

Nunn, A. (2015). *Trends and developments in PES partnership-working - background paper: PES to PES Dialogue - The European Commission Mutual Learning Programme for Public Employment Services*. European Commission.

Document version

Publisher's PDF, also known as Version of record

Licence

Unspecified

Copyright information

For Copyright information please check our website



Trends and developments in PES partnership-working

Background paper

January 2015

PES to PES Dialogue

The European Commission Mutual Learning
Programme for Public Employment Services

Written by Alex Nunn

Director, Centre for Applied Social
Research. Leeds Beckett University

January 2015



EUROPEAN COMMISSION

Directorate - General for Employment, Social Affairs, Skills and Labour Mobility

Directorate C — Europe 2020: Employment policies

Unit C.3

European Commission

B-1049 Brussels

Trends and developments in PES partnership-working

Background paper

January 2015

PES to PES Dialogue

The European Commission Mutual Learning
Programme for Public Employment Services

**Europe Direct is a service to help you find answers
to your questions about the European Union.**

Freephone number (*):

00 800 6 7 8 9 10 11

(*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

LEGAL NOTICE

This document has been prepared for the European Commission however it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

More information on the European Union is available on the Internet (<http://www.europa.eu>).

Luxembourg: Publications Office of the European Union, **2015**

© European Union, **2015**

Reproduction is authorised provided the source is acknowledged.

Table of Contents

Executive Summary	vi
1 Introduction	1
1.1 Why focus on PES Partnerships?.....	1
1.2 Data, methods and limitations	1
1.3 Structure of the report	2
2 Background: Partnership and the 'new governance'	3
2.1 PES have always operated as, and through, Partnerships	3
2.2 The New Public Management, Privatisation and the New Governance	3
2.3 What is a partnership?	4
2.4 Public and multi-stakeholder partnerships are structured in different ways...?	4
2.5 Phases of partnership development	8
3 PES Partnerships.....	9
3.1 Why do PES develop partnerships?	9
3.2 Prominent partners include.....	14
3.3 Scale of partnership working among EU PES	14
3.4 Organisation of partnerships	15
3.5 Evidence in relation to partnerships with contracted-out employment services	18
3.6 Governance	19
3.7 Evaluation and monitoring	20
3.8 Orientation toward future partnership working	21
4 What do we know about how to make partnerships work best?	22
4.1 Introduction.....	22
4.2 Benefits of partnerships	22
4.3 Costs and drawbacks of partnerships	22
4.4 Critical success factors	24
Source: (Audit Commission 1998).....	24
5 Conclusion and Recommendations	28
6 Bibliography	30
Appendix One: Topic Guide.....	36
Appendix Two: Partnership Decision Tree	39
Appendix Three: Country Summaries	40

Executive Summary

Introduction

The recent *PES Contribution to Europe 2020* strategy includes a commitment from all PES in the EU to establish a 'conducting' role in relation to the Public Employment System. To fulfil this role, PES will need to work in collaboration with a range of partners. This report explores current practice in relation to PES partnerships and their management derived from a review of the relevant literature and a small number of high level interviews in selected PES.

Background: Partnership and New Governance

The term 'Partnership' has become very widely used in relation to public management over the last two decades, but the range of contexts in, and about, which it is used has meant that there is some ambiguity over what is meant by the term. Sometimes it is associated with new modes of governance and sometimes it is used in relation only to some forms of those governance. A particular area of ambiguity relates to whether 'partnership' can be extended to cover forms of contracting-out of public services. In the literature partnership is often discussed in relation to hierarchical, market and network modes of governance and what is meant by partnership will be subtly different in each of these modes of governance. To add to the conceptual complexity, any individual partnership might move through a cycle in which these different modes of governance come to the fore at different stages of their development and at any one point in time it might exhibit characteristics which are representative of two or more modes of governance.

How are public and multi-stakeholder partnerships organised

Partnerships can be organised in a range of different ways. It is possible to differentiate between partnerships which are horizontal in nature, involving partners at similar geographical/administrative scales or vertical in nature, involving partners from multiple scales. Partnerships can also be strategic or operational in their orientation. Their specific nature can also impact on how they are managed.

This report develops and utilises a typology that sees partnerships categorised on one axis in relation to their strategic/operational orientation and on the other in relation to whether they exhibit predominantly hierarchical, market or network modes of governance. Within the different 'types' of partnership that emerge from this, it is then possible to incorporate considerations of the numbers of partners, depth of their interaction, and the horizontal/vertical nature of the relationship. It is argued throughout the report that understanding partnerships in this way can help PES make strategic decisions about whether to engage in partnership, what sort of partnership to seek out, who the right partners are and how this interaction should be managed.

PES partnerships

PES enter partnerships for a range of different reasons including the orthodox assumption that this is an effective form of management through to the need to deal with complex problems requiring access to new capacity and qualitative competences not available with the PES itself or which can be most effectively sourced external to the PES organisation. Prominent PES partners include other public sector organisations, private and voluntary sector employment service providers, temporary agencies, employers and specialist charities. The scale of partnership working among PES identified in this report suggests that this is more significant than previous research has found, though this could also reflect methodological limitations.

PES partnerships take a number of forms but typically are managed through the use of Partnership Agreements with a varying degree of legal formality, depending on their nature, and via Partnership Boards and other consultative fora. PES identified clear expectations and shared commitment to common objectives as expressed in Partnership Agreements as central to successful partnerships. Evaluation and monitoring processes were relatively undeveloped and a clear point of learning is that this is an area that could be considerably strengthened.

The report also finds that there may be some tensions between the use of contracted provision with private providers in purely market modes of governance and the achievement of cost reductions and improvement in quality. This is because the achievement of quality and strong performance may require a much longer-term and strategic orientation which works against short-term efficiency. Moreover, even then, there may be reasons to think that there are hard limits to the extent to which partnership can bring about constitutive changes leading to the convergence of organisational objectives, sufficient for contracting to become genuine partnership.

Making partnerships work

The evidence suggests that partnerships can result in important benefits but also that these are not easy to realise and that partnerships can also result in substantial costs. *How* partnerships are developed is crucial to realising benefits and containing costs. The evidence suggests that strategic decision making about whether to, and how to, partner are important in this regard as are ensuring sufficient and well matched resources are contributed, that partnership work is effectively led, that partners maintain clear and open communication from the outset and monitoring and evaluation are effective for all partners and stakeholders. The full benefits of partnership may only arise after several cycles of partnership and therefore evaluation needs to be sensitive to the enhancement of partnership capacity alongside the achievement of other objectives.

Conclusions and recommendations

It is concluded that partnership working is potentially advantageous to PES and that PES should therefore incorporate consideration of its potential in their business and planning cycles, alongside objective setting, resource allocation and performance management. Appendix 3 includes a decision tree which can help in this process. The considerations that PES need to undertake in thinking about partnerships include both hard considerations about objectives and financial resources as well as 'soft' considerations about skills and personal competences. Partnership working therefore also needs to be linked to Human Resources policies and practices too.

1 Introduction

1.1 Why focus on PES Partnerships?

European PES currently face substantial labour market challenges with unemployment having been at record levels in many countries over recent years. Long-term and youth unemployment present particular challenges in the current economic context, with the risk that both can lead to 'scarring' and permanent reductions in employment opportunities and wage potentials – casting a long-shadow into the future and undermining future productivity and competitiveness. PES must confront these challenges in the context of changing employer skills needs, increased international competitiveness and tight public finances.

In the context of these challenges, delivering *Europe 2020* and the *Agenda for New Skills and Jobs* (European Commission 2010a; European Commission 2010b), the European PES have been encouraged to establish partnerships between public, private and third sector providers of employment services. The recent *PES Contribution to Europe 2020* (hereafter *PES 2020*) (European Commission 2012) document underlines this and suggests:

"A shift from the conventional serving to facilitating, coaching and conducting Public Employment Systems, in which the term 'conducting' stands for two senses: on the one hand, the governance, management, stimulation, coordination and quality assurance of the offered services and of partnerships; on the other hand, the provision of (online) tools and primary services to support individual career management." (4)

The 'conducting' approach implies a strategic orientation for PES in which they sit at the centre of a Public Employment System incorporating a range of actors that provide specialist, sometimes complementary, overlapping or competitive services. PES are expected then to oversee "the governance, management, stimulation, coordination and quality assurance of the offered services and of partnerships" (European Commission 2012, 4).

1.2 Data, methods and limitations

This report assesses the evidence in relation to partnerships in the delivery of public services and public policy objectives and in particular in relation to PES themselves. The report is based on evidence drawn from a review of the academic and grey literature on partnerships and a series of interviews with national PES officials in a sample of EU PES:

- **Literature review** – limitations of time and resources mean that the literature review is not fully comprehensive but is representative of the wider academic and grey literature on partnerships in public policy delivery, especially as these relate to the EU and PES context. Initial searches were based on the following search strings: 'PES+Partner*/s/ship/ships', 'Public Employment+Partner*/s ship/ships', 'Employment+Partner*/s ship/ships' and 'Governance+ Partner*/s ship/ships'. Following this, key sources which matched the requirements of the project were identified and reviewed with a process of snowballing used to follow up literature of interest to the study.
- **Interviews** – were undertaken with a small number of PES, selected specifically to incorporate a number of different prevailing welfare institutional orientations (liberal/corporatist-statist/social democratic) (Esping-Andersen 1990)¹ as well as unitary and federalised systems. As

¹ It is acknowledged that Esping-Andersen's typology is problematic and is used only here in order to ensure a mix of institutional conditions.

such, interviews were undertaken in the following PES (Countries): Jobcentre Plus (UK); Actris (Belgium); La Forem (Belgium); VDAB (Belgium); UWV (Netherlands); Lavoro (Italy); Tootukassa (Estonia); and MLSP (Poland). In most PES the data is based on a single interview with a national PES official, except in the case of Poland and Italy where responses were sought also from the regional level, recognising the need for greater depth than that provided by the national tier. Interviews were conducted by telephone following a semi-structured topic guide (see Appendix One: Topic Guide).

Throughout the discussion that follows it should be noted that these methods are subject to a number of important limitations. The review of previous research found a great many sources which explore the role of partnerships in public policy delivery from empirical and theoretical perspectives, including several widely cited reviews. However, much of the evidence reported in this literature is based on assertion and logic rather than empirical evidence that partnerships/partnership approaches have particular effects. The exception to this is in relation to different forms of privatisation, in relation to which there is a range of studies based on firm empirical evidence. Similarly, the interview data should be qualified because it is based on single respondents at the national level, which often means respondents lack knowledge of detailed local practices. Additionally, their role as PES officials potentially leads to a positivity bias in relation to the beneficial outcomes of current PES practices.

1.3 Structure of the report

The report begins by looking at the widespread use of the term 'partnership' in relation to public services, its relation to modes of governance and the meaning of the term (Section 2). The report then looks briefly at some of the wider literature about public sector and multi-stakeholder partnerships (Section 2.4) after which it focuses on the literature and evidence from interviews about PES partnerships and their management particularly (Section 3). Section 4 considers the evidence on the benefits and costs of partnerships and how the former can be accentuated while the latter controlled. Section 5 includes a series of broad conclusions and recommendations for EU PES in relation to partnership working.

2 Background: Partnership and the 'new governance'

2.1 PES have always operated as, and through, Partnerships

PES have a long history of working in partnerships with a range of external organisations. Indeed, many European PES were themselves the product of partnerships, in some cases between employers, trade unions and the state and in others between the central state and local municipalities (Weishaupt 2011b; Weishaupt 2011a). The establishment of national and regulated PES within the context of a fully institutionalised Welfare State in the post-war years, reached its zenith in the late 1960s and early 1970s and was part of a broader tripartite corporatism associated with post-war social democracy, in which partnerships between the state, employers and trade unions were internalised and institutionalised in pursuit of the objective of full employment and national economic development. In this sense *governance* – and by extension partnerships – were always part of the post-war organisation of European states, economies and societies (Börzel and Risse 2005; Jessop 2003).

2.2 The New Public Management, Privatisation and the New Governance

Since the 1980s however, many EU Member States have sought policy reform under the banner of the 'New Public Management' (NPM), which has often led to decentralisation, privatisation, quasi-market arrangements and, in a more limited way, self-help among families and communities. As a result, the objectives and mode of labour market governance has changed, including PES structures (Weishaupt 2010), (see Table 1). PES have also pursued new policy objectives focussed on generating individual competitiveness among workers through 'activation' (Nunn 2010; Nunn 2012).

Table 1: Modes of Governance

	Market	Hierarchy	Network
Normative basis	Contract / property rights	Employment relationship	Complementary strengths
Means of communication	Prices	Routines	Relational
Methods of conflict resolution	Haggling / resort to legal arbitration	Administrative fiat - supervision	Norm of reciprocity – reputational concerns
Degree of flexibility	High	Low	Medium
Amount of commitment among the parties	Low	Medium	High
Tone or climate	Precision / suspicion	Formal, bureaucratic	Open-ended, mutual benefits
Actor preferences	Independent	Dependent	Interdependent

Adapted from Lowndes and Skelcher (Lowndes and Skelcher 1998) and Powell (Powell 2003).

Partnership has become a widely used word in public service delivery, governance and public management over recent decades alongside other related concepts such as *governance*, for four main reasons. First, both governance and partnership emerged as a product dissatisfaction with early privatisations,

including governance and contract failure (Jessop 1999). For instance, both terms were used extensively in the UK during the early years of the New Labour governments (1997-mid 2000s) as an attempt to distance new forms of public private partnership from previous privatisation. This has created ambiguity about the concept, which is often used to refer to arrangements that are sometimes little more than contract based quasi-markets (McQuaid 2010). Second, this shift in emphasis was not purely rhetorical, because it was also characterised by an increased preference to focus on how non-private actors – such as third sector organisations – could play a part in more consensual quasi-market arrangements and new governance mechanisms (Jessop 2003). Third, for their part, private providers of public services have embraced partnership and phrases such as ‘working in partnership’ as a means of reinforcing their willingness to engage in a long-term relationship that goes beyond a single contract term. Fourth, the term partnership has come to refer not only to public-private cooperation but cooperation between public sector organisations including different forms of multi-levelled and polycentric governance (Hooghe and Marks, 2000). This emerged as part of an understanding of the role played wider labour market actors, education and training organisations and NGOs in supporting labour market transitions.

Labour market governance and employment services delivery have been of particular importance in the evolution of the new governance (Borghesi and Van Berkel 2007; Bredgaard and Larsen 2007; Lindsay and McQuaid 2009; Van Berkel and van der Aa 2005), with the widespread adoption in some countries of partnerships, contracting-out and other aspects of the NPM.

2.3 What is a partnership?

Recognising that partnership has come to be used in a multitude of contexts to refer to a wide range of different relationships between public, private and voluntary sector organisations, Graziano and Vesan (2008, 2) suggest that many efforts to add clarity to the meaning of the term are unhelpful because “partnerships are described as general forms of cooperation established among public authorities and private organisations, without clearly identifying their specific features”. McQuaid (2010) worries that partnership has become “an idea so ubiquitous in major policy initiatives that it defies definition ... and risks losing its analytical value”. Following a similar theme Hutchinson and Campbell (1998) suggest that the word has “connotations of motherhood and apple pie”.

Recognising this ambiguity several important research projects (Audit Commission 1998, 8; Graziano et al. 2007) settled on the following definition for a collaborative working relationship to qualify as a ‘Partnership’:

- (a) Partners are otherwise independent bodies;
- (b) Partners agree to cooperate for common purpose;
- (c) Partners create a new organisational structure or process;
- (d) They plan & pursue joint programme; and
- (e) They share relevant information, risks & rewards.

