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#### **Abstract:**

The following report is describing local activities and outputs of Social Investment policies carried out in the three types of case-locations (Rural, Suburban and Metropolitan/Urban). The local case studies are represented by *Early Child Education and Care* (ECEC) policies, *Active Labour Market Policies* (ALMP) and *Vocational Education and Training* (VET) policies in the three territorial sub-areas selected for WP4 in each country. This implies that there will be one case study per policy area and per territorial level, i.e. in total 9 case studies for each country. The policy fields and related policies:

- 1) **Active Labour Market Policies:** selected policies focusing on activation (i.e. generous but short- term unemployment benefits, availability and accessibility of training programs,

employment services and active labour market policies directed at employment growth and avoiding depletion of human capital

- 2) **Early childhood education and care:** policies addressing coverage quality and accessibility of early childhood education and care
- 3) **Vocational educational and training:** policies addressing coverage, quality and accessibility in vocational education and training, tertiary education and lifelong training

This report provides a general, comprehensive description of the institutional and political national contexts in which the three social investment policies (which are the focus on this WP) are developed in the COHSMO-countries and clarify how and to what extent the characteristics of the local areas (already analyzed in WP4) allow the development of such policies at local level.

**Keyword list:** social investment, ECEC, ALMP, VET.

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## Abbreviations

ALMP – Active Labour Market Policy

BRAA- Business Region Aarhus

BRMV – Business Region MidtVest

CSR – Corporate Social Responsibility

ECEC – Early Childhood education and care

EUD – Erhvervsuddannelse / vocational education

EUX – Den erhvervsfaglige studentereksamen / vocationaloriented A-level exam

FGU – Forberedende grunduddannelse/ preparational education

KKR – Kommunekontaktråd /Municipal Contact Council

LO – Landsorganisationen i Danmark /National labour market association

RAR – Regionale arbejdsmarkedsråd/ Regional labour market council

RUP – Regional Udviklingsplan /Regional Development Plan

SME – Small and medium sized enterprises

STAR – Styrelsen for Arbejdsmarked og Rekruttering /The Danish Agency for Labour Market and Recruitment

SØM – Den socialøkonomiske investeringsmodel/ the social economic investment model

VET – Vocational and Educational Training

WISE – Work Integration Social Enterprises

## Introduction

The governance system in Denmark place the main responsibilities on the state and the municipal levels while the regional level has more limited responsibilities. The municipalities are responsible for: social policy, (including total financial supply and regulatory responsibilities), day-care, elementary school, special education, eldercare, activation and employment initiatives, integration, citizen service, supply and rescue operations, nature environment and planning, local business service and promotion of tourism, libraries, music schools, local sport facilities and other cultural areas. The regions are responsible for: hospitals, regional development, soil pollution, raw material planning and mapping, operation of a number of institutions for vulnerable groups with special needs in the social and special education fields and participation in regional traffic companies.

Regarding legislation, the national level decides the framework whereas the municipalities and regions manages and implements the legislation. The division of responsibilities traces back to the Danish Structural Reform in 2007 (as described in D4.1) where 271 municipalities were merged into 98 and the 14 counties were abolished and five regions were established in their place. The purpose of the reform was to decentralise the public sector, with better opportunities for the now larger municipalities to customise their welfare services to the local conditions and ensure that political decisions were made close to the citizens.

The relatively close collaboration between government and municipalities, meanwhile, dates back further than the Structural Reform and begins with the previous reform, the Municipal Reform of 1970. With the Municipal Reform of 1970, a decentralisation process began where the state transferred several tasks to the municipalities and the 14 counties. The increase of tasks carried out by the municipalities and counties led to a closer economic collaboration with the government. As the growing economy of the municipalities began to form a significant part of the public sector economy there was a growing need for governance. This led to the establishment of close budgetary cooperation (*budgetsamarbejdet*) and what is now commonly referred to as the *agreement system* (*aftalesystemet*) where agreements is to be negotiated and resolved between respectively municipalities and regions on the one hand and the state on the other hand. The negotiations concern the overall economy of the municipalities and the regions. This corporation and negotiation system is considered a mean for combining decentral concerns with the overall concerns of the welfare state, where a high degree of local freedom and flexibility is ensured, while at the same time addressing overall spending management.<sup>1</sup>

The resulting agreements typically set the level of total service costs and capital expenditures in regions and municipalities for the following year. In addition, a number of other prerequisites for the regional and municipal economy are established including, for example, estimates of municipalities' expenditure on income transfers and the regions' costs for health insurance medicine. On the basis of the agreed expenditure levels, a balance subsidy is calculated, which ensures that regions and municipalities have funding for the agreed expenses. The balance subsidy is a cornerstone in what is termed the *equalisation arrangement* that aims to level out the majority of the economic differences among the municipalities that result from differences in tax base, age composition, social structure etc. The equalisation arrangement helps to ensure that all municipalities have the opportunity to

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<sup>1</sup> The agreement system is described on the webpage of the Ministry of Finance – unfortunately only in Danish: <https://www.fm.dk/arbejdsomraader/kommuner-og-regioner/aftalesystemet>



provide the public services they are responsible for on (relatively) equal economic terms. As of late, in January this year, the Danish government announced a proposal for a reform of the equalisation arrangement. With the proposal, the government wishes to enhance the amount of subsidies to the peripheral and disadvantaged municipalities. The proposal has led to controversies with the wealthiest municipalities (in the capital region and the northern part of Zealand) where money to fund the subsidies will be taken from.

With regard to the local governance system, there are considerable changes between the three case sites. The rule of Aarhus is historical and unique as it is the only city in Denmark with a magistrate rule, a variant of a cabinet rule known from England, Belgium and the Netherlands, which was abandoned in the other three large Danish cities in the 1990s. The Magistrate consists in the mayor and five aldermen/councilmen and three additional magistrate members. Currently, Aarhus has a social-democratic mayor. The Council has 31 seats: the Social democrats have 13 seats, the liberal party Venstre has six seats and the remaining parties have 1-3 seats each. The magistrate members have responsibility for a sector-divided administration. For each department/magistrate the city council selects a committee to advise the councilman. The magistrate has the coordinating responsibility as well as the responsibility of preparing larger cases of decision for the city council. The composition of the magistrate follows a principle of proportionality, meaning that the composition reflects the city council. The mayor is chair for both city council and magistrate (Berg, 2004). The Danish experience with this kind of rule is rather limited; however, based on the now abandoned magistrate rule in the other large Danish cities, the experience was rather negative, since the municipal board-members were involved too little, having a tendency not to feel responsible for solutions, being demotivated by having no influence. Further, since each councilman manages their own administration, the members of the city board had a tendency to focus narrowly on their own turf (Berg, 2004): 22). These cities have opted for another model, the so-called ‘middleform rule with shared administrative management’, a variant of the committee system; in this middleform rule, each department has a committee with a full-time employed chairman, and the administrative responsibility is shared between mayor (the born chairman of the economic committee) and the committee chairman (ibid.). Ideally, this change of rule increases the influence of all elected politicians, de-concentrates power, increases the need for consensus and generate continuity, but at the cost of coherence and coordination across committees. In contrast, Aarhus with its magistrate rule may be regarded as an opposite ruling-case of the committee-rule, since the cabinet-ruling has the reverse strengths and weaknesses: more concentration of power, less consensus, less stability, less cooperation across political parties – but more transparency of decisions, placement of responsibility and more political leadership (Berg 2004:22).

Horsens has a Social Democratic Mayor, Peter Sørensen, elected by the Council for the period 2018-2021 and mayor since 2012. There is a broad political coalition behind the Mayor consisting of the Social Democrats, Socialist Folk Party, Liberal Party (Venstre), Liberal Alliance and Conservative Folk Party. The city council has 27 seats of which the Social Democrats has 14 seats, Liberal Party has seven seats, Danish Folk Party has three seats and Socialist Folk Party, Red-Green Alliance and Liberal Alliance have one seat each. The Social Democrats have been in power since the new Horsens municipality was formed through the national, municipal reform in 2007, where Horsens was joined with Brødstrup and Gedved Municipalities (see deliverable D4.0 on Denmark for further description of the reform). The City council has two vice-mayors from the Liberal party and the Social Democrats and eight political committees<sup>2</sup>. The political landscape is characterized by stability as the Social Democrats have been in political power for a long time, and as broad alliances between local

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<sup>2</sup> <https://horsens.dk/Politik#PolitiskeUdvalg>

businesses, trade unions, NGOs and politicians organise as the Horsens Alliance characterize the political landscape. The alliance consists of members of municipal departments within labour market, education and social services, union representatives and representatives of local businesses. The alliance is a key actor of territorial development in Horsens as it unites different interests, pools local resources and make it possible to drive the development of Horsens forward despite a tight economic budget.

The elected Mayor of Lemvig, Erik Flyvholm, is from the Liberal Party, Venstre. Venstre is the largest party in the municipal council with 12 out of 21 mandates. There is a strong right-wing orientation among local voters which means that 15 mandates out of 21 are right-wing (Venstre, Det Konservative Folkeparti, Dansk Folkeparti, Radikale Venstre) and 6 mandates are left-wing (Socialdemokratiet, Socialistisk Folkeparti). They are organised into five political committees where ALM falls under the Labour Market and Integration Committee<sup>3</sup>.

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<sup>3</sup> <https://www.lemvig.dk/organisation>

# Active Labour Market Policies (ALMP)

## Executive Summary

In this report we outline how the three policy areas; active labour market (ALMP), early childhood education and care (ECEC), and vocational and educational training (VET) are influenced by the governance setting. In Denmark, ECEC and VET policies are shaped on a national level leaving little room for local discretion, while ALMP vary more at the local level, despite national policies.

Regarding ALMP it is clear from the three cases that Denmark is pursuing a social investment approach that combines flows with strong buffers and stocks, the latter resulting in that active measures rests on top of universal access to services and a high level of social security. Moreover, ALMP rests on a national and local tripartite agreement system between unions, employer organisations and government that ensures flexibility and focus on the integration on the so-called vulnerable groups. There is, therefore, strong evidence of corporate social responsibility in all three case sites underpinning investments in project related towards the integration of refugees or long-term unemployed. Furthermore, NGOs and other civil society organisations play a role as partners involved in the development of employability of unemployed. Moreover, it is clear from the three cases that ALMP is integrated with other areas, such as VET, and that regional coordination between job-centres and municipalities focuses on the intersections between VET and labour market issues.

