies and avoid duplication within the council, by looking at bids and tenders across departments). Partnership governance and coordination in Newcastle seems to have weakened since 2010 as a result of the abolition of the Local Strategic Partnerships (which were similar to Community Planning Partnership in Scotland and Local Service Boards in Wales) and the abolition of the Regional Development Agency. Local employability strategies seemed more coherent in Edinburgh compared with Newcastle and Cardiff, due in part to an arms-length council organisation that have a strategic development role and aim to achieve an Integrated Employability Service based on a 'skills pipeline'. Local boundaries were said (especially in Newcastle) to also be a problem for coordination, and a source of duplication in some cases. There seems to be a tendency at local level, and recently at national level, to create case *management organisations* (similar to one stop shops) that are vehicles for multi-dimensional coordination. Coordination is achieved by linking to other organisations in different fields, or by bringing in-house services from different policy areas.

Outwith systematic forms of coordination, coordination was said to happen as a result of *tactical operational* needs often being unsystematic and ad-hoc, or a result of *interests, projects or priorities* underpinned by rationalisation of resources, common interest, or external policy priorities. These are facilitated in many cases by *relationships, funding streams, and/or contractual arrangements*. In the case coordination around priorities, an outcome could be agreements or institutional creations.

"There are good examples of coordination in specific areas, for particular groups in society ... particularly when funding, either coming through Europe or national lottery, has been dependent or conditional on bringing stakeholders together".

Funding can be an enabler but also a barrier to coordination. Departmental budgets were said to increase the possibility of protectionism and the planning of services around budgets rather than individuals' needs and the need for coordination. Therefore a solution mentioned was central budgets: e.g. the necessity to or possibility of sharing funding enables various levels, policy areas and service providers to come together. However, cooperation around funding could be time- and/or project-limited. Path-dependency through habit, lack of leadership or unclear accountability, in Edinburgh where there is no stream funding for local government leads to budgets being allocated along departmental lines. *Lack of resources* was said to be a barrier to coordination, and the need for organisations to justify themselves through narrow outcomes encourages silo mentalities and approaches.

Geographical proximity of the different levels aids collaboration, as it facilitates face-to-face encounters, aiding communication which in turn can assist in the building of trust. Geographical proximity also influences multi-dimensional and stakeholder coordination (e.g. in Newcastle an initiative facilitate this close proximity which succeeded in multi-dimensional coordination). However, close proximity between units does not automatically result in communication; it sometimes requires a change in culture, the building of trust, the understanding of other areas and having some share objectives.

Stakeholder relations

Relations between labour market stakeholders are in the three localities characteristic of market governance as contracts are the main tool of service provision. Forums that bring together stakeholders seem more about opportunities to exchange information and make connections rather than influencing or creating policy. With regards to actors' coordination, in some localities *institutionalised interactions* are very important.

Marketisation is often mentioned as an instrument that can lead to both coordination and fragmentation. In terms of the *relationship between purchasers and providers*, competition can limit the chances of building on established contacts and forces purchasers and providers into a relationship which is unstable and based on unequal power and performance management, both of which undermines trust (e.g. in Edinburgh, it appears that multi-stakeholder and multi-dimensional coordination has been achieved due the general trend of subcontracting). In some cases political positioning regarding service providers could influence the level of use of third sector or private organisation within market governance. There is also a level of convergence of services from different policy areas (multi-dimensional coordination) towards employability (or employment policy) as a result of *outcome-based contracts* requiring services to focus on participation on the labour market, whether the outcome sought is employment or a step on the path towards employment (this was also found by Osborne et al. 2012). This is the case in Edinburgh via the Hub Contract and the Employability and Skills pipeline part of the Hub Contract, in Newcastle as a result of Newcastle Futures, and in Cardiff through some Welsh programmes such as Communities First. In Edinburgh, stakeholders are organised around a skills and employability pipeline framework, while in others they are organised around a project with service delivery objectives. Not all the provision in the area is brought into these arrangements but in some cases, as in Edinburgh, there is an effort to create an *awareness* of local provision amongst all stakeholders in the area as a way to encourage coordination.

The *number of funding actors* at different levels creates a situation where strategic stakeholder coordination is difficult. Due to funding being disjointed, duplication and ineffective use of resources could occur. The number of providers has lead in some case to an overcrowded landscape of service provision which can also make coordination difficult. Rationalisation of

provision with fewer agencies and more coordination were seen as desirable, although at the same time it was recognised that having a variety of organisations, rather than mono-cultures, is beneficial to encourage engagement, specialisms and different ways of working.

“In all this, the client has been to some extent lost in the process, by not having a coherent system, for example around young people and learning”.

The Work Programme (the national UK activation policy for the long-term unemployed) is contracted to single prime provider organisations which are expected to have a supply chain of subcontractors. However the recent Department for Work and Pensions evaluation report (Newton et al. 2012) hinted at the low use of ‘paid-for spot providers’, either as a result of low participant numbers with specialist needs or due to providers minimising external cost. Reports from different stakeholders mentioned a lack of strategic planning in the Work Programme. However, Newcastle seems to be innovative in the sense that there is a regional Work Programme Board, perhaps unique in England. Stakeholders stated nevertheless that the board is not resourced adequately, has narrow confines and very little influence on the practicalities of the Work Programme.

Discussion: actors agency and institutions influence

Differences of local coordination are highly related to the level of local government discretion, to the structures in the ground (such as forums, boards or coordination bodies), and to the legal requirements in place to facilitate coordination. However, in many cases the existence, shape and strength of coordination depends on factors within the realm of actors’ agency and interest: e.g. personal relations, the use of power and responsibilities, political preferences, actors’ visions, and leadership.

Personal and informal relations encourage coordination at every level, in some situations by being able to overpass bureaucratic intermediaries in the referral of service users or legal and organisational barriers, and creating trust. Personal relations are *influenced by many factors*, from the existence of structured avenues for making contact, to the political situation between the different levels in a locality. Even though informal coordination can lead to formalised coordination, it can also develop more into alignment (or convergence) of policies rather than coordination. Coordination resulting from personal and informal relations is often ad hoc, limited in time, and unstable as they are dependent of quite volatile factors such as people starting and maintaining relationships, commitment, and jobs and do not encourage the buy-in of the whole organisation. While these coordination seem to be effective in a practical sense (getting things happening) they are less effective as a planning mechanism.

The *position of actors*, due to their competences, contacts and networks, are important in achieving coordination at every dimension. But *how are those positions acquired?* In some cases the *local socio-economic situation* and the *perception and responsibilities* for unemployment affect stakeholders' dominant positions; path-dependency and power struggles (the politics variable) to maintain power over the construction of problems and solutions, are also factors on the assignment of dominant positions; in some cases, the reasons given for not involving some stakeholders in policy development revolved around overcrowding or conflict of interest. *Personal commitment, vision or leadership* also helps, or lack of it discourages, the linkage between specific fields with labour market policies.

Politics, understood with regards to the usage of local discretion and power by political actors, appear to be important, albeit to a different extent, in order to explain the achievement (or not) of coordination between territorial levels, policy fields, and actors: Edinburgh and Cardiff (although to a lesser extent) have used devolved powers in a way that makes *multi-dimensional and multi-stakeholder coordination* more difficult. This has created a situation in which Work Programme service users are unable to access provision, including skills provision, funded by the devolved administrations (with some exceptions in Wales). Pragmatism (achieving additionally and avoiding duplication of funding) was cited for this decision of the devolved administrations, although, ideological (different approaches to activation and marketisation, which influences instruments and pace of interventions) and political/strategic reasons were also mentioned:

“The [UK] government chose to award the contracts for the Work Programme to private sector providers and some public bodies don't feel that they want to provide programmes that would help people get jobs and therefore a profit being made by private sector providers.”

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