While this definition of partnership is preferred in this report, PES’ own reference points will also be drawn on because PES’ own reflections on partnerships will be set against this external definition and because it enables flexibility to incorporate the informal relationships that are of interest to the PES community.

2.4 Public and multi-stakeholder partnerships are structured in different ways...?

Thinking about the different types of partnerships that PES might develop involves understanding the variety of characteristics that partnerships might

embody. The discussion below deals with each of these issues and merges, develops and adapts a number of different partnership typologies in order to help classify and aid decision making in PES in relation to partnerships (as discussed in Section 3).

2.4.1 ...horizontal and vertical partnerships

The New Models of Governance (6th Framework Programme)² distinguished between horizontal and vertical partnerships (Graziano et al. 2007). Here horizontal partnerships refer to relationships between actors at the same governmental or scalar level (e.g. within the national or municipality level) and vertical partnerships which involve relationships between different governmental levels and spatial scales (e.g. between the national and municipal levels).

2.4.2 ...the number, types of actors, their motivations and status matter

Arriving at collective decisions is easier where there are fewer partners (Keohane and Nye 1987) and where partners have shared values, as opposed to just contractual obligations (Bull 2002). This literature also discusses the problems of coordinating collective action where both the benefits of cooperation and the costs are shared but where there is no direct proportional relationship between costs and benefits for each partner (Grieco 1988). These circumstances can lead to collective action problems, free-riders and the breakdown of cooperation (Ostrom 1990). These problems can be addressed through institutional mechanisms to aid reaching agreements; monitoring compliance with jointly agreed plans; and organizing sanctions, incentives and side payments to reduce defection and stressing the benefits of iterated and repeated cooperation (Keohane 2002). In the context of PES, local partnerships might be promoted for instance through wider forms of local and inclusive governance incorporating a wide range of stakeholders and social partners.

The literature distinguishes between partnerships on the basis of the nature and motivations of the actors involved (Börzel and Risse 2005). Partnerships which involve private actors can be distinguished between those that rely on incentivizing actors within their pre-existing motivation structures, and partnerships which are more constitutive in nature and aim to change the character and orientation of the actors involved. While the former type can involve private actors in the delivery of public services it has to do so by providing market incentives to motivate them. Negative behaviours can be controlled through the use of sanctions (including resort to hierarchy) and side payments. However, as we saw above, the very use of the term 'partnership' may imply more than this. In this sense, network governance modes can be used alongside incentives and sanctions to help to reconstitute contractors as more genuine and long-term 'partners' suitable for repeat contracting over many years. Importantly though, this may mean accepting concessions in early iterations of cooperation, such as forgoing efficiency or effectiveness gains. Since this is often the very logic for partnership in the first instance, this can be an important barrier to genuine partnership development.

2.4.3 ...mode of governance and purpose

Several recent studies have sought to build on these insights in relation to the use of partnerships by EU PES (Mobility Lab 2011; Scoppetta 2013). The Mobility Lab (2011) study reviews the range of partnerships utilized by PES and their motivations. Anticipating the articulation of the 'conducting' role (European Commission 2012), this study suggests that PES partnerships are particularly required in the context of privatization and contracting-out and responding to complex labour market needs. Responding to this agenda, a more recent PES to

² <http://www.eu-newgov.org>.

PES Dialogue Analytical Paper (Scoppetta 2013) promotes a range of methods to establish successful partnerships.

Both produce typologies of partnerships to assist in understanding the role and orientation of partnerships. The PES to PES Dialogue paper (Scoppetta 2013, 4–5) follows Wood (2010) in distinguishing between partnerships that have a strategic or policy orientation and those that have an operational or service delivery orientation. They also distinguish between partnerships that are based on bilateral and those that are based on multilateral arrangements. The Mobility Lab report distinguishes between four different models of partnership based on whether they are predominantly market or non-market arrangements and whether they are predominantly concerned with upgrading employment service capacity or tackling multi-dimensional tasks (see Table 2).

Table 2: Mobility Labs' Typology of PES Partnerships

Aim / Arrangement	Market-Based Arrangements	Non-Market Based Arrangements
Upgrading employment service capacity	Model 1: Capacity Building	Model 2: Cooperation
Tackling multi-dimensional tasks	Model 3: Integration of Skill Sets	Model 4: Coordination

Source: Scopetta *et al.* 2011, p17.

This typology is simple and attractive, but in practice several of the models closely resemble each other and it is unclear what explanatory or analytical help a distinction between market and non-market arrangements is. Moreover if, as the paper asserts, the latter can only exist where the former is already in place.

However, if the concerns underpinning these typologies are informed by the wider governance literature a simple 2-axis typology can be produced which distinguishes PES partnerships on the basis of (a) their purpose and (b) their predominant governance mode (Table 3). The horizontal axis here distinguishes between the mode of governance and the vertical axis distinguishes between the purpose of relationships with external organisations. Within each of these it would then be perfectly possible to incorporate the other concerns in the wider literature (such as the intensity/depth of the relationship and any scalar considerations (such as whether the partnership is horizontal or vertical).

Table 3: A PES Partnership Typology

Form/Context □	Market	Hierarchy	Network
Purpose □			
Strategic Orientation	Type A: Coordination, planning of employment service aims and service delivery by competitive contracting (quasi-markets).	Type C: Coordination, planning of service delivery by negotiation, agreements and service level agreements and informal arrangements, where objectives and parameters	Type E: Coordination, planning of service delivery by negotiation, agreements and service level agreements and informal arrangements, where objectives and parameters of

		are decided by the national PES/Ministry	cooperation are decided by two or more partners, including those external to the labour ministry.
Operational / Service Delivery Orientation	Type B: Competition for market based provision of employment services various contractual arrangements (pay for delivery, pay for results, voucher etc).	Type D: Delivery of employment services by the PES or other actors, most usually in the public sector, or where private actors act under licence from the state, as directed by the central state.	Type F: Coordination of multiple providers of employment and related services by different organisations in all sectors.

Again, it might be questioned whether Type A/B relationships are partnerships at all, as opposed to contractual arrangements. Bredgaard and Larsen (2007) suggest that such arrangements cannot, by their very nature, embody the kinds of characteristics of mutual trust and shared objectives that distinguish a genuine 'partnership'. Whether or not they would qualify as partnerships would depend on the extent to which the relationship was becoming constitutive. It may always be the case, though, that they are qualitatively different in nature to relationships in other boxes of the typology.

Type C relationships could range from informal discussions with organisations already involved in other forms of relationships but where national governments and their agencies are clearly in the driving seat. Here, governments may wish to benefit from the special knowledge or insights of other partners but this is undertaken on their own terms and objective setting remains the concern of the state. By extension Type D relationships involve arrangements where the central state and its agencies is able to mandate other actors to act in a particular way to deliver employment services. This may be the PES itself but also other public providers of services (e.g. health or education services) with an overlap with employment services or where private actors (e.g. training providers or employers) act under some form of licensing system and this gives the state leverage to encourage and direct them to provide employment services as part of their authorization to operate.

Type E relationships could range from informal discussions with organisations already involved in other relationships (i.e. in other boxes of the typology) without necessarily affecting those relationships. For instance, private providers acting in other Type B relationships might be consulted about the future management of the market without additional payment. Similarly, other public bodies, service providers, the charity or voluntary sector or social partners could be involved in shared decision making about the future of labour market governance, PES services and objectives PES and how these might be organized and delivered. Type E relationships are what recent Analytical and Peer Review reports refer to as 'inclusive governance' (Nunn 2012; Nunn 2013).

Type F relationships focus on coordinating services already being provided without additional contractual arrangements. These might involve other public bodies (e.g. careers advice, education providers, municipal governments), private sector providers (e.g. recruitment agencies, training companies) or not-for-profit

organisations. They might include the coordination of standard PES services with ESF projects or local economic development programmes.

2.5 Phases of partnership development

Lowndes and Skelcher (1998) identify a range of phases that partnerships might pass through:

- Pre-partnership collaboration – characterised by network governance, informality, mutual trust and a sense of common purpose.
- Partnership creation and consolidation – characterised by hierarchical governance, the assertion of status and formalisation of roles and procedures between partners.
- Partnership programme delivery – characterised by market/quasi-market governance, contracts, competition and lower levels of cooperation and trust. This is because actual delivery of shared objectives often incurs more substantial costs and this is where tensions with other objectives (e.g. commercial objectives on the part of private actors or merely financial sustainability and opportunity costs on the part of third sector partners).
- Partnership termination or succession – is characterised by a re-assertion of network governance to maintain the partnership in circumstances where the initial favourable conditions (e.g. availability of funding etc.) have changed.

They suggest that even within a prevailing approach to partnership governance, each of these phases brings different governance characteristics (hierarchy, market, network) to the fore. This is crucial to understanding how to manage partnerships at different stages of their development and to shape expectations about partner behaviour. They conclude that it is important to maintain a commitment to some degree of network behaviour throughout, to maximise partner commitment and retain open channels of communication.

3 PES Partnerships

3.1 Why do PES develop partnerships?

3.1.1 ...because respected international organisations tell them to...

It is widely argued by influential international organisations that PES should develop partnerships and networks in support of the effective delivery of employment services (European Commission 2012; Graziano et al. 2007; Mosley 2009; Wood 2010). For example, an encouragement to engage in partnership working and the opening up of employment services to providers other than PES was a continuing theme in the elaboration and evolution of the European Employment Strategy (EES) (Lindsay and McQuaid 2009, 446).

As such, one plausible answer to the question about why PES develop partnerships is that this is recommended by experts and well regarded institutions (Graziano and Vesan 2008, 1). While this may not be an immediate effect of one or other report, most EU PES are now engaged in a network of international discussion forums about the reform, management and delivery of PES. This is particularly strong in the EU through the EURES, HoPES and PES to PES dialogue processes, and through the coordination of labour market policies at an inter-governmental scale through the Open Method of Coordination and now the European Semester. It is controversial to suggest that the OMC has had a substantial impact in this regard (Hatzopoulos 2007). However, it is also true that over the period since the early 1990s (and the launch of the Delors Competitiveness White Paper (European Commission 1993) and the OECD Jobs Study (OECD 1994)) there has been a general convergence toward an EU 'orthodoxy' in PES. While institutional variations pertain in relation to the political system of EU member states (e.g. Federal/Centralised etc) there is a general convergence on the use of NPM techniques (Weishaupt 2010; Weishaupt, Nunn, and Jorgensen 2014) such as performance management (Nunn 2013; Nunn, Bickerstaffe, and Mitchell 2010), contracting-out (Finn 2010; Finn 2011a; Finn 2011b; Finn 2009), decentralisation (Mosley 2011) and partnerships with external providers (Scoppetta 2013). Indeed, in the context of this paper, the very word 'partnerships' is part of that convergence and its overlapping meaning with aspects of privatisation is illustrative (see Section 2).

Box 1: Partnerships between the Regional PES in Belgium

In Belgium, being Federal country, there are four public employment services: VDAB, Le Forem, Actris and ADG. All four PES have a high-level commitment to partnership working with each other and within their own areas with other partners.

All four PES are engaged in the **Synerjob network**, which was established in 2007 and is constituted in Belgian law as a formal non-profit organisation. Each member has a representative on the Synerjob board of directors which meets annually with administrative sub-groups meeting more regularly. Synerjob is part of the attempts to deliver headline national labour market priorities such as mobility between different federal areas and the integration of regional labour markets. Partners deliver services to eachothers' clients, share vacancy information, and developed shared infrastructure projects.

The three largest PES: VDAB, Le Forem and actress also each operate local level partnerships in their own regions:

- **VDAB** - maintains more than a dozen regional partnerships mainly focused on jobseekers skills development. Each partnership is a subject of the partnership dog document which sets out measurable activities and outputs and each partner evaluates their own success in meeting these. Instant partnerships there are separate Service level contracts and tendering

arrangements with service providers.

- **Le Forem** - maintains a variety of different local partnership arrangements. These include a series of multi-stakeholder partnerships in support of integrated service provision to different target groups of jobseekers, such as disabled people, and in each case represent a range of different groups associated with the target groups. These Employment Training Guidance Platforms are governed by formal Framework Contracts between the partners and a Steering Committee. Le Forem also has a network of a 60 Jobcentres which reflect a partnership with social services, are established under a contractual agreement and governed by a joint steering committee. Additionally, there are 25 Skills Centres, which represent a partnership between the PES, the regional government, sectoral associations research centres and universities. Other partnerships include Redundancy Training Partnerships with Trade Unions and contracted services with private providers of employment services.
- **Actris** - maintains a number of multi-agency Jobcentres across Brussels, which involve a partnership between the PES, social services and not-for-profit service providers at the local level. Depending on the locality and local priorities a range of other actors are also involved in different places. These Jobcentre partnerships typically see Actris dealing with Jobseekers closest to the labour market while those needing additional help are referred to more specialist services provided by other partners.

3.1.2 ... to deal with complex and socio-economic problems at new spatial and scalar needs...

Partnerships are also promoted as deriving from logical assumptions about the need to address complex socio-economic challenges with network governance (OECD LEED Forum on Partnerships and Local Development 2006). For example, Mosley (2009) argues that partnerships between PES and other actors are the logical solution to the fragmentation of service or client responsibility between different actors (as in PES with differentiated responsibilities between different client groups for example, e.g. Germany) and where decentralisation creates the scope for local autonomy in delivering services. Similarly integrating and personalising services at the level of the individual – often requiring multi-agency responses – is seen as essential to meeting the complex needs of individuals (Mobility Lab 2011, 10), especially multiple and mutually reinforcing barriers to work (Sanderson 2007).

This is very much part of a broader process of changing patterns of governance including a recognition of the overlapping nature of different aspects of public service provision, the shift to NPM and the increasing complexity of economic and social problems (Kooiman 1999; Rhodes 1996); the so called 'wicked issues' (Stewart 1995).

Here partnerships function as a feature of spatial and scalar change – often appearing as simultaneous processes of supra-national integration (e.g. inter-PES cooperation), centralisation (e.g. national standards) and decentralisation (which is recommended on its own merits (OECD 2009)), especially with the objective of aligning a range of public and private actors to achieve the broader goal of local economic development (Froy et al. 2011). Peck draws attention to the way in which partnerships involve inter-scalar policy coordination and often emerge rapidly at different scales and covering different spatial arrangements as part of 'fast policy' responses to changing labour market dynamics (Peck 2002).

3.1.3 ...to gain access to additional capacity, competences or legitimacy...

Changing patterns of growth and enhanced (and accelerating) expectations regarding productivity and profitability as part of international competition do not just have spatial and scalar implications. They also change the skill, aptitude and other requirements of the labour force. In turn, this presents PES with new and constantly evolving challenges in relation to the nature of problems and barriers to work experienced by jobseekers. This is captured in the increasing prominence with concerns over 'employability' (Nunn et al. 2009). Further, as the recent economic crisis has demonstrated, changing cyclical patterns of growth can have substantial effects on quantitative demands on PES services.

A further reason for developing partnerships then is to cope with quantitative capacity challenges and qualitative shifts in the types of support required by Jobseekers (Applica and Ismeri Europe 2010; McQuaid 2010; Mobility Lab 2011, 9). The way in which this capacity and competence requirement shapes the need for partnership is obviously partly dependent on pre-existing capacity. For example, in some MS, PES are less developed and well resourced than in others and therefore meeting these changing demands is more a process of gaining access to this capacity and competences for the first time. By contrast, for already well developed PES this may be a process of reorienting organisational competence to qualitatively changing demands. At the same time, it can also be linked to quantitative changes in demand.

The distinction between quantitative capacity and qualitative competences may also shape the nature of the organisations PES choose to partner with. For example, where there is a need to gain access to large scale service delivery of a relatively standard nature, it is more likely that PES will develop service relationships with the private sector. By contrast, third (voluntary, community and charitable) sector organisations are more likely to be used in relation to very specialist services specific to jobseekers with substantial barriers to work. In this regard a substantial supply of employment services has grown up across Europe from third sector suppliers (Applica and Ismeri Europe 2010). It is these concerns that shape attempts to strategically *make* and *manage* markets for the supply of these services external to PES themselves.

The need to cope with harder to help jobseekers to overcome more complex barriers to work may also mean that PES seek partnerships in relation to enhancing the legitimacy of employment services. This is because working with jobseekers who are at some distance from the labour market may involve transforming their individual subjectivity (e.g. their attitudes and perceptions of work) and resistance to state-sponsored interventions. Here locally accepted organisations – often in the voluntary or community sector – may offer legitimacy in the eye of service beneficiaries that PES, and in some cases private employment services, lack.

Box 2: Partnerships and the PES in the Netherlands

The UWV in the Netherlands has undergone substantial reform over the last decade, being one of the early pioneers of privatised employment services, and the latest phase of reform being characterised by large scale retrenchment of face-to-face services and a radical digital services strategy. The UWV places substantial emphasis on partnership working and a shift to the 'conducting' role envisaged in the *PES 2020* strategy.

One of the main vehicles for partnership working are a series of '**Covenants**' which are used as the basis for a range of different multi-stakeholder partnerships focussed on the needs of different groups of Jobseekers or service areas (e.g. older jobseekers, long-term unemployed and temporary work agencies). Covenants establish clear formal objectives and measurable targets.

the covenants also establish specific governance arrangements for each partnership and have a quasi-legal basis. The main advantages cited for the 'Covenant approach' are that they tread a middle ground between maintaining flexibility and firm commitments. They are also associated with the iterative development of joint working and expanding partnership working and shared learning.

Local level partnerships in the Netherlands are often placed on a formal legal basis as a result of a statutory commitment for jobseekers to register their information once. This drives the need for the PES and Municipalities to work together and this frequently 'spills over' into deeper and broader cooperation around shared offices and infrastructure and service provision, including in the form of formal contracts between the PES and municipalities. Covenants also sometimes operate at a regional and local level.

3.1.4 ...to cope with austerity and tightening public spending environments...

Many governments around Europe have been facing tightened public spending environments. It is noted that previous public spending squeezes have resulted in increasing resort to NPM techniques, privatisation and external capacity and competence on the part of MS (Lowndes and Skelcher 1998, 315). For instance, Stoker quipped in the 1990s that the shift to governance and partnerships with external providers of services was "the acceptable face of spending cuts" (Stoker 1994, 6). So too it seems that economic and fiscal crises may have enhanced the pressure from pre-existing factors for PES to work more with external service providers. PES are facing tight budget conditions across Europe (European Commission 2012, 2) and retrenchment is a significant factor in motivating the increasing use of external providers (Mobility Lab 2011, 9), especially in the Netherlands and the UK (UK Government 2011).

This though raises an important consideration. We have already seen above that it may take time to establish a fully and effectively functioning external market for the supply of employment services as the constitutive change required by all parties is time consuming and only likely to emerge over repeated cycles of cooperation, if at all. Combined with the at best mixed evidence about the performance benefits of privatisation (see Section 3.5) this may suggest that PES and national governments should be wary of seeking external partnerships for purely budgetary reasons.

3.1.5 ...because there is a domestic commitment to an employment services market...

For some PES, the approach to partnership is strongly influenced by their prior commitment to marketization and privatisation in the delivery of public services. When looking at the literature on this question, and in discussions with PES, three different perspectives emerge. The first sees partnerships as distinct from contracted-out services (Bredgaard and Larsen 2007; Graziano and Vesan 2008). Most PES involved in this research adopted this distinction. The second sees contracted-out services as one governance mechanism, among many, by which partnerships could be advanced (Lowndes and Skelcher 1998). The third extends the definition of partnership to cover contracted-out services and sees the role of the PES/labour ministry as to manage and organise a market for the provision of such services. Here, the UK is perhaps the strongest example of where 'partnerships' is a term used in some circumstances as a synonym for private provision of employment services, though even here there are other times where the terms are distinguished from one another. For example, the UK *Commissioning Strategy* distinguishes between contracted providers on the one hand and more genuine 'partners' on the other. At the same time, those

contracted providers in the Work Programme are involved in a 'Partnership Forum' which is a mechanism for strategic communication between private providers and DWP to help manage the (quasi) market for employment services.

Box 3: Partnerships and Jobcentre Plus, UK

There is a long history of partnership working between Jobcentre Plus and a range of public and private partners in the UK. This results from a greater ideological preference for privatisation than in other parts of Europe; a history of innovation and experimentation in area-based regeneration and local economic development; the complex governance framework in the UK between central government and the devolved administrations of Scotland, Wales and Northern Ireland; and also a rapidly changing governance framework at the regional and city-region level, over the last two decades.

One of the notable features of the UK context is an explicit attempt to manage a mixed market of employment services and the adoption of a formal *Commissioning Strategy* to shape market management other aspects of working in partnership, across the devolved administrations and in the emerging and complex patchwork of regional and local governance. The *Commissioning Strategy* explicitly sets out to 'Make' a market, to engage in market stewardship and to incentivise market-based performance through a 'blackbox' 'payment by results' system.

Several prominent partnership initiatives include:

- **The Work Program** – The existing work program-Operating under the auspices of the previous DWP commission strategy-Already reflects many of the principles embedded in the new strategy, such the multi-tiered mixed market payment by results system. Whether the two tier procurement approach reflected in the Work Program is genuinely characteristic of 'partnership' as opposed to merely contracting is unclear, both 'partner' and 'contractor' are used to describe 'Prime providers'. Certainly, there is a long-term working relationship between many of the prime providers and the DWP, as well as the UK government more generally (i.e. cutting across other sectors). Despite this, the Work Program has attracted some controversy over Prime Provider working practices and performance levels, and relations between different tiers of providers and between providers and government occasionally appears to be adversarial. While performance is now improving, it is not clear that this is as a result of improved interventions or just changing labour market conditions.
- **Local Partnerships with Jobcentre Plus** – The Jobcentre Plus has always maintained a range of partnerships at the regional, local and individual office levels. These range from institutional initiatives such as in the relationship between employer engagement teams and locally important employers, participation in wider local governance frameworks (e.g. in the past to local strategic partnerships), or differentiated Area Based Initiatives. These also include very much more informal collaborative working between Jobcentre Plus offices and other public agencies such as health or social services, including outreach work and Co-location of services in community centres (e.g. Sure Start/Childrens' Centres). Local level partnerships involving Jobcentre Plus are now supported by a range of mechanisms such as the new Universal Credit Local Support Framework and the Flexible Support Fund. Given the variety of local partnership working arrangements there is no single model of governance which covers these sometimes strategic, sometimes ad-hoc relationships.
- **Local Enterprise Partnerships** – In contrast to the above, local enterprise partnerships are more formal structures the corner nation of local economic

development at the local regional and city scales. While all our LEPs are charged with delivering local economic development and have a formal private sector-led Partnership Boards, the sizes and structures of these differ, as does the way in which Jobcentre Plus engages with them. In the main this is likely to be at a more operational or labour market themed level than at a more strategic level. That said, the integration of European Structural Funds with LEPs is likely to strengthen the role of Jobcentre Plus.

3.2 Prominent partners include...

Across all PES the following partners were prominent in discussions with PES respondents and echo the findings of previous research (Mobility Lab 2011; Scoppetta 2013):

- **Other public sector partnerships.** These typically revolved around partnerships with municipalities, social assistance organisations, public skills providers and national, regional and local economic development/regeneration agencies. Sometimes they included health and housing ministries or organisations. These multi-agency partnerships were either focused on the broad goal of economic development or more specific goals of joined up or co-located services at the local level. It will often be the case however that PES are not the lead organization in these partnerships.
- **Third sector.** These partnerships were in the main with voluntary or charitable organisations working with or representing specific groups of Jobseekers. While there were instances of these organisations being involved in contracted delivery of services in the same way as private providers, they tended also to be talked about in terms more reflective of genuine partnership rather than the relationship being purely contractual.
- **Employers.** Employer relationships around securing placements, work trials and reintegration were out of scope for this paper, but most PES reported that they saw employers as key partners at both a strategic level and in relation to specific projects. This was particularly the case in PES (e.g. Estonia) where the formal role is both to provide services to jobseekers and to assist employers with recruitment.
- **Private employment service providers.** These partners were in place to some extent in all PES, though opinion was divided about whether these reflected pure partnerships or more contractual relationships.
- **International partnerships.** These were of a much lower level of priority than more national and local partnerships. However, most PES recognized that other EU PES, the HoPES and the EURES network were important transnational partners. Some even mentioned the World Association of Public Employment Services in this regard.

3.3 Scale of partnership working among EU PES

All PES respondents involved in the preparation of this report suggested that their PES engages in partnerships, and, while the format and organisation of these partnerships differs (see Section 3.4), all could name arrangements with public, private and third sector partners. This may indicate, as suggested by previous research (Scoppetta 2013, 8–10), that PES partnerships are rapidly becoming more important to PES. However, the picture emerging from the relatively narrow number of cases examined here is that partnership working in PES is well embedded.

This finding is somewhat in tension with previous research that suggested that partnerships were only in systematic use in 14 EU PES (in 13 MS) and that

external cooperation by PES was “unstable, unsystematic and involve only a small set of actors” (Danish Technology Institute, 2010 and European Job Mobility Partnership, 2010 (cited in Scoppetta 2013, 9). This probably reflects the much stronger emphasis on NPM techniques in some PES and more rigid and traditional PES structures, especially in Southern Europe, as well as less interventionist welfare regimes in those PES.

All that said, given the reasonably long-term emphasis on shifting toward new forms of governance among PES, there may be considerable scope to suspect that difference between the findings here and in earlier studies relates to a combination of a selection bias in the cases reported in this report toward those that already report using partnerships and data collection problems resulting in an under-estimate of the degree and intensity of partnership working across EU PES in previous studies.

3.4 Organisation of partnerships

The research suggested that there is no single model of PES partnership and partnership management in operation in any of the PES included in the study. Rather, most PES engage in a range of different partnerships which have different characteristics and organisational principles.

Table 4: Typology of PES partnerships in use

Form/Context <input type="checkbox"/>	Market	Hierarchy	Network
Purpose <input type="checkbox"/>			
Strategic Orientation	Type A examples: UK Work Programme Prime Providers	Type C examples: NL Covenants? UK Local Enterprise Partnerships?	Type E examples: NL Covenants? Estonia - Governance Board BE – Synerjob UK Local Enterprise Partnerships? PL – Local partnerships
Operational / Service Delivery Orientation	Type B examples: UK Work Programme Supply Chain Italy Voucher Schemes Actris – local contracted services Le Forem – Contracted services	Type D examples: UK Local Support Framework?	Type F examples: UK Local Support Framework? Estonia PES-Municipality partnerships Le Forem – CEFO, Jobcentres, SkillsCentres PL – Local Partnerships

The main Type A partnership identified among the participating PES is the UK Work Programme. This involves a quasi-market system of organising the supply of employment services *via* a series of top-tier ‘Prime Providers’. Despite its central governance feature being the payment by results system, there is also a Work Programme Partnership Forum where providers and senior DWP managers

meet to discuss common strategic issues and an Operational Forum where live and ongoing operational issues are discussed and resolved. The Partnership Forum includes representatives of all Prime Providers and the Employment and Related Services Association (ERSA) as the industry representative group for private employment service providers. The Partnership Forum has a remit to discuss labour market policy and the development of the Prime Provider relationship and the managed market of private employment services.

Box 4: PES and Partnerships in Italy

In Italy PES services are devolved to the regional level and there are effectively 21 PES with very different working arrangements across the country. Up until the mid-2000s, the provision of employment services was heavily regulated and the PES was the sole provider of employment services. Since then, private employment service providers and temporary agencies have started to develop but this is highly variable across the country and dependent in part on local PES practices. So for example, in Lombardy there is a strong private employment services sector partly as a result of the PES operating a highly privatised voucher based system of employment services. Here the emphasis is on market based competition. By contrast in Trento privatised agencies play a strong role but the steering mechanism is more hierarchical, based on contracts set by the PES and social partners provide some services. In many areas however partnerships between the PES and other actors are much less developed. Recent and evolving reform aims to promote greater partnership working through the agency of a much stronger central PES.

Examples of Type B partnerships which were arranged according to market or quasi-market structures but operational in nature included:

- The Work Programme (UK) which involves a second tier of employment service providers as well as the Prime Providers themselves in the contracted delivery of employment services at the regional/local level *via* a payment by results system.
- The PES in both Estonia and Belgium (Actris, Le Forem and VDAB) organise some local provision of employment services via contracted provision, though in both cases these were seen more as contractual than fully partnership arrangements.

Several partnerships could fall into either Type C or Type E, depending on the extent of state control (hence the question marks in Table 4). This is not just a question of system design. At one level all the examples clearly have network principles built into the way in which they are structured. However, judging whether they actually operate on a day to day in this way is much harder to establish and not possible with the methods used to collect data for this report (see Section 1.2). In relation to Local Enterprise Partnerships, one common criticism is that they are overly rigid and hand too much power to local authorities in relation to other actors, especially the private sector. Not enough information about the detailed working relationships in the Covenants used in the Netherlands could be gained to discern whether they were properly network oriented.

Where they are in place Type E partnerships are both strategic and non-market oriented, and include:

- Töötukassa's Strategic Board (Estonia) represents a partnership with representation of social partners and the labour ministry and PES management.
- In Belgium Synerjob in many respects represents a horizontal national partnership between the four PES and the Brussels training organisation. It

has been in operation since 2007 and is constituted under Belgian law as a formal non-profit organisation. Synerjob seeks to manage and integrate the four regional labour markets through sharing information, promoting labour mobility and organising language training. Synerjob also coordinates a number of sub-national but cross-regional projects with the same objective of promoting inter-regional mobility and enhancing services. It has a Board of Directors with representation from all regional PES.

- In the Netherlands UWV maintains a small number of 'Covenants' which are functionally focussed on a specific area of cooperation and involve partners related to those functional areas. For instance, separate Covenants relate to cooperation with temporary agency workers and harder to help (especially young disabled) jobseekers. These Covenants act like a Partnership agreement setting out shared objectives, joint working practices and desired outcomes, as well as monitoring and evaluation procedures. At each of these stages, the Covenant documents detailed practices and expectations from all parties, not unlike in a commercial contractual situation, but only some of Covenants employment payment structures to PES partners. The Covenants also establish a number of strategic and operational consultative structures to manage the partnership overall and the detailed aspects of its delivery.
- The UK Local Enterprise Partnerships differ from the examples above in that they are organised at the local and city scale. However, they are strategic in nature and aim to coordinate rather than themselves deliver economic development services. They may include for instance strategic governance boards at which a range of local businesses and significant public sector organisations are represented. However, underneath these strategic forums sit more operational partnership structures designed to deliver LEP objectives. While governance and accountability structures for LEP vary from place to place, it is most likely that the PES would be represented at the operational level.

Type D/F partnerships are more operational in nature and involve non-market oriented governance mechanisms, and are in the main associated with some degree of network governance or hybrid forms of governance between networks and hierarchies. OECD (2014) research suggests that these are more prominent in contexts where there is more local level flexibility. These typically involve coordination of PES services at the local level with local municipalities, as is the case in Estonia or Denmark. However, these two cases are illustrative of more horizontal and network based governance in the first case and more horizontal and hierarchical governance in the latter where (while decentralised) there are relations of accountability and performance management which mainly run from the local to the national. In the Estonian case, these partnerships are very informal, time limited and flexible, focussing on a rotating series of operational goals on an annual or 2-3 year basis.

Box 5: PES and Partnerships in Poland

In Poland the national labour law mandates the PES and other actors, including voluntary labour corps, private employment agencies, training institutions and social partners. The Labour Market Council facilitates dialogue between social partners on the development of a National Action Plan, new labour market programmes and LMP monitoring. Similar institutional arrangements are in place regionally and locally, and recent legislation now mandates social partners and employment agencies to work together.

This national framework therefore lead to a variety of different local partnership

arrangements. For example, in the Lubusz region a 'Pact for Employment' has been in place since 2008 and is governed by a formal partnership agreement. It includes a very wide range of partners including the PES, municipalities, employment service providers, social partners, education and training organisations, social entrepreneurs, business support organisations and a variety of public services. The Pact involves a range of sub-partnerships focusing on Vocational Guidance, labour market monitoring, Lifelong Learning and Social Economy. Each has a separate secretariat and works in different ways with varying degrees of formality and depth to the cooperation. The main partnership is governed via a formal partnership agreement which has been in place since 2008.

The UK Local Support Framework is also an example of Type D/F partnerships. On the surface this programme is a vertically and hierarchically organised structure designed to facilitate horizontal network governance *within* it at the local scale. However, this is the latest in a series of mechanisms designed to achieve such local flexibility and decentralisation and it is too early to conclude whether true local network governance will result from the horizontal. Much will depend on how this additional structure for partnerships at the local level will relate to the plethora of other overlapping network and hierarchically organised governance structures affecting multi-stakeholder and market based partnerships at the local level.

In Belgium Le Forem operates a number of Type F partnership structures in the form of Employment and Training Platforms, Jobcentres and Skillcentres. Each of these is a partnership between the PES and at least one but in the first case many different public and voluntary sector partners. Employment and Training Platforms appear to have a horizontal and vertical aspect but are firmly in the network governance mode, involving shared determination of outcomes and objectives. Jobcentres and Skillscentres appear to be horizontal, locally oriented and network governance. All these type F partnership structures have a governance structure involving a formalised contractual arrangement between the partners and a Steering Committee to oversee its implementation.

3.5 Evidence in relation to partnerships with contracted-out employment services

One area where we have very good evidence on the scale, organisation and effectiveness of PES 'partnerships' relates to contracted services with private employment service providers. This evidence is widely researched and understood and is not the formal subject of this report, but the prevailing conclusions from this research are that contracting to private providers does not necessarily bring performance improvements, can be difficult and costly to manage and requires continuous learning to manage and minimise creaming and parking problems (Finn 2011a). Among European research on this issue it is only in the UK that positive findings are present and these are often contested. It also appears that even where it is specifically designed for this purpose contracting-out may have the least benefits for those who are hardest to help (House of Commons Work and Pensions Committee 2013).

It is also noted that there may be a synergy between the market mode of governance and more 'work-first' as opposed to 'social security' and 'human-capital' oriented policy objectives (Bredgaard and Larsen 2007). However, in a context of substantive use of quasi-market governance to deliver employment policy some (Bredgaard and Larsen 2007) suggest that there are curious and circular effects in relation to relationships with external organisations, including other providers of employment services. On the one hand the reduction in the capacity of state institutions such as PES to directly deliver services implies a

need to shift away from 'rowing' toward 'steering' and 'enabling' a range of other organisations, which might in turn lead to a need to develop more and stronger external relationships. On the other hand, the nature of economic incentives and contractual arrangements as well as competitive and performance oriented internal processes (e.g. performance management and sub-national competition between public bodies), especially as associated with market governance, may undermine the sense of shared objectives, mutual trust and flexibility. Looking at this problem from the opposite perspective, Graziano et al. (2007, 7) suggest that the delivery of employment and other services *via* contract does not satisfy the essential definitional criteria of a 'partnership' in that contractors are relegated to mere service delivery and frequently do not have the opportunity to shape policy objectives in the first instance.

3.6 Governance

The PES interviews suggested that there are four main ways in which PES partnerships are governed, although generally speaking, evidence which could be provided on this was limited as precise partnership governance arrangements are often defined at the local level to suit particular circumstances:

- **Partnership Boards** – most public and multi-stakeholder partnerships which are not market based have some form of joint consultative forum. While these have a variety of names they are often termed Partnership Boards. In several cases Partnerships give rise to multiple forums with a common distinction being between different scalar levels where the partnership has a vertical dimension or between strategic and operational functions. The frequency of meetings varies according to the nature of the consultation undertaken through these fora with more operational meetings needing to be very much more regular (e.g. monthly) than more strategic meetings which typically operate on a quarterly through to annual cycle.
- **Partnership agreements and contracts** – similarly most public and multi-stakeholder partnerships have a formal agreement between them and this serves as the basis for the establishment of the Partnership Boards and other consultative forums. While these agreements are in some cases legally enforceable (and in some cases have statutory as opposed to commercial status) they are frequently less formal than this and are statements of intent and mutual commitment more than they are legal documents for the purpose of settling disputes in the courts if necessary. Nevertheless, PES respondents suggested that such written commitments served a strong role in ensuring commitment to shared objectives. While formal agreements are important to ensure commitment and accountability, they can also emphasise hierarchy and market forms of governance and may need to be offset with regular meetings and individual contact between staff from different partners to emphasise network style characteristics.
- **Commercial contracts** – are often more legally different to partnership agreements in that they are always legally enforceable and cover only market oriented governance modes as opposed to network and hierarchical governance modes.
- **Informal and unwritten agreements** - despite the emphasis in the academic and policy literature on Partnerships being constituted by the presence of a formal agreement and a new structure or process, some PES reported very informal working relationships between PES and other stakeholders as Partnerships. For instance in Estonia, partnerships between the PES and municipalities to work together for a time limited period in relation to specific labour market issues, were reported as both

routinized and normal working behaviour but were not governed by formal written agreements and Partnership Boards but more informal joint working practices. Similarly in the UK, local Jobcentres have always worked with a range of partners (including for instance ESF providers, temporary agencies, employers, training providers) but have not always managed these relationships through written documents and formalised governance structures.

Box 6: PES and Partnerships in Estonia

The Estonian PES has no formal partnership strategy but partnership working is central to the PES three year development plan, overseen by the Supervisory Board, which itself represents partnership structure of PES staff, government and social partners. 'Cooperation' is also one of the three core values of the PES, especially in relation to employers and municipalities. This Estonian PES also maintains service contracts with private providers employment services.

Some of the most important partnerships for the Estonian PES are:

- **Employer partnerships** - For the last two years the PES has been pursuing formal corporation agreements with significant employers in relation to the recruitment of unemployment benefit claimants. These formal agreements (10 are already in place) are a mechanism for the PES to meet its objectives in relation to assisting employers with their recruitment needs, to promote the recruitment of specific groups of jobseekers, to influence employer HR practices, and to strengthen their wider relationship with significant employers.
- **Partnerships by contract** - The PES also partners with a wide range of public and private training providers of both general training, as well as more specialist support for the long-term unemployed and those with the most serious barriers to work. These contracts are let on an ad-hoc basis and tend to focus on payment for services, rather than a determined effort at 'market management' and payment by results. Nevertheless, there are plans to move towards payment by results in the future.
- **Partnerships with Municipalities** - the Estonian PES works collaboratively on a much more informal basis with municipalities. At the national level there is a conscious and coherent plan of working with municipalities to share information and identify specific long-term unemployed jobseekers in each municipality, in order to target specialist interventions to meet their needs. At the municipal level the working arrangements are much more flexible, and reflect both a long-term commitment to partnership and a short term 'Task and finish' approach to specific local labour market problems. These working arrangements are judged by the PES to be very effective at combining an embedded commitment to partnerships with sufficient flexibility to meet local needs.

It is anticipated by the PES that future benefit reform, particularly in relation to disability benefits, will mean that partnership working will become even more important to the PES in the future. With this in mind the PES is currently reviewing the availability of support to disabled jobseekers in the 'market' with a view to manage and stimulating supply.

3.7 Evaluation and monitoring

Monitoring and evaluation processes in relation to PES partnerships were very variable. In some cases these practices were highly formalised and built into the structure of the Partnership (e.g. in the Partnership Agreement and workload of Partnership Boards), as in the case of the Covenants used in the Netherlands and

the Belgian Synerjob network. These partnerships have formal performance management expectations built into them with quantifiable targets. Similarly, partnerships based on market modes of governance tend to have more formalised governance structures such as the quarterly system of performance management in relation to the UK Work Programme. In the UK there are also expectations about the need for a separate and independent evaluation in relation to all major labour market programmes and PES reforms.

However, in other cases Partnerships were subject to more informal processes of qualitative review. As might be expected, this is especially the case in relation to less formalised partnerships. These are in some cases not referred to in the terms of a separate evaluation but are part of the normal management decision making process.

In general however, even where detailed evaluation practices are in place there is a lack of monitoring of the full costs and benefits of partnerships. Partly this is an extension of the lack of accounting for the net value of PES interventions generally (Nunn 2013), and partly it is a general theme in partnership working across the public sector (Audit Commission 1998). For monitoring and evaluation to be fully effective the costs of staff time and other hard to calculate costs involved in establishing and implementing partnerships would have to be set against the full benefits associated with the 'additionality' of working with partners to achieve an objective rather than simply undertaking the activity in-house. As such, monitoring and evaluation is an area of partnership working which could be strengthened across PES.

Evaluation also needs to be sensitive to the type of partnership in operation. Where there is an aim to move toward genuinely network forms of governance, evaluation needs to take a fully rounded perspective and enable the input of all partners and stakeholders (e.g. service users). Their inclusion also needs to extend to evaluation activities recognising the extent to which multiple different objectives are being met and what progress is being made toward the convergence of objectives between different partners. Similar, fully rounded evaluations would also need to take account of the costs incurred by all partners and the ways in which interaction and partnership activities increase or decrease transaction costs and enhance future partnership capacity. Finally, picking up the public employment system theme from *PES 2020*, evaluation needs to establish the extent to which systemic capacity is enhanced or otherwise affected by partnership activities. Very little evidence was found of this type of holistic evaluation of partnerships among PES.

3.8 Orientation toward future partnership working

All PES interviewed noted that partnerships were likely to be more important in the future as a product of labour market change. While they may not have all viewed the actual PES 2020 strategy to be central to the organisation of their work, all PES recognised the analysis of the labour market presented in that report and agreed that PES needed to be part of a broader public employment system.

4 What do we know about how to make partnerships work best?

4.1 Introduction

While the vast majority of the literature is positive about the prospects of partnerships to realise efficiencies, service improvements and to deal with social and economic complexity, it is widely recognised also that they are not a panacea and are frequently attended by problems. As the Audit Commission suggest “partnership working is difficult to do well and making partnerships work effectively is one of the toughest challenges facing public sector managers” (Audit Commission 1998, 8). This section reviews the benefits and costs of partnership suggested in the literature and the PES interviews as well as a list of critical success factors, which might help to accentuate benefits and reduce costs.

4.2 Benefits of partnerships

The literature on the benefits of partnership in relation to employment services (e.g. Lindsay and McQuaid 2009; McQuaid 2010; Nelson and Zadek 2000) identifies the following potential benefits:

- **Flexible and rapid policy solutions** - This is the widely asserted objective of partnerships and in theory it is easy to see how partnerships may facilitate flexible and multi-dimensional responses to complex problems. However, there is not a great deal of evidence that this is actually the case in relation to PES partnerships. One study (McQuaid, Lindsay, and Greig 2005) that did demonstrate tangible positive outcomes in relation to the opening of a retail store in a small town where the findings suggested that partnerships between employers, local economic development organisations and the PES can be effective in targeting long-term unemployed jobseekers for new job growth recruitment.
- **Innovation, learning and knowledge exchange** - As partners bring new ideas to the table. In addition, by working in a new organisational setting outside of previous path dependent institutional patterns it may be easier to innovate (McQuaid 2010).
- **Synergy, capacity and joint resources** - It may be the case that by working collaboratively, multiple budgets and resource sets can be harnessed in mutually supportive ways to deal synergistically with complex problems. Similarly partnerships can bring external capacity to help deal with fluctuations in the quantity of demand and qualitatively it can help to broker access to specialist skills not held by PES.
- **Efficiency** - By eliminating the duplicated services and support or infrastructure for similar services delivered by different partners.
- **Legitimacy** - Where partnerships draw in local and community actors who have credibility in relation to jobseekers. Employers partnerships can help broker increased legitimacy of the services offered by PES and the policy goals they are pursuing.

4.3 Costs and drawbacks of partnerships

Potential drawbacks of partnerships include the following:

- **Conflict and cultural mismatch** - One of the dangers with partnerships is that instead of mutually supportive services, shared goals and efficiency, partners come into conflict or try to utilise the resources of others without truly committing to shared objectives. This can result from overly rigid funding streams and prescriptive target frameworks in the case of public organisations and insufficient alignment of objectives with private partners

(Audit Commission 1998, 9). Even where goals are shared, problems can emerge where partners have different value and ethical systems (OECD 2008).

- **Competition leads to homogeneity** - In minimum service standards rather than innovation and flexibility. Evidence in relation to several countries where competitive contracting has shaped 'partnerships' with private employment service providers suggests that there is a convergence toward standard approaches rather than individually tailored approaches (House of Commons Work and Pensions Committee 2013; Lindsay and McQuaid 2009; Van Berkel and van der Aa 2005).
- **Competition and cooperation are difficult to balance** - Jessop (1998) argues that one important dilemma facing partnerships of all kinds is how to manage the balance between competition and cooperation. On the one hand, excessive competition can undermine the pursuit of shared objectives and lead to short-termism and the realisation of unintended consequences. On the other, excessive cooperation can lead to slow responses to changing contexts, toleration of sub-optimal performance and a lack of innovation. These factors clearly effect partnerships with the private sector but they also relate to public and multi-agency partnerships and vertical partnerships between different governmental scales as different organisational units search for performance and public funding.
- **Resource costs** - All partnerships involve resource and opportunity costs (Lowndes and Skelcher 1998). Ofcourse these need to be set against the benefits from participation, but in any event these costs cannot be ignored in calculating the net benefit of activities, though they are often difficult to quantify because of staff time and other costs are not routinely recorded (Audit Commission 1998, 7). Some forms of partnerships may imply higher resource costs than others. For example, research on contracting in the Netherlands has previously suggested that administrative costs were burdensome (Lindsay and McQuaid 2009; Sol and Hoogtanders 2005).
- **Community capacity and co-option** - Community and voluntary groups can often lack capacity to engage on an equal basis to better resourced public and private partners (Dobbs and Moore 2002). At the same time, others also suggest that even where this obstacle is overcome, the engagement of these groups in service delivery partnerships can undermine their legitimate role and lead to them becoming beholden on contract funding (Osborne 1998) and undermining the potential for network governance.
- **Residualisation and loss of capacity** - In some cases seeking external partnerships to cover core capacity needs and competences can lead to the 'hollowing out' of PES services and the permanent loss of capacity, leaving a residual and ineffective PES. Where the search for capacity and competence through external providers of services was in itself a response to concerns over the quality or effectiveness of PES provision, partnership can be a self-fulfilling prophecy. To some extent it appears as if the Dutch PES has experienced declining capacity and hollowing out in this way (Borghi and Van Berkel 2007; Lindsay and McQuaid 2009). As Lindsay and McQuaid argue, this capacity needs to be understood not just in numerical terms but in terms of the detailed institutional knowledge of the labour market, employer and jobseeker needs that comes from day to day contact.

4.4 Critical success factors

4.4.1 To partner or not?

When developing partnerships it is important to first of all be sure that a partnership is the right approach. In some circumstances more informal networks of relationships without more formal partnership structures are equally as effective in terms of bringing services or resources together without the resource implications of establishing new organisational structures or processes. Similarly, some PES are already committed to contracting with private employment service providers. So the initial critical success factor is ensuring that partnership is the right approach in the first place. **Error! Reference source not found.** sets out a series of questions suggested by the Audit Commission for ensuring that this is the case and Appendix Two presents a decision tree that might be helpful in deciding whether or not a partnership is appropriate to the achievement of any specific objective.

Note however, that these are not universal decisions relevant to all PES objectives. As seen in the discussion above, PES may choose to deliver some services wholly internally, while developing partnerships in relation to others. These decisions should, therefore, be taken on the basis of each individual objective that the PES holds, and should be regularly reviewed. What this suggests is that, like performance management, approaches to partnership development need to be located in the broader business planning and management cycle (see Nunn 2012).

Box 7: Audit Commission Checklist for deciding that a Partnership approach is appropriate

1. Is the problem that the prospective partners want to solve one that needs a partnership approach?
2. Do the prospective partners have a clear and shared vision of the benefits that the partnership is intended to achieve?
3. Is this vision realistic in the light of:
 - the resources and opportunities likely to be open to the proposed partnership?
 - the issues that partnership working is particularly suited to address?
4. Will the anticipated benefits outweigh the likely costs (direct and indirect) of a partnership?
5. How will the costs and benefits be measured?
6. Could the benefits be achieved in a simpler or more cost-effective way?
7. Are the partners all willing to devote the necessary time and effort to make the partnership succeed?
8. Do the partners all know what role they will play, what resources they will contribute and how they will account for the success of the project?
9. Are the partners willing to consider changing their other activities to fit in with the partnership's objectives, where this is appropriate?

Source: (Audit Commission 1998).

4.4.2 Choosing the right partners

PES at the local and national level will need to assess the extent to which partners are needed to deliver on their objectives. In arriving at decisions about who to partner with some recommend 'enhanced stakeholder analysis' where

potential partners are identified and assessed in relation to their potential to contribute to the achievement of policy objectives (Hutchinson and Campbell 1998). McQuaid (2010) suggests that partners need to share scalar and spatial commonalities (i.e. operate with roughly coterminous boundaries), have mutually supportive competences and share similar values.

4.4.3 Choosing the right sort of partnership

The way in which PES form partnerships will be heavily constrained by a range of institutional legacies, and legal structures, shaping the extent of corporatism built into the PES itself, the vertical relationship of the PES at the local level to regional and national structures and the horizontal relationship at the national, regional or local level to other actors at that level (e.g. whether they work alongside another organisation responsible for social security or this is internalised within the PES) and the availability of other providers of employment services (OECD 2003, Ch16). Again, the decision tree set out in Appendix Two can help PES to make these decisions.

4.4.4 Committing sufficient resources

It is important that partnerships are supported by sufficient resources from the partner organisations. The amount and type of resource required to deliver and sustain partnerships will depend on the scale, formality and nature of the services to be delivered. For example, research on local economic development partnerships suggests that establishing an independent secretariat (or partnership management team) can be central to ensuring success (Consodine 2003). Research on contracting-out suggests that committing adequate resources to client-side contract management is important (Whitfield 2008). Clearly more informal, flexible and smaller scale local partnerships may not require an independent resource in this way but they will still require the commitment of key staff and sometimes the sharing of material resource sufficient to deliver the stated objectives.

Establishing successful partnerships is not just dependent on the quantity of resources committed but also on their quality. This is a relative consideration and is determined by individual staff and their relationships with those of partners. As such, careful decisions need to be made about specifically who engages in external relation building and liaison with partners and that individual relationships are fostered and maintained.

4.4.5 Leadership

Some argue that leadership is essential to the formation of effective partnerships (Hutchinson and Campbell 1998). While the characteristics required of this leadership will differ for different partnerships, the leading organisation will clearly need to bring legitimacy to the partnership. The individual responsible for leadership needs to have sufficient personal resources to motivate and inspire trust in other partners (see 4.4.8), and to ensure that their own organisation commits the right resources to the partnership. Because of the nature of PES it may well be that PES need to form part of wider economic development or regeneration partnerships that they themselves do not lead, whereas in other cases PES will need to take the lead – especially in relation to operational partnerships which only focus on employment service delivery.

4.4.6 Establishing a mandate

Consodine (2003) suggests that it is important that all partners entering a partnership are clear and open with the others, about the nature of their mandate. This is clearly important when addressing the resource question. For PES this will mean ensuring that at whatever level the partnership is to be developed, there is sufficient organisational freedom to make the required

commitments. Successive OECD (2006, 2014) reports suggest that local flexibility, going beyond political devolution is essential to establishing the context in which local PES partnerships can flourish. For example, local level partnerships need to be established on the basis of what is possible within the scope of decentralised authority. Rigid national budget frameworks or performance regimes might hinder the development of partnerships that require the local PES to share resources with other partners or to deliver services in ways that are not suited to national performance targets (McQuaid 2010) or the timeframes in which these are expected. In these circumstances a clear mandate establishing the relevant freedoms is required for the partnership to work. This requirement is likely to be equally relevant to other partners. In this way partnerships may be associated with, and dependent on, the approach taken to decentralisation (Mosley 2009; Mosley 2011).

4.4.7 Clearly defined outcomes, responsibilities and working practices

Virtually all the research on partnerships (e.g. Consodine 2003; Hutchinson and Campbell 1998; Lindsay and McQuaid 2009; OECD LEED Forum on Partnerships and Local Development 2006) stresses the importance of clearly defined outcomes and responsibilities from the start. It is good practice to establish these in some form of Partnership Agreement from the start, ensuring that these are consistent with mandates (see above). The status and formality of this document will depend on the nature and scale of the partnership, but as a minimum this document needs to establish:

- A statement of purpose.
- Governance processes – who will make decisions, how they will do so and at what points. Governance processes should focus both on establishing trust and familiarity between partners, ensuring accountability but also facilitating decision making and reflection at the level appropriate to the activities underway. It may therefore be necessary in some partnerships to establish consultative forums at several different levels from the strategic to the operational.
- What outcomes the partnership is formed to achieve.
- How their achievements might be measured in relation to outcomes, proxy output measures and input/activity measures and how these will be related to the governance processes.
- What responsibilities each partner has for inputs, activities and outputs in relation to the desired outcomes.
- What working practices are to be adhered to.

4.4.8 Importance of trust and shared values

Establishing an effective mandate and partnership agreement is central to ensuring that partners trust one another (Consodine 2003). Trust is essential to partnerships, especially those organised via network modes of governance where trust can fill in for rule structures in hierarchical modes of governance and payments and contractual requirements in market modes of governance (Stewart 2003). Shared values help to embed this trust and a lack of these is one of the key reasons that partnerships fail (Nelson and Zadek 2000). Clearly gauging the extent to which partners might have shared values is a necessary part of the process of selecting partners in the first instance and establishing the right mode of governance. Where shared objectives and values are unlikely to be present, it is likely that hierarchical or market modes of governance will be more effective.

Even where partnerships are organised via other modes of governance, Lowndes and Skelcher (1998) found that it is important to generate network

characteristics. So while trust and shared values may be most important to network governance they are also important to hierarchy and markets. They also found that trust is principally a feature of individual relationships and therefore facilitating individual relationships between the right people at the right level of each partner organisation is crucial (McQuaid 2010). A further implication of this is that staff involved in partner relationships need to be recruited for and supported in developing communication skills suitable to partnership development. In this instance, technical skills may be less important than the ability to get on with and inspire trust in the representatives of partner organisations.

Moreover, because individual relationships are crucial to generating trust, it is likely that the experience of partnership working may facilitate future partnerships (Giguère and others 2001). Put simply, it may be that partnership working itself makes partnership working easier and faster in ways that see costs decline over time and helps to reconstitute the internal motivations of partners (Börzel and Risse 2005).

Graziano and Vesan (2007, 74) found that ensuring open decision making and that minor partners can have an influence was crucial to establishing the mutual trust necessary for successful partnerships. For lead organisations looking to perform a 'conducting' role, this means being clear about the extent to which there is scope for opening up the decision making process, for example around objectives, the use of resources, and selecting an appropriate mode of governance. Where network governance modes are employed it is clearly necessary to let other organisations influence this process and to ensure the right mandate is in place.

4.4.9 Monitoring, evaluation and understanding effectiveness

We have established that partnership benefits can be uncertain and that the costs of partnership are real and could be significant. It is therefore important to ensure that partnerships develop in an effective way in relation to their initial purpose. Partnerships should integrate monitoring and evaluation practices in order to ensure that this is the case.

Ideally it would be necessary to fully evaluate the costs and benefits of partnerships to arrive at a net unit cost. Where this is possible this should be pursued but a number of important qualifications are relevant. This is likely to be difficult and the evaluation activity itself may result in costs which are disproportionate to the benefits. Second, in evaluating costs and benefits it is important to incorporate an assessment of the likely future benefits of partnership working which may be intangible and therefore difficult to quantify in monetary terms. These benefits include, for example, the bonds of trust and familiarity between individuals that act as bridges between organisations. In reality this means that purely quantitative assessments of costs and benefits are unlikely to be adequate. It also means that evaluation needs to be inclusive and holistic (see Section 3.7).

5 Conclusion and Recommendations

The **European Commission and other international organisations have encouraged PES to develop partnerships** with other providers of employment services for many years. **PES have committed to partnerships** as part of their 'conducting' role as envisaged in the *PES 2020* strategy (European Commission 2012). Despite this commitment, previous research (Scopetta 2013) has suggested that **PES have very different approaches** to working with external organisations and **some PES are not engaged systematically in partnerships with other employment service providers**.

However, **what is meant by the term 'partnerships' can be very different depending on the way in which partnerships are organised**, or their 'mode of governance'. While some argue that market based modes of governance with private providers of employment services can be partnerships, others suggest that true partnership only arises from network modes of governance with shared setting of objectives, organisational values and working practices.

There are a number of potential benefits which are widely associated with partnership working and maybe applicable to PES relationships with other providers of employment services. These include flexibility, leveraging additional resources, enhanced responsiveness to complex barriers to employment and legitimacy of service provision to jobseekers. However, **these benefits are by no means automatic or guaranteed** and partnership benefits can sometimes be uncertain, costly to achieve and result in problems of accountability and residualisation in PES services. **The way in which PES approach partnerships is therefore crucial to ensuring that benefits are realised** and costs minimised.

The evidence presented in this report suggests that **PES should approach partnership working in a conscious and reflective manner**, rather than seeing partnerships as an ad hoc activity. This does not necessarily preclude informal and flexible local partnership development and indeed it could enhance such arrangements by establishing a clear mandate within which they can operate.

One way that such a conscious and reflective approach could be developed is through establishing a written strategy for partnerships, setting out key decisions about the preferred modes of governance for partnership working and the geographical/administrative scale at which these are organised. **Where local partnerships are envisaged the strategy needs to allow for sufficient flexibility at the local scale** to enable these. Such a strategy might also enable an **effective and proportionate cycle of evaluation at the level of the strategy as a whole**. This would help to ensure that the whole approach to partnerships and their cumulative benefits and costs could be evaluated and help to transfer knowledge between, as well as within, partnerships at the sub-national scale.

A partnership strategy should start within the normal process of business planning related to political objectives for the labour market with considerations of how delivery objectives can be best shaped and which external relations are necessary from the perspective of capacity (quantity of service provision), competence (quality and specifics of tailored services), responsiveness (speed of service delivery) and legitimacy (among jobseekers and/or employers). Subsequent decisions affect the predominant mode of governance to be applied and depend on the availability and nature of potential partners as well as the potential scope for ceding responsibility from the PES for important strategic decisions in relation to the setting of specific objectives and use of resources. A partnership strategy would also need to set requirements for the establishment of governance structures (such as partnership boards and agreements), holistic and

inclusive in-partnership monitoring and evaluation and the mandate available at different scales of the PES structure.

Within the overall terms of the partnership strategy, **PES should consider the scope for partnerships against each of their objectives.** Different approaches may be suitable for different objectives which will be related to varying levels of internal capacity and availability of external partners etc. **Use of a decision tree, as in Appendix Two, can assist with this but it does not replace broader processes of management and reflection within PES.**

In the development of all partnerships, the evidence suggests that **inter-organisational trust is central and that this is in very large part dependent on individual relationships.** Substantial care needs to be taken to ensure that the **staff involved in partnerships have the right competences for partnership working.** The skills and aptitudes required for leading, facilitating and sustaining the partner relationship may be very different from the technical skills required for policy development (at the strategic level) and the project or intervention delivery (at the operational level). Therefore, a **partnership strategy needs to integrate with Human Resources planning and operations.**

Where decisions are being made about the predominant mode of governance for partnerships, a number of considerations are important:

- The predominant mode of governance in a partnership does not need to be the only mode. One implication of this is that **where private providers are already involved in contracted provision, they may benefit from attention being given to the inclusion of network governance structures** to build relationships of trust and mutuality. Another implication is that whatever prevailing mode of governance characterises the partnerships, others may be required for the delivery of some part of the partnership agreement.
- **Where contracting arrangements are not already in place with private employment services, there is no substantive evidence that such partnerships will necessarily improve performance** and they may be costly. As such, choices to use **market modes of governance need to be thought of in terms of increasing capacity**, where this is a problem, and careful attention needs to be given to managing client-side management costs.
- The choice to use **network modes of governance requires (a) a willingness to cede responsibility from the PES** to other actors in relation to decision making and use of resources, and **(b) the availability of partners with shared objectives, values and the capacity/competence/legitimacy** to add to the volume, effectiveness and quality of PES services.
- In evaluating the costs and benefits of partnerships (especially organised via a network mode of governance), care needs to be given to ensuring the qualitative **inclusion of assessments of enhancements of partnership capacity** itself, which might make future partnerships less costly and more effective.

6 Bibliography

- Applica, and Ismeri Europe. 2010. *The Role of Third Sector Employment Services in Promoting Inclusion and Employment Amongst Vulnerable Groups*.
- Audit Commission. 1998. *A Fruitful Partnership: Effective Partnership Working*. London: Audit Commission.
<http://www.opengrey.eu/item/display/10068/386064>.
- Borghi, V., and R. Van Berkel. 2007. "New Modes of Governance in Italy and the Netherlands: The Case of Activation Policies." *Public Administration* 85 (1): 83–101.
- Börzel, Tanja A., and Thomas Risse. 2005. "Public-Private Partnerships: Effective and Legitimate Tools of International Governance." *Complex Sovereignty: On the Reconstitution of Political Authority in the 21st Century*, 195–215.
- Bredgaard, T., and F. Larsen. 2007. "Implementing Public Employment Policy: What Happens When Non-Public Agencies Take Over?" *International Journal of Sociology and Social Policy* 27 (7/8): 287–242.
- Bull, Hedley. 2002. *The Anarchical Society: A Study of Order in World Politics*. Columbia University Press.
- Consodine, Mark. 2003. "Local Partnerships: Different Histories, Common Challenges - A Synthesis." In *Managing Decentralisation*, by OECD. Paris: OECD Publishing.
- Council of the European Union. 2011. "Council Conclusions Promoting Youth Employment to Achieve the Europe 2020 Objectives". European Commission.
- Dobbs, Lynn, and Craig Moore. 2002. "Engaging Communities in Area-Based Regeneration: The Role of Participatory Evaluation." *Policy Studies* 23 (3/4): 157–71. doi:10.1080/0144287022000045966.
- DWP. 2013. *Universal Credit: Local Support Services Framework*. London: DWP.
- . 2014a. *Commissioning Strategy*. London: DWP.
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/338387/dwp-commissioning-strategy-2014.pdf.
- . 2014b. *Youth Unemployment Innovation Fund Pilot: Starts and Outcomes*. Sheffield: DWP.
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/307070/youth-unemployment-innovation-fund-pilot.pdf.
- Esping-Andersen, G. 1990. *The Three Worlds of Welfare Capitalism*. Cambridge: Polity Press.
- European Commission. 1993. "Growth, Competitiveness, and Employment: The Challenges and Ways Forward into the 21st Century" COM(93) 700 final.
<http://europa.eu.int/en/record/white/c93700/contents.html>
http://aei.pitt.edu/1139/01/growth_wp_COM_93_700_Parts_A_B.pdf.

———. 2010a. "COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS: An Agenda for New Skills and Jobs: A European Contribution towards Full Employment" COM(2010) 682 final. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0682:FIN:EN:HTML>.

———. 2010b. Europe 2020: A Strategy for Smart, Sustainable and Inclusive Growth: Communication from the Commission. Brussels: European Commission. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF>.

———. 2012. "Public Employment Services' Contribution to EU 2020: PES 2020 Strategy Output Paper."

Finn, D. 2009. "Differential Pricing in Contracted out Employment Programmes: Review of International Evidence, DWP Research Report 564."

———. 2010. "Outcome Based Commissioning Lessons from Contracting out Employment and Skills Programmes in Australia and the USA." http://www.ukces.org.uk/upload/pdf/424718%20-%20dan%20fin%20report_2.pdf.

———. 2011a. "Sub-Contracting in Public Employment Services: Review of Research Findings and Literature on Recent Trends and Business Models."

———. 2011b. "The Design of the Work Programme in International Context."

Froy, Francesca, Sylvain Giguère, Lucy Pyne, and Donna E. Wood. 2011. Building Flexibility and Accountability Into Local Employment Services: Synthesis of OECD Studies in Belgium, Canada, Denmark and the Netherlands. OECD Local Economic and Employment Development (LEED) Working Papers. Paris: Organisation for Economic Co-operation and Development. <http://www.oecd-ilibrary.org/content/workingpaper/5kg3mkv3tr21-en>.

Giguère, Sylvain, and others. 2001. Local Partnerships for Better Governance. OECD.

Graziano, P., M Ferrera, P. Vesan, and M. Basso. 2007. Local Partnership Consolidation in Italy – Analytical Framework, Research Strategy and Case Selection: NEWGOV New Modes of Governance - Project 18b: Distributive Politics, Learning, and Reform – Administrative Partnership. Vol. Priority 7: 18b/D05a. http://www.eu-newgov.org/database/DELIV/D18bD05a_Local_Partnership_Consolidation_in_Italy.pdf.

Graziano, Paolo, and Patrik Vesan. 2008. "New Modes of Governance: Explaining Local Partnership Consolidation." New Gov., Policy Brief. http://www.eu-newgov.org/database/PUBLIC/Policy_Briefs/NEWGOV_Policy_Brief_no18.pdf.

- Grieco, J. (), , , Vol. 42, No. 3 (Summer), 485-507. 1988. "Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism." *International Organization*.
- Hatzopoulos, Vassilis. 2007. "Why the Open Method of Coordination Is Bad For You: A Letter to the EU." *European Law Journal* 13 (3): 309–42. doi:10.1111/j.1468-0386.2007.00368.x.
- HM Government. 2013. *The Development and Delivery of European Structural and Investment Fund Strategies: Supplementary Guidance to Local Enterprise Partnerships*. London: Department for Business, Innovation and Skills.
- Hooghe, Liesbet, and Gary N. Marks. 2001. "Types of Multi-Level Governance." *European Integration Online Papers* 5 (11). doi:10.2139/ssrn.302786.
- House of Commons. 2011. *Flexible Support Fund*. SN6079. London: House of Commons. <http://www.parliament.uk/business/publications/research/briefing-papers/SN06079/jobcentre-plus-flexible-support-fund>.
- House of Commons Work and Pensions Committee. 2013. "Can the Work Programme Work for All User Groups?" *First Report of Session 2013–14*. <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/162/162.pdf>.
- Hutchinson, J., and M. Campbell. 1998. *Working in Partnership: Lessons from the Literature*. Norwich: DfEE. <http://hdl.voced.edu.au/10707/56005>.
- Jessop, Bob. 1998. "The Rise of Governance and the Risks of Failure: The Case of Economic Development." *International Social Science Journal* 50 (155): 29–45.
- . 1999. "The Dynamics of Partnership and Governance Failure." In *The New Politics of Local Governance in Britain*, edited by G. Stoker. Oxford: OUP.
- . 2003. "Governance and Meta-Governance: On Reflexivity, Requisite Variety and Requisite Irony." *Governance as Social and Political Communication*, 101–16.
- Keohane, R. 2002. "Governing Globalization." In *Governance in a Partially Globalized World*, edited by D. Held and A. McGrew, 325–47. Cambridge: Polity.
- Keohane, R., and J. Nye. 1987. "Review: Power and Interdependence Revisited." *International Organization* 41 (4): 725–53.
- Kooiman, Jan. 1999. "SOCIAL-POLITICAL GOVERNANCE: Overview, Reflections and Design." *Public Management* (1461667X) 1 (1): 67–92.
- Lindsay, Colin, and Ronald W. McQuaid. 2009. "New Governance and the Case of Activation Policies: Comparing Experiences in Denmark and the Netherlands." *Social Policy & Administration* 43 (5): 445–63.

- Lowndes, Vivien, and Chris Skelcher. 1998. "The Dynamics of Multi-Organizational Partnerships: An Analysis of Changing Modes of Governance." *Public Administration* 76 (2): 313–33.
- McGuiness, F., and A. Dar. 2014. *The Work Programme*. London: House of Commons Library.
- McQuaid, Ronald. 2010. "Theory of Organizational Partnerships: Partnership Advantages, Disadvantages and Success Factors." <https://dspace.stir.ac.uk/handle/1893/16959>.
- McQuaid, Ronald W., Colin Lindsay, and Malcolm Greig. 2005. "Job Guarantees, Employability Training and Partnerships in the Retail Sector." *Local Economy* 20 (1): 67–78. doi:10.1080/0269094042000313601.
- Mobility Lab. 2011. "Small Scale Study on Partnerships Among Employment Services". European Commission.
- Mosley, H. 2011. "Decentralisation of Public Employment Services." *The European Commission Mutual Learning Programme for Public Employment Services: Analytical Paper*. <http://ec.europa.eu/social/BlobServlet?docId=6963&langId=en>.
- Mosley, Hugh. 2009. "The Trade-off between Flexibility and Accountability in Labour Market Policy." *Local Economic and Employment Development (LEED) Flexible Policy for More and Better Jobs 2009*: 73.
- Nelson, Jane, and Simon Zadek. 2000. "Partnership Alchemy." The Copenhagen Centre. http://zadek.net/wp-content/uploads/2011/04/Copenhagen-Centre_Partnership_Alchemy_New-Social-Partnerships-in-Europe_2000.pdf.
- Nunn, A. 2010. "Reframing Corporate Social Responsibility: Lessons from the Global Financial Crisis." In *Performance Management and Neo-Liberal Labour Market Governance: The Case of the UK*, edited by W. (et al) Sun. Emerald.
- Nunn, A. 2012. "Performance Management in Public Employment Services." *PES-2-PES Mutual Learning Programme*.
- . 2012. "The Political Economy of Competitiveness and Social Mobility." *British Politics*.
- . 2013. "Review of Performance Management in Public Employment Services Peer Review Comparative Paper." <http://ec.europa.eu/social/main.jsp?langId=en&catId=105&newsId=1827&furtherNews=yes>.
- Nunn, A., T. Bickerstaffe, T. Hogarth, and A.E. Green. 2010. "Post-Code Selection? Employers' Use of Address-Based Information Shortcuts in Recruitment Decisions, DWP Research Report."
- Nunn, A., T. Bickerstaffe, and B. Mitchell. 2010. "International Review of Performance Management Systems in Public Employment Services." http://repository-intralibrary.leedsmet.ac.uk/open_virtual_file_path/i391n196413t/International%20review%20of%20performance%20management.pdf.

- Nunn, A., T. Bickerstaffe, S. Jassi, S. Halliday, B. Mitchell, J. Doyle, G. Bahair, K. Fearon, Powell. D., and D. Shindler. 2009. "The Employability Skills Project."
<http://www.ukces.org.uk/pdf/Employability%20Skills%20Project%200608.pdf>.
- OECD. 1994. "OECD Jobs Study."
http://books.google.co.uk/books?id=GRss1y74YX4C&printsec=frontcover&dq=OECD+Jobs+Study&source=bl&ots=wrLp8DQIK2&sig=VParLIOLrTOTve1KBU5oF6js_Mw&hl=en&ei=aII3TYWIA8GLhQfn1cDIAg&sa=X&oi=book_result&ct=result&resnum=4&ved=0CCsQ6AEwAw#v=onepage&q&f=false.
- . 2003. *Managing Decentralisation*. Paris: Organisation for Economic Co-operation and Development. <http://www.oecd-ilibrary.org/content/book/9789264104716-en>.
- . 2006. *Successful partnerships: a guide*. Paris: OECD Publishing.
- . 2008. *Public-Private Partnerships: In Pursuit of Risk Sharing and Value for Money*. Paris: OECD.
- . 2009. *Flexible Policy for More and Better Jobs*. Paris: OECD Publishing. <http://www.oecd-ilibrary.org/content/book/9789264059528-en>.
- . 2014. *Job Creation and Local Economic Development*. Paris: OECD Publishing.
- OECD LEED Forum on Partnerships and Local Development. 2006. *Successful Partnerships - A Guide*. Paris: OECD.
- Osborne, Stephen P. 1998. "Partnerships in Local Economic Development A Bridge Too Far for the Voluntary Sector?" *Local Economy* 12 (4): 290–95. doi:10.1080/02690949808726405.
- Ostrom, Elinor. 1990. *Governing the Commons: The Evolution of Institutions for Collective Action*. Cambridge university press.
- Peck, Jamie. 2002. "Political Economies of Scale: Fast Policy, Interscalar Relations, and Neoliberal Workfare*." *Economic Geography* 78, no. 3: 331–60.
- Powell, W. 2003. "Neither Market nor Hierarchy." *The Sociology of Organizations: Classic, Contemporary, and Critical Readings* 315: 104–17.
- Public and Commercial Services Union. 2013. "Evidence to the Work and Pensions Committee on the Role of Jobcentre Plus in the Reformed Welfare System." *Work and Pensions Committee Written Evidence*. <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/writev/jcp/contents.htm>.
- Rhodes, R. 1996. "The New Governance: Governing without Government." *Political Studies* 44 (4): 652–67.
- Rosenau, James N. 1995. "Governance in the Twenty-First Century." *Global Governance* 1: 13.
- Rosenau, James N, and Ernst-Otto Czempiel. 1992. *Governance without Government: Order and Change in World Politics*. 20th ed. Cambridge Univ Press.

- Sacchi, Stefano, and Patrik Vesan. 2011. "Interpreting Employment Policy Change in Italy since the 1990s: Nature and Dynamics." Carlo Alberto Notebooks 228: 2011.
- Sanderson, I. 2007. "Worklessness and Deprived Neighbourhoods: A Review of Evidence, Report for the Neighbourhood Renewal Unit."
- Scoppetta, A. 2013. "Successful Partnerships in Delivering Public Employment Services." PES to PES Dialogue Analytical Paper.
- Sol, E., and Y. Hoogtanders. 2005. "Steering by Contract in the Netherlands: New Approaches to Labour Market Integration." Edited by E. Sol and Y. Hoogtanders. *Contractualism in Employment Services*, 139–66.
- Stewart, J. 1995. *Local Government Today: An Observer's View; Summary*. Luton: Local Government Management Board.
<http://www.opengrey.eu/item/display/10068/447415>.
- Stewart, M. 2003. "Tackling the Challenge of Policy Integration." In *Managing Decentralisation A New Role for Labour Market Policy*, by OECD. Paris: OECD Publishing.
- Stoker, Gerry. 1994. "Local Governance in Britain." Glasgow: Department of Government, University of Strathclyde.
- UK Government. 2011. *Open Public Services White Paper*. Vol. CM8145. Norwich: The Stationary Office.
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/255288/OpenPublicServices-WhitePaper.pdf.
- Van Berkel, Rik, and Paul van der Aa. 2005. "The Marketization of Activation Services: A Modern Panacea? Some Lessons from the Dutch Experience." *Journal of European Social Policy* 15 (4): 329–43.
- Weishaupt, T. 2010. "A Silent Revolution? Management Ideas and the Reinvention of European Public Employment Services." *Socio-Economic Review* 8 (3): 461–86.
- Weishaupt, T. 2011a. "Social Partners and the Governance of Public Employment Services: Trends and Experiences from Western Europe." *International Labour Office Working Document* 17 (May).
- . 2011b. "Governing Public Employment Services: Recent Trends in Social Partnership and Privatization." In .
http://umdcipe.org/conferences/LaborActivationParis/conference_papers.htm.
- Weishaupt, T., A. Nunn, and T. Jorgensen. 2014. "Labor Activation in a Time of High Unemployment: Encouraging Work While Preserving the Social Safety-Net." In *Delivering Activation: The Perpetual Reform of Public Employment Services in Europe*, edited by D. Besharov and D. Call.
- Whitfield, D. 2008. "PPP Briefing: Strategic Service-Delivery Partnerships and Outsourced Shared Services Projects". Text. <http://www.european-services-strategy.org.uk/outsourcing-ppp-library/strategic-partnerships/ppp-briefing-strategic-service-delivery-partne/>.
- Wood, D. 2010. *Building Flexibility and Accountability into Local Employment Services*, Canada. Paris: OECD.

Appendix One: Topic Guide

PES Partnerships Topic Guide

1. Introduction:

This research will be used primarily to develop a PES to PES Dialogue Background paper for publication on the internet (see:<http://ec.europa.eu/social/keyDocuments.jsp?pager.offset=0&langId=en&mode=advancedSubmit&policyArea=0&subCategory=0&year=0&country=0&type=0&advSearchKey=pesreports&orderBy=docOrder>) and initial findings will be presented at the October 2014 Dialogue Conference. You will be provided by a written summary of your responses prior to publication in the Analytical Paper to give you the opportunity to provide further clarification and feedback.

Confirm consent for

1.1 Taking part in the interview

1.2 That the interview will be recorded

1.3 That the data will be used for a report for the EC but that all respondents will remain anonymous.

1.4 That a summary 'case study fiche' will be provided to the respondent / PES for confirmation or clarification prior to publication in the Background paper.

1.5 That the respondent can terminate the interview at any time or withdraw from the study, either verbally during the interview or by emailing Prof. Alex Nunn subsequent to the interview on alex.nunn1@gmail.com.

1.6 PES Name / Country:

1.7 Respondent Name:

1.8 Respondent Role:

2. PES Partnerships

2.2 Does your PES have any form of Partnership strategy / Commissioning document etc? or protocols for forming external partnerships?

2.3 What would you identify as the most important partnerships that your organisation has with external organisations (at different levels)? (unprompted)

2.3.1 Inter-Nationally (if they don't know, can they name/refer to someone that does).

2.3.2 Nationally (if they don't know, can they name/refer to someone that does).

2.3.3 Regionally (if they don't know, can they name/refer to someone that does).

2.3.4 Locally (if they don't know, can they name/refer to someone that does).

2.4 For each of the partnerships described at 2.1 please tell me (if too many then ask the respondent to pick the 'main' ones).

2.4.1 Why did you choose to have a partnership with this organisation(s)?

2.4.2 What is the nature of the partnership/partner?

2.4.3 How is the partnership managed governed?

-is it a contract, service level agreement, informal, other?

2.4.4 Why did you choose this partnership form?

2.4.5 How is the partnership monitored and evaluated?

2.4.6 What are the benefits of this partnership/form of partnership?

2.4.7 What are the drawbacks of this partnership/form of partnership?

2.5 Where there are (quasi-)market-based arrangements.... Would you describe these as partnerships? Why?

2.5.1 Why did the PES choose to enter into these arrangements?

2.5.2 To what extent are there shared objectives? Are these long-term? Would they exist without market incentives?

2.5.3 To what extent is there mutual trust?

2.5.4 To what extent are these relationships consensual/contractual/conflictual?

3 Success Factors

3.1 In your experience, and that of your organisation, how can partnerships best be managed?

3.2 What can other organisations learn from the experience of your organisation in managing partnerships

4 Current context, partnerships and strategic orientation

4.1 PES 2020 Strategy?

4.1.1 Are you aware of the PES 2020 Strategy (PES Contribution to Europe 2020...)?

4.1.2 Do you/how do you understand what is meant by a 'Public Employment System'?

4.1.3 Do you/How do you understand what is meant by 'Conducting'?

4.2 Future of Partnerships

4.2.1 Are partnerships becoming more or less necessary for your PES? Why?

4.2.2 What sort of organisations will you need to develop partnerships with in the future?

4.2.3 What changes are planned to respond to these changes?

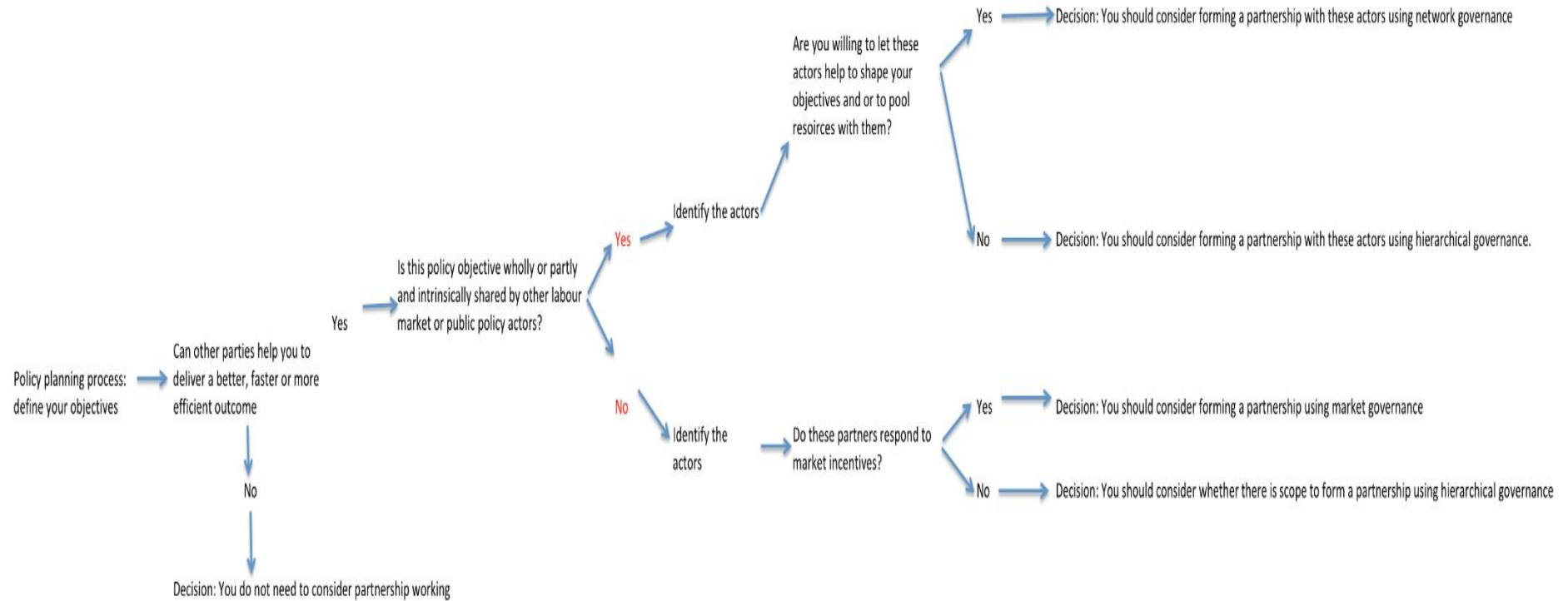
4.2.4 What support do you need at the EU level?

4.3 Crisis responses?

4.3.1 To what extent have the partnerships you described above helped you to respond to labour market changes through the crisis and after?

4.3.2 To what extent has that experience shaped your future approach to partnerships?

Appendix Two: Partnership Decision Tree



Appendix Three: Country Summaries

Jobcentre Plus, UK

Introduction

Partnerships between Jobcentre Plus and external organisations are dominated by the UK's ideological commitment to privatisation and its pragmatic commitment to the 'payment by results' form of organising private sector involvement in the delivery of employment services. Indeed, it is probably true to say that the UK has gone furthest among EU PES to privatise employment service organisation and delivery. However, Jobcentre Plus also maintains a range of other partnerships with organisations from all sectors which are not part of large-scale national contracts. Even here though contracts and payment by results may feature as an aspect of partnership delivery.

Contracting with the private sector through payment by results structures is the government's preferred mechanism for delivering public services in many areas, including employment services. The logic for this is often set out as the ability to deliver scale, efficiency, encourage innovation and to transfer risk from the state. The approach is fully in line with the New Public Management emphasis on 'steering not rowing' and of an 'enabling state'. As such as well as these pragmatic and functional rationales, the UK approach to 'partnership' is strongly influenced by the ideology of governance which is to some extent shared across all three main political parties.

Privatisation *via* Commissioning and Payment By Results

There are a variety of contracted forms of service delivery operating in the UK, via Jobcentre Plus and DWP. The discussion below describes the overall approach as set out in the Commissioning Strategy and two high profile forms of contracting via 'Payment by Results'. The overall approach to Payments by Results as a method of contracting is already well understood and the subject of previous *Analytical Papers* (Finn 2010; Finn 2011a).

The Commissioning Strategy

The Department for Work and Pensions has recently revised its Commissioning Strategy (DWP 2014a) which sets the principles and approach to be used to organise contracts for the organisation and delivery of employment services. It also marks the Government's intention to broaden and refine its thinking in relation to the procurement of support for those requiring help to access the labour market. The strategy recognises a broad distinction between contractual ("between public service commissioners and their suppliers as well as between suppliers where subcontracting is used") and non-contractual (with "public service commissioning organisations and other organisations commissioning for or delivering related services" (p9)) partnerships. The strategy separates the Department's role into the following five functions:

- **Market structure:** this describes the role of the DWP to 'make a market' in a particular image, with a diversity of provision from large national contracts with national/international providers (through the Prime Contractor model) to greater engagement with SMEs and small, more specialist, local providers (through Prime Contractor sub-contracting and the Local Enterprise Partnerships – see below). An interesting way that the Strategy seeks to make the quasi-market is in relation to the capacity of the supply-chain of mainly private service providers. It sees individual contractors not as individual entities, but, through the multi-tiered contracting framework, as a supply-chain and encourages Prime contractors to establish a supply-chain that can provide a series of pre-defined capacities. Included in this list of capacities is qualitative (types of services and service users, varying policy objectives) and quantitative (volumes of jobseekers) flexibility to ensure that the whole supply-

chain can adapt to changing consumer requirements on the part of the Department.

- **Market stewardship:** relates to the way in which the DWP will attempt to manage the market. Interestingly, in the multi-tiered contracting framework, Prime Contractors themselves take on much of this responsibility. In relation to contractors then, the quasi-market is as much related to the privatisation of the management of the market as it is to the delivery of services themselves. The supply-chain is expected to be transparent and part of DWPs governance function is envisaged as the publication of performance data to enable public scrutiny of as much of the supply-chain as possible. However, the Commissioning Strategy remains committed to the basic principles of Payment by Results and the 'black box' approach. As such, the conduct of the supply-chain is regulated less by rigid service standards and more by codes of conduct and principles (though the Work Programme does have minimum service standards built into it and responses to the controversy over Work Programme supply has been to tighten these).
- **Working in Partnership:** this section focuses on the way in which the Department and those contracted to organise the mixed quasi-market on its behalf relates to non-contracted commissioners and providers of services which are directly and indirectly relevant to jobseekers in their search for work. These responsibilities are multi-scalar in nature, operating across the UK between the DWP, Welsh Assembly Government and Scottish Executive, national Prime Providers, the services commissioned by the devolved governments and also other national organisations like the UK Commission for Employment and Skills. They also relate to a complex patchwork of local authorities and sometimes overlapping city-regions and Local Enterprise Partnerships. The Strategy encourages Prime Providers to engage in partnership working with other organisations and commits the DWP, and at a local level Jobcentre Plus too as its delivery arm, to co-commissioning: where multiple public bodies will enter into joint arrangements with providers to deliver services that meet multiple or overlapping policy objectives (e.g. business start-up, job creation, unemployment reduction and health/well being). Here the word partnership is separated from purely contractual arrangements and a variety of practices from
- **Driving Performance:** through Payment by Results, constant review of performance measures and payment regimes and through clarity in the procurement process.

In essence the Commissioning Strategy embodies an approach to market making and management alongside other public bodies but also stating the continued intention that some aspects of market making and management themselves are contracted out to Prime Providers. For the most part, however, Partnership is understood as non-contracted and mutually supportive relationships with partners with shared and overlapping objectives.

The Work Programme

The existing Work Programme – operating under the auspices of the previous DWP Commissioning Strategy already reflects many of the principles embedded in the new Strategy such as the multi-tiered and mixed quasi-market, payment by results and minimum service standards. Experience with the Work Programme suggests that this form of contracting, and the context in which it has operated, has proven complex and it is not clear either that it reflects the principles of partnership or has provided a sustainable and diverse supply-side market. There has been much controversy over the quality of services offered by providers (Public and Commercial Services Union 2013), especially to harder to help customer groups House (House of Commons Work and Pensions Committee 2013), whether there has been inappropriate provider

behaviour and in relation to the diversity of the supply chain with the bulk of referrals going to the larger Prime and tier one contractors and not to the smaller, specialist and voluntary sector providers in the tier 2 subcontracting arrangements (McGuinness and Dar 2014). Over time performance has improved, but the black-box approach means that it is far from certain that this has been as a result of provider interventions and it may be just as much a function of improvement in labour market demand.

Leveraged Finance and Social Investment Bonds

An interesting feature of the new Commissioning Strategy is the desire to use partnerships with the private sector to leverage finance in support of public service provision, including in the private sector, thereby separating capital investment from service provision. Social Impact Bonds are an agreement between private investors (often operating in a consortium) who fund the upfront costs of new forms of service provision, with the government. The relevant government department – in this case DWP – then pays for the outcomes of those services in a pre-agreed payment by results contract from investors in return for a government bond which promises to pay a return – from public spending – on the achievement of pre-agreed social outcomes. This form of financing is being used in a number of schemes to deliver employment and related services through the DWP's Innovation Fund. The main advantages of Social Investment Bonds is that they effectively transfer the risks of establishing new services to the private sector, they may provide a mechanism for greater innovation and the government only pays for successful outcomes. On the other hand, they remain dependent on public spending for the revenue stream, the commitment to fund this may displace other public spending and in the form of outcome payments the public sector is still paying for the risk as well as interest payments and consultancy/intermediary fees which are 'priced in' to the bond. So far DWP has committed £30m to 10 separate Social Investment Bond contracts, mainly focussed on the achievement of outcomes designed to prevent entry to youth unemployment rather than tackling unemployment itself (DWP 2014b).

Local Partnerships

In addition to large-scale national contracts, Jobcentre Plus also maintains a range of partnerships at both national and local level. Local level partnerships are particularly important in coordinating local service provision in the way anticipated in the PES 2020 strategy under the banner of 'conducting' the local employment *system*. These partnerships take a number of forms ranging from informal forums and meetings of local agencies at different scalar levels (e.g. local housing estate, local authority ward) through to more formal partnerships established through mechanisms prescribed in national policy such as Local Enterprise Partnerships operating at the Local Authority and City-Region scale. Relatively informal partnerships might include strategic discussions, information sharing about labour market intelligence and even joint service delivery. Such examples might include occasional outreach services such as collocating health, police and careers guidance and local educational services alongside Jobcentre Plus advisers in a local community centre.

By contrast Local Enterprise Partnerships are more formal structures for the coordination of local economic development at the local/regional scale. The legislative structure around LEPs is deliberately loose to enable local level flexibility. While all LEPs are charged with delivering local economic development and have a formal Partnership board their sizes and structures differ. Similarly, while all have a Strategy document the nature and formality of accountability mechanisms is varied, as is the representation of public bodies like Jobcentre Plus, Universities and other education providers. LEPs are being supported through core government funding and are the mechanism for the delivery of European Structural Funds, in relation to which there is a formal strategy vetted by central government (HM Government 2013).

Partnerships involving Jobcentre Plus are supported by a range of other mechanisms. A further example is the new Universal Credit Local Support Framework. This

framework provides for a national and local partnerships between DWP/Jobcentre Plus and Local Authorities for the re-organisation of support services for people claiming Universal credit who may be active jobseekers or people with complex barriers to work. In this instance Delivery Partnership Agreements at the local level will establish a payment structure (to be based on outcomes) for services to support Universal Credit claimants (DWP 2013). Local partnerships can also be supported less formally through the Flexible Support Fund which is used to help jobseekers find or start work (e.g. through paying initial travel to work costs) but which can also be used to support local partnerships (House of Commons 2011).

Töötukassa, Estonia

National Strategic Partnerships

Estonia has no formal partnership strategy, but 'partnership' and 'working in partnership' are key words and phrases in the PES three year development plan which is put in place and overseen by the Supervisory Board which has an inherently partnership-oriented structure, with representation of the PES, Government and social partners. The plan is also reviewed and updated annually. 'Cooperation' is also one of the three core values of the PES, and the PES sees itself as an important initiator of partnerships with external labour market organisations.

The plan sets 'intensive cooperation with employers' and local cooperation with municipalities in relation to long-term unemployed jobseekers and those with substantial barriers to employment. Estonia also has service-contracts with private providers of employment programmes.

National Operational Partnerships with Employers

Across Estonia, cooperation with employers has always been a priority and for the last two years the PES have been pursuing formal cooperation agreements with significant employers in relation to the recruitment of unemployed benefit claimants. There are currently 10 such agreements in place. These agreements revolve around fulfilling the recruitment needs of employers at the same time as opening up opportunities for PES clients in these recruitment processes. The process of partnering with these employers is regarded by the PES as opening up opportunities for jobseekers with particular barriers who may not otherwise have them, and as enabling the PES to be able to influence the recruitment and human resources practices of employers. These partnerships with employers are also thought to facilitate knowledge sharing and exchange and more informed and shared values between the PES and employers generally.

Partnerships by contract

The PES also partners with a wide range of public and private training providers of general training as well as more specialist NGOs who work with the long-term unemployed and those with the most serious barriers to work. These partnerships are usually formed through public procurement/tendering exercises. These contracts are organised in different ways but they tend to be payment for services contracts as opposed to payment by results/black box contracts. In future contracts payments by results will be a more important in contracts with private providers.

While private provision is not managed with any attempt to manage the overall market, the PES does utilise Framework contracts to manage and ensure consistency in supply. One of the main advantages of these contracts is seen to be the ability to monitor and evaluate partners' services over a period of time and resource efficient in relation to contract management. The PES does also seek to influence the market and contribute to shared values between private providers and the PES through holding regular seminars to explain their service needs and encourage providers to also share their experience of delivering contracts in order to promote more mutual understanding and increase the quality of services to jobseekers.

Benefit reform and the need for more partnership working

There is a current reform of the disability benefits system which will place greater emphasis on the PES working with disabled jobseekers to move into employment and this will require more and additional capacity/competences to those currently available. As such the PES is currently reviewing what additional and more personalised/specialist services might be available or stimulated in the external market among disability organisations. This reform will result in the near doubling of the size of the PES.

Local partnerships with municipalities

Local partnerships with municipalities tend to be more informal and often do not have written agreements. However, they do result from a conscious and coherent plan of approaching all municipalities to share information and identify specific long-term unemployed jobseekers in each area where there may be scope for cooperation to undertake detailed and bespoke interventions to meet their needs. These interventions rest on mutually shared objectives, information and resources pooling and a willingness to 'bend' services to the needs of individual jobseekers. These partnerships are judged by the PES to be very effective at tackling complex and entrenched needs on a small scale and at the local level. Given the changing scale of the PES and the new legislative structure around disabled jobseekers there may be a future need to put these working arrangements on a more formal footing.

Belgium

Introduction

The highly federalised system in Belgium sees each of the three regions: Flanders, Walloon and Brussels having its own PES: VDAB, Le Forem and Actris, respectively. In some cases it is sensible to report each of these PES separately. However, given the substance of this report and that each of these PES have overlapping partnerships they are presented together here.

For VDAB partnerships are included in the policy of the Flemish Minister of "Work" as a strategic priority. While no separate written partnerships strategy is in place, partnerships are clearly a priority for the organisation and are seen as one important mechanism by which the complex challenges of the labour market can be met in the context of declining public resources.

Le Forem does not have a partnerships strategy as such but there is legislative provision which means that it must provide integrated services to its service-users and that these require collaboration with third parties.

Actris' partnerships' strategy is part of the organisation's high level strategic plan. All partnerships with providers of employment and training services organised via Actris are subject to formal Memoranda of Understanding, detailing the partners' responsibilities and commitments.

The national partnership between regional PES

The Federal nature of the Belgian state and the devolution of employment policy/services to the regional level means that there are formalised partnership arrangements cutting across the three PES and between the PES and the national government and training providers. For example Synerjob is a horizontal national partnership between all four PES (including the ADG which operates in the small German speaking area in the East of the country) and the Brussels Training organisation. Synerjob has been in operation since 2007 and is constituted under Belgian law as a formal non-profit organisation. Each member has a representative on the Synerjob Board of Directors. The main assembly meets annually and an administrative group meets 4-5 times a year to discuss progress. Synerjob has a number of important functions, such as representing the four Belgian PES at the transnational level, facilitating cooperation between them and also sharing knowledge,

working practices and experience. A key role is facilitating internal mobility of jobseekers between the Belgian regions. To do this they provide services to one another's clients, undertake joint and reciprocal jobs fairs, facilitate language courses, organise the exchange of information between them about vacancies and working with employers to increase their acceptance of intra-regional mobility among jobseekers. In each area of cooperation detailed expectations and performance targets are used and an annual report is published which tracks performance against these.

The Synerjob partners deliver services jointly through jobcentres in the Brussels area. Synerjob also facilitates more in depth partnerships and it is one of its primary objectives that all projects it undertakes will be delivered via partnerships between 2 or more of the participating PES, with each having made the prior commitment that they will use their own resources to support these partnership projects. These projects are based on firm commitments of resources from all partners and measurable performance targets are set and monitored. For example Le Forem and ADG collaborate in the German speaking area, not just by sharing information between them but by sharing information with temporary agencies. In the Brussels area VDAB and Actris jointly advise jobseekers regardless of whose area they live in and actively promote job opportunities outside the jobseeker's own language/residential community. The partners are also cooperating on the use of new job-matching software, it having first been piloted in VDAB. Finally Synerjob facilitates a joint redundancy response service where more than 50 redundancies result from enterprise closure or restructuring.

In some cases these agreements also relate to specific groups of jobseekers and include relevant NGO organisations (e.g. PHARE – which works with disabled jobseekers).

Local Level Partnerships

At a more local level and within each PES some of the more important partnerships are:

- VDAB – maintains more than a dozen regional partnerships in which partners work together to strengthen the skills of jobseekers. Mutual agreements are established in the form of a partnership document, which sets measurable deliverable activities and outputs. Evaluation is done by each partner in relation to achievement of their own objectives. In some partnerships there are service level contracts and tendering arrangements.
- Le Forem –
 - Operates a number of Framework Agreements with different partners, designed to organise services in relation to specific groups of jobseekers.
 - The *Carrefour Emploi Formation Orientation* (CEFO) (Employment Training Guidance Platforms) are the product of cooperation between le Forem, the Walloon Agency for the Integration of Disabled People (AWIPH), inter-federation of Work-based Training Companies (EFT) and Socio-professional Integration Organisations (OISP), Social advancement education, the Walloon Institute for Sandwich Course, Training for the Self-Employed and Small- and Medium-Sized Enterprises (IFAPME) and the Regional employment missions (MIRE). The platforms integrate services among these different partners to support specific groups of jobseekers, such as disabled jobseekers. The partnership is governed by a formal framework contract between the partners and a steering committee. Le Forem judges these to be effective mechanisms to integrate services and provide joined up services where they cross different partners' expertise. They also report that the partnership generates further synergies between other

partners. On the other hand they also report that the major costs associated with the partnership are the staff time required to ensure effective partnership working between the different organisations.

- Jobcentres – there are 60 local jobcentres which represent a partnership between Le Forem and CPASs (Public Social Action Centres) and are focussed on providing integrated social and employment services to jobseekers with the aim of promoting enhanced engagement and improved quality of services. Again the partnerships are governed by contractual agreement and a steering committee. The benefits of these Jobcentres are reported as more localised and decentralised services able to meet the needs of localised labour markets.
- Skill Centres – There are 25 skills centres throughout Walloon, representing partnerships between It is a structural partnership between le Forem, the Walloon region, the professional sectors, research centres and universities.
- Contracted services – or ‘subsidised actions’ from private providers of employment services are tendered for in a traditional procurement process but are limited to a one year duration to ensure flexibility. It is reported that through these a wider range of employment service supply are being generated. These arrangements are governed by a commercial contract but also by various consultative arrangements which help to coordinate the quality and quantity of supply.
- Redundancy retraining partnerships (‘Conversion Cells’) – were partnerships between Le Forem and trade unions to manage notified redundancies during the economic crisis. They were formally evaluated and resulted in a 60% reintegration rate among jobseekers.
- Actris –
 - private providers are engaged by the PES in the delivery of a range of employment services including language, social skills, Job search coaching. These tend to be on a City-wide basis with a payment system that is related to outcomes.
 - Within Brussels Actris coordinates a number of multi-agency jobcentres which involve a partnership between the PES, social services and not-for-profit service providers at the local level. These have a variety of different partners at the local level but typically run joint projects and have a steering committee of all interested partners to organise and implement the partnerships. At the local level Actris will deal itself with jobseekers who are able to search for employment while referring jobseekers with more substantial barriers to more specialist provision in the private or voluntary sectors.
- ADG
 - Is itself a partnership of the Labour office, local representation, the social partners and training providers who all sit on the ADG’s Board of Directors.

Italy

Reform and regionalisation

Recent decades have seen profound reform in Italian labour market regulation and the organisation of the PES. Until the 1990s the PES was the sole provider of employment brokerage services and not until 2003 (Sacchi and Vesan 2011). The PES structure is devolved to the regional level so rather than a single national PES there are 21 different PES with a high degree of variation between them in terms of the services

they provide, the level of external provision and the relationship between PES and external providers. To some extent because PES reform is only fairly recent in Italy most PES engage in partnerships with private providers but the extent of this is fairly limited and tends to be organised around temporary workers rather than the provision of brokerage services.

Privatised provision in some regions

Two examples of where privatised brokerage services are in place are Lombardy and Trento. But illustrating the degree of regional variation in place their approaches are very different. The PES in Lombardy operates a highly privatised system via voucher payments to private and public providers of brokerage and active measures. Here however, it is reported that competition rather than partnership is a more apt description of the system in place.

In Trento, by contrast, private agencies play a strong role but this is coordinated and heavily regulated by the PES. Here there is a much stronger emphasis on coordination rather than competition. The PES here is organised via a stakeholder board where social partners are represented and trade unions also have the opportunity to provide brokerage services.

Local reform

It is noted that despite previous attempts at reform, the variable system has not led to widespread local cooperation between jobcentres and other local public agencies, such as those responsible for social assistance benefits (Sacchi and Vesan 2011). In the south of the country it is widely noted that PES services are often less active and are often restricted simply to the registration of unemployment.

Future reform and financing

Nationally the PES is significantly under resourced when compared with some other European countries. Of all EU countries, Italy spends the third lowest as a proportion of GDP on Labour Market Services and is well below the EU average in relation to proportionate spending on active measures (Eurostat). Currently legislation is being debated which would see a substantial reform of PES services with the establishment of a much stronger national PES and more consistent services across the country. Financing will also be reformed and current proposals are to organise this around a payment by results system enabling competition rather than partnership between public and private service providers.

UWV, Netherlands

Introduction

The UWV uses a range of partnership mechanisms at the national and local level. The context for these is set by stringent public spending constraints, which have encouraged a fundamental restructuring of employment service delivery. This has involved a retrenchment of face-to-face services, the much more substantial utilisation of digital services and a greater emphasis on working with other partners in the delivery of services. UWV sees this shift not just as enforced (by spending constraints) but as a necessary adaptation to changed labour market circumstances and technology take-up. It also sees the shift as fully in-line with the conducting role envisaged of PES in the *PES 2020* strategy.

National Covenants

UWV maintains a number of 'Covenants' for the organisation of multi-stakeholder partnerships. These are additional to the contracted provision that UWV commissions on a payment by results basis. Covenants are governed by specially – purpose specific – arranged partnerships. Depending on the purpose of the partnership, different partners may be involved. The Covenant itself is a document committing all partners to very specific outcomes and activities designed to meet those outcomes as

well as guidelines for behaviour and monitoring of performance. UWV are confident that the experience of using this form of partnership leads to stronger and expanded cooperation and partnership over time as it facilitates mutual learning and shared objectives. It is the detailed nature of the commitments without the pure market relationship of contract arrangements.

Several Covenants are in place and these often codify multiple strands of cooperation between partners. For example the partnership between UWV and a consortium of temporary work agencies covers general working practices, information sharing and developing shared digital services as well as more specific interventions aimed at particular groups of job seekers such as older jobseekers or the long-term unemployed. Specific interventions include work trials, speed-dating with employers and help with jobsearch and CV preparation. The partnership agreement sets expectations about working practices and allows the PES to influence the way that temporary agencies operate, in a way consistent with the 'conducting' role. Where interventions are referred to there are specific requirements and commitments regarding outcomes from these. The partnership agreement also establishes a series of general management and intervention specific meetings designed to form a governance, monitoring and steering process for the mutual commitments. Partnership agreements also contain information about resources to be committed by each partner, including where this will result in outcome payments from the PES to external partners. Though these aspects of the Partnership Agreements have a 'contractual' feel the overall tone and function of the documents are much more about a set of shared commitments than a formal and market based contract.

Local Level Partnerships

Regional and local level partnerships are often legally based as there is statutory provision for all jobseekers to only register their details once with either the municipality or the PES, and both organisations share data between them. However, some regional offices of the PES and municipalities (who have responsibility for social assistance benefits) work in deeper partnerships around service delivery, shared offices and infrastructure. This is a decentralised matter and can involve varying arrangements, but where municipalities 'buy in' PES services to support reintegration, this is usually done via a service provision contract with the PES.

In addition to this, many of the national Covenants are explicitly designed to work at the regional scale and involve formal arrangements for regional level implementation and governance structures mirroring those at the national level.

Municipalities (national/regional partnership)

These partnerships result from legislation and voluntary agreements and take a number of forms:

- There is for instance a law which requires one time interrogation. This implies "mandatory" partnerships which is for instance the case between PES and municipalities
- Another example is setting up 35 labour market regions.
- Infrastructure of 30 employers service points where municipalities and PES offer joint employers services.

Poland

Statutory Provision for Partnership Working at the National Level

In Poland the law on employment promotion and labour market institutions mandates a range of partners to work together. These include the PES, voluntary labour corps, private employment agencies, training institutions, social dialogue institutions and other partners at the local level. In addition, the Labour Market Council facilitates dialogue between the social partners on the Draft National Action Plan, new labour

market programmes, monitoring of LMP implementation. Similar structures are also present at the regional and local level. Further, recent legislation has established a framework for the provision of employment services by social partners and employment agencies at the regional level.

Local Partnership: Lubusz Pact for Employment

The Lubusz Pact for Employment is a declaration of willingness to cooperate among a wide range of partners in the Lubusz region, including municipalities, employment service providers, social partners, education and training organisations, social entrepreneurs, business support organisations and other public services like prisons.

The pact is executed through four sub-partnerships focussing on Vocational Guidance, labour market monitoring, Lifelong Learning and Social Economy. Each has a separate secretariat and works in different ways with varying degrees of formality and depth to the cooperation. For instance some of the sub-partnerships have quarterly meetings, their own formal agreement and even incorporate ESF funded activities, while others are more informal and meet only annually. The main partnership is governed via a formal partnership agreement which has been in place since 2008.

All of the sub-partnerships grew out of locally identified needs. For example the Lifelong Learning Partnership grew out of the need for employers to respond to skills shortages and the Vocational Guidance Partnership grew out of the need for providers to work together. While all the partnerships are felt to be working well there are some noted downsides, especially regarding the opportunity cost to partners of time and resources invested in the partnership and the effects of partners who do not contribute on equal terms.

Several other localities have similar local partnership arrangements in place, such as Lublin.

Local Partnership: Podlaskie Employment and Human Resources Development Partnership

The Bialystok provincial labour office has promoted a local partnerships in the Podlaskie area to facilitate both employment and Human Resource Development. The partnership currently incorporates 32 partners including the provincial and local labour offices, the voluntary labour corps, NGOs, Universities and training centres. The partnership is governed by a formal partnership agreement under the terms of the relevant legislation. The partnership has only been in operation for a year but already partners can see some benefits emerging from openness in communication.

HOW TO OBTAIN EU PUBLICATIONS

Free publications:

- one copy:

via EU Bookshop (<http://bookshop.europa.eu>);

- more than one copy or posters/maps:
 - from the European Union's representations (http://ec.europa.eu/represent_en.htm);
 - from the delegations in non-EU countries (http://eeas.europa.eu/delegations/index_en.htm);
 - by contacting the Europe Direct service (http://europa.eu/europedirect/index_en.htm) or calling 00 800 6 7 8 9 10 11 (freephone number from anywhere in the EU) (*).

(* The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

Priced publications:

- via EU Bookshop (<http://bookshop.europa.eu>).

Priced subscriptions:

- via one of the sales agents of the Publications Office of the European Union (http://publications.europa.eu/others/agents/index_en.htm).



Publications Office