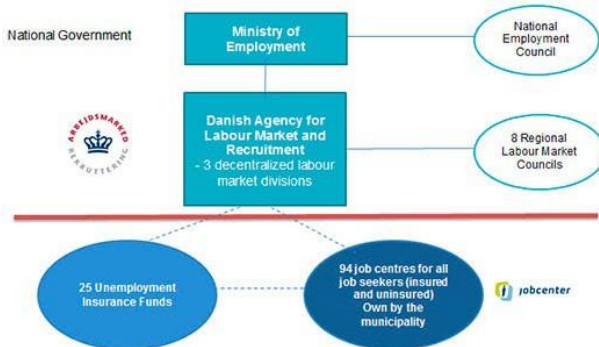
In all three cases areas, ALMP is targeting specific local territorial issues. In Aarhus, they direct efforts to avoid an oversupply of graduates, while the reverse is the case in Lemvig, where there is a lack of academic jobs, and academic labour supply. In Horsens, focus is on tackling mismatch between local needs for skilled labour and the labour supply. Collaboration between local and regional is formalized in the regional labour market councils and the regional office of the government labour market agency (STAR). This means that new efforts make social investment in improving the quality of service and lifting the competencies of job-centre employees are promoted on a national and regional level.

## 1. Part 1 – The governance system

### 1.1 Multilevel institutional setting

This section describes the multilevel governance system in which the Danish ALMP is embedded.

This policy area is directed from the Ministry of Employment. Underneath is the Danish Agency for Labour Market and Recruitment, which is responsible for the implementation of policy. The Danish Agency for Labour Market and Recruitment (STAR) has three regional divisions located in Roskilde, Odense and Aalborg. The three regional divisions are STAR's regional foundation. The role of the three regional divisions is to support the best possible implementation of political reforms in job centres, unemployment insurance funds, etc., and support network activities for job centre directors and team managers in the job centres, focusing on the implementation of reforms as well as on improving services for enterprises.



Figur 1 Organisation of ALMP in Denmark ([www.star.dk](http://www.star.dk))

### Autonomy/discretion

Since 2007 the municipalities are responsible for running the jobcentres. The former public employment service merged with the jobcentres to create one entry point for jobseekers. The result of this strong decentralization is that the implementation of ALMP is rather different in the municipalities depending on local political winds,

organization, management structure, economic situation and traditions for co-operation. The jobcenters then utilize a range of private sector and NGO organisations in their implementation of activation and training services (all categorized as the use of other actors). The degree and use of these other actors vary from municipality to municipality depending on the priorities and strategies of local labour market policy.

Denmark has a strong tradition for involving social partners in the articulation, implementation and monitoring of ALMP. The reforms are guided by tripartite negotiations between employers, unions and government, which takes place every year and sets the level for wage reform, and other ALMP measures.

At a regional level, the Minister of Employment has appointed eight Regional Labour Market Councils, each with 21 representatives drawn from among social partners (trade unions and employers' associations), the municipalities, the Danish Council of Organizations of Disabled People and other regional actors including educational institutions and growth forums. The general objective of the eight Regional Labour Market Councils is to improve coordination and dialogue between different municipalities and between municipalities and unemployment insurance funds, enterprises and other actors, including VET-centres and growth forums. As a rule, the Regional Labour Market Councils do not have any specific authority over local municipalities.

In the Danish context, the main governance arrangements to be familiar with are: the *agreement system* that governs the relation between the state, region and municipalities (in Danish: 'aftalesystemet'), the *equalisation arrangement* where funds are distributed between municipalities (from richer to poorer municipalities) in order to level out regional economic differences (in Danish: 'udligningsordningen'), the Danish version of the *flexicurity* model and, finally, the *tripartite agreement system* (in Danish: 'trepartsforhandler').

While the *agreement system* and the *equalisation arrangement* are central to most public services, the Danish version of the *flexicurity* model is the governance arrangement of most central importance to the field of ALMP. Active Labour Market Policies represent one out of three core elements of the

flexicurity model. The model combines flexibility, in the sense of low employment protection legislation, with social security, illustrated by generous unemployment benefits and active labour market policies, which focuses on activation and active job search. In this respect, flexibility and security are not contradictions as long as the proper labour market institutions are in place. The flexicurity model rests on a historical compromise between the government, the employers and the employees. The model does therefore not work without the approval of all three parties.

Danish ALM policies rest as stated above on a national and local *tripartite agreement system* between labour unions, employer unions and government. Examples of how this institutionalised agreement system ensures the focus on human capital is the emphasis of internships and in-work training for the so-called education-ready unemployed and on flexible arrangements of on-the-job-training for vulnerable groups and long-term unemployed. In further strengthening of the corporation between the different labour market parties, the ALM policies favour the job centres as the local central actors and in close collaboration with local employers. Examples of local tripartite agreements are local agreement on securing trainee positions for VET, or local agreements on securing protected jobs for people on the margins of the labour market.

## 1.2 Shifts in the last ten years

The section describes the shifts in the multilevel governance system in the past 10 years considering decentralisation, recentralisation and associated conflicts and dilemmas.

There is a long list of national amendments to the Active Labour Market Acts setting the national targets. The most recent one strengthens the freedom of municipal interventions as long as they follow the national targets, which function as a frame for municipal interventions. This is elaborated in the section on national ALM activities (section 4.1).

In Denmark, the major structural changes to the multilevel setting of ALMP dates slightly further back than the past ten years. As mentioned, the Structural Reform in 2007 changed not only the institutional set-up but also the structure and division of responsibilities between state, regions, municipalities and social partners with the aim of producing a more decentralised planning of the employment effort. In a critical reflection of the consequences of the reform it can be argued that the evaluation and management of ALMP also changed, as the reform “introduced a greater degree of central performance and target management that focuses on the effects and outcomes of the efforts made to help the unemployed back into employment, rather than on the activities undertaken” (Hendeliowitz 2008 p.3).

Turning to the point on data collection, the governmental focus on data collection has increased enormously in the past ten years (a trend within all Danish social policy.) Within ALMP, this resulted in an intense preoccupation with monitoring, testing, evaluating and benchmarking. The latest example of the national focus on data collection is the Executive Order on Social Data Reports (Bekendtgørelse om dataindberetninger på socialområdet) approved in 2018 bringing together all the rules and information on social data reporting in one place. Meanwhile, as result of the latest shift of government (June 2019), the latest legislative response within ALMP specifically, is to simplify the rules and measures.

In January 2020, the government approved a law on The Simplification of Active Employment Efforts (Forenklingen af lov om en aktiv beskæftigelsesindsats). The general purpose is to make it easier for private companies and municipalities to hire and get unemployed people into employment, giving

municipalities greater freedom to plan their efforts. With the new law, a simple minimum of rules are enforced across target groups, but efforts should be organized based on the individual needs of the unemployed. Companies avoid a number of time-consuming registrations in future applications for salary subsidies (løntilskud) and company internship (virksomhedspraktik). Furthermore, the law is meant to ensure that unemployed people are met with fair demands, understandable rules and avoid a rigid job search requirement. For example, unemployed people who have secured a future job are no longer obliged to uphold their job seeking activities in the six weeks prior to the start of the new job. As a consequence, a number of previous key requirements for the content of the interviews between the job centre and the unemployed are removed.<sup>4</sup> This recent legislative response, is designed to signal a move away from a rigorous goal and documentation procedure, which has dominated active employment efforts for the past twenty years.

## 1.3 Local governance systems

In this section the governance system on the municipal level in each of the three case areas of the project is described. The aim is to outline the main functions and responsibilities of the local institutional actors, the role of local private actors and the main changes in the local governance system(s) in the past 10 years. There are one job centre in each municipality, however in the larger municipalities these are divided into different sections, which might have different addresses, usually dividing the young people under 30 from the rest.

### 1.3.1 *Urban case*

ALM is part of the magistrate department Social matters and Employment. This department is a recent merger of the Social department and the Employment department in august 2019 to secure greater cooperation between the two fields and simpler, more meaningful and more holistic processes for the citizens. The new department is divided into six areas of operation, organised after target groups: children, young people and adults. The six areas are:

- Children, families and community: the unit is in charge of municipal efforts for 0-14 year olds, covering both efforts in relation to deprivation and special needs, including disability efforts up till 18 years.
- Young people, jobs and education: main responsible unit for efforts for 15-29 year olds across the social and employment area.
- Adults, job and disability: accommodation, activities, leisure time activities and educational offers, including help and support for adults with disabilities.
- Employment, deprived individuals and social psychiatry: social and employment efforts for adults whose primary challenge is not employment but rather mental illness, social deprivation (homelessness, substance abuse) or a need for integration.
- Employment and business service: efforts for employment-ready benefit receivers aged 30+, business service and recruitment as well as flex-jobs.

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<sup>4</sup> <https://bm.dk/arbejdsmraader/aktuelle-fokusomraader/en-forenklet-beskaeftigelsesindsats/>

- Employment, health and benefits: efforts for people on sick leave and for people with a brain injury or in treatment for substance abuse.

In relation to ALMP, all but the first unit is relevant as they all focus on a specific part of the municipal employment efforts. The employment efforts are organised under the employment administration with the job centres being the main actor with contact to citizens.

Aarhus is related to the employment council (RAR) of Eastern Jutland<sup>5</sup>.

### **1.3.2 Sub-urban case**

The municipality of Horsens is organised in four administrations<sup>6</sup>. ALM falls under the Administration of Education and Labour Market. This administration is divided into six units: two cross-cutting units and four with different areas of expertise. One of them is the main responsible unit for ALM, namely the unit for Employment and Integration. Correspondingly, Horsens has an Employment and Integration Committee with nine politicians as members. The budget of the committee has three main posts: various forms of unemployment benefits, employment efforts and some specific social benefits such as housing benefits. The first post is by far the largest. The committee has been in place since January 2018. Prior to that, there was an Employment Committee. The current committee has set 10 political goals for the policy field 2018-2021 centred around getting ‘the last ones in job’<sup>7</sup>. Unemployment rate is historically low and the aim is for everyone to benefit from this. Collaboration between municipal actors and between municipal actors and private actors is seen as crucial in realising the goals. Within the municipality, the committee collaborates with the Children and Education Committee on the basis of shared mind-set with four cornerstones: clear political goals, coherence in the life of the individual, developing communities and that having expectations is to show respect for the individual. The committee also collaborates with the Horsens Alliance (more details later), especially the Job Taskforce and the local companies. The alliance plays a key role in establishing cooperation between jobcentres and local businesses and thus for coordinating ALMP efforts.

As Aarhus, Horsens is related to the employment council (RAR) of Eastern Jutland.

### **1.3.3 The rural case**

Administratively, the administrations of Labour Market and Integration and the administration of Social and Health is combined and headed by one municipal chief executive, under which there are two managers, one for Labour Market and Integration and for Social and Health. The unit for Labour Market and Integration covers the job centres, citizen service and the so-called Competence Workshop. Together, the main responsibilities of these services is unemployment benefits, employment efforts, including upgrading of skills, and collaboration with businesses. As in all other municipalities, Lemvig has a jobcentre that implements national labour market policies in the municipality.

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<sup>5</sup> <https://www.rar-bm.dk/rar-oestjylland/beskaeftigelsespolitik/>

<sup>6</sup> <https://horsens.dk/OmHorsensKommune/FaktaomHorsensKommune/Organisationsdiagram>

<sup>7</sup> <https://horsens.dk/Politik/PolitiskeUdvalg/47>

Lemvig is related to the employment council (RAR) of Western Jutland<sup>8</sup>.

Lemvig Municipality is active in developing the municipality by supporting the local business life. Often this is carried out in a proactive way; reflected in different type of outreach work towards local business actors. A strong priority is given to helping local businesses with whatever problems they might face that is related to corporation between public authorities and business life. More on this in section 4.3.3.

## 2. Part 2 – Activities and services

### 2.1 Description

The following section describes the ALMP activities at the national level with regard to the main activities and services, main goals, users' profiles and expenditures. The regional level is, as described above, mainly in play in terms of collaboration between municipalities and in the form of the two Regional Employment Councils (East and West) in Region Midt, and in terms of the activities initiated by the The Danish Agency for Labour Market and Recruitment regional labour market office (STAR), more on that below.

Danish labour market policy consists of a *passive* and an *active* part. The passive part includes the payments made to replace the wage income during periods of unemployment (and also special leave, maternity leave, sick leave etc.) among which the major type of payments are unemployment benefits (dagpenge) (if you have been insured in an unemployment insurance fund) and cash benefits (kontanthjælp). The active part includes the job-focused efforts to bring the unemployed back into employment carried out by the job centres and the unemployment insurance funds (a-kasse). These are placement and career services (jobformidling), job training and activation (jobtræning og aktivering), education or subsidised employment (støttet beskæftigelse) (see below). In Denmark, the unemployment benefits are relatively generous with a high degree of compensation compared to comparable countries. This is to support the notion that the unemployed are effectively available for the labour market.

No major changes to the overall make-up of passive and active activities have been made during the past ten years, but there has been a wide variety of adjustments of the size, type and measurement of both passive and active activities following, to some extent, changing governments. As regards the passive side, an ongoing political discussion is how the level of unemployment benefits relates to the wish and activity of the unemployed to return to the labour market. During the past decade, the number of years that a person may receive the higher unemployment benefits (dagpenge) has been reduced from four to two years after which you'll be on the lower cash benefits instead. For cash benefits (kontanthjælp), a maximum has been introduced for the total sum that a person may receive per month. If the sum of cash benefits, subsidized rent and/or other subsidies exceeds a certain maximum amount, the benefits are reduced accordingly. In 2015 the categorization of unemployed changed from five categories to three: job ready unemployed (all jobseekers who can take up jobs offered, young people under 30 receive a reduced rate), activity ready (jobseekers over 30 years of age who have other social problems besides unemployment which means they need different interventions before they can be categorised as job-ready), and education ready (young people under 30 years of age with no further education).

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<sup>8</sup> <https://www.rar-bm.dk/rar-vestjylland/om-rar-vestjylland/>



The active employment activities encompass all categories of unemployed persons and are available throughout the country. The activities are divided into three types:<sup>9</sup>

- Education, guidance and upgrading of skills: This can consist of brief guidance and clarification activities, ordinary education and training (certified informal educational institutions, specifically arranged projects and training periods). In the past, the majority of participants took part in so-called “other types of counselling and training” which is a diverse category covering different municipal activation projects and job search training activities. In many instances, these are services carried out by a third party actor.
- Jobs subject to wage subsidy at public or private employers can be used to re-train the professional and social competences of unemployed people. Wage subsidies (both in the private and the public sector) are provided to employers when they hire a person who has been unemployed for at least 6 months. Public and private companies are eligible for a wage subsidy to hire an unemployed person for a period of 4 or 12 months depending on which category of unemployment he or she belongs to.
- Practical work training at public institutions and private enterprises can be used to re-train jobseekers and thereby upgrade their qualifications. The jobseeker continues to receive unemployment insurance benefit for the duration of an internship to develop her/his skills.

A key national player is The Danish Agency for Labour Market and Recruitment (STAR in the following). STAR has three regional labour market offices, one covering Zealand, one covering Fynen and South Jutland, and the last covering the rest of Jutland, and thus all of Region Midt. These offices are the administrative secretariat for the Regional Employment councils. They have no authority but can offer coordination and advice and knowledge in the form of statistics, and so on. Secondly, the regional offices help coordinate the needs of the employers on a regional level. Thirdly, they offer advice and support, and knowledge production in relation to the activities and services performed by the municipal job-centres both at the level of managers and at the level of job-centre employees.

The main goal of the agency is to contribute to bringing as many people as possible from unemployment into employment or education and to ensure that companies have access to the labour they need.<sup>10</sup>

In Region Midt there is a very well-functioning collaboration going on between the municipalities, job centres, educational facilities, and trade union organisations, and other relevant regional stakeholders. According to the informant from STAR this is unique in the sense of the degree of formalization of the collaboration. He argues that it has taken a long time to establish and that it has been crucial that there have been regional funds to support it. The goal of this collaboration at the regional level is to coordinate activities, services and needs, and achieve a more coherent labour market effort for the individual and for the municipalities. One of the focus areas have been to coordinate efforts with regard to unemployment among graduates, and the territorial mismatch: some areas around Aarhus have a high level of unemployed graduates, while other areas, such as Lemvig

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<sup>9</sup> The three points are taken from the English translation on the ministry’s website: <https://www.star.dk/en/active-labour-market-policy-measures/>, accessed February 12 2020.

<sup>10</sup> See also: <https://www.star.dk/en/about-the-danish-agency-for-labour-market-and-recruitment/>

lack qualified labour, and especially academics. The activities initiated by STAR increase regional knowledge of locality specific needs, and improve the chance of dealing with the mismatch which is a result of the dynamic between the pull towards urbanisation and the problems rising from de-population in other areas (Interview ALMP\_regional).

*”With the means we have, we can help set the agenda. We have just finished an analysis of graduate unemployment, which can be used by the municipalities. The means can also be used to generate ideas, networks and relations. However, it not the RAR that can lead the efforts it has to be the municipalities, and if they do not believe in it the resources go to waste. Our effort is therefore to generate engagement from all stakeholders.”* (Interview ALMP regional).

The main political goals for ALMP is published by the Minister for Employment on an annual basis. The goals set the overall frame and direction across the most important activities in the overall policy field and guide employment policy objectives for municipalities' employment services. The latest political goals lists the following three ambitions for 2020:<sup>11</sup>

1. Provide the necessary and qualified labour force needed by companies
2. More refugees and reunited families of refugees should be able to self-support themselves
3. More persons with a disability must get employment.

The 2020-goals represent a simpler version of the six goals from the year before. The reason for the reduction was to be clearer in the ministers' communication to the municipalities about the main priorities. The goals from 2019 were:<sup>12</sup>

1. Get more persons into employment or education instead of receiving public income support
2. Provide the necessary and qualified labour force needed by companies
3. More refugees and reunited families of refugees should be able to self-support themselves
4. Get more job-ready (jobparate) persons currently on cash payments (kontanthjælp) into employment, and get more of the activity-ready (aktivitetsparate) persons either job-ready or into employment. There is to be particular focus on women of immigrant background
5. Action against social security fraud and faulty payments must be strengthened
6. Encourage vulnerable unemployed to put more effort in getting employment.<sup>13</sup> (In the complementary text there is special mentioning of persons with a handicap.)

Besides the annual political goals set by the minister, the targeted users are also reflected in the continuous political reforms of the policy field as mentioned above.

As expressed in the political goals above, the definition of users that are especially targeted within the ALMP are: refugees, vulnerable groups (such as persons with a disability) and companies in need of qualified (international) labour. Going back a few more years, other targeted groups were: long-term unemployed (langtidsledige) and youngsters without education.

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<sup>11</sup> <https://star.dk/om-styrelsen/beskaeftigelsesraadet/henvendelser-til-og-fra-beskaeftigelsesraadet/2019/beskaeftigelsespolitiske-maal-for-2020-beskaeftigelsesraadet/>, accessed February 12 2020, our translation.

<sup>12</sup> <https://star.dk/om-styrelsen/nyt/nyheder/2018/5/udmelding-af-de-beskaeftigelsespolitiske-maal-for-2019/>, accessed February 12 2020, our translation.

<sup>13</sup> The sentence is equally unclear in Danish.

National funds for ALMP are increasingly ear-marked to particular projects, for example in relation to improving job-centre employee competencies, or target groups. STAR are involved in the steering committees whenever a municipality receive funds from these targeted funds. Thus, this is more indirect means to control the local ALMP effort and their alignment with national and regional strategies.

In an international context, Danish spending on active labour market efforts is among the highest. When measured in relation to GDP more than three times as much resources are spent on active labour market efforts in Denmark than in an average OECD-country. The municipalities can today receive reimbursement partly for the costs of providing assistance to persons outside the labour market and partly for the costs of operating the active labour market efforts. At the same time, the municipalities have, overall, been given a greater share of the financing responsibility for the cost of living and thus a greater gain by getting unemployed into employment. Thus, the municipalities are more strongly encouraged to invest purposefully in getting people quickly into employment and thus to provide them with the most efficient employment efforts.

## 2.2 Main changes and innovations introduced in the last ten years

This section describes the main innovation/changes in the policy field of ALM in the past 10 years. Below is a list of the recent and major reforms of the Danish labour market:<sup>14</sup>

2002: Reform “more people in work”: duty to activation from first unemployment day.

2008: Reform of the active labour market policy: responsibility for ALMP delegated to municipalities from the state.

2010: Reform of the active labour market interventions – more focus on job-related activation, less reimbursement for education

2013: Reform of cash benefit system: young people under 30 pushed into either education or employment through lower benefit rates.

2014: The employment reform. Focus on municipal freedom to tailor individual processes to get unemployed back into work.

2015: The State Reimbursement reform: more economic incentives for municipalities to get unemployed quickly back into work.

2015: Job reform 1 and Integration Allowance: ceiling on total social transfers for individuals and families, demand for 225 hours work when unemployed, reintroduction of Integration Allowance to make economic incentive to get immigrants to work.

2016: The Unemployment benefit reform: reform of the system of contributory benefit making it more flexible in relation to part time work etc.

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<sup>14</sup> For further information see: <https://www.star.dk/en/recent-labour-market-policy-reforms/>

2020: The Simplification of Active Employment Efforts: simplifying processual demands on municipal job-center activities and on jobseeker activities.

In the reform-process, most categories of benefits have been subject to change (e.g. pensions, cash benefits (kontanthjælp), unemployment benefits (dagpenge), sickness benefits and benefits for immigration and asylum seekers). The key dilemma is that the intense monitoring and reform of nearly all types of unemployment benefits resemble a change from a universal ‘rights-related’ benefit system into a ‘behaviour-regulating’ benefit system that is moving towards means-tested elements.

As mentioned above, the field has been subject to considerable changes. Going into greater detail, during the past 10 years, active labour market efforts have been extended to a broader target group, including insured unemployed persons aged 58-69, who have previously been exempt from activation, persons with reduced working capacity as well as recipients of sickness benefits and unemployment benefits. Procedures with a focus on bringing together cross-sectoral resources (doctors, physiotherapist, social workers, job consultants, therapists etc.) have been introduced for people at risk of early retirement and similar work with clarification of employability for people who cannot extend their sickness benefits and who are still incapacitated due to illness. The municipalities have thus been given more opportunities to provide pro-active means to people on the edge of the labour market such as labour market-ready unemployed and cash benefit recipients. For people on the edge of the labour market, a number of reforms have been implemented for cash benefits in general e.g. early retirement and flexible working as well as the sickness benefit system. The overall focus has been that efforts must be more active and to a greater extent company-orientated and interdisciplinary, as well as based on the individual unemployed.

In addition to changes on the active part of labour policies, reforms of the passive measures have also been carried out. Shortening the unemployment benefit (dagpenge) period to two years, lowering the cash benefit rate for certain groups of recipients, reintroducing the upper limit of the cash benefits (kontanthjælpsloft) and the implementation of a cash benefit rate for persons in job clarification are all measures that are intended to increase the incentive to seek and take up work.

With the last most recent reform a new monitoring system of municipal job-centre performance have been introduced. This means that the municipalities have greater freedom in the procedures of their activities and services, but that they have to perform up to target in the end. Municipalities, which perform under target are put under increased monitoring, and their local autonomy is curtailed. This introduce an ambivalence in the regulation of the collaboration between central and local governance, as the competencies are placed locally with the municipalities as long as they perform according to nationally set targets (Interview AMLP\_regional).

## **2.3 Local Policies**

This section outlines the local ALM-policies in each of the three case areas with regard to the main goals, activities, expenditures etc., including changes in the past 10 years.

### **2.3.1 Urban case**

Aarhus is a city in growth, as described in D4.6. The economic growth strategies focuses on capitalizing on being an educational city and strengthening regional advantage through business clusters. The problem in Aarhus is that due to its character as an educational centre there is a mismatch between the high level of education and the need for skilled labour (Interview Urb\_PA\_18,

Urb\_BA\_4). 60% of the unemployed in Aarhus has a further education. The municipality tries to meet this mismatch by increasing dialogue with the educational facilities and initiating networks between graduates and businesses. However, the informant argues that because the funding system for the educational facilities follows the number of students, and therefore the incentive is to increase rather than decrease the number of graduates. Moreover, the number of places is decided nationally. Thus, at the local level it is hard to regulate this mismatch (Interview Urb\_PA\_18). Within educational institutions there is also an increased tendency to make the profile of the competences more unique which mean that the employers find it harder to recognize and employ academics. At the same time, because there is a surplus of graduates with further academic competencies, she argues there is a push effect, in the sense, that the graduates push administrative staff with lower education attainments out.

The informant argues that they are still witnessing the effects of the structural reform from 2007 that changed the unemployment effort to become a responsibility of the municipalities. This means that the ALMP area still is feeling the effects of a greater integration between social policy and labour market policy in the sense that *work first* initiatives are directed towards all groups, including those groups that are furthest away from the labour market. In Aarhus, they are following the national reforms with the increased focus on work first incentives. This involves a shift away from municipal initiatives that focused on human capital development towards initiatives that aim to develop human capital in job training or flex jobs. Even those groups that are furthest away from the labour market, e.g. the long term ill and those who have other social problems than unemployment are now pushed into activation and job training. This mirrors the national emphasis on the connection between rights and duties in the sense that all that can, even though it is only a few hours, shall work (see reforms above). The informant argues that ALMP is a major focus area in local policy because a lot of the municipal budget is allocated to ALMP, and thus reducing the number of people on different forms of benefit have immediate effect on municipal budgets (more on that below). In Aarhus, this focus have resulted in what they call a ‘business focused approach’, which rest on corporate social responsibility (interview Urb\_PA\_18).

Collaboration between municipality and the private sectors has increased. In the past years, private corporations in Aarhus have begun to express will to take greater social responsibility and this has led to an increased focus in making local job and employment policy in Aarhus. In 2013 the municipality published *Aarhus Municipality’s Strategy for Collaboration with Companies on the Employment Initiative* (12 pages) and in 2018 they launched a more direct policy document titled MORE PEOPLE IN JOBS Aarhus Municipality’s Employment-policy (24 pages). Finally, in December 2018, this policy was followed by the 36-page document *Investments in Jobs. Plan for employment in Aarhus Municipality 2019 (07\_urban)*. The overall aim is to increase employment through ensuring that an additional 3.000 people gain employment during 2019-2020. The two main target groups are youngsters and immigrants.

The most recent ALM policy is Employment plan 2020. The layout and timing of the latest job strategies/policies is the result of the municipality’s effort to be in correspondence with a national agreement from 2018 that aims at ‘simplifying’ employment and labour markets policies. The documents from Aarhus voice a hope that the new agreement will secure greater freedom in planning municipal labour market initiatives.

The document, *Investments in Jobs. Plan for employment in Aarhus Municipality 2019*, shows the latest budget of Aarhus City Council for employment and ALM policy and outlines how some of the municipality’s local jobcentres are being centralised. In addition, some of the municipal job activation initiatives are being reduced and replaced by initiatives that address private sector jobs more directly,

for example through more in job training. The purpose for highlighting these in the strategy is to set a clear political direction and to emphasise the municipal need for partnerships and corporation with the city's companies in order to move more people into employment. As it reads, the strategy is an invitation from the city to the private sector to collaborate on joint solutions. An informant from AMLP argues that although the increased collaboration increase the number of also vulnerable groups in some kind of flexible or supported job or job training, it is still uncertain how the effects will be on the longer term. The most marginal groups are still the first to go when businesses have to cut back, and there is a tendency to include the most job ready unemployed first, thus a tendency to cherry picking those groups which shows most promise of investment (Interview Urb\_PA\_18).

In the introduction to the Plan for employment in Aarhus 2019, it is stressed, how employment is a joint task and relates to 'cohesion' and 'social mobility'. Aarhus is a city with many students and the document states how the educational institutions must concentrate more actively on helping students in getting their first job. The municipal jobcentres want to cooperate and help bridge the relation to the private sector. One example is trainee-periods for students in the finishing year of their studies. The document also states a municipal wish to continue and further strengthen regional ties to the industry. An example of this is adult upskilling especially in the building industry. Employment Plan 2020 mirrors the strong focus on collaboration with private actors and the desire to simply employment efforts. The aim is to get 3,000 more people in employment during 2019-2020. Areas in focus are: jobs for vulnerable adults (e.g. mental vulnerability), prevention of child poverty, young people and education, integration and deprived neighbourhoods, employment-ready citizens and finally repatriation, i.e. helping immigrants to return voluntarily to their home country.

Finally, it is worth noting that on the 18<sup>th</sup> of February 2020, an agreement on economic recovery for the social area was passed<sup>15</sup>. Severe cuts planned to the area are being reduced – cuts will still be in place but of less magnitude. It refers to the department of Social matters and Employment but are mainly within the former social department.

A big percentage of funding for labour market policy is allocated in targeted funds, e.g. for the young vulnerable unemployed, or the long-term unemployed. An informant from Aarhus argues that a third of municipal budget in the area of ALMP comes from this type of targeted funds (Urb\_PA\_18). This relates to the national tendency for result based governance. The municipalities are told nationally what potential targets they should reach on the basis of their potential and the funds are then targeted to reach this potential. This means that instead of governing the ALMP process locally, focus is on targeting funds for different groups and govern the results of local ALMP initiatives. This means that it becomes more complex locally to administer the area, as more and more funds are targeted particular groups or initiatives. Moreover, local administrations need different monitoring systems in which they can follow return on investments in the different funds. However, as a local informant argues, it is more difficult to monitor results for some groups, and it becomes more difficult in complex cases where there might be spill-over effect from many different initiatives to tackle social problems. This informant claim that more funds have been allocated to the ALMP area in the last years, but that they come in the form of ear-marked funds.

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<sup>15</sup> <https://www.aarhus.dk/nyt/sociale-forhold-og-beskaeftigelse/msb-2020/februar-2020/forligspartier-indgaar-aftale-om-oekonomisk-genopretning-af-socialomraadet/>

### 2.3.2 Sub-urban case

Horsens has generally seen a positive development in the last years in the reduction of the number of people on different kinds of income transfers. However, Horsens is still lacking behind the national average in number of young unemployed, people on illness-related contributory benefits and the activation-ready unemployed. Therefore, Horsens Municipality has had an active labour market strategy anchored in the Job Taskforce, which is a subgroup under the Horsens Alliance and which they themselves describe as an investment model, e.g. in the most recent labour market plan:

*Effect based labour market policy is the starting point for the investment made by Horsens Municipality in the labour market initiatives in the last years. Concretely, Horsens Municipality has invested in an active intervention in the form of interviews<sup>16</sup>, early and intensive interventions, and follow up and business related activation. The investment has to a different degree benefitted all target groups... The savings on public transfers is by far larger than the expense of the investment in the active interventions. (Active labour market strategy 2019, 2018, Suburb\_11:6-7).*

This investment strategy is not new and can be traced back to the initiation of the Horsens Alliance in 2013, which started out with ALM interventions in the form of mentor arrangements tutoring vulnerable groups of unemployed and especially the young. However, since the budget agreement 2014, this has been expanded to include a business tax deduction as an answer to the active collaboration with local businesses in reducing the number of people on labour market related welfare transfers. That is local firms involved in the Horsens Alliance and its job task force got a reduced business tax rate. There are different perspectives on the effects of this. In the evaluation reports from the labour market area and in the budget agreements this formalised collaboration and its social impact is characterised as a success (Horsens commune/BDO Consulting 2017). However, some of the other informants are more sceptical about the results of this investment strategy and whether the focus is right (Sub\_PA\_23, Sub\_PA\_24) (see more details D4.6). This means that alliance-building has become more and more ingrained in the territorial governance of Horsens over the last five years. The mobilization of “pulling together as a unit” becomes a performative strategy (Kornberger and Clegg 2011) that is also seen as condition for developing Horsens in a direction based on a relation between economic growth and social welfare.

It is important to note, that performance-related governance is part of a general shift within national ALMP (Regeringen 2014). In this respect, Horsens mirrors the idea of investing resources in targeted interventions; however, the degree to which this is a coordinated and the collaborative effort is locally specific. The collaboration was consolidated in 2016, when more money was allocated to the investment models, and the local authority incentive for corporate social responsibility was formalised through social clauses in contracts between the municipality and local businesses, and in the targeted collaboration to ensure qualified labour for local businesses. The legitimization of this is related to the notion of ‘pulling together as a unit’ (‘løfte i flok’) – see more on this in D4.5.

The emphasis is mainly on relations between business and the job centres, but especially in relation to the young unemployed. Schools, educational facilities and citizens are mentioned as key actors. However, it is not specified in this policy document how and to what extent they are to be involved (Labour market strategy 2016, 2015, Suburb\_32:12). In relation to the vulnerable housing areas, the labour market policy includes a broader spectrum of actors. In the introduction to the most recent

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<sup>16</sup> Interviews refer here to the interviews that the job center have with the unemployed checking up on their job seeking activities and employability.

labour market plan, residents in these areas are mentioned as one of three target groups, but it is unclear in the rest of the plan what particular efforts are made in their regard (Active labour market strategy 2019, 2018, Suburb\_11:4). The primary strategic actors thought to be involved in delivering the active labour market policy in Horsens is the socially responsible businesses in collaboration with job centre officials. This is supported, moreover, by the a chief executive informant from the area of ALMP that states that argues that civil society actors are only involved very limited in the ALMP activities and services, besides the business actors involved in the Horsens Alliance (Interview Sub\_PA\_20\_2). It is difficult to get the civil society organizations to deal with the most marginal groups, in for example a local sports club.

Horsens has made an employment plan of 2020-21 that builds on the employment plan of 2019. The employment plan is, as something new, valid for a 2-year period. This decision was made by The Employment and Integration Committee, recognizing that it will take time to achieve the ambitious goals. The employment plan introduces a number of development initiatives in line with The Simplification Reform, which comes to law in January 2020. The Simplification Reform sets fewer process requirements, thus giving the municipality increased freedom in organizing employment efforts.<sup>17</sup> The ALMP initiatives takes their starting point in the framework set out at national level in legislation and the indicative ministerial goals that are announced each year (as mentioned above in section 4.1). Thus, national goals and legislation are translated into local policy goals and priorities, cross-cutting and department-specific operational goals, goals for the individual counsellors and ultimately goals and efforts for unemployed citizens. In practice this results in a focus on follow-up procedures and monitoring and quality assurance, while at the municipal level there is a monthly follow-up of outcome, operational goals and efficiency. The political level is informed by recurring budget reports, outcome, cross-cutting operational goals and monthly follow-ups on results as well as through surveys for citizens and businesses. The municipality of Horsens puts great emphasis on the importance of this knowledge as it is crucial for the employment efforts in the job centre and the youth centre (ungdomscenteret) in terms of making the right investments in the future work within the field.<sup>18</sup>

The focus areas for the most recent ALMP strategy are improving collaboration with business, around job-ready unemployed, and municipal investments in efforts concerning the following target groups: young unemployed, people on sick leave, foreign insured unemployed (udenlandske forsikrede ledige). In these three target groups, the municipality of Horsens has a higher number of people on different forms of benefit than both the national and regional average (Active labour market strategy 2019, suburb\_11).

Like in the case of Aarhus, AMLP funding is increasingly targeted and ear-marked in Horsens. They apply to the national targeted funds, from which they get a relatively big share yearly (up to 1, 2 mill Euro). There is less focus on utilizing the European Social Funds, as they come with a big administrative set-up and less local flexibility (Sub\_PA\_21, Sub\_PA\_20\_2). They have a project which is financed partly by the Philanthropic fund Rockwool foundation regarding youth unemployment. Moreover they have collaborations but nothing finalized with AP Møller foundation. Rather than increasing funds by getting outside foundations to collaborate, focus is on prioritizing investment of municipal funds. For example, there is an ongoing project with increasing entrepreneurial competencies for long-term unemployed moving some of them into the category of self-employed (Sub\_PA\_21). Another informant argues that in some instances getting outside funds

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<sup>17</sup> [file://sbi.aau.dk/Users/loj/Downloads/beskaeftigelsesplan\\_2020\\_21\\_vedtaget.pdf](file://sbi.aau.dk/Users/loj/Downloads/beskaeftigelsesplan_2020_21_vedtaget.pdf)

<sup>18</sup> [file://sbi.aau.dk/Users/loj/Downloads/beskaeftigelsesplan\\_2020\\_21\\_vedtaget.pdf](file://sbi.aau.dk/Users/loj/Downloads/beskaeftigelsesplan_2020_21_vedtaget.pdf)



in make development more likely, however it also have to be in a direction that fit with local priorities, otherwise it is not an advantage (Sub\_PA\_20\_2). Both chief executives from the ALMP in Horsens point to the well-functioning cross-municipal collaboration in the RAR (regional employment council) and in the municipal collaboration between job centers (KKR). They both argue that this form of collaboration is essential in terms of dealing with the mismatch between the needs of the local business and labour market supply, and the collaboration between VET and active labour market policy (Sub\_PA\_21, Sub\_PA\_20\_2).

### 2.3.3 Rural case

Policy documents are generally scarce in Lemvig. In 2019, a municipal vision, three policies and 16 strategies were passed and they together constitute the main policy documents of Lemvig. The three policies are short documents of 9-10 pages and overarch a range of policy fields, being centred on business, nature and infrastructure; children, adults and the elderly; and leisure time, volunteering and health. They are centred on respectively frames, welfare supply and civil society. It is within the strategies that one finds more specific descriptions of efforts and initiatives. The strategies are also short documents of 2-4 pages each.

ALM-policies are to some degree part of the strategy on employment<sup>19</sup>, the strategy on settlement<sup>20</sup> and the strategy on integration<sup>21</sup>; with the first strategy being the primary focus for ALMP. Here, efforts are described as being centred on three themes: individual and coherent courses for the unemployed; a coherent effort for young people across education, employment and social efforts; and securing a sufficiently qualified work force for the needs of local businesses. The strategy for settlement relate to ALMP in that it entails a focus on securing jobs in order to get people to settle in Lemvig and a campaign to show people working in Lemvig the benefits of living there as well, including the employees of Lemvig Municipality itself. The strategy for integration address employment in that it stresses the importance of securing integration through employment with a special focus on education, on women, on language provision and on collaboration with businesses in securing employment for immigrants.

The municipality does not have a specific labour market policy but the local job centre attempts to match labour market supply and demand. There are some aspects of ALMP covered in the municipality's policy, *Industrial Development Policy*, for the period 2007-2013. The policy was developed on the basis of a SWOT-analysis and focus on how to manage the merge of municipalities after the Structural Reform in 2007 and on the future organisation of policy areas. Even if not an outright policy, the municipality has a recent employment plan from 2019. The plan takes its starting point in the Ministry's political goals and has been made in close cooperation between the municipality of Lemvig and the different parties represented in the labour market.

The core dilemma of the local labour market is conflicting elements of a decrease of the local labour force due to the general demographic decline and an increase in the demand of local labour force. The unemployment rate is one of the lowest in Denmark and local businesses are struggling to recruit and retain qualified employees. Therefore, the municipal policy is focused on the specific needs and demands of the local businesses. Hence, the strategic points of the policy orientation are the importance of timing, of being proactive, and of being in close dialogue and cooperation with local

<sup>19</sup> <https://lemvig.dk/Files/Files/Politikker/Strategier/Strategi%20for%20Beskæftigelse.pdf>

<sup>20</sup> <https://lemvig.dk/Files/Files/Politikker/Strategier/Strategi%20for%20Bosætning.pdf>

<sup>21</sup> <https://lemvig.dk/Files/Files/Politikker/Strategier/Strategi%20for%20Integration.pdf>

businesses. Efforts are aimed at the specific businesses. This proactivity also includes a focus on the need for skills-upgrading and further training. The municipality coordinates rounds of visits to local businesses where representatives from educational institutions and from local labour market organisations discuss local needs concerning further training, administrative initiatives and so on.

Another proactive effort is that the municipality supports and facilitates different branches of businesses reaching out to foreign labour supply in order to meet local needs. A chief executive officer from the municipality gives the example with the import of Spanish smiths to assist on boat repairs in Thyborøn, due to high levels of unemployment in Spain. Another example is the Polish workers, and the Ukrainians working mainly in the farming industry. However, both these groups are returning home now due to changing conditions in their home countries (Rur\_PA\_11\_2). The issue is according to this and other informants that there is a lack of available jobs for women and this impinge on the efforts to attract labour supply, as it makes it harder for families to settle in the municipality (Rur\_PA\_11\_2, Rur\_BA\_1, Rur\_PA\_8\_2). Their solution to this is that they invest projects that can brand the municipality as a proactive place, for example, they are very active on the climate front.

However, the overall problem of demographic decline, including the demand for more labour, has not (and cannot?) be solved by this type of municipal coordination alone. The informants relay how they in Lemvig depend on close collaboration with the surrounding municipalities, for example in relation to the coordination of labour market issues (see also D4.6). One informant argue that it is the inter-municipal collaboration rather than the regional labour market council that is important for Lemvig. She claims that there is less energy in RAR vest as there is no money involved and they have no authority, whereas there is regular meetings between heads of job-centres, and municipal officials (Rur\_PA\_9). An example of how Lemvig is dependent on not only horizontal coordination, but also vertical coordination and investment, is the investments in the new super hospital in Holstebro (nearby larger city in neighbouring municipality). Such an investment, depending on how it is done, will have large impact on the labour market in Lemvig, as there will be an expansion of jobs in the Hospital sector and some of these will settle in Lemvig municipality. Moreover, a big investment such as a super hospital draws other types of infrastructural investments in terms of a possible expansion of the motorway system, which again both generates jobs and changes conditions of the local labour market (Rur\_PA\_21). Another example, is that the negotiations around changing the port of Thyborøn might mean a further expansion in the region of 2000 jobs (Rur\_PA\_21). It depends on the willingness of national government investment, which again might be dependent on strategies relating to responses to climate adaption and priorities of growth and decentralisation of state jobs.

### **2.3.4 Similarities and differences among the three case studies**

In all three municipalities, active labour market policy is a policy areas which attracts a big portion of municipal funds and thus a focus area for investment, and potential cost reduction. All three municipalities follow national ALMP policies and align the focus of their services with the increased focus on getting even those furthest away from the labour market back into employment. In both Horsens and Aarhus informants report on the investment of money in particular efforts. In Horsens, these are focused on entrepreneurship among long-term unemployed, for example. However, for both case areas it is uncertain what the effects of these investments are as of yet. In Lemvig they are more than in the two other case areas dependent on national government investments, as such investment will change the local labour market dramatically.

In all three case areas, ALMP is targeting specific local territorial issues. In Aarhus, they direct efforts to avoid an oversupply of graduates, while the reverse is the case in Lemvig, where there is a lack of

academic jobs. In Horsens, focus is on tackling mismatch between local needs for skilled labour and the labour supply. In all three case areas informant point to the necessity of increased collaboration across municipal administrative borders. The representative from the regional STAR office argue that collaboration is formalized in the Western part of the region and that it is well-functioning. The local informants are more skeptical about the effects of regionally initiated collaboration, but emphasize close collaboration with neighboring municipalities as essential to adjust labour market needs.

In all three case areas, there is an increased focus on CSR. Close collaboration with local businesses and business networks play a role in living up to national emphasis on getting the most vulnerable in jobs, protected jobs, and job training. In Horsens, this collaboration is more formalized in the Horsens Alliance and the job task force.

### 3. Part 3 – Priorities and Social Investment Strategy

Denmark is characterized by a social investment approach, which emphasize the combination of flows with strong buffers and stocks. That is, there is a strong tradition for integrating active labour market policies with other policy areas, and that activation rests on top of universal access to services and relatively high levels of social security (Kersbergen and Kraft 2017).

Denmark is characterised by a human capital approach to active labour market strategies (Vis, 2008) meaning that emphasis is on training, education, life-long learning and development of employability. However, this approach has increasingly been coupled with a ‘work-first’ approach and an emphasis on sanctions and economic incentives for a quick return to the labour market (Fallov, 2011b). This is particularly pertinent in relation to the so-called poverty benefit rates (reduced benefit rates for immigrants and asylum seekers and reduced security for people on contributory benefits). Despite these tendencies for increased welfare targeting, ALM policies rest on a national and local tripartite agreement system between unions, employer unions and government. These institutionalised agreement systems ensure that internships and in-work training becomes a focus for the so-called education-ready unemployed and flexible arrangements for on-the-job-training for vulnerable groups and long-term unemployed. Therefore, the strategic selectivity of the national labour market policies favours job centres as central actors but in close collaboration with local businesses and NGOs. The latter being the operating part in many activities concerning developing employability and human capital among unemployed groups. Thus, there is an emphasis on corporate social responsibility and welfare mix in relation to the groups on the margins of the labour market.<sup>22</sup>

Recent rounds of reforms have aimed to get even those groups furthest away from employment in some kind of training or activity, thus emphasising the obligation of all unemployed to move towards self-sufficiency. These activities target not only the obligations of the unemployed but also the

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<sup>22</sup> The few exceptions are the National Programme for the EU Social Funds 2014-2020. In this it explicitly states that the National Programme is to “meet EU2020 targets of intelligent, sustainable and inclusive growth. This shall primarily happen through increasing job creation (number of hours) and the development of productivity” (National Programme for EU social funds 2014-2020:2). Later on, it states that interventions shall target the resources and needs of each region. That the programme is “place based” in the sense that it should be tailored to place specific needs (National Programme for EU social funds 2014-2020:2). This perspective on tailoring interventions to fit place specific conditions is a Europe wide tendency related to the spatial turn [reference here to Barca 2009 and Böhme 2011,] in which at least in policy articulation there is a general focus on a development approach. To ensure this, interventions are monitored and shaped by the regional growth fora.

collaboration with businesses by mobilizing CSR, and the procedures of job-centres by targeting funding and focusing on the qualification of job-centre interaction with citizens.

As mentioned above, national and regional offices push for investment in ALMP. The informant from STAR explains that they promote social investment strategies in the regional labour market office of STAR, for example through the STAR initiated regular meetings between chairmen and sub-chairs of municipal labour market committees (the local political committees setting municipal ALMP strategy). Here they can promote that the municipalities invest in a special activity with the expectation that overall expenses towards benefit will drop. The usual way this works is that the municipality invest, for example, in extra focus on the quality of job-centre interviews with long-term unemployed. They employ a project leader to oversee this for a period of time and which gets things going, for example in particular procedures of supervision or reduction of caseloads to focus more energy on interview situations. The informant explains that Aarhus have had several of this type of investment projects going. His experience is that usually these investments pay off, but there are some cases, in which the investment has not resulted in reduction of municipal expenses. This is the type of risk that the municipalities will have to be willing to take (ALMP\_regional).

When asked if this is not simply a case of re-allocation of existing municipal budgets, the same informant explains how that this form of investment is an expansion of the budget of the particular department or part of the job-centre. In many instances, there is a double strategy at play since most municipalities have to cut back on expenses. The result is that you can have a job-centre that with one hand receive a large sum in investment in more time spent on each case, but at the same time have to cut back overall with the same amount.

*“It is expected that you achieve a more effective service with the means available. In some case, then, the cuts are not cuts, but a question of increased efficiency. The risk is that you do not achieve the expected outcome, because the employees have not become more qualified” (ALMP\_regional).*

He goes on to argue that the difficult art is to organise the investment in a way that ensures that initiatives carry on after the initial investment period, and after the committed project leader is no longer in charge.

STAR promotes investment in three focus areas:

- Quality of interviews and contact with the citizens
- Lifting competencies of job-centre employees
- Activities that bring vulnerable citizen closer to the labour market.

STAR has developed a set of bench mark cases from different municipalities and a web based calculation tool that help municipalities in their investment strategies. This is also supported by the tool developed by the Ministry of Social Services (SØM) which is developed to calculate outcomes of investment in the area of social services.

When asked what is the most important lessons learnt or most innovative projects, the same informant promotes that the projects concerning lifting the quality of contact to the individual citizen and thus placing the individual holistic problems surrounding unemployment in focus. Moreover, he argues that the recent changes towards a more direct work-first approach have been successful in terms of

increasing the employment among vulnerable groups, and immigrants outside of the labour market (ALMP\_Regional).

Lately, philanthropic foundations have started to invest in different areas of social policy and ALMP. Trendsetting in the growing field of public-private partnership and philanthropic investment has been the Social Capital Fund [Den Sociale Kapitalfond] (<https://densocialekapitalfond.dk/om-sociale-kapitalfond>). Although started in 2011, it is especially since 2017 that it has developed into more than theoretical projects. In 2017-2018, they developed the accelerator programme investing together with municipalities and other philanthropic funds in getting vulnerable people back into the labour market. There is great political momentum behind social investment and the recent Act on the Social Investment Fund (L 56 2018) has resulted in the first partly state-financed fund for social investment in the Danish context. The aim of the social investment fund (SIF) is to promote social investment projects within the four focus areas (children and young people in risk of placement care, work environment, children of parents with substance abuse, and citizens in risk of life style related health issues) to assist in developing social investment projects, as well as knowledge about this type of public-private collaboration. The fund has taken some time in constituting itself and its legal framework, which cannot be in conflict with the principles of the relative autonomy of municipal decision-making. However, it is now open for applications.

However, despite the political enthusiasm it is yet uncertain what the implications are for the target groups of social investment projects and strategies. The debate among Danish practitioners runs along the lines of the enthusiastic versus the sceptical. Key actors from the social policy arena and philanthropic funds primarily represent the enthusiastic perspective. They are convinced that social investment projects are the way to develop innovation and new solutions in Danish social policy. The chairperson of the Askov Fund Helle Øbo argues, for example, that social investment is a possibility to act more proactively and tackle social problems when they arise or even before they arise. She sees it as a new direction for social policy (Jørgensen et al. 2019). The sceptical views often originate from practitioners closer to the street level bureaucrat. Holm and Berlau (2018) (representing a pension fund the social workers union) raise sceptical voices, when they argue that although social investment projects are seen to spur early intervention before social problems become unsolvable, they have ethical and democratic problems relating to making people investable objects, focusing on particular issues might hinder a more holistic approach to solving their social problems.

# Vocational and Educational Training (VET)

## Executive Summary

VET is primarily a centralised policy field in Denmark. Hence, VET is mostly governed centrally. The decision-making level of VET is the national level and the implementation level is a combination of actors on the regional and municipal level. VET providers are autonomous pedagogically as well as in adjusting to local needs and demands. In addition, VET is organised according to what is called the ‘dual principle’, which means that the social partners play a central role in relation to both the content and organisation of VET-activities. The Danish VET-system is also characterised by a large part of stakeholder involvement by labour market actors, local businesses and other social partners.

As VET is not a municipal responsibility, there are no municipal units that are responsible for supplying VET. In general, VET has a limited role for municipal administrations. The main way in which municipalities deal with VET are e.g. trying to attract and support the establishment of VET institutions in the municipality (to supply education and boost economic growth) and supporting young people, especially vulnerable young people who are struggling in finding their way into education or employment, in starting an education on getting more young people to choose vocational education as there is an overall lack of skilled labour on the labour-market. These activities is taking place in both rural, suburban and urban environment. In the rural case Lemvig and in the suburban case Horsens a lot of work is done to get local partners within governance and business to collaborate on finding innovative solutions that are able to support local VET institutions and at the same time help getting more to choose vocational education. In Aarhus a lot of effort is put on supporting young people, especially vulnerable young people who are struggling in finding their way into education or employment.

## 4. Part 1 - The governance system

### 4.1 Multilevel institutional setting

This section describes the organisational setting of Vocational Education and Training (VET) in Denmark. It describes the division of responsibility between national, regional and municipal levels, the national goals and priorities, the role of private actors, the definition of beneficiaries and the national expenditures. In large part, the text is based on the webpages of the two relevant Danish ministries and on the report *Vocational education and training in Denmark* from 2019 (cited as Andersen & Helms 2019).<sup>23</sup>

In Denmark, education and training is organised within two parallel systems: the mainstream education system and the vocational and general adult education and continuing training system. On the figure below, the highly complex organisation of the system is pictured. The mainstream (or general) education system includes primary and lower secondary education, upper secondary education and higher education. The latter, is designed specifically for adults (age 20 and above) and

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<sup>23</sup> The report *Vocational education and training in Denmark* is one of the *VET in Europe reports* that Cedefop (European Centre for the Development of Educational Training) publishes regularly. (And of course, the VET system of all the COHSMO-countries is described in such country reports.) In an edited version with enhanced overview of the VET system’s elements the contents of the report is also available at: <https://www.cedefop.europa.eu/en/tools/vet-in-europe/systems/denmark>

also provides opportunities to acquire supplementary qualifications. It includes three types of programs at upper secondary level and on the tertiary level it includes short-cycle further (vocational) adult education, medium-cycle diploma programmes and long-cycle master's. Combined, the two parallel systems provide the framework for 'lifelong learning', which is a cornerstone to Danish education and labour market organisation.

In this report, when we refer to VET, we refer to upper secondary education called vocational upper secondary education and training (EUD, EUV and EUX). EUX is a combination of the general upper secondary educations and VET providing pupils with more options. EUD-qualifications provide access to the labour market as skilled workers or to specific short- and medium-cycle higher education programmes at vocational colleges and academies or university colleges (Kruse & Andersen, 2016; 12). EUD is divided into of four basic programmes:

- Care, Health and Pedagogy
- Office, Trade and Business Service
- Food, Agriculture and Experience
- Technology, Construction and Transportation

In the following, when we discuss the Danish EUD contents and policies we stick to the notion 'VET' in order to stay within the general COHSMO vocabulary.

The VET system is organised according to what is called the 'dual principle'. The dual principle means, that VET programmes are organised in alternating periods of college-based and work-based learning (apprenticeship training) in enterprises. Typically, a VET programme reflects a 2:1 split between workplace and college-based training, although there is large variation among programmes. The typical length of a VET programme is three-and-a-half years.

The Danish VET system is mostly governed centrally. The decision-making level of VET is the national level and the implementation level is a combination of actors on the regional and municipal level. VET providers are autonomous pedagogically as well as in adjusting to local needs and demands. (For further information on the self-governance regulation of VET providers see: [www.eng.uvm.dk](http://www.eng.uvm.dk)) In addition, a second significance of 'dual principle' is that the social partners play a central role in relation to both the content and organisation of VET-activities. In addition to the social partners, the VET-system is also characterised by a large part of stakeholder involvement by colleges, teachers and students. VET colleges and social partners share the responsibility for developing curricula to ensure responsiveness to local labour market needs. Qualifications at this level provide access to relevant fields in academy profession (KVU) programmes and professional bachelor programmes at tertiary level.

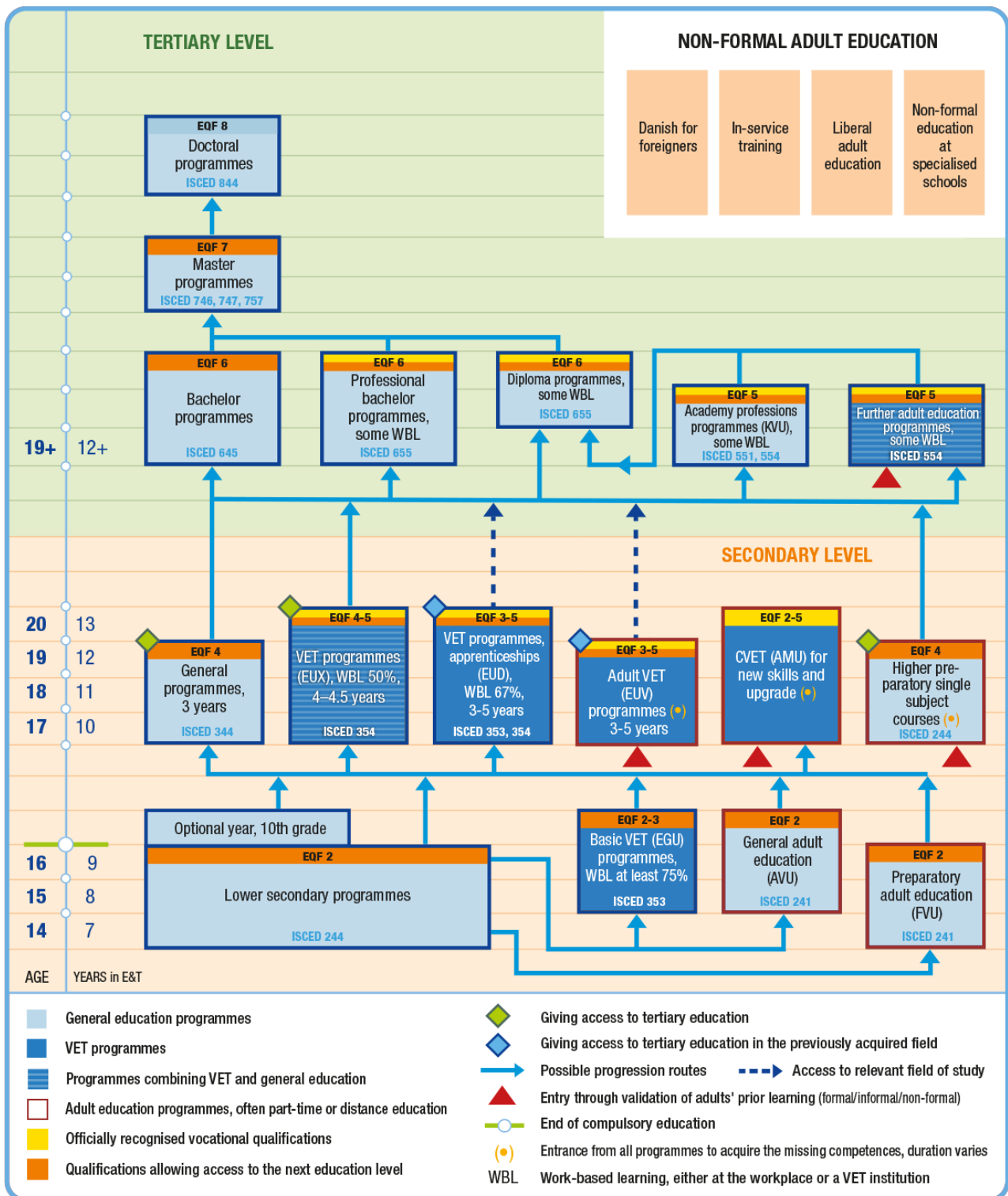
The key stakeholders are the public authorities, the social partners, the advisory council, the national trade committees, the local training committees, and the VET providers. Below the stakeholders are briefly described. The fundamental role of the national public authorities is to provide the overall legislative framework for VET. This is set by parliament and administered by the Ministry of Children and Education:

*The Ministry has overall parliamentary, financial and legal responsibility for VET, laying down the overall objectives for programmes and providing the legislative framework within which stakeholders, social partners, colleges and enterprises are able to adapt curricula and methodologies to the needs of both students and the labour market. The Ministry is responsible for ensuring that*

*VET programmes have the breadth required for a youth education programme and can allocate the necessary resources to it. (Andersen & Helms 2019: 41)*

The social partners play an institutionalised role at all levels of VET. At national level, they are part of the national advisory council on VET (in Danish: Rådet for de grundlæggende Erhvervsrettede Uddannelser) advising the Ministry and, at the very local level, the social partners are part of the local training committees advising colleges on local adaptations – especially the needs of the local labour market (Andersen & Kruse 2018: 36). The national advisory council is made of 31 representatives from the social partners, and monitors and advises the Ministry. The national trade committees (in Danish: faglige udvalg) are formed by labour market organisations (both employer and employee organisations). There are approximately 50 trade committees, they normally have between 10 and 14 members. The committees and their secretariat are financed by the participating organisations (Andersen & Kruse 2018). The national trade committees are responsible for the renewal of VET courses, providing analysis and contact with other relevant stakeholders, approve enterprises as qualified training establishments among others (for a full description, see [www.eng.uvm.dk](http://www.eng.uvm.dk)). The local training committees operate closely with the individual vocational colleges and often there are more local training committees associated with each college as they cover different fields. The local training committees consist of representatives of local employers and employees and representatives of staff, administration and students. Their main role is to ensure close contact between the colleges and the local community.





NB: ISCED-P 2011.  
Source: Cedefop and ReferNet Denmark, 2019.

Figure 1 The VET programmes in the Danish education and training system. Source: Andersen & Kruse, 2016, p. 10. Also available from Cedefop at: <https://www.cedefop.europa.eu/en/tools/vet-in-europe/systems/denmark>

Finally, there are the actual VET providers, the colleges, responsible for teaching and examination. They are self-governing institutions, led by a governing board working in accordance with the framework administered by the ministry. The board consists of teachers, administrative staff, students and representatives from the social partners.

*In the case of vocational education institutions, the majority of the board members must come from the outside. The board members are to contribute collectively to promoting the strategic activities of the institution through their experience and their academic insight into education and the labour market's needs for the educational programmes. (<https://eng.uvm.dk/general-overview/self-governance/self-governance-indhold> Accessed February 27 2020)*

Overall, the Danish education system is based on self-governing institutions with an independent, decentralised responsibility for education.

*The political objectives for the institutional structures of the self-governing institution areas are to ensure broad educational environments with a range of options for young people and adults in all regions, and that the institutions should be able to bear the independent, decentralised responsibility for educational opportunities and development, as well as the pedagogical development. The primary aim is therefore to ensure a high level of educational quality and broad geographic coverage throughout the country. (<https://eng.uvm.dk/general-overview/self-governance/self-governance-indhold> Accessed February 27 2020)*

Accordingly, the authority of the ministry in relation to the VET colleges are regulated in the legislation and the ministry is not permitted to rule on specific decisions for the self-governing institutions.

## 4.2 Shifts in the last ten years

In 2013 and 2014, the Parliament passed two major reforms to solve problems in the labour market. The reform in 2013 addressed the unemployment benefit system and aimed at enhancing the provision of labour. The reform in 2014 addressed the VET-system directly and on one of the decisions that affected VET the most was that unemployed people under the age of 30, and who receive social benefits, are obliged to take part in education of training. Accordingly, both reforms created challenges for the VET-system – the reform from 2014 having the most impact. It aims at enhancing the attractiveness of the VET system and establishes four overall objectives for the field.

*The big challenge is getting more people to take a vocational education. After all, everyone wants to go to high school when you look at it roughly. Therefore, we have considered how to sell the vocational education programs as programs that allows for successively education. It's not a dead end. It has not got any attention before and was not discussed. When you got a vocational education, you were in a profession and that was it. In the current arrangements it has been important not to cut people off from vocational education, or make it difficult to get further education in order not to make vocational education less attractive. It is very important to state that everyone that try vocational education have the opportunity to try something else if vocational educational does not suit them. It is a flexible and holistic perspective on education and vocational education (VET\_national)*

The objectives are accompanied with measurable targets for monitoring VET development. The background for the reforms was that since 2000 there has been a decline in the number of young people entering a VET-education directly from compulsory school and, among those who did enter,

the dropout rates were high. From the interviews we know that a lot of effort is being made to avoid obstacles and to increase flexibility for non-skilled workers that wants to get further education and it is stressed that no one should end up in an educational dead end:

*I am not sure, that there should be “a highway” through the system, but there should always be a passable way that is clear for those who need it. There must always be an opportunity to move on. (VET\_national).*

There are informal contact and interaction between the central actors in this field but collaboration could be much better organized in order to avoid that different educations back heel each other and creates obstacles for crisscrossing between educations just because they for historical reasons are administratively located in different ministries:

*Long time ago everything was organized in one ministry, but it was decided to pull out the universities and isolate it with innovation in order to put more attention to this area. After this operation it was decided to gather the field of higher education in one ministry and primary schools, secondary schools and adult vocational training in another ministry. This operation has caused a problem about crossing from one level of education to another because these are administratively located in two different ministries (VET\_national).*

Meanwhile, from the interviews there is no testimony of an increase in the uptake since the reform. Despite recurring campaigns, the VET system has not been able to attract more students, but a second major problem is, that the VET providers are unable to create enough trainee- and internships for the students that do enter a VET-education. The situation is a bit of a paradox in that private companies are in demand for more VET-skilled labour while at the same time reluctant to facilitate the trainee- and internships. Asked about the reasons for this, the interviewee on ALMP in the urban case said, that there are no clear explanations for this but that one likely reason might have to do with the four-year time-span of the VET-education. In Denmark, the majority of private corporations are small and medium sized and typically do not have orders in place for such a long time-span.

*In Denmark there is a parallel system where all the education and training programs, e.g. high school, bachelor and graduate, can either be attended within the mainstream system or within the vocational and general adult education and continuing training system. It's pretty unique. In addition, the development of relevant courses, with contents reflecting the actual needs of the labour market, rests on a strong tradition for collaboration between the educational institutions and the corporations who are employing the workers. (VET\_national)*

### 4.3 Local governance systems

As VET is not a municipal responsibility, there are no municipal units that are responsible for supplying VET. In general, VET has a limited role for municipal administrations. The main ways in which municipalities deal with VET is to try to attract and support the establishment of VET institutions in the municipality (in order keep youngsters from moving away and to boost local economic growth) and to support and encourage young people, especially those who are vulnerable struggle with finding their way into education and/or employment, in entering an educational program. In recent years, as the sections below will show, a national focus on getting more young people to choose vocational education has led to the municipalities to do the same.

### 4.3.1 *Urban case*

In the municipality of Aarhus, VET falls under the magistrate department Social Conditions and Employment (Sociale forhold og Beskæftigelse) under the alderman Kristian Würtz and led by chief executive Erik Kaastrup-Hansen<sup>24</sup>. The magistrate consist of a unitary management (enhedsforvaltning) and six operating units (driftsområder), organized by target groups; children, young people and adults. The six operating units consists of; Children, family and community, Young people, employment and education, Adults, employment and handicap, Employment, vulnerable (udsatte) and social psychiatry, Employment and business service, Employment, health and service (ydelse). VET is placed in the unit of Young people, employment and education. This unit has the main responsibility for efforts and initiatives targeting the 15-29 year olds, across the fields of employment and social services e.g. youth action plans (ungehandleplaner), education coordination (uddannelseskoordinering) and specialized disability efforts and initiatives for 15-29 year olds<sup>25</sup>. The overall main aim of the department Social Conditions and Employment is to ensure simple processes, efficient interventions and coherent solutions. The department pursues this aim by improving the corporation with citizens and taking the individual needs and wishes of the citizens into account<sup>26</sup>.

In Aarhus Municipality, Aarhus Business College (AABC) is the main provider of vocational education. AABC is a self-governing institution that has an independent board as the top management that is in charge of the institutions finances. The institution was established in 1865 under the name of The Trade Unions Evening School (Handelsforeningens aftenskole) and is Denmark's oldest trade school<sup>27</sup>. On 1 January 2020, The Trade Vocational School and AABC was merged; continuing under the name of Aarhus Business College. AABC aims to provide teaching by teachers with a high degree of professionalism providing practice-based teaching in close collaboration with the industry. AABC offers national education in that they offer students to be able to stay over-night at school homes and offering online courses. AABC has 2955 students and 549 employees. Apart from the trade profile, AABC has made a profile in e-learning and digital trade.

From the yearly report 2018<sup>28</sup> it can be seen that the number of students applying for the vocational educations EUX and EUD are weakly but continually decreasing from 1072 in 2014 till 824 in 2018. On the positive side, the drop-out rate from AABC was 14.6% in 2017 which was 0.9%-point below the national average. However, AABC is challenged in maintaining the pupils of the vocational educations after the basic course. In 2017, 51.7% of the pupils of AABC did a basic course while it was 48.4% at national level. To secure a high professional level for the best students, AABC has two talent courses as part of the basic course: EUX Business International and EUX Business Challenge.

### 4.3.2 *Sub-urban case*

The administration of the municipality of Horsens is, as earlier mentioned, divided into four main administrative departments. As ALMP and ECEC, also VET falls under the Administration of Education and Labour Market. VET is one of the six units under this administration. Politically VET is, as ECEC, part of the Children and Education Committee with nine members<sup>29</sup>. According to the

<sup>24</sup> [https://www.aarhus.dk/media/39245/organisationsdiagram\\_2020.pdf](https://www.aarhus.dk/media/39245/organisationsdiagram_2020.pdf)

<sup>25</sup> <https://www.aarhus.dk/om-kommunen/sociale-forhold-og-beskaeftigelse/organisation/unge-job-og-uddannelse/>

<sup>26</sup> <https://www.aarhus.dk/om-kommunen/sociale-forhold-og-beskaeftigelse/organisation/#2>

<sup>27</sup> <https://aabc.dk/om-aabc/historie/>

<sup>28</sup> <https://aabc.dk/wp-content/uploads/sites/5/2015/09/Underskrevet-2018-årsrapport.pdf>

<sup>29</sup> <https://horsens.dk/Politik/PolitiskeUdvalg/53>

budget which is valid from 2018-2021, Horsens municipality has agreed on spending 799,388,343 million DKK on education<sup>30</sup>. Of the total expenditure, 227,100 DKK are earmarked for subsidy to self-governing (selvejende) educational institutions.

The biggest provider of vocational training in Horsens is Learnmark Horsens. Learnmark is a self-governing institution that, as Aarhus Business College, has an independent board as top management. The board is responsible for the institution's finances<sup>31</sup>. Learnmark got its name after a fusion in 2011 between Business College Horsens (then: Horsens Trade School), VIA Vocational Educations, VIA Trade and the technical gymnasium. Today, Learnmark has a turnover of 227 million DKK, 2,300 students and 330 employees<sup>32</sup>.

As Aarhus Business College, Learnmark is an old institution. It thus has on 150 years of experience in teaching in trade subjects from Horsens Trade School that opened in 1869; teaching trade to trainees of the merchant and craftsmen. Horsens Trade School changed its name to Business College Horsens in 2008 to reflect that it no longer only taught buying and selling goods but also e.g. innovation and marketing<sup>33</sup>. It is also one of the first vocational schools to take on the responsibility for offering the municipal 10<sup>th</sup> grade (compulsory schooling is grade 0-9 but you can choose to add an extra year, grade 10). The vision of Learnmark Horsens is: We create and talent develop for the future industry.

The suburban case primarily stands out by the unique alliance the so-called Horsens Alliance that is very central to local development not least regarding vocational education. Through a tight collaboration between municipal authorities, educational institutions and local business-life:

*There is no regional education council, but many years ago, vocational training started in East Jutland – the educational alliance. This has been expanded so that there are even social and health schools, etc within this network. This is a network where there are some directors and managers etc. and they meet approximately every 2 months. Here we talk about what the situation looks like right now. This is an ongoing collaborations. In addition, of course, there is talk of apprentices. It is a crisscrossing between the central actors and the central institutions for example, with a rural agricultural school and with HF, VUC, etc. In Horsens we have an internship guarantee so that there is no break during the training. It ensures that the young people move on wherever they are.(Sub\_PA\_25)*

Horsens has succeeded in creating the sufficient internships that is necessary in relation to vocational education:

*The network with the companies is crucial. Business life has discovered that there is no danger in taking young people in and the youngsters in vocational education can see that you can move on. Both factors has a huge psychological significance. Even when parents from other cities has called it has been possible to find an internship I Horsens. (Sub\_PA\_25)*

The central authorities have the right to limit the number of internships. This right is critical to the Horsens-model because these limitations are based on calculations of supply and demand of the whole

<sup>30</sup> [https://horsens.dk/SearchResult?q=udgifter til uddannelse](https://horsens.dk/SearchResult?q=udgifter+til+uddannelse) – se budget for 2018-2021 side 136 og 142.

<sup>31</sup> <https://www.learnmark.dk/media/5141/learnmark-godkendt-vedtaegt-02032018.pdf>

<sup>32</sup> <https://www.learnmark.dk/om-learnmark/>

<sup>33</sup> <https://www.learnmark.dk/om-learnmark/historie/>

country. In Horsens the local authorities wants these calculations to be based on local conditions rather than based on a mean of the whole country.

### 4.3.3 *The rural case*

Lemvig Municipality is, as earlier mentioned, divided into three main municipal administrations, supplemented with five units of more cross-cutting character or staff function<sup>34</sup>. VET is part of the administration Family and Culture. There are five political committees, with the Family and Culture Committee corresponding to the Family and Culture Administration<sup>35</sup>. The committee has seven members. Within the administration, VET falls under The Children and Family Centre unit which is one out of four units (the others being Schools, Day-care and Culture)<sup>36</sup>.

As described previously, ALM and VET policies are mainly located at a regional and national level. VET policies are not distinctly dealt with at municipal level in Lemvig. Instead, VET policies are implemented via educational institutