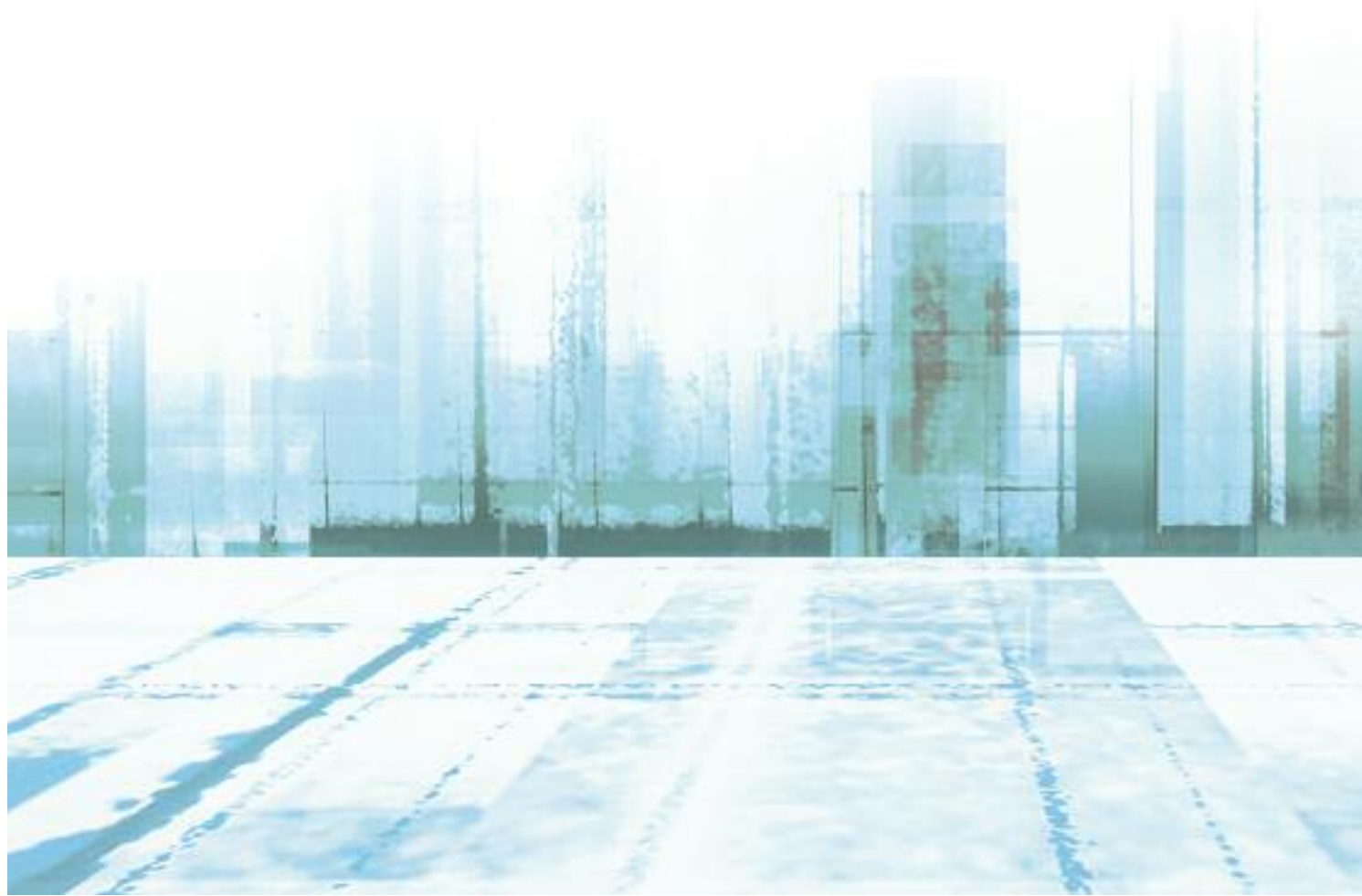




Fair Cities:
Lessons for Practitioners and Policy Makers



National Employment Panel
April 2008



Foreword from John Clare

Fair Cities had both an operational and a strategic impact. Operationally, it got over 1000 people into work – the vast majority of whom would otherwise have struggled to find jobs. These were people from some of the most disadvantaged neighbourhoods in the UK. And they were drawn largely from segments of the working age population who face difficult barriers to employment. I'm proud to have been involved with *Fair Cities*: like all National Employment Panel programmes, this was a situation where we didn't just think deep thoughts, we rolled up our sleeves and tested our ideas in action.

The programme did not, at an operational level, achieve all it set out to do. As a business person this doesn't surprise me. By definition, we do R&D in areas where we have imperfect knowledge. Goals can be unrealistic, because there is no framework for setting them. And even with realistic goals, performance often falls short because the project is trying out something new. This is the price of learning the lessons, and flattening the learning curve when it comes to mainstream roll-out.

It is at this strategic level that *Fair Cities* will have its largest and most lasting impact. I have a dual perspective here. I chaired the *Fair Cities* National Steering Group. But I also chair the board of Jobcentre Plus. In the latter role, I am interested in mainstreaming the most important lessons of *Fair Cities*. I believe that taking on these lessons will help raise our sights across the broader employment and skills delivery system.

This report contains a detailed treatment of all the most important lessons learnt in the *Fair Cities* experience. I would like to highlight just four here. If the employment and skills system took nothing from *Fair Cities* but these four lessons (and I hope it takes much more) then *Fair Cities* will have had a profound and beneficial strategic impact.

1. **Quality of Jobs.** In *Fair Cities*, we proved in practice that a welfare-to-work programme can get disadvantaged individuals into careers, not just into jobs. This involves an investment of time, money and, critically, relationship-building with individuals and employers. But it can be done. And our aspiration should be nothing less. It's the right outcome for the individual. And it means less likelihood the individual ends up back on benefit and, by contrast, a much better chance he or she goes on to get promoted and contribute more and more to the exchequer. Quality, as well as quantity, of job outcomes can and must be our aim.

2. **Repeat Business.** Having led a major retail business for many years, I know that it is relatively easy to persuade a customer to come into the shop once. But success comes from getting the customer to come back time after time. That's where you recoup your up-front investment. The same is true in employment and skills. Investing in a relationship with an employer, and setting up the programme to meet that employer's needs, involves a cost. But it has a large concrete pay-off: repeating the programme is much less expensive, and the employer will work with the system to reach out to those at disadvantage in the market. The mainstream system needs to be expert in making this investment.
3. **The value of an Intermediary.** Making this investment, to quote a recent DIUS white paper, "needs a particular type of expertise – with brokers able to translate business imperatives and colleges and providers responding to the needs of employers"¹. *Fair Cities* showed how this can work in practice. Customising a programme to the needs of people facing discrimination, or overcoming disability, for example, needs a very specific kind of culture and capability. Setting up a programme so that it meets the exacting demands of recruitment managers, calls for an equally specific, but very different, set of capabilities. *Fair Cities* had a staff drawn from public, private and third sectors. They worked together to unite the efforts of all parties to get good quality jobs for disadvantaged people whilst ensuring that the employer came back for more.
4. **Performance Management.** *Fair Cities* anticipated DWP's new Commissioning Strategy by several years, in focusing on outcomes not processes, and in being "active in driving up – and not just measuring – performance"². We proved that this approach is right in principle; and we amassed a wealth of learning-by-doing in the detail of what has to happen to make it work in practice.

Fair Cities should be able to offer valuable lessons to anyone in the mainstream delivery system (across employment *and* skills). These are both lessons in successful good practice and also hard won lessons in what not to do. I believe they can make a material impact on the system's ability to run high performing programmes that get results for disadvantaged individuals by meeting the needs of the employer. I hope this report will be read widely and with attention both within Jobcentre Plus and beyond.

John Clare

¹ *Raising Expectations: enabling the system to deliver*, DCSF and DIUS, March 2008

² *DWP Commissioning Strategy*, DWP, February 2008

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Executive Summary

In 2004, the National Employment Panel commissioned international research on ways in which employer resource and expertise might be used to tackle the large and persistent gap between the employment rate of ethnic minorities and that of the white population.

This research led to the design and implementation of *Fair Cities* – an experimental programme to test how employer leadership and a demand-led strategy can operate within the context of the welfare-to-work system. This report describes the results of *Fair Cities*. Our objective is to share the lessons with policy makers and practitioners engaged in helping disadvantaged people move from poverty into good jobs and new careers. The report provides a frank account of what went well and what did not, drawing out the policy, design and delivery lessons that have direct relevance to the UK's employment and skills system.

Fair Cities began in 2005 and concluded in March 2008. It had three main objectives:

- to increase the number of disadvantaged ethnic minority residents who gain steady work and new careers;
- to test the effectiveness and value-for-money of the demand-led approach in tackling disadvantage in the labour market; and
- to disseminate practical lessons from the development and implementation of *Fair Cities* throughout the welfare-to-work system.

The programme consisted of three separate pilots in Birmingham, Bradford, and the London Borough of Brent. Each was governed by a board of local employers and used employer expertise to commission training that prepared disadvantaged jobseekers for jobs in skill shortage sectors.

Fair Cities was based on five principles derived from its research of best practice. These principles guided programme design and implementation. They were:

- employer leadership to provide governance, strategic direction and oversight;
- employer demand to drive programme design;
- customised services that help ethnic minorities succeed in employment;
- local intermediaries to mobilise and support a demand-led strategy; and
- commitment to robust performance management.

Fair Cities did not achieve all of its objectives. This report examines the reasons for this against each of the five principles:

- Chapter i gives background on the *Fair Cities* initiative and discusses the basic concepts and definitions that underpin the programme design;
- Chapter ii outlines how each of the five principles was applied within the programme design;
- Chapter iii describes the quantitative outputs of the programme and analyses some of the reasons for not achieving key targets;
- Chapter iv focuses on the practical lessons of employer engagement within the employment and skills system; and
- Chapter v describes our conclusions.

While *Fair Cities* was designed and implemented within the English welfare-to-work system, we believe that its lessons have relevance to employment and skills programmes throughout the UK.



i. Background

Introduction

The period since the inception of *Fair Cities* has seen a major shift in the thinking that underlies the UK's employment and skills system. Five years ago the focus was firmly on the *supply* of labour. Responsibility for deciding what support jobseekers should receive rested with the state-funded bodies that delivered the support. Now there is a growing emphasis on labour *demand*. There is a movement away from central planning of services. More and more programmes are turning to what employers want as the way to decide what support to offer jobseekers.

The Leitch Review has been a central part of this shift. It set out five principles to underpin the delivery of the UK's skills ambitions. The first three signalled this new direction:

- shared responsibility between employers, individuals and government;
- focus on economically valuable skills; and
- vocational skills to be demand-led rather than centrally planned.

The same period has seen the development of the City Strategy, an important move to allow local decision making about employment and skills provision, often with a strong employer voice. London has gained a Skills and Employment Board, with a business majority, which is developing a strategy based on demand-led principles and directing funding on adult skills through the Learning and Skills Council. And this year has seen the launch of the Local Employment Partnerships, again aimed at allowing the economic demand for specific skills to shape the support the State gives to those who face barriers to getting work.

For three years, *Fair Cities* has been developing and testing processes and concepts that can help the new orthodoxy around a demand-led approach to realise its potential. In beneficiary terms, *Fair Cities* concentrated on people from ethnic minorities. But its lessons apply – as was the intention from the outset – to the full spectrum of labour market disadvantage.

The Origins of *Fair Cities*

Since its inception in 1997, the National Employment Panel (NEP) has been interested in how employer resource and expertise can be used to open more and better jobs for disadvantaged groups. In 2004, the Panel turned its attention to the large and persistent gap between the employment rate of ethnic minorities and that of the white population. In that year, the gap was 17 percentage points and seemed unlikely to change without significant action.

Most publicly-funded measures designed to address this gap focus on the supply side – on improving community outreach, basic skills provision and job search. Few make a concerted effort to use employer action and the pull of the labour market to increase the numbers of disadvantaged ethnic minorities who enter, stay and progress in work.

Seeking a fresh approach, the Panel commissioned international research. The objective was to identify the best examples of where business leadership, combined with strategic planning and effective delivery, resulted in measurable increases in employment, retention and advancement for ethnic minority residents.

The resulting report, *Fair Cities: Employer-led Efforts that Produce Results for Ethnic Minorities*³, identified the common design principles that were present in the most successful case studies identified in the research. These five principles, below, were used as the framework for the *Fair Cities* initiative in this report.

***Fair Cities* Objectives and Design Principles**

Fair Cities had three major objectives:

- to increase the number of disadvantaged ethnic minority residents who gain steady work and new careers;
- to test the effectiveness and value-for-money of the demand-led approach in tackling disadvantage in the labour market; and
- to apply practical lessons from the development and implementation of *Fair Cities* throughout the welfare-to-work system.

In short, *Fair Cities* sought to achieve good results for individuals while testing a new way of working that might inform the broader employment and skills system.

Five design principles, described below, guided the development of the three *Fair Cities* pilots. As will be seen, the degree to which these design principles were adhered to varied widely amongst the three areas.

³ *Fair Cities: Employer-led Efforts that Produce Results for Ethnic Minorities*, Jobs for the Future, March 2004.

Employer leadership:

An employer-led initiative is one in which the overall strategy is led by employers, typically organised as a board. Working in partnership with the public and voluntary sectors, employers contribute their expertise in providing the strategic direction, performance oversight, labour market intelligence and access to business networks to an initiative or organisation. The governance of *Fair Cities* was employer-led: the composition of both its National Steering Group and its local pilots was predominantly employers.

Demand-led strategy:

A demand-led strategy starts with an employer and ‘works backwards’ to meet the needs of the individual. In practice, this means designing and delivering services for people based on the hiring requirements of employers. It is founded on the premise that the better that training meets the employer’s needs, the more likely it is that the individual will get and keep the job.

The success of a demand-led strategy depends on having a detailed understanding of the business need and engaging employers as customers in the design of employment and skills provision. This includes HR staff responsible for recruitment policies and individual line managers responsible for hiring decisions.

Individually customised services:

Consistent with the principle of a demand-led strategy, work preparation programmes must also be tailored to the needs of individuals. The content and duration of programmes should depend on an individual’s starting point, aptitude, motivation, and career aspiration – not on standardised, time-bound provision.

Labour market intermediaries:

A demand-led approach requires an intermediary organisation that operates as an effective broker between employers and the local supply system. These intermediaries may be public, private or not-for-profit but they must have skilled staff who (individually or as a team) are ‘bi-lingual’ – they relate equally well to business and the publicly funded employment and skills system. In *Fair Cities*, each pilot served as the intermediary between employers and the local supply system.

Rigorous outcome based performance management:

To achieve high quality outcomes and best value requires rigorous monitoring and performance management, including outcome-based payment systems for contractors. Importantly, outcomes include not only job entry rates but retention, entry wages (as one proxy for the quality of a job) and employer satisfaction.

Purpose of this Review

Fair Cities concluded in March 2008. This coincided with the merger of the National Employment Panel and the Sector Skills Development Agency to form the new UK Commission for Employment and Skills.

The purpose of this report is to make the lessons of *Fair Cities* widely available. The aim is to highlight what worked and what did not in applying a demand-led approach to the existing employment and skills system. This is essential if the new-found enthusiasm of the mainstream for involving employers in solving labour market problems is to fulfil its promise.

It is relatively easy to persuade a company to make high-level commitments to broad statements of principle. *Fair Cities* offers advice on how to turn these abstract commitments into concrete action plans that:

- bring employment to people who would not otherwise get a job;
- open jobs that offer good pay and progression;
- raise the ambition, and hence the achievement, of participants; and critically
- meet the business needs of the employers so that they stay involved.

This experience has been enriched by the *Fair Cities* European Peer Learning Project, funded by the European Commission, with partners from the Public Employment Services in Germany, the Netherlands, Sweden, and Denmark.

This report is organised in six sections:

Chapter ii describes the programme objectives and design;

Chapter iii documents the quantitative outcomes and related performance issues of *Fair Cities*;

Chapter iv outlines the lessons in the delivery that have relevance to other UK employment and skills programmes;

Chapter v contains the major conclusions; and

The Annexes summarise information from the Peer Learning member countries.

ii. *Fair Cities* Programme Design

This chapter describes briefly how each of the five design principles were applied in practice by the *Fair Cities* central team and the three pilot programmes.

Applying the Employer-Led Principle: Establishing National and Local Employer Boards

At the outset of *Fair Cities*, an employer-led National Steering Group was established to oversee the programme's design and implementation, and to ensure two-way communication between the centre and the local boards. Chaired by John Clare, CEO of DSG international plc, (then Dixons), it included Panel members, Chairs of the three local boards and public sector partners.

The National Employment Panel then recruited a central team to manage the programme, composed of staff from the public and private sectors.

The central team supported the formation of local employer boards and staff recruitment in three locations: Birmingham, Bradford, and the London Borough of Brent. These locations were chosen based on their concentrations of ethnic minorities and employers. The objective in recruiting board members was to attract local business leaders with clout who could:

- influence other key local employers;
- help drive change within the employment and skills system; and
- improve workforce practices within their own organisation.

The stature of the Chair was key to recruiting other members. In all cases, the Chairs of the *Fair Cities* boards were chief executives of prominent firms. This set the standard for recruiting other board members, the majority of whom were drawn from the private sector.

The responsibilities of the boards were to:

- set a clear strategy for closing the local ethnic minority employment gap;
- approve and oversee performance of the local *Fair Cities* strategy and business plans;
- promote the initiative to other local employers; and
- ensure that other employer groups, public partners and community organisations were fully involved.

Implementing the Demand-Led and Customised Services Principles Locally

While the *Fair Cities* local teams adopted different approaches to implementing a demand-led strategy, generally each team undertook or commissioned four core functions. These were:

- **Employer research:**

Segmenting the market by sector, occupation, and size of firm to identify individual employers with job opportunities that paid well and were within a reasonable skill range of disadvantaged people. Once a key employer was identified, the organisation's operational needs were analysed as well as the potential value they would derive from *Fair Cities*.
- **Developing the employer deal:**

Developing the business case for individual sectors and employers: this included meeting skills shortages, reducing turnover and costs, improving retention with candidates prepared to specification. *Fair Cities* then agreed 'the deal' in which jobs were offered in return for qualified candidates. The deal included, for example, the employer agreeing to interview or hire all candidates who had completed a course and been screened by the *Fair Cities* team or another provider.
- **Recruitment 'pipeline' design:**

Working with the employer to agree the standards and selection process for specific jobs, and developing customised preparation of jobseekers (including employability skills, interview preparation, vocational training and work trials).
- **Contracting and provider management:**

Procuring and managing contracts directly or through a third party e.g. Jobcentre Plus, Learning and Skills Council, in line with the robust standards established by the *Fair Cities* performance and management system.

Implementing the Intermediary Principle Locally

The central team was responsible for the recruitment of local *Fair Cities* Directors. The three Directors appointed had different backgrounds: a civil servant (Brent), a local authority manager (Bradford), and a private sector manager (Birmingham).

Each Director then recruited a team with combined experience from the private, public and voluntary sectors. While the make-up of the teams was different, collectively each aimed to operate 'bi-lingually' – as brokers between local employers and the employment and skills system.

The three *Fair Cities* Directors structured their approach to delivery differently:

- Brent appointed Business Development Managers to manage the entire process for individual employers and followed the original *Fair Cities* design and delivery concept most closely;
- Bradford divided functions between staff responsible for employer engagement in pipelines and those responsible for improving employer diversity practices and community outreach; it focused more on brokering job vacancies than developing customised pipelines; and
- Birmingham integrated its activities with other delivery organisations, concentrating staff effort instead on employer engagement for the employment and skills system as a whole.

This difference in approach reflected the autonomy granted to the local employer boards and activity already in place in each locality.

Applying the Performance Management Principle: Setting Targets and Monitoring Systems

The *Fair Cities* Steering Group established four national delivery targets:

- a job entry target of 4400;
- an employer-service target: 70% of all interviewees to start work with that employer;
- a customer profile target: 65% of all job starts to be drawn from specified target wards to ensure high representation of disadvantaged ethnic minorities in the programme; and
- a retention target: 70% of job starters in work after 13 weeks.

Along with the programme targets, the central team developed a balanced scorecard and a value-for-money model linking job outcome targets with the difficulty of the client group: if a project worked with easier candidates, then the outcome target increased, while those succeeding with more disadvantaged participants had correspondingly lower outcome targets.

The team also developed a ‘real-time’ performance management and client tracking system, and an evaluation framework. Each *Fair Cities* pilot was responsible for using the client tracking system to manage local performance.

Following initial systems design and programme implementation, the central team continued to provide management oversight, technical support, and information dissemination and exchange to the pilots and participating partners.

iii. Programme Outputs

In a pilot programme, the focus is on the wider lessons that can be drawn from it. These are covered in detail in Chapter iv. Nevertheless, it is also important to examine the specific outputs from the programme over the course of its life. Although much of the effort in *Fair Cities* went into setting up something new and running it in a distinctive way (the lessons from which will be widely useful), even in its short running time the programme did produce concrete results. For the 1000 people who got jobs through *Fair Cities*, these were a very significant aspect of the programme.

During the initial planning phase, the *Fair Cities* central team established four primary measures related to systemic change, participants, employers, delivery and value for money. These were tracked through a *Fair Cities* data system that included the characteristics and progress of every individual. Programme targets for the period December 2005 to March 2008 were set by the National Steering Group in consultation with local pilots.

The table overleaf shows the programme's headline results from December 2005 to March 2008. As can be seen, *Fair Cities* did not meet its operational objectives. There are a number of explanations for this. The remainder of this chapter examines some of the reasons and the lessons that can be drawn, focusing particularly on job entries which were well below target.

It should be noted that there were marked differences in outputs between locations. In Brent, the number of job entries was lower than in the other cities but retention (78% at 13 weeks and 76% at 26 weeks) and wage rates (average of £8.43 per hour) were far higher. In Birmingham, the volume of job entries was higher than in Brent but the number of people from the target wards who secured work (17%) and their retention rate at 13 weeks (38%) was lower than in either of the other two cities. In Bradford, the volume of job entries was also higher than in Brent. The proportion of people from the target wards that secured work was higher (71%) than in both other locations but the retention rate was the lowest at 26 weeks (25%).

Measure	Goals December 05 to end March 08	Actual to date
Job entries	4424 (06-07 target: 2414) (07-08 target: 2010)	1028 Brent: 221 Bradford: 376 Birmingham: 431
Employer Satisfaction	70% of all interviewees start work	62%
Customer Profile	65% of job starts from specified target wards	45%
Ethnic Minority Outcomes	No specific target. Target ward used as proxy for ethnicity	73%
Retention	70% of job starters in work after 13 weeks	53%

Job Entries

As noted above, the number of *Fair Cities* job entries was well below target. There are four possible explanations for this: lack of clarity in the purpose and nature of *Fair Cities*; unrealistic targets and timeframes; a flawed delivery model; and the pace and quality of delivery. These factors are discussed in further detail below. In reality, they all combined in different ways in each location.

Clarity of purpose

From the outset, there was a tension between *Fair Cities*' objectives: was its principal purpose to obtain large numbers of jobs for ethnic minorities or was it to test a model to achieve systemic change? If the first, the focus should be on operational delivery and scale. If the second, the focus should be on adaptation and adoption.

While *Fair Cities* was designed as a small demonstration project to get people sustained employment, the ultimate goal was to have it mainstreamed into Jobcentre Plus' welfare-to-work system. But the values of that system are high volume job entries not retention. *Fair Cities* never truly resolved this internal conflict and ended up attempting to be both: a learning laboratory trying to produce high-level numbers. Not surprisingly, this led ultimately to inconsistency in design and execution.

Targets

The lack of clarity around *Fair Cities*' purpose was evident in its targets. As a pilot, testing both the demand-led approach and a new governance structure, the programme had no history on which to base its outputs and should have taken a cautious approach. But with the ambition to deliver significant numbers of people into jobs, it adopted targets that were a good deal more aspirational than operationally sound – particularly for a programme that set high value on retention and progression.

Time frame and funding

Any reasonable chance that *Fair Cities* had in meeting its targets was decreased by the time it took to get the programme fully operational. Because the mainstream welfare-to-work system is supply driven, virtually every *Fair Cities* system and process had to be designed from scratch. In addition, the recruitment of three pilot boards and staff, and the setting up of the local offices took months longer than originally anticipated.

Fair Cities secured its resources from multiple sources including the Learning and Skills Council, Jobcentre Plus and the European Social Fund (ESF). In many cases, negotiating funding took far longer than planned, not arriving until well into the first year of operation. ESF funding for Birmingham, for example, was not released until eighteen months into the project.

Irrespective of these operational difficulties, the overall life-span of *Fair Cities* was too short to make an impact. A study for the Aspen Institute concluded that initiatives that seek to produce results through systemic change will take at least five years to show their full quantitative value. This conclusion is supported by DWP evaluation experts.

Participant eligibility

A serious flaw in the original design was the size of the client pool available in each location. Early in the planning phase, Jobcentre Plus made a policy decision that *Fair Cities* (a voluntary programme) would not be allowed to work with JSA clients under a mandatory regime, which included New Deal and Employment Zones. This cut out a large number of the *Fair Cities* target group. The problem was particularly acute in Brent and Birmingham where Employment Zone boundaries prevented large numbers of potential candidates from accessing *Fair Cities* opportunities. The consequence was that staff spent a disproportionate amount of time in outreach activities.

Operational expertise

The NEP and *Fair Cities* central team had more expertise in policy than in the operational delivery needed to support the field. This was a particular drawback given the inexperience of some *Fair Cities*' local staff in managing an experimental programme of this kind. Moreover, the learning curve was steep in that the *Fair Cities* model required an unusual mix of detailed knowledge of both business operations and public sector systems.

Employer Satisfaction

To meet the employer service target, 70% of participants interviewed had to start work with that employer. The outcome was 62%. While *Fair Cities* fell short of achieving this objective, it compares well against outcomes from other programmes and is reinforced by the extent of repeat business that occurred.

Customer Profile

The customer profile target, set at 65% of job starts from designated wards, was intended to ensure that *Fair Cities* focused its services on ethnic minorities living in the most disadvantaged neighbourhoods.

Overall, 45% of successful candidates lived within the target wards. This figure varied widely amongst pilots with Bradford at 71% and Birmingham at 17%. Generally, this disparity reflected the degree to which a pilot invested in a focused community outreach strategy. However, despite the variation in ward residence, over 70% of all *Fair Cities* participants who started in jobs were ethnic minorities.

Cost per Job

Measured in terms of direct programme delivery (excluding central and administrative costs), the cost per job start to September 2007 was approximately £3,600⁴. If all central and local administration and staff costs are included, the cumulative cost per job over the same period was £8,900. The difference between the two reflects the poor economies of scale inherent in a small experimental programme. That said, costs did drop considerably as delivery increased and the programme began to recoup its initial set up costs. In September 2006 the total cost per job was around £12,800. In 12 months, therefore, the cost per job fell by 30%.

It is not possible, however, to establish a truly representative long term cost per job figure for the programme. On one hand, it does not make sense to include all central and set-up costs – so the higher figures don't show the "true" cost. On the other hand, some of the overheads are part of the project model. Central to the *Fair Cities* approach is the idea that a labour market intermediary increases the value derived from project spend. It is, therefore, important to include the cost of this intermediary in the cost per job. But in a small pilot programme it is impossible to quantify how much of the total overhead to attribute in this way.

⁴ The most recent cost per job figures available are based on data from September 2007.

One proxy for this “true” long term cost per job is the cost after stripping out expenses incurred centrally. On this basis, the cost per job reduced from £10,400 in September to 2006 to £7,600 in September 2007. But these figures do still include some costs related to running a pilot (set-up and an additional management information burden), and represent the outcomes of a relatively small programme. The real value is in looking at how others will mainstream *Fair Cities* pipeline activity.

Retention and Wage Rates

From the outset, the *Fair Cities* Steering Group placed high value on achieving sustainable employment as measured through the programme’s retention target set at 70% after 13 weeks. Here again, there was wide disparity amongst the three pilots with Brent exceeding the target at 78% and Birmingham falling well below at 38%.

The Steering Group agreed that, while it would not set a wage rate target, entry wages should be monitored as one proxy for the quality of jobs. The results varied by location but in 2006/07 the wages of *Fair Cities* participants were on average 30% higher than the National Minimum Wage with the highest rates in Brent. This may partly be explained by ‘London weighting’ but is also interesting to note that Brent followed most closely the demand-led *Fair Cities* model.

	Brent	Bradford	Birmingham	Average <i>Fair Cities</i>
Starting wage	£8.43	£6.21	£6.49	£6.83
13wk retention rate	78%	56%	38%	53%
26wk retention rate	76%	25%	31%	39%

Comparison of *Fair Cities* retention and wage outcomes with similar programmes is not possible. *Fair Cities* tracked each participant systematically against all its targets. Jobcentre Plus does not track retention or entry wages and, in many New Deal contracts, pays the provider for jobs “reasonably expected to last at least 13 weeks”.

iv. Design and Delivery Lessons

The previous chapter described the quantitative results of *Fair Cities* during its two years of operation. This chapter looks at the lessons that emerged for each of the principles that underpin the programme. Each subject begins with a summary of pertinent lessons and then highlights a few of the design issues that have practical implications for the broader employment and skills system.

Employer Leadership

Summary of practical delivery lessons

- Selection of the Board's Chair – a business leader of stature and influence – is the first important decision: he or she will set the standard for the calibre of the board;
- Recruit board members who are chief executives with real credibility in their sector;
- Board members will only stay engaged if asked to do something with concrete and valuable results: use them or lose them;
- It is essential to review and refresh membership regularly; use sub-committees to spread the workload and recruit new blood;
- Board members open doors fast – in their own companies and with the larger companies that have the most jobs and resources;
- Board members motivated largely by corporate social responsibility risk losing their business acumen and real value to the programme; and
- Effective employer-led boards require excellent staff.

Design Lesson – strong boards are high maintenance – whether local or national. They are a good investment but require time and care to establish and sustain. This must be built into programme design.

Fair Cities established three local boards with top business leaders. Board recruitment took considerable effort and time (minimum six months) and at least a year before members were confident about the issues. The return on this investment came in a number of ways. Board members gave early credibility to a new, unknown programme. They served as ambassadors and sold *Fair Cities* – business to business – to their peers. And, at least in Birmingham, they played an important, longer term strategic role.

Recruiting the right board Chair is crucial – both to provide leadership to the programme and to attract other influential members. The Chair of the Brent board was Sir David Michels, then Chief Executive of the Hilton Group. He recruited many board members from London's high growth sectors to join and provide jobs.

The Birmingham board, chaired by David Waller, Regional Chairman of PriceWaterhouseCoopers, was composed of some of the area's most influential business leaders. During its first year, it set out a ten year plan for an integrated employment and skills system for the Birmingham city region. The "weight" of employers on the board meant that their views were considered seriously by their public sector partners. As a result, *Fair Cities* set the template for the demand-led model now being implemented across the West Midlands; the *Fair Cities* board has become the Employment and Skills Board (ESB) for the city region, providing strategic direction and oversight to the local system.

Conversely, if a board is not inspired and well engaged by the staff team and partners it will disconnect. To some extent, this occurred in Bradford. Led by Iain Cornish, Chief Executive, Yorkshire Building Society and composed of a dozen of the city's most senior business leaders, it had the potential to play the much broader strategic role as occurred in Birmingham. But here *Fair Cities* was positioned as a niche programme; the opportunity to capitalise on the board's larger potential was lost.

The importance of effective staff support applies equally to the national level. The *Fair Cities* National Steering Group set the strategic vision and policy framework for the initiative and was influential in attracting private sector executives to become involved in local boards. However, despite the Chair's commitment, the lack of a clear role, defined decision-making responsibilities and effective relationship management resulted in loss of member interest.

Design lesson: strong employer boards expect to make decisions; don't create them unless you are willing delegate authority.

From the outset, there was an inherent tension in the *Fair Cities* management approach. As a demonstration project, it was designed and overseen from the centre. However, its success depended on employer leadership of the three pilots. Not surprisingly, the stronger the local board, the keener it was for autonomy – irrespective of whether its decisions digressed from the *Fair Cities* model that was being tested.

In retrospect, this could have been addressed by setting out a clear framework of management accountabilities at the start of the programme. Without it, it was difficult to impose a programme model on each board without losing member interest and ownership.

Implementing a Demand-Led Strategy

Summary of practical delivery lessons

- A demand-led strategy must deliver what employers value: service, reliability, quality and cost;
- The objective is to build a long term relationship with an employer, not just secure a single job deal;
- Employer relationships require constant and consistent management to ensure repeat business;
- Engage early with the employer at all levels: the chief executive to set corporate policy and recruitment managers to make it happen; internal working groups of a firm's decision-makers speed up action;
- Understand the difference between what employers say and what they mean;
- Deliver a reliable service to build trust then challenge HR practices to open more jobs for disadvantaged groups;
- In dynamic markets, demand fluctuates; intermediaries must respond fast particularly when alternative options are needed for trainees;
- Working with small companies is very labour intensive and a consortium approach to aggregate demand is as yet unproven;
- Pipelines should not be the only offering to an employer: the best solution for an employer and individual may simply be good job matching; and
- Make sure there are good systems to capture success and then report back regularly to employers and other parties; success breeds interest and interest breeds more success.

Design lesson: access to good jobs means becoming a valued resource to the employer.

A key objective of *Fair Cities* was to open better jobs for people – jobs that they would not have otherwise been able to get. This requires delivering commercial quality customer services that meet the employer's operational and financial needs not its social responsibilities. Effectively, the intermediary must be seen as an employment resource – virtually, an extension of the organisation's HR department.

This requires time, skill and the right supporting policy framework. It is extremely difficult to achieve in a system that is geared to high volume job entries with low value placed on the quality and sustainability of placements. But, if a demand-led approach is consistently applied, it can provide a return on getting disadvantaged people out of poverty – not just into short term jobs. Equally, it can result in relationships that continue to provide a steady flow of good job opportunities.

A comparison of the approaches used in Brent and Bradford demonstrate this point. From the outset, Bradford opted to focus on getting higher numbers of people into work. The team was organised as a brokerage rather than a quality customer service operation. It produced more job entries but poor retention results. Brent chose to invest in ‘mining’ for good jobs and in customer relationship management. It achieved fewer job placements but high wage and retention rates; thirteen of the fifteen employers it worked with signed up for repeat business.

Design lesson: an effective intermediary must be able to offer the services an employer needs – not the products we want to sell.

A critical lesson for *Fair Cities* was that its use of pipelines, providing carefully tailored services for individuals and employers, was not the only way to deliver good customer service to business.

The initial reliance on these pipelines as the preferred approach proved costly. Pipeline development is labour intensive. Many clients simply required good job matching. And many employers only wanted help with outreach, recruitment and screening, and advice on improving their retention and progression practices.

What mattered was that the service delivered was demand-led: that it met the employers’ real needs and became a systemic part of their recruitment and hiring processes. A more flexible *Fair Cities* model would have resulted in more job placements and lower cost/job outcomes. It would also have allowed the staff to capitalise more on the skill that they developed in tackling employer discrimination and reducing artificial barriers to employment. Brent’s work with transport and telecommunications employers, for example, resulted in changes to recruitment and hiring processes that opened large numbers of high paying jobs to disadvantaged residents.

Design lesson: involve employers early in design and contracting.

The experience of the pilots suggests that the earlier employers were involved in the programme, the greater their interest and cooperation. This involvement included selecting the jobs, articulating the hiring requirements, approving course content, designing the assessment and helping to choose the participants. Engaging employers in selecting contractors also helped to ensure that providers recognised employers as key customers.

Design lesson: risk management is essential in volatile labour markets.

For many employers, recruitment needs are unpredictable and can change quickly. The Brent pilot worked with a bus company to recruit drivers; when the company lost some of its routes, the project could not proceed. Similar examples occurred in all the pilots costing time and resource.

Such risks are an inevitable part of working with employers. They underline the importance of an intermediary having in-depth knowledge of the company at the outset and having contingency plans in case market

conditions change. Generally, large employers with a steady requirement to fill similar or identical jobs offer the greatest opportunity to capitalise on investment in pipeline design and development, and the lowest risks.

Customising Services for Individuals

Summary Highlights of Practical Delivery Lessons

- Training, work experience and services must meet the distinctive needs of individuals as well as employers;
- An employer-designed assessment process improves matching people to the job and the organisation;
- Individuals are motivated most by the prospect of a good job;
- Employer contact during the training period reduces participant drop-outs;
- The continuity of a case manager is essential in getting at-risk people into work;
- Higher wages can increase retention for those who meet the employer's hiring criteria; and
- It is easy to underestimate the employability development required for those with very low basic and soft skills.

Design lesson: employers play a central role in raising jobseekers' self-esteem, confidence and optimism.

Some *Fair Cities* pipelines experienced a high drop-out rate of potential participants even before they started the course. Much of this was attributable to low aspiration and self-belief of the candidates coupled with a lack of role models in major national companies.

Fair Cities used trusted community organisations to perform participant outreach and recruitment. The success of this approach was further enhanced by bringing employers, particularly represented by staff from similar backgrounds, to *Fair Cities* sponsored community events. Having an enthusiastic employer describing the jobs, wages and company benefits gave credibility to the programme and served as a strong motivator for candidates to join – and stick with – the programme.

In some cases, the employer's presence at a *Fair Cities* recruitment day changed the image of the organisation. In Brent and Birmingham, people on benefits gained jobs as Police Community Support Officers, with annual salaries of up to £25,000. In both locations, the pay-off was not simply good jobs but an important step in shifting the prevailing attitude of suspicion towards the police.

By taking big name employers into communities, *Fair Cities* raised people's sights and motivated them to seek jobs that they had long thought out of reach.

Design lesson: wherever possible, all support, including ESOL and basic skills, should be occupation specific.

Many *Fair Cities* participants required pre-employment training. This included basic skills and elocution, as well as team working, customer service and workplace discipline. The more this training could be contextualised – related to a specific occupation with a known employer – the more effective it was. And this was just as relevant to someone learning to read and write as to a participant learning more job-specific skills.

Design lesson: close collaboration with other agencies is needed for clients requiring more intensive support.

Residents of *Fair Cities* target areas had distinctly different backgrounds and needs. The most disadvantaged had never worked or held a steady job, were very low skilled, and faced personal problems such as debt, poor health and housing, family conflict and domestic violence. Generally, these individuals were referred to other agencies better equipped to provide wrap-around services before they could enter the programme.

Intensive pre-employment training and personal support is expensive, particularly when it is required for large numbers of participants. With the support of Jobcentre Plus and the Learning and Skills Council, all three *Fair Cities* pilots used ESF funding to enrich provision to reflect participant needs. In Bradford, it also allowed the programme to serve Pakistani and Bangladeshi women who were not working and not on benefit.

The relationships that each *Fair Cities* pilot established with its public and voluntary sector partners was critical. These organisations referred clients; served as a source of specialist help for people not suitable for *Fair Cities*; delivered parts of the pipelines; and, in some cases, provided funding. If the relationship was developed early and managed well, the benefits were tangible; if they were not handled with care, the programme and its participants suffered.

The Role of the Intermediary

Summary of practical delivery lessons

- An agile, multi-skilled intermediary is essential to plan and deliver a demand-led strategy;
- An effective labour market intermediary does the ‘heavy lifting’ and makes participation easy for employers;
- Demand-led programmes require new skills from providers which the existing provider base may not offer;
- Integrating high quality employer services into an organisation requires organisational and cultural change;
- The intermediary must have staff with commercial expertise and staff who are expert in project management and public sector systems; and
- Within the intermediary (and its providers), employer-facing staff must control the client referral process; client-facing staff should focus on getting participants job-ready.

Design lesson: labour market intermediaries are not easy organisations to build and manage.

The public employment and skills system in the UK is a complex and fragmented business. The role of the intermediary is to make it easy for employers to engage in the system successfully. To be effective, this means the intermediary organisation must have some key attributes:

- detailed local labour market intelligence and insider knowledge of employers, jobseekers and providers;
- skilled marketing and sales staff who speak business language and maintain a relentless focus on customer service;
- collaborative relationships with public sector partners and community leaders;
- sophisticated ability to ensure providers prepare clients to employers’ specific standards; and
- high performance culture and rigorous client tracking and management information systems.

These attributes require most employment and skills organisations to make a fundamental shift in values, capacity, competence and structure. Crucially, the re-engineering of pre-employment provision and the development of a skilled employer services team must be led by the Director and senior management. None of the *Fair Cities* pilots achieved all of the change required although each made some progress on the journey.

Design lesson: organisational development and capacity-building should be an integral part of shifting to a demand-led strategy

The organisational development required for a demand-led intermediary was challenging for the purpose-built *Fair Cities* intermediaries. It was also difficult for most of the programme's providers, particularly the smaller voluntary groups. These agencies were effective in community outreach but had little experience in employer relations. A small scale initiative, Programme for Change, was developed to help build the capacity of *Fair Cities* providers. While promising, Programme for Change lacked the resource and time to make a lasting impact on provider organisational development.

In retrospect, it was unrealistic to expect the *Fair Cities* teams and their contractors to become leading-edge organisations without a sustained investment in organisational development and technical support from the centre.

Managing Performance

Many of the most important lessons related to performance have been addressed in Chapter iii. However, a few specific observations are summarised below.

Summary of practical delivery lessons

- A sophisticated client-specific tracking system is critical to drive change and measure performance;
- Be prepared to invest in IT-based systems;
- Proactive contract management is essential to driving performance;
- Performance management depends on the quality of data and on staff commitment;
- Capturing retention data is a major challenge; and
- Contract incentives alone will not drive a change in performance.

Design lesson: individual client tracking provides 'real time' performance management.

The *Fair Cities* team developed a client tracking system to underpin national and local performance management. Data was collected from providers on each participant and run through MS Access. In addition to programme-wide and pilot performance, the system produced bespoke reports by pipeline, activity and outcomes, along with detailed employer and participant profiles.

In Brent, this information was used to scrutinise provider performance on a weekly basis. This provided an early warning system to alert staff to any problems in client recruitment, pipeline delivery or employer engagement.

The system's main problem was that it relied on provider follow-up to capture retention results without having the proper incentives to ensure that this information was collected accurately and on time.

Key design lesson: mainstream employment and skills policy and targets should focus on outcomes not processes.

One of the barriers to implementing *Fair Cities*' demand-led strategy within the mainstream welfare-to-work system was that a great many of Jobcentre Plus and Learning and Skills Council contracts were either about:

- processes – they tell the provider how to do their work, rather than what they need to achieve; or
- non-job outcomes; or
- job outcomes which nevertheless do not offer a route out of poverty because of poor salaries, retention, and progression.

To motivate a provider to work closely with an employer, it is essential to align their interests. This, in turn, means that contracts must specify good jobs and retention as the expected outcome rather than some intermediate aim.

In this context, it was difficult for *Fair Cities* and its providers to focus on retention, progression and wage gain when the mainstream system focuses on high volume job entries and qualifications.

Policy lesson: providers' job outcome targets should reflect the degree of disadvantage of their participants.

Fair Cities developed a value-for-money model linking job outcome targets with the difficulty of client group. If a project worked with easier candidates, then the outcome target increased, while those succeeding with disadvantaged clients had correspondingly lower outcome targets.

This approach ameliorated the likelihood of perverse incentives by rewarding providers that gave priority to more disadvantaged groups. This was particularly important in the case of smaller organisations that specialised in community outreach and employability development.

Policy lesson: flexible contracts (in terms of payment, activity, duration) are essential in a demand-led programme.

Contracts must allow providers to respond fast and well to changing employer and individual needs. This has implications not simply for procurement processes and contract terms but for the selection of funding streams. While some funds are relatively unrestricted, others specify tightly the type of activity or outcome required.

Policy lesson: good communication between providers, employers, the public employment service and other partners supports good performance

Early agreement on programme goals, values and respective roles prevents confusion and dissension. An investment in a two-way, continuous communication strategy with all stakeholders and customers is essential. Previous working relationships cannot be relied upon. Staff in partner organisations turn over and institutional knowledge is lost.



v. Conclusion

Fair Cities set out to test whether engaging employers in the leadership and design of employment and skills programmes could open more and better jobs for disadvantaged people. As this report has shown, the results of the programme were mixed. While the overall objectives and design framework proved sound, the implementation of such a radical strategy and systems redesign, in the time allotted, was unrealistic.

But *Fair Cities* has served as an important learning laboratory for the UK employment and skills system. It has demonstrated that top business leaders will commit their energy, expertise and resource to an enterprise that gives value to their companies and communities. It has opened good jobs and new careers for many disadvantaged people who were disconnected from mainstream services. And it has demonstrated that a demand-led strategy, properly designed and delivered, can achieve high performance outcomes.

Annex 1: *Fair Cities* National Steering Group⁵

John Clare CBE	Chief Executive DSG international plc Chair, <i>Fair Cities</i> National Steering Group
Chris Banks CBE	Chief Executive, Big Thoughts Chair, Learning & Skills Council
Iain Cornish	Chief Executive Yorkshire Building Society Chair, Bradford <i>Fair Cities</i>
Mark Fisher	Business Strategy Director, Jobcentre Plus
Sir David Michels	Chief Executive, the Hilton Group Chair, Brent <i>Fair Cities</i>
Joe Montgomery	Director General Department for Communities and Local Government
Sharon White	Director, Welfare to Work Department for Work and Pensions
Shruti Shah	Director, <i>Fair Cities</i> National Employment Panel
Cay Stratton CBE	Director National Employment Panel
David Waller	Regional Chairman PriceWaterhouseCoopers Chair, Birmingham <i>Fair Cities</i>

⁵ Position at time of appointment

Annex 2: Fair Cities Outcomes

Cumulative Job Starts *Fair Cities*

	Birmingham	Bradford	Brent	<i>Fair Cities</i>
Month/Year	# Job Starts	# Job Starts	# Job Starts	# Job Starts
01-Mar-08			1	1
01-Feb-08	2	10	3	15
01-Jan-08	11	11	6	28
01-Dec-07	5	1	1	7
01-Nov-07	23	6	9	38
01-Oct-07	36	11	8	55
01-Sep-07	12	3	1	16
01-Aug-07	46	5	2	53
01-Jul-07	48	9	30	87
01-Jun-07	18	3	7	28
01-May-07	11	8	7	26
01-Apr-07	36	22	20	78
01-Mar-07	23	3	27	53
01-Feb-07	12	9	12	33
01-Jan-07	10	17	1	28
01-Dec-06	10	15	4	29
01-Nov-06	16	26	3	45
01-Oct-06	46	21	2	69
01-Sep-06	9	42	12	63
01-Aug-06	3	17	18	38
01-Jul-06	14	8	1	23
01-Jun-06	9	8	17	34
01-May-06	9	6	20	35
01-Apr-06	6	27	9	42
01-Mar-06	5	21		26
01-Feb-06	3	18		21
01-Jan-06	2	17		19
01-Dec-05	2	20		22
01-Nov-05	4	12		16
Total	431	376	221	1028

Cumulative Job Quality

	Birmingham	Bradford	Brent	Average <i>Fair Cities</i>
Starting wage	£6.49	£6.21	£8.43	£6.83
13wk retention rate	38%	56%	78%	53%
26wk retention rate	31%	25%	76%	39%

	Target	Birmingham	Bradford	Brent	<i>Fair Cities</i>
Cumulative Employer Satisfaction	70%	59%	81%	48%	62%

	Birmingham	Bradford	Brent	<i>Fair Cities</i>
Cumulative Job Starts	#	#	#	#
Target Wards	75	267	117	459
Non-target Wards	356	109	104	569
Total	431	376	221	1028

	Birmingham	Bradford	Brent	<i>Fair Cities</i>
	Target	Actual	Actual	Actual
Target Ward Job Starts	65%	17%	71%	53%

Annex 3: Peer Learning Group Members

Denmark:	Annette Saskia Junge
Netherlands:	Theo Keulen and Rolph Dols
Sweden:	Vanja Bardh Olsson
Germany:	Anja Block, Alexander Wilhelm, Johanna Poetzsch and Andreas Staedter
United Kingdom:	Anton Eckersley and Joanna Kerrison

Peer Learning Project

The NEP was, of course, not alone in seeing the value of a demand-led approach to helping people overcome barriers to getting work. At the same time as the NEP was setting up *Fair Cities*, interest was growing across Europe in getting employers engaged in the welfare-to-work process.

This interest was the motive behind the Peer Learning Project (PLP), which was established in 2005. Its aim was to draw together experiences of using a demand-led approach in several different countries, in order to make good practice widely available. It had representation from Public Employment Services (PES) in the UK, Germany, the Netherlands, Sweden and Denmark, and funding from the European Commission.

One of the tasks of the PLP was to review the *Fair Cities* principles in light of the practical experience from the pilots, and against the background of the wider European experience.

An outline of each country's public employment service priorities, engagement with employers and approach to a demand-led service is provided below.

United Kingdom

Jobcentre Plus

The primary state body in the UK responsible for helping people into work is Jobcentre Plus. Jobcentre Plus is an executive agency of the Department for Work and Pensions. Its stated purpose is to provide “work for those who can, support for those who cannot”. This means paying people the right benefits on time, helping people find work and working with employers to fill their vacancies.

Jobcentre Plus works with:

- just less than a million people on Jobseeker’s Allowance (JSA) – all of whom have a legal obligation to seek work in order to receive their benefits;
- a further three to four million people who receive benefits either because they are lone parents, or because they have a disability or health condition that prevents them from working.

Its major, long-term, challenge is to support the latter group of inactive people, many of whom would be capable of getting a job with the right support and motivation, and who would be better off if they did so.



The scale of its activities can be understood by considering that every working day Jobcentre Plus:

- helps around 6,500 individuals move into work;
- receives over 17,000 jobs from employers;
- conducts 45,000 adviser interviews in its local Jobcentre offices;
- processes over 15,000 new benefit claims;
- prosecutes 40 people for benefit fraud;
- takes over 66,000 calls to its contact centres;
- receives over 297,000 visits to its website; and
- receives over 862,000 job searches on its website.

Much of what Jobcentre Plus does is determined by the needs and statutory entitlement of its “customers” – the benefit claimants themselves. But it takes a strong view that an essential element in meeting the needs of its customers is to meet the needs of employers.

One major focus for this activity is the National Sales Team (NST), a business unit within Jobcentre Plus that offers account management to employers on a similar model to that used by private sector employment agencies. The NST has recently been tasked with implementation of the Local Employment Partnerships. This is a national programme in which major businesses commit to working with Jobcentre Plus to open up their jobs to those facing multiple barriers to getting work. The long term aim is to harness these partnerships to move a quarter of a million people into work.

Employer engagement also takes place at the level of individual districts (business unit areas within Jobcentre Plus, typically covering areas with a population of around a million). District Managers and External Relations Managers sponsor individual arrangements with local employers, or sub-regional branches of national employers. These can range from sifting applications and making premises available for interviews, to providing a turnkey service and performing the whole recruitment process for the employer. A range of other staff in the district are responsible for receiving vacancies, agreeing the terms on which they will be filled, and submitting candidates.

National Employment Panel (NEP)

The Government set up the NEP in 1997 as the “New Deal Taskforce”. The New Deal was government’s radical new approach to getting unemployed people into work. The concept was to offer employers easier access to candidates in return for a higher level of commitment to work with the public employment system to prepare people for work. On the state side was the Employment Service, a predecessor of Jobcentre Plus. The New Deal Taskforce’s remit was to help ensure that this “deal” worked from the employer’s point of view.

For a decade, the NEP has been the primary advocate of the demand-led approach within government. Its main operational arm is a network of Employer Coalitions in 10 major city-regions. Employer Coalitions are boards of local employers, often including representatives at HR Director level, serviced by small secretariats. Their aim is to bring the employer’s perspective to the local welfare-to-work system, to involve employers in the process, and to forge strong long term relationships between employers and the system.

The NEP has also developed and sponsored a number of other programmes including:

Ambition. A series of sector-specific programmes that worked with panels of industry leaders to develop training to bring people from disadvantaged backgrounds (including a large proportion of Lone Parents) into better jobs. The aim was not just to get people into jobs, but to get them into long term careers.

Able to Work. A broad spectrum of programmes aimed at helping employers understand the value in recruiting people with disabilities and health conditions, and at establishing training and other kinds of support to help people with disabilities and health conditions to prepare for work.

Exit to Work. A demonstration programme to trial the concept of Job Developers as a single point of contact for employers who are willing to consider recruiting ex-offenders.



Challenges to employer involvement

The UK's employment and skills system has historically been driven by the preconceptions of the supply side. For the most part, training has been the province of colleges, whilst employment services have identified the unemployed person as their "customer".

In recent years the value of working with employers has come to the fore. This is clearly enshrined at the highest levels of government. The Prime Minister sponsored the launch of the Local Employment Partnerships. The recent Leitch Review of Skills (the author formerly chaired the NEP) recommended a shift to a demand-led system and the creation of a UK Commission for Employment and Skills to take an overview of the whole employment and skills system. The Chairman of BT, one of Britain's largest companies, will chair this Commission.

At the level of policy development, however, programme development is almost exclusively concerned with particular groups of disadvantaged people. Likewise, at the level of implementation, staff are often driven by the more immediate priorities of their "customers", the people whose benefits they administer and to whom they give advice and support. The skills needed to engage with an employer are often quite different from those needed to give this advice and support.

Moreover, the resources to promote the culture and practice of employer engagement have often not been forthcoming. Jobcentre Plus has recently changed its nationwide targeting regime. This allows its entire staff to treat the employer as a customer, alongside the unemployed person. But the National Sales Team, the dedicated employer-engagement arm of Jobcentre Plus, still numbers little more than a hundred staff.

Germany

The Bundesagentur für Arbeit (BA) is responsible for performing the duties specified in the German Social Code (SGB III) “Employment promotion”. Services under SGB III are intended to encourage a balance between supply and demand of the labour market and help achieve the employment objectives of the Federal government’s social, economic, and financial policies as well as the European Employment Strategy.

It is a public institution established by law with administrative autonomy, which is implemented systematically at every level of its organisation (1 head office, 10 regional directorates, and 178 local offices).

The Executive Board manages the BA and its operations. The Administrative Board is the body of the autonomous administration that watches over the interests of those who pay into the system as well as monitoring the Executive Board and operational administration. Its members are equally divided between representatives of employers, employees, and public bodies.

A major priority in the BA’s operating policy is to make a substantial improvement in the range of services for employers. As well as other public employment services, the BA recognises that the more companies use its recruitment services, and the better the offered placement activities are, the more job seekers it can integrate into the mainstream labour market. Thus a major priority in the reforms the BA has initiated is to improve the range of services for employers.

As part of this reform, the BA introduced the Customer Centre business system at all state employment agencies in 2005. At least 20 percent of placement counsellors’ capacity at every local agency is reserved for employer support. The new position of Employer Management Director means that every agency now has a central contact person and coordinator for employer affairs.

The core of the BA's co-operation with companies is the Action Programmes for Employers. This is a strategic approach based on a clear understanding of employer structures within each agency's district. The programmes pursue two goals:

- to systematise integration under uniform standards so that employers can get better service in filling job openings; and
- to intensify the quality of the BA's services and to convince employers of the added value it offers them.

The BA has introduced minimum quality standards for its work with employers. They include a commitment to provide a first response with a qualified candidate for job offers within 48 hours, and the agreement of a maximum number of candidates that the agency will submit to the employer.

At the regional directorates, employer programme departments support the local agencies in implementing the range of services. All regional directorates have an organisational unit that focuses on key employers, forming an inter-regional network for needs that extend beyond regional boundaries.



The Central Placement Service in Bonn rounds out employer services with its European and international placement capabilities for skilled workers and management staff. The Central Placement Service also offers other services, such as placement for workers in theatre, television, and film, including artists' services, as well as specialised placement for personnel in the hospitality industry.

The online job market offers special advantages for employers in particular. More than 80% of them were able to make contact with applicants, which led to a hire in just under 60% of all cases.

Currently there are 89,000 employers and 719,000 available jobs registered.

Regular customer surveys study employer satisfaction with the BA's service. Although the surveys show increasing satisfaction with the placement service, the strategic focus is still on ensuring that the employment agencies know more about the requirements of employers.

Employer engagement is also an activity of other actors within the German welfare system. The BA and municipalities have formed joint ventures, paid for by tax, not social insurance, to support the long term unemployed. Employment agencies have established a total of 355 of these co-operative employment arrangements. Of these, some 240 conform to a common pattern and manage their employer engagement through Action Programmes. The remainder engage with employers in a range of different ways, often determined by the municipality.

Netherlands

The Netherlands has adopted an active labour market policy balancing the right to benefit with the responsibility to seek employment with the support to do so.

In 2002, the New Implementation Structure for Work and Income (SUWI) came into effect. Within this structure, the Central Organisation for Work and Income (CWI) is responsible for helping people in finding work, including obtaining vacancies from employers. The mission of the CWI is to strengthen the economy by improving the functioning of the labour market and promoting the widest participation in employment.

The CWI functions as the first link in the “chain of work and income” and thus acts as gate keeper. Its aim is to avoid or reduce dependency on benefits. It is responsible for ensuring that people receiving benefits comply with their obligations to seek work, and that they depend on benefits for the shortest possible time. Its objectives are to:

- ensure there is a transparent labour market;
- stimulate development of talent in the labour market; and
- provide services to employers.

A major CWI instrument for making the labour market transparent is its website, www.werk.nl. This site is the backbone of the physical service provision of the CWI. It is a public market place that encourages self-activation of clients. It does this mostly by providing information about jobs and training, either directly from CWI or through partnerships with other organisations. Employers and jobseekers can register their vacancies and CVs on the website free of charge. The site also offers a matching tool to employers and jobseekers.

Demand-oriented services to employers.

The key aspects of the services to employers are:

- quick follow-up of vacancy registration;
- 72 hour service with special agreements on filling the vacancy;
- applicant matching;
- advertising using the best recruitment and selection method, job profile and training period;
- distribution of vacancies; and
- aftercare where needed.

A new element in the provision of services to employers will be offered by the Company Advisors. They will play an important role in linking local, regional, and international labour market issues. All local offices have staff responsible for acquiring and filling vacancies.

These employer services are provided at a number of different levels:

Local: acquisition of vacancies, matching jobseekers to vacancies, support to jobseekers preparing their applications, jobs fairs.

Regional: Company Advisors support employers on an extended scale in their staffing issues and provide labour market information.

National and international: national Company Advisors manage relationships with customers, and also with sectors and employers' association.

As well as providing recruitment services, CWI also assists with the transfer of staff from one company to another.

Sweden

Priorities of the Public Employment Service

Sweden's Public Employment Service (PES) is shaped, to a larger extent than in most other countries, by the demography of its clients. Sweden has a very high proportion of migrants among its citizens, who face higher than average levels of unemployment. The proportion of immigrants in the population is higher than in the UK, Ireland, France, and the Netherlands, and almost as high as in the USA. Half of the increase in population expected up to 2050 consists of people born outside Sweden

The overall employment rate in Sweden is higher than in most other countries. But the rate is lower among immigrants. The situation for women is worse than the situation for men and there are also differences between immigrants from different countries. The average number of unemployed migrants registered at the PES during 2006 was 85,000. This means that almost a quarter of Sweden's unemployed are migrants.

Structure of the PES

The Swedish Labour Market Administration consists of:

- the Swedish Labour Market Board, the central authority;
- 21 County Labour Boards; and
- 325 employment offices.

Following political decisions on labour market policy, in 2008 the Swedish PES will become a single authority with increased specialisation and co-operation with other agencies, as well as an enlarged and improved service for employers.

The overarching objectives of Swedish labour market policy are:

- an efficient labour market;
- full employment; and
- increased prosperity through good, sustained economic growth.

The role of PES in this is to help employers find the right workers and help jobseekers to get work. It also has to monitor compliance with the employment insurance rules. The PES offers a unified array of services to jobseekers and employers through:

- the internet;
- contact centres; and
- local employment offices.

In 2006 the PES registered over 600,000 vacancies, and more than 700,000 people found work.

Policies for migrants

The National Labour Market Board established a pilot project in 2006 to find new methods for improving the employment prospects of immigrants. Its three pillars are:

- early contact with the labour market;
- swift assessment of education and experience; and
- Swedish language tuition combined with job-oriented initiatives.

In Swedish labour market policy, integration is a matter for general policy, and special efforts for newly-arrived immigrants are only made during the initial period after entering Sweden.

Labour market programmes targeting immigrant job-seekers include:

- **Workplace Introduction.** A program for job-ready immigrants and others lacking experience of the Swedish labour market involving frequent contacts with employers. An evaluation study showed a positive impact, with more success for women than for men.
- **Trial Opportunity.** A three month work experience scheme available shortly after registration with PES. The purpose is to give the immigrant an opportunity to demonstrate knowledge and competence, evidenced by a certificate signed by the employer.
- **Assessment of professional skills on the job.** Occupational skills are assessed in the workplace. This can be offered to newly arrived immigrants at an early stage in combination with Trial Opportunity.
- **New Start Jobs.** A measure to speed up the introduction to the labour market for newly arrived immigrants, presented in the Budget Bill 2007. Newly arrived refugees and their family can now have “new start jobs” for the first three years. A new start job is one in which employers receive a payment equal to the employers’ national insurance contribution.

Denmark

Denmark introduced a new employment system in 2007 based on 91 job centres. These are the pivotal point of the central and municipal employment efforts in relation to jobseekers and employers. In the job centres, the central government and the municipality work together on employment efforts. The core task of the job centres is to take care of the direct employment efforts in relation to jobseekers and employers. They establish a quick and efficient match between jobseeker and employers.

Job centres are required to prepare an annual employment plan. This is the state's and municipality's joint plan for how the job centre will tackle the employment-policy challenges in the coming year. The employment plan must include the job centre's goals for efforts aimed at employers, including how local and central government at the job centre will focus on co-operation on efforts aimed at employers. Collaboration on services to employers in the Job centre should contribute to solving the employer's demand for labour, quickly and efficiently.

The employment plan has to include measures and plans for dialogue with companies about job retention for people on sick-leave, wage-subsidy jobs, job training offers, and light jobs with special conditions. The employment plan also has to include information about how the job centre will focus on avoiding bottlenecks. Contact with companies takes many shapes, depending on the specific objective and the job centre's knowledge of the relevant companies. Job centres have to take a strategic view of where the bottlenecks in the labour market are, so as to target efforts towards preparing unemployed people for work in sectors with labour shortages.

Job centres set targets for their employer engagement activities along the following lines:

- the degree of cooperation with the municipality's enterprises must be improved by a specified number of percentage points;
- the job centre must establish a specified number of partnership agreements with new companies;
- a specified number of adult apprentice agreements must be established, and of these, a proportion must be filled by unemployed unemployment benefit recipients and a proportion by unemployed social benefit recipients;
- a specified percentage of the companies that have received services from the job centre in 2007 state that they are very satisfied or partially satisfied with the service provided.

There is a yearly follow up related to the employment plan. Employer organisations are represented in the Local Employment Councils, which are included in the preparation of the job centre's employment plans, and they can recommend changes in the employment plans.

