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The IES public employment policy research newsletter

In this issue

The *Employment Studies* newsletter reports on IES research on labour market and employment policy and practice in the UK and abroad. It is aimed at those interested in research to inform the development and implementation of public policy. Two other publications, *Research Digest* and *HR Insight*, provide briefings on IES employer-related work.

Greening the European economy

Andrea Broughton, Principal Research Fellow

How to ensure that Europe's economy is in a fit state to face up to the future challenges of alternative energy sourcing and the demands of climate change is an issue that has been steadily gaining importance on the political and social policy agenda in recent years. The future green economy is something that touches on many social and employment policy areas, including labour market planning, skills and competence building, and the protection of vulnerable social groups. In this article, we review the main findings of recent IES research looking at EU policy in this area.

Aware of the future likely demands of climate change and the green economy, the institutions of the European Union have been active in recent years in trying to put into place a policy framework in this area within which individual member states can operate. Most recently, the European Commission issued in April 2009 a White Paper entitled *Adapting to climate change: towards a European framework for action*[1], in which it notes that a rapid response is needed in Europe to address the demands of climate change.

In terms of social policy, the European Commission states its belief that the social dimension of adaptation policies needs to be pursued within existing EU processes in the social and employment fields, and that all of the social partners need to be involved in this process.

At present, developing the green economy is also being seen as one potential way of helping national economies in the EU to climb out of the current recession. In November 2008, the Commission published a European Economic Recovery Plan[2], in which it recommended investment in green measures – for example, alternative and sustainable energy sources, increased energy efficiency in buildings, and low CO2 emission cars and public transport networks.

In terms of skills policies, the European Commission issued a report entitled *Environment and labour force skills* in December 2008[3] in which it stated that up to 21 million jobs in the EU are currently linked to the environment – largely jobs in the environment sector or those that require environment-related skills. It highlighted the fact that specific skills are likely to be needed for the green economy, such as knowledge of sustainable materials, 'carbon footprinting' skills and environmental impact assessment skills.

Forecasting labour market needs

The Commission believes that the green sector is changing rapidly and makes a number of forecasts on labour market development. Firstly, it believes that additional jobs will be created in a range of new areas, for example in the manufacturing of pollution control devices that are added to existing production equipment. It also believes that substitution of employment will take place in many sectors, resulting from factors such as the shift from fossil fuels to renewable energy sources, from truck manufacturing to rail car manufacturing, or from land filling and waste incineration to recycling. It also predicts that many existing jobs – for instance, those of plumbers, electricians,

continued on page 2

metalworkers and construction workers – may be altered due to the 'greening' of day-to-day skill sets, work methods and profiles.

However, it also forecasts that particular jobs may be eliminated without direct substitution – for example, when the use of certain packaging materials is discouraged or forbidden and their production ceased.

Mapping green actions and initiatives in the EU

Within the context of European interest in harnessing the job creation potential of the green economy, IES recently carried out a mapping exercise on the policies and initiatives that EU member state governments and social partners (employer bodies and trade unions) are putting into place to work towards a greener economy and maximise the job creation potential of this new area.

In terms of government-led initiatives, we found that many of the EU member states have launched a range of economic recovery programmes to help tackle the current financial crisis, and that some of these programmes have a specific green policy content, focusing on issues such as the modernisation of buildings, better insulation, car scrappage and the use of alternative energy. Car scrappage schemes are proving to be particularly popular across the EU, although some debate has arisen over whether these schemes promote the green economy by encouraging the use of newer and more energy-efficient, cleaner cars, or whether they merely support traditional jobs in the automotive sector.

Overall, we found that awareness raising and public discussion of green issues is becoming more prominent in most countries. These types of actions include organising conferences to debate green issues, publishing information, and organising specific 'green days' in order to raise awareness of green issues.

Differences in national approach

Our research was able to compare national differences in approach, finding that the green agenda and green policies are more advanced in some countries than others. In the Scandinavian countries and Germany, policymakers and the social partners have been active with regard to green issues for a significant length of time – decades, in some cases – whereas in some of the newer EU member states, green issues are relatively new on the policy agenda. For these newer EU nations, the EU framework designed to help nations move towards a greener economy will be of significant assistance.

The types of actions and initiatives undertaken also depend on the nature of a particular country's economy. For example, where the automotive industry, agriculture or tourism play an important role in the economy, green actions will tend to focus on these sectors as these are predicted to be most affected by the development of the green economy.

Employer and union activities – differences of approach

Although green issues are not a particularly contentious area for the social partners in general, there are nevertheless differences of approach between employer and trade union bodies. For example, trade unions are more likely to favour regulation over the voluntary commitment usually championed by the employers. Trade unions in some countries also believe that the employers should be doing more to help the move towards the green economy and are wary of employers using 'greenwash' – allegedly paying lip service to environmental issues while not changing their actual activities.

Trade union concerns linked to the green agenda usually focus on employment levels and working conditions: unions are also often preoccupied with membership issues, fearing the decline of more traditional industries with strong trade union membership and recognising that it may be harder to recruit members in new green industries.

Employer representative bodies tend to prefer the voluntary route to regulation on green issues, rather than backing the formulation of new legislation. Awareness-raising activities for member companies tend to deal with issues such as compliance. There are also some anxieties about potential cost increases and possible reduced competitiveness.

Skills shortages feared

As the green economy develops, there are major concerns that significant skills shortages will develop across the EU, as the demand for certain types of skills outstrips the supply. In the UK, the Confederation of British Industry (CBI) has highlighted the fact that skills are needed in areas such as science, technology, engineering and maths, technical competencies and a range of new business skills. The CBI makes a range of recommendations on how to increase the number of workers with these skills, including developing a greater focus on such skills in schools and proposing ways to encourage education providers to work with business to meet the demand for these types of skills.

Skills training to support the workforce in the transition to a green economy is recognised as high profile in many countries. Governments in most countries are aware of this and are trying to overhaul training and skills policies in order to meet the likely demand for new skills in the future. An innovative training scheme exists in Belgium, under which long-term jobseekers are trained to carry out energy assessments and help advise on energy-saving measures. These individuals are called 'energy trimmers' (Energiesnoeiers/tuteurs d'énergie) and help to implement energy-saving measures in buildings through 'energy trimming companies', which are not-for-profit organisations.

The research was carried out by IES for the European Foundation for the Improvement of Living and Working Conditions, Dublin. It is based on questionnaire responses from the Foundation's network of national correspondent organisations in EU member states plus Norway.

Broughton A (2009), *Greening the European economy: Responses and initiatives by member states and social partners*. See http://tinyurl.com/yl826vs

[1] http://tinyurl.com/ygxvpqu
[2] http://tinyurl.com/ylh94b2
[3] http://tinyurl.com/ykge536

Peer reviews in EU social protection and social inclusion

Nigel Meager, IES Director

IES has, since 2006, been involved in a consortium led by Austrian partners (ÖSB Consulting) to deliver a programme of 'Peer Reviews in Social Inclusion', on behalf of the European Commission (since 2008, the Peer Review programme has been extended to cover the area of 'social protection', ie policies towards pensions, healthcare and long-term care).

The Peer Review programme is part of the European Union's 'Open Method of Co-ordination' (OMC). This little-known (in the UK at least) term is Euro-jargon for a form of 'soft law' or 'soft governance', which is used in certain areas of European policy to which 'hard law' (policy areas with uniform rules with which member states must comply) does not apply. The OMC, by contrast, has general and open-ended guidelines rather than rules, and provides no formal sanctions for member states that do not comply. The OMC originated with the European Employment Strategy (EES) and has since been applied to other areas, such as social inclusion and social protection.

The Peer Review process is modelled on a similar process which occurs under the EES (the Mutual Learning Programme, which IES was also involved in co-ordinating until 2008). The Peer Reviews are designed to stimulate an open discussion on social protection and social inclusion policies in the different EU member states and facilitate the mutual learning process among them. Normally, up to ten Peer Reviews are held each year, with each Peer Review being hosted by one country. The basic idea is that the host country presents a selected policy area as 'good practice' (this might be a new programme, a policy reform or a particular institutional arrangement). The policy is scrutinised by experts (including academics specialising in the area) and officials from the European Commission, a number of other countries (peer countries – typically each Peer Review involves up to around 12 such countries), and relevant stakeholder organisations (these will usually be non-governmental organisations active in the relevant policy area at national or European level). The process involves preparation of a range of reports and other documentation by officials and experts in the host country and the participating peer countries, in advance of a two day meeting in the host country at which the policy is discussed (if appropriate, the meeting may also be supplemented with a site visit, in order for the peer country participants to observe the policy in action 'on the ground').

The aim is to assess the evidence on the policy and its effectiveness, to establish how it contributes to EU objectives, to uncover any flaws (eg by comparison with relevant policies in the peer countries), and to assess whether the policy or elements of it could be effectively transferred to other member states.

The host country can also use the Peer Review meetings to gather expert advice from other countries in order to inform the process of preparation of a major policy reform in the field of social protection and social inclusion (or new programme or institutional arrangement). The aim would be to take advantage of 'good practices' existing in other EU countries to improve the efficiency of their reforms.

The relatively small number of expert participants at Peer Reviews (typically around 30) and the in-depth nature of the documentation and the discussions, encourages a high degree of openness and frankness about 'what works and what does not', which helps contribute to the learning value of the activities.

IES is involved in the facilitation of some of the Peer Reviews. In the past 12 months, IES has played a key role in four Peer Reviews:

- an examination of German policies aimed at women's return to the labour market (November 2008)
- Danish innovations aimed at 'combining choice, quality and equity in social services' (April 2009)
- the City Strategy for tackling unemployment and child poverty in the UK (July 2009)
- a Peer Review looking at a French initiative to develop a 'scoreboard' for measuring the impact of active inclusion and other policies to combat poverty and social exclusion (December 2009).

The full documentation and synthesis reports on these and other recent Peer Reviews can be found on the website of the Peer Review programme: www.peer-review-social-inclusion.eu

In addition, IES is responsible for the internal evaluation of the overall programme, looking in particular at the extent to which the process leads to policy learning between member states. While it is very difficult to show a causal influence from the Peer Review programme into policy development in member states, the immediate evaluation evidence does suggest a very positive assessment by participants of the learning value of the Peer Reviews. Additionally, the follow-up examination of participants (six-plus months after each Peer Review meeting) provides some evidence of learning and dissemination within member states, as well as the generation of follow-up activities, including bilateral contacts and visits between Member State officials, with occasional direct confirmation that experience from the Peer Review has fed into new policy development in individual member states.

publications

An Ageing Workforce: the Employer's Perspective
Barnes H, Smeaton D, Taylor R. IES, 2009, free

Creative Graduates Creative Futures
Ball L, Pollard E, Stanley N. Council for Higher Education in Art and Design, 2010, £30.00

Ethnic Minority Employment Task Force Race Equality Procurement Pilots
Tackey N D, Barnes H, Fearn H, Pillai R. Department for Work and Pensions, 2009, free

Evaluation of Access to Work
Dewson S, Hill D, Meager N, Willison R. Department for Work and Pensions, 2009, free

Evaluation of Partners Outreach for Ethnic Minorities (POEM)
Aston J, Bellis A, Munro M, Pillai R, Willison R. Department for Work and Pensions, 2009, free

Greening the European Economy
Broughton A. European Foundation for the Improvement of Living and Working Conditions, 2009, free

Impact of Changes in Provision on People with Learning Difficulties and/or Disabilities Post-19
Dewson S, Tackey N D. Learning and Skills Council, 2010, free

Impact of the Recession on the Labour Market in the South East
Cox A, Hogarth T, Usher T, Owen D, Sumption F, Oakley J. Learning and Skills Council and South East England Development Agency, 2009, free

The Role of Finance in the Decision-making of HE Applicants and Students
Usher T, Baldwin S, Munro M, Pollard E, Sumption F. Department for Business, Innovation and Skills, 2010, free

Who is Heading for HE?
Bates P, Pollard E, Usher T, Oakley J. Department for Business, Innovation and Skills, 2009, free

Work-Focused Services in Children's Centres Pilot
Marangozov R, Department for Work and Pensions, 2009, free

The EU response to the economic crisis

Kari Hadjivassiliou, Principal Research Fellow

The world financial crisis of 2008 and the ensuing recession has led the EU to rethink its approach and priorities in relation to employment and labour market policies. We review the main activities and communications from the EU institutions over the past year, as policymakers try to mitigate the employment impact of the recession and try to support EU member states in their efforts to pursue active labour market policies.

The impact of the recession is expected to be significant on EU labour markets; in general, it is widely accepted that the existence of supporting social safety nets is particularly crucial, especially for workers on flexible contracts, for young people, and for others at a high risk of experiencing long durations of unemployment. The European Commission's 2009 Employment in Europe Report[1], published in November 2009, has shown that it is young people and those on temporary contracts, along with low-skilled and male workers, who have borne the brunt of the current employment contraction. This report estimates that, since the start of the crisis, employment in the EU has shrunk by over 4 million, while by September 2009 the unemployment rate had increased to 9.2%, a rise of 2.5 percentage points compared with spring 2008. Total unemployment in the EU had increased to 22.1 million, a rise of 6.1 million (or more than one-third).

Recovery plan aims to stimulate economy

In response to this crisis, in December 2008 the EU adopted a European Economic Recovery Plan, which proposed a counter-cyclical response, based on:

- an immediate (but temporary) fiscal stimulus of around 1.5% of EU GDP (or €200 billion), involving national budgets (around €170 billion or 1.2% of GDP) and EU and European Investment Bank budgets (around €30 billion or 0.3% of GDP)
- a number of priority actions, aligned with the EU's Lisbon Strategy (aimed at creating and supporting employment in the EU). These actions included the following:

– To simplify criteria for European Social Fund (ESF) support and step up advance payments from early 2009. This will enable member states to have earlier access to up to €1.8 billion in order to help them to implement labour market activation schemes, in particular for low-skilled workers. These schemes would involve actions such as personalised counselling, intensive training, retraining and upskilling, apprenticeships, subsidised employment, grants for self-employment, and business start-ups. Other actions in this area would try to improve the monitoring and matching of skills, and skills upgrading with existing and anticipated job vacancies in close cooperation with social partners, public employment services and universities.

– To revise the rules of the European Globalisation Fund (EGF) so that it can intervene more rapidly in key sectors, either to co-finance training and job placements for those who are made redundant, or to keep in the labour market skilled workers who will be needed once the economy starts to recover.

– To support labour demand by inviting member states to reduce employers' social charges on lower incomes. The aim of this is to promote the employability of low-skilled workers and to consider the introduction of innovative solutions such as service cheques for household and childcare, or temporary hiring subsidies for vulnerable groups.

High-level summit on jobs

In May 2009, recognising the ongoing severity of the crisis and its impact on employment levels, the EU held a special summit in Prague, dedicated to this issue. At this summit, the governments holding the previous, current and future Presidency of the Council (the so-called Troika, which are at present Sweden, Spain and Belgium), together with President Barroso, Employment Commissioner Špidla and the social partners, discussed the consequences of the current crisis on EU labour markets and ways of lessening its impact on employment. The summit identified 10 priority actions to fight unemployment and create new jobs at both EU and national levels, including the need to maintain employment and promote job creation, identify job opportunities and skills requirements, improve skills forecasting and the matching of labour market needs, facilitate skills enhancement, and promote geographical and occupational mobility.

In June 2009, as a follow up to this Employment Summit, the Commission in its communication *'A Shared Commitment to Employment'*[2] put forward three employment-related key priorities (see box to right) and ten actions (see box below). The focus here is on skills development, improving employability, encouraging business start-ups, and helping people gain access to the labour market.

Most recently, the Commission's 2009 Employment in Europe Report, mentioned above, has stated that flexicurity, with its integrated strategy of enhancing both security for workers and labour market flexibility for employers, provides an efficient and effective toolkit for supporting labour market transitions. Flexicurity is deemed to provide a most relevant and effective approach in helping the EU and its citizens deal with the current crisis.

The EU institutions are clearly trying to get to grips with stimulating employment, which is seen as an urgent priority in the current climate. It remains to be seen whether all of these new measures and activities will be successful in stemming unemployment and ensuring that the EU's labour markets are in a position to respond to the economic upturn, when it comes.

[1] European Commission (2009), Employment in Europe 2009, November
[2] COM (2008), 800 final, Brussels, 26.11.2008

Key points of the jobs plan agreed at the Prague summit in 2009

- Redirecting €19 billion of planned expenditure under the ESF to help people to stay in work or move towards new jobs, through upgrading skills, encouraging entrepreneurship and improving public employment services under the ESF.
- Reallocating €100 million from the existing EU budget which – when combined with funding from international financial institutions, particularly the European Investment Bank – will provide more than €500 million for the creation of a new EU microcredit facility. These micro-credits will support those at risk of not obtaining funds to set up a business, such as the recently unemployed, and reinforce employment in micro-businesses facing the credit crunch.
- A commitment to provide at least five million apprenticeships across the EU for young people.
- Support for schemes to maintain viable employment through short-time work and training.
- Immediate help for the unemployed to avoid the risk of long-term unemployment and the loss of relevant skills, including proposals that an early opportunity for training or work should be provided to each unemployed person.
- Improving the efficiency of national employment services by providing intensive counselling, training and job search in the first weeks of unemployment, especially for young unemployed people.
- Help to get the most disadvantaged back into jobs, for example, through lower non-wage labour costs, recruitment incentives and the promotion of low-skilled job opportunities in household and care services.
- New online 'match and map' service to help jobseekers match their skills to job vacancies throughout Europe.
- A focus on skills upgrading and a better match with labour market needs, with a Commission sector-by-sector analysis of EU labour market needs today and for the future, including green skills.
- A practical toolkit to help companies, workers and their representatives better manage and anticipate business restructuring.
- A guide for training in small businesses to help SMEs maintain and obtain the skills they need.

EU key employment priorities and actions to drive European recovery

1. Maintaining employment, creating jobs, promoting mobility

Proposed priority actions:

- promote more effective short-time working arrangements, combined with training
- promote better anticipation and management of restructuring, to avoid the risk of long-term unemployment
- support job creation and entrepreneurship, also through a new EU microfinance facility aimed at small businesses and people who have lost their jobs and want to start a new business
- facilitate labour mobility.

2. Upgrading skills, matching labour market needs

Proposed priority actions:

- upgrading skills, strengthening lifelong learning
- helping young people to enter the labour market.

3. Increasing access to employment

Proposed priority action:

- reinforcing activation and facilitating access to employment with the reinforcement of public employment services, helping the disadvantaged to get back to work and stimulating the demand for low skilled workers.

Source: COM (2009) 114, Brussels, 4.3.2009

Whither Welfare-to-Work?

IES policy conference report

Freddie Sumption, Research Officer

With a general election on the horizon, a period of public spending cuts ahead and the effects of the recession putting the UK's welfare system under increased strain, the fourth IES policy conference provided a timely opportunity to draw together labour market experts to discuss 'whither goes welfare-to-work?'

How does the UK's welfare-to-work system compare internationally?

The UK spends considerably less on welfare-to-work than most other comparable economies. Around 0.5% of GDP is spent on labour market policies, lower than all but three of the OECD countries. However, much of this resource is channelled into active labour market policies (activities designed to get people back into work) rather than passive policies (such as unemployment benefits), putting it near the top of the scale alongside the Nordic countries and France.

Yet the way that this active spend is allocated to different activities looks considerably different in the UK. Here, the emphasis has been on a supply-side 'work first' approach prioritising placement activities such as broking, job guidance, and advice and support for job seekers, with benefit sanctions contingent upon participation for almost all claimants since 2008. This has been at the expense of further active labour market policies more prevalent in other countries, such as training and skills development, and demand-side policies such as job creation schemes.

While this approach has seen some success in the past decade, the recession has introduced new challenges. The unemployment registers are now replete with people able and willing to work, and for whom the unavailability of jobs is the main problem. Periods out of the labour market mean that individuals' skills are likely to be lost. And the most vulnerable groups – young, low skilled and ethnic minorities – find it even harder to compete for jobs.

In this context, conference speakers and delegates offered answers to some of the following questions:

- What lessons can be learned from previous economic cycles or from abroad?
- How can the UK's current welfare-to-work system adjust to the changing demands of the labour market through the recession and beyond?
- And looking ahead to years of austerity imposed by cuts in public finances: where does welfare-to-work go from here?

What can we learn from previous recessions?

Dan Finn, Professor of Social Inclusion at the University of Portsmouth and Centre for Economic and Social Inclusion, kicked off the debate by examining the impact of previous recessions on the labour market as well as the policies that were introduced, and the extent to which these were effective or produced unintended consequences.

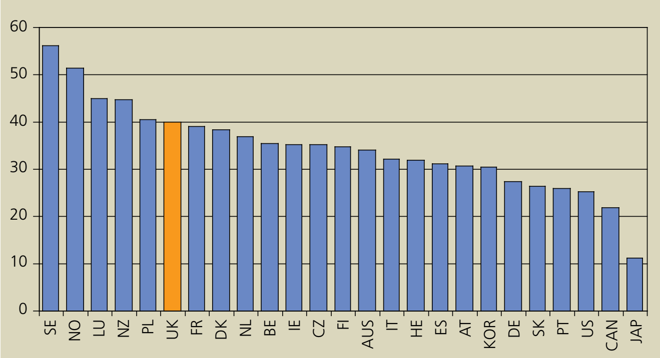
In particular, he warned that previous recessions have resulted in poor matching as unemployed people are encouraged to take the first job that is available. This can result in a loss of skills, exacerbating structural changes in the labour market later, and a return to inactivity in the long term. One challenge for the government therefore will be to ensure that active labour market policies promote an appropriate balance of activities alongside placement, including access to skills, work experience and post-employment support.

Further, he cautioned that the government's tendency to target resources towards long-term unemployment in and after recession can make it difficult for the recurrently unemployed – those who flow between unemployment and the labour market – to access the help they need. These individuals, mainly young people with no or few qualifications and on whom recession already has a disproportionate impact, are then in particular danger of becoming disengaged and falling into long-term unemployment. Whilst recognising the increased pressure on welfare resources in recession, government should therefore ensure that the policy agenda is not diverted away from this group.

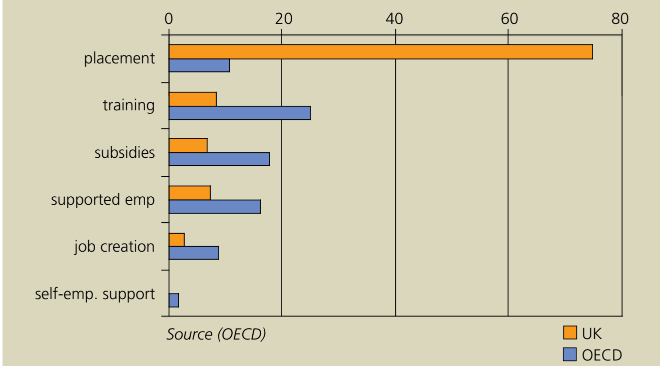
What can we learn from abroad?

David Grubb, Senior Economist at the OECD, spoke about the effectiveness of welfare-to-work policies in other OECD countries within

Active LM policy as % of total LMP spend (OECD)



Share of active LMP spend (%)



and outside recession, and the extent to which these might be applicable to a UK agenda.

He commented that, in general, countries with a high ratio of active to passive policies tend to fare better in a recession and experience a smaller growth in unemployment than those which increase benefits without activation measures, such as Spain and the US. However, he warned that recession can weaken the effectiveness of active policies, since the extra pressure on the system dilutes the personal attention each jobseeker receives, making it possible to spend longer periods passively on benefit. Further, over-rigorous placement programmes, such as those that force individuals to accept the first available job, may not be the answer. While they may decrease unemployment in the short term, individuals who are pushed into jobs for which they are poorly suited and those who are 'threatened' into activity are likely to return to unemployment later.

In terms of the delivery of welfare programmes, he drew on evidence from Belgium and Switzerland to make the case for partial decentralisation, rather than national management or full decentralisation. Such policies work best where there is national responsibility for strategic management and legislation, but regional authorities manage the benefits and are responsible for the implementation of individual programmes.

Paul Gregg, Professor of Economics at Bristol University, also drew on evidence from abroad to support his recommendations to the government (outlined in the 2008 Gregg Review and due to come into effect in 2020-2011) for increased personalisation of work-focused services for those with barriers to working.

Based on the Norwegian and Dutch models of increasingly personalised services for harder to help groups, he promotes the introduction of a three-part model whereby all benefit recipients would be split into one of three groups, regardless of the benefit they are receiving:

- Work-ready group: those who are able to look for employment with little support.
- Progression to work group: those for whom a return to work would be possible in the long-term with some support (such as lone parents and those previously on incapacity benefit).
- No conditionality group: those for whom a return to work is not currently appropriate.

For the 'new' middle group, the pathway should be highly flexible, allowing the individual and their adviser to design a personal programme of work-focused activities, tailored to their capability and designed around their circumstances. This may include addressing confidence or health problems, undertaking training, work-focused interviews or work-related activity. Support would be available immediately and not contingent on time spent on state benefits for people who are out of work.

What would welfare-to-work look like under a Conservative government?

Keynote Speaker **David Freud**, Nominated Shadow Minister for welfare reform, set out what the Conservatives perceive to be the main challenges facing the welfare-to-work system in and beyond recession, and how the party's plans for welfare reform would tackle these issues.

Firstly, he highlighted the need to get a substantial proportion of economically inactive people back into the workforce. To do this, the party proposes to replace the Flexible New Deal (FND) with the 'work programme', under which everyone on out-of-work benefits or support for lone parents would be referred to a single programme after six months, as opposed to a year, as is currently the case. Defending this move, he claimed that the distinction between different groups of claimants is artificial; all groups are unemployed yet work-capable and would therefore benefit from similar support.

Secondly, in order to tackle the issue of cyclical unemployment, providers would receive incentives to secure sustainable employment for clients, with the final instalment being received after a year, rather than six months under the current scheme. Further, Treasury rules would be changed to enable providers to use the benefits saved once someone has a job.

Lord Freud also set out proposals to tackle youth unemployment and disengagement through increasing apprenticeships and introducing work pairing, whereby young people who are disenchanted with education would be paired up with a sole trader for six months. Funding for this element would come from the government's Train to Gain scheme, which is due to be scrapped in its current form.

Read David Freud's speech:
http://tinyurl.com/yc75phu

Final thoughts

Although the depth of the recession and its full impact on the labour market remains to be seen, there was cautious optimism that the UK has been able to withstand the unemployment spikes of previous recessions, and that our active placement programmes may have been instrumental in this respect. However, there may be a case to reconsider the nature and balance of programmes during and after recession, in order to ensure that those out of work are being appropriately supported and not simply being placed into jobs for which they are poorly matched and from which they are likely to 'rebound' later.

In particular, several speakers and delegates expressed concern about the absence of tailored support for harder to help groups, which will be essential in ensuring that these individuals are not further marginalised, and to meet targets for decreasing the economically inactive population.

These will certainly be complex challenges for policy-makers after the general election which, whether or not it results in a change of government, is likely to be followed by significant cuts in public spending.

briefings

Tackling Work-related Stress

IES is co-ordinating an international comparative survey for the European Foundation for the Improvement of Living and Working Conditions, Dublin, about social partner responses to tackling work-related stress. It is focusing on the risk factors and the interventions that have been put into place to try to deal with work-related stress. The project involves drawing up a questionnaire for national correspondents in EU member states plus Norway, and writing a 12,000-word report drawing together the main themes.

Contact: Andrea Broughton

Occupational Health Provision at the Olympic Park

IES has been commissioned by the Health Safety Executive and the Olympic Delivery Authority to conduct a review of the occupational health provision during the construction phase of the London Olympic and Paralympic Games. Data will be collected from interviews with providers, surveys with managers and workers, and case studies of worksites. A consultation will also take place with a broader range of stakeholders to establish current practice and the wider impact of the occupational health provision beyond the games. Reporting will be at the end of 2011 and this will aim to inform decision- and policy-makers in the future.

Contact: Claire Tyers

English for Speakers of Other Languages

IES has been commissioned by the Department for Work and Pensions to evaluate the London City Strategy Pilot for English for Speakers of Other Languages (ESOL). This is designed to demonstrate how work-focused ESOL provision can support access to sustainable employment and progress in work for Jobcentre Plus customers who speak English as an additional language. The Pilot will run for two years in the East and West London City Strategy Pathfinder (CSP) areas, and is targeted at parents who are in receipt of benefits or tax credits.

Contact: Anne Bellis

Comparing national approaches to managing restructuring

Andrea Broughton, Principal Research Fellow

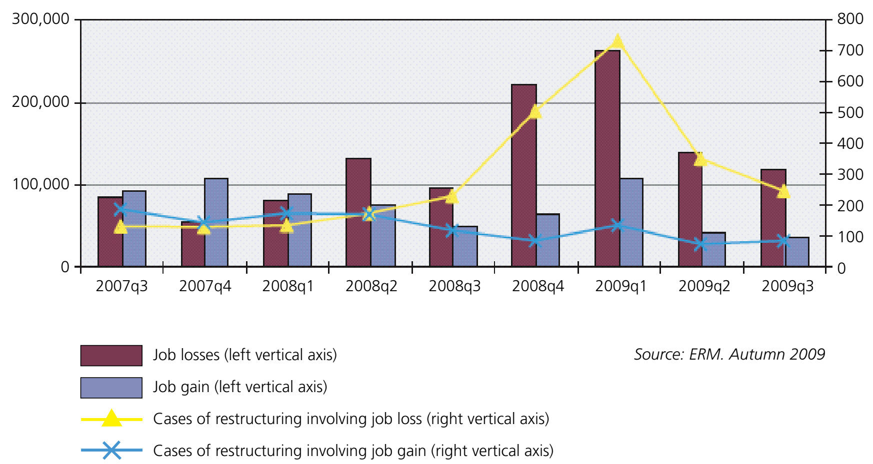
The current difficult economic climate has made an impact all around the EU – as we are seeing in this issue of Employment Studies – causing businesses to close and resulting in workers losing their jobs. The way in which governments, public agencies, social partners and other involved parties are managing this differs throughout the EU.

According to the latest figures published by the European Monitoring Centre on Change (EMCC)[1], there were 326 cases of restructuring in the EU during the third quarter of 2009, resulting in 119,000 job losses and 36,000 jobs created. This compares with 304 cases of restructuring recorded in the third quarter of 2008, resulting in 85,904 job losses and 48,804 jobs created. Although the EMCC is recording high levels of restructuring and job losses, it may the case that the level of job losses peaked in the first quarter of 2009, which recorded the loss of 220,000 jobs.

Recognising that a significant level of restructuring is taking place at the moment, and wanting to find out more about the debates being held and the initiatives being set up in individual EU member states, the European Commission has commissioned a series of 27 seminars, held in each of the 27 EU member states, looking specifically at national approaches to anticipating and managing restructuring. The aim of the seminars is to support knowledge-sharing on restructuring and to disseminate the lessons learned on measures aimed at anticipating and managing restructuring at the national, regional, and local levels, and across specific economic sectors.

The seminars that have been held so far have found that most EU member states have introduced employment and social measures in order to support people and alleviate the human cost of the crisis. Overall, measures tend to be focused on four broad types of priorities:

Number of cases of restructuring and total number of announced job losses and gains in the EU



[1] European Foundation for the Improvement of Living and Working Conditions (2009), European Restructuring Monitor Quarterly. Issue 3.

- measures aiming at maintaining existing jobs
- measures to ensure rapid integration and reintegration into the labour market
- measures to support the most vulnerable people
- measures to strengthen social protection and invest in the social and health infrastructure.

Each seminar has included a number of case study presentations, looking at individual cases of restructuring and how this has been handled. These have been of particular interest in determining what works in a restructuring situation, and what the potential barriers can be. Discussions have been held around issues such as the importance of early communication within an organisation, the building of trust with the workforce, and the need to work openly and closely with employee representatives in order to devise a package of measures that are as closely tailored as possible to the needs and specific culture of individual organisations.

The state can play an important role in supporting and helping organisations to anticipate and manage restructuring by providing outplacement services, dedicating resources to reskilling, upskilling, and generally increasing the employability of workers who are threatened with, or actually facing, redundancy.

One key theme of the debates held during the seminars centred around the fact that although the incidence of restructuring and job losses has increased over the past year, due to the current financial crisis, enterprise restructuring is something that tends more and more to be a part of everyday life – organisations need to change and adapt on a continuous basis if they want to remain competitive. Therefore, it is vital that well-thought-out policies and initiatives are in place to mitigate the employment impact of restructuring as much as possible.

The project is entitled *Anticipating Restructuring in Enterprises: National Seminars (ARENAS)* and has a dedicated website: http://arenas.itcilo.org/ which contains documentation from each seminar as well as background material and European documentation.

The seminars are being run by the International Labour Organisation (ILO), and began with a seminar in Italy in April 2009. Prior to each seminar, a background paper is prepared by a national expert on the main measures and tools in place to anticipate and manage restructuring in that country. This background paper is then discussed at the seminar, along with presentations from a range of experts and company case studies on how restructuring was anticipated and managed.

The UK seminar was held in London in September 2009 and attended by a range of representatives of the UK government, agencies such as Jobcentre Plus, trade union and employer representatives. It was also attended by representatives from individual companies, who presented case studies of how restructuring was managed in specific cases.

IES helped to organise the Irish national seminar, which took place in Dublin on 17-18 December 2009.

Andrea Broughton, IES Principal Research Fellow, sits on the technical committee for this project.

Further seminars are planned during 2010 and at the end of the project, in September 2010, a synthesis report will draw together the lessons learned about anticipating and managing restructuring in Europe.

briefings

Evaluation of Activity Agreements Pilots

IES is leading the consortium evaluating the government's two pilot policies aimed at attracting disengaged young people back into learning. These are Activity Agreements Pilots (aimed at 16-17 year olds not in education, employment or training (NEET) for 20 continuous weeks) and Learning Agreements Pilots (designed to increase training among 16-17 year olds in jobs without accredited training). The evaluation will assess the impact of the pilots on young people and their uptake of learning, training and work. It will explore how the pilots work in practice, including themes such as value for money, working with JSA claimants, and the experiences of young people with learning disabilities or difficulties.

Contact: Becci Newton

Evaluation of the Advanced Network Prototypes (ANPs)

The ANPs are part of a new adult advancement and careers service for England. Organisations and agencies are working in partnership to unite various strands of advice, eg benefits, housing, health, careers, employment and learning/training. IES has been commissioned by the Learning and Skills Council (LSC) to undertake a process evaluation that will track the ANPs as they develop, to enable the LSC and its partners to understand the lessons emerging from their implementation. The research will comprise longitudinal research with managers, stakeholders and delivery staff in each ANP.

Contact: Becci Newton

Impact of Disability Discrimination Act (DDA) changes

The Office for Disability Issues has commissioned IES to see how organisations have responded to disability discrimination legislation. This new project will explore more fully all the changes introduced by the 2005 DDA legislation, and particularly the extension of anti-discrimination provisions to cover: public bodies exercising their functions, larger private clubs, and local authorities in their dealings with their elected members. The research will also explore whether and how the current economic downturn has impacted on organisations' willingness and ability to comply with the legislation.

Contact: Sara Dewson

Improving Access to Work

Ceri Williams, Research Fellow; Sara Dewson, Associate Director

The Access to Work programme (AtW) has been operating in the UK since 1994 and is designed for people with long-term health conditions and impairments who require additional support to take up work or to do their job. It aims to reduce inequalities between disabled people and non-disabled people in the workplace by removing practical barriers to work. Funded by the Department for Work and Pensions (DWP), and administered by Jobcentre Plus, the AtW programme can pay towards the following types of help and provision:

- special aids and equipment to overcome disability-related barriers in work
- adaptations to premises and equipment
- Travel to Work (TtW) grants to meet the additional costs of getting to and from work for people who are unable to use public transport
- support to help disabled people to do their jobs
- communication support at interview
- other miscellaneous expenditure items.

Importantly, AtW is intended to supplement rather than replace any reasonable adjustments made by employers, in line with the Disability Discrimination Act. In some cases, employers share the costs of help provided by AtW, and particularly so in the case of special aids and equipment, and adaptations to premises and equipment.

The DWP commissioned IES to undertake a qualitative evaluation of AtW provision. The research project had three strands:

- an overall evaluation of AtW – the core evaluation
- an exploration of the effects of the decision that, from 2006, Ministerial Government Departments should fund adjustments to support disabled employees from their own budgets, rather than from the AtW budget
- an assessment of how individual budgets, AtW and the provision of employment-related support were working together.[1]

This article presents the findings from the core evaluation and the ministerial government departments strand.

Core evaluation

The main aims of the core evaluation of AtW were: to examine disabled people's experience of AtW, to examine the level of service they received, explore how AtW was being administered, and to examine the issue of deadweight and identify areas where the service could be improved.

IES carried out in-depth interviews with a range of stakeholders including: AtW recipients and their employers, Jobcentre Plus staff, and AtW assessment providers.

AtW recipients had found out about the programme from a number of different sources, including friends, family, colleagues, employers, Jobcentre Plus advisers and literature, and from charities and disability organisations. There was no evidence to suggest that disabled people found out about AtW in any systematic way – rather, they often felt they found out about AtW by accident. Few employers had heard of AtW unless one of their employees had made an application for support. Further, awareness of AtW was patchy within Jobcentre Plus, particularly among generalist front line staff.

Overall, disabled people and other stakeholders were positive about the AtW application and assessment processes. However, it was sometimes difficult to categorise or explain impairments, and there were also difficulties with standardised application forms and the time taken to complete the application process and get support in place. AtW staff were also concerned about delays in putting support into place as this was often beyond their control: in a lot of cases, employers are (ultimately) responsible for purchasing support and delays in the procurement process mean that disabled employees have to wait longer for the support to be put in place.

Outcomes and impacts

AtW recipients were generally happy with the range of AtW support put in place, and reported reduced levels of sickness absence and being able to stay in work as two of the key impacts. Employers also reported that AtW had helped them to gain a better understanding of the needs of disabled employees, had improved employee well-being, increased productivity, and improved staff retention and the ability to recruit disabled people.

The research also examined the issues of additionality and deadweight in relation to AtW funding – ie the extent to which support would or would not have been provided in the absence of AtW. It found that this depended largely on the type of support provided: travel to work grants seemed to offer the greatest additionality. Partial deadweight seemed much more common than full deadweight, with employers saying they would have put the support in place if AtW was not available but it would have been of a lower quality than that provided by AtW and would have taken much longer to put in place.

There was general widespread support for increasing awareness of AtW amongst disabled people and employers by improving marketing materials and making information about the programme more widely available. It was also suggested that application forms should be available in alternative formats. In addition, the research highlighted the need for improved communication between AtW staff, recipients, employers and assessors, together with the provision of interim support measures, to minimise the risk of delays in support.

Ministerial government departments (MGD)

The MGD strand of the evaluation explored the effects of the decision that MGDs should directly fund workplace support for their own disabled staff, instead of using AtW. The decision followed recommendations made in the Prime Minister's Strategy Unit report *Improving the Life Chances of Disabled People*, published in January 2005, which stated that the public sector had a role in promoting employment opportunities for people who were socially excluded, including disabled people, in order to promote regeneration and social justice. Central government departments were charged with covering the costs of AtW-type support from their own expenditure baselines and freeing-up additional funds for disabled people working in small and medium-sized businesses. The research was designed to explore disabled employees' experiences of accessing support through MGDs, examine how MGDs had chosen to provide support to their employees, and identify areas for improvement.

IES carried out in-depth interviews with four groups of stakeholders: human resources (HR) managers in all MGDs, disabled employees (most of whom had been in receipt of AtW before the transfer and continued to work in the MGD), line managers of disabled employees, and trades union representatives.

Most disabled employees knew in advance that funding arrangements for in-work support were going to change and all continued to receive their support once the MGDs assumed responsibility (although a few experienced some delays). Although most MGDs were aware of changes prior to them taking effect, many HR managers felt they lacked the time to implement alternative systems and data protection issues made it difficult for them to identify staff in receipt of AtW to assist a smooth transition.

The types of in-work support provided by MGDs after the change were the same as under AtW and information on how to access support was usually available on internal intranet systems. However, the research found no standardised procedures for making decisions on what support to provide to disabled employees and decisions seemed to be made on a case-by-case basis. Funding models for in-work support were either centralised (with budgets usually held by central HR departments) or decentralised (with line managers or business units). Some questions were raised about the consistency of decisions made between and within MGDs, and a few disabled employees were starting to experience problems with funding for their ongoing support needs at the time of the research.

Improvements

The research made a number of recommendations for improvements to the funding of in-work support in MGDs, including: issuing comprehensive advice and guidance to MGDs on how and when to support disabled employees in the workplace, improving the consistency of decision-making within and between Departments, and improving awareness of in-work support for disabled staff.

[1] Individual budget pilots were set up in 13 areas to enable recipients of social care to directly fund their care needs. See *Evaluation of Access to Work: Individual Budget Pilot Strand* report.

Dewson S, Hill D, Meager N, Willison R (2009), *Evaluation of Access to Work: Core Evaluation*, DWP Research Report 619

Dewson S, Fearn H, Williams C (2009), *Evaluation of Access to Work: Ministerial Government Departments*, DWP Research Report 621

Aston J (2009), *Evaluation of Access to Work: Individual Budget Pilot Strand*, DWP Research Report 620

Report summaries are available from www.employment-studies.co.uk

For more details contact Ceri Williams.

briefings

National Strategic Skills Audit

The UK Commission for Employment and Skills has commissioned IES to identify current and emerging skills needs across the English economy, with a particular focus on economic growth sectors, to inform government skills policy. The report will consider changes in the nature of drivers of future demand and supply of skills, and synthesise evidence from a range of existing datasets on skill supply and demand. It will consider likely variations in trends, drawing on research into the low carbon economy, financial services, digital media, advanced manufacturing, engineering/construction and biomedical/life sciences, as well as other industrial sectors.

Contact: Annette Cox

Student Support Arrangements

The Higher Education Act 2004 led to several significant changes in the financial arrangements for full-time undergraduate higher education students – changes to charges or fees and to financial support arrangements – and these continue to evolve. IES research aims to capture evidence of the impact of the new arrangements on universities and colleges – on their finances, on their provision and on student demand. An initial study by the Institute of Education collected baseline evidence prior to the introduction of the arrangements. Now, some three to four years later, our follow-up will build on this evidence to explore the real impact on institutional behaviour, policies and planning.

Contact: Emma Pollard

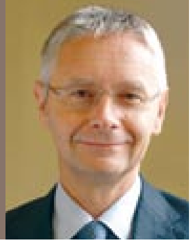
Review of Skills for Life Provision

The LSC commissioned IES, in partnership with the Institute for Education, to undertake a review of pre-entry and non-approved Skills for Life provision. This is provision that does not lead to approved qualifications and currently falls outside the Qualifications and Credit Framework (QCF). The overall aim of the research is to inform policy decision-making about the future funding of this type of provision. In particular, the review will explore whether some groups of learners (such as those with learning difficulties or basic levels of English) might be disadvantaged if this form of provision were no longer fundable.

Contact: Anne Bellis

ies Viewpoint

Nigel Meager
IES Director



In the previous issue, I expressed the view that the UK labour market might perform somewhat better in the current recession than many commentators predicted. The evidence so far is consistent with this view: in GDP terms, the UK recession is much deeper than both of the last two recessions, yet the fall in the employment rate is somewhat less severe than either. It's too early to be sure of the explanation for this, although the smart money would be on a combination of two factors: one is the much greater intensity of active labour market and welfare-to-work measures in the current recession, working to keep many more people closer to the labour market *(see page 6 for conference report on this topic)*; the other is the more benign industrial relations climate and low inflationary environment, combining to make it easier for employers to implement alternatives to mass redundancies and to 'hoard labour' through the downturn (using pay freezes and cuts, shorter hours, temporary layoffs etc.).

In line with the international theme of this issue of Employment Studies, however, and before we get too excited about the UK's performance in the current recession, we should probably acknowledge that many of the UK's main competitors have fared much better. Indeed, policy-makers and academics in European countries, who've become used, in the last decade, to being lectured by British politicians and economists about the supposed superiority of the 'Anglo-Saxon' flexible labour market model, over the sclerotic model of social Europe, can be forgiven a certain *Schadenfreude* following the events of the past two years.

Indeed if we look at how far (according to Eurostat or OECD data) national unemployment rates have increased over the two-year period from November 2007 to October 2009, and compare this with generally-accepted rankings of the degree of labour market flexibility (eg the OECD index of the strictness of employment protection legislation), there is no evidence that countries with flexible labour markets have fared better so far. If anything, and with a few exceptions (such as the Baltic states and Spain, which have faced rather specific circumstances) the relationship seems to be in the other direction. Thus some of the low-regulation countries have seen dramatic increases in unemployment over the two years: Ireland's rate increased by 172% and that in the US by 117%, while the unemployment rate in Denmark (the continental country with the lowest level of employment protection) shot up by 102%. By comparison, the UK did better (53% rise), but many of the high-regulation countries performed much more strongly, including France and the Netherlands (unemployment up by 'only' 28%), Italy 27%, Norway 24%, Austria 15%, Belgium 14%, while two of the largest EU economies (Poland and Germany) actually recorded slight falls in unemployment over the same period.

Admittedly, some of these started from a higher unemployment base than the UK but it is notable that the recession has (at least for the moment) wiped out the UK's unemployment advantage over many European countries. UK unemployment now lies only just below the EU 27 average, and is slightly higher than Germany (for the first time since 1995), while it is more than twice that of the Netherlands. In looking at the policy responses which might underlie these differences, we are assisted by some recent international reviews from the OECD[1] and the European Commission[2]. In general terms these show that most countries have increased the level and intensity of their expenditure on active labour market measures, but the specifics vary considerably. In the UK, while there have been some new initiatives, the dominant response has been to scale up the existing, largely supply-side approach aimed at keeping workless people as close to the labour market as possible during the downturn, while increasing the spend on advice, guidance and support, and making employment programmes available to people earlier in their unemployment spell. In many other countries (such as Germany), however, there has been an equal or greater emphasis on short-time working subsidies to employers, aiming to retain employees in work during the downturn, and on job-creation and 'make work' programmes for those who do lose their jobs.

It is too early to judge the longer-term outcome of these different routes, and we will need to revisit the evidence once the economic recovery is well-established. Its proponents may, of course, argue that the flexible labour market will bounce back more quickly as output picks up, and that short-time working and similar schemes simply distort markets and delay the inevitable structural adjustment which will be worse when it does come. The jury is out, for the moment, but it is at least clear that the flexible labour market has not fared better in the downturn phase of the cycle than the competing models.

[1] OECD (2009), OECD Employment Outlook: Tackling the Jobs Crisis, Paris: Organisation for Economic Co- operation and Development.

[2] European Commission (2009), Employment in Europe, Luxembourg: Office for Official Publications of the European Communities.

Institute for Employment Studies

IES is an independent centre specialising in research, evaluation and consultancy on employment policy and practice. The Institute is a not-for-profit organisation with a mission to help bring about sustainable improvements in employment policy and human resource management by increasing the understanding and improving the practice of key decision-makers in policy bodies and employing organisations.

The Institute has over 70 staff, plus associates, skilled in the full range of social research methodologies for data collection and analysis. Techniques employed include: quantitative surveys (using face-to-face, telephone and postal methods); expert and informant interviews; case studies; qualitative interviews; and focus groups.

Clients include major public agencies involved in the development, design and delivery of public employment policy at local, sectoral, regional, national and international level.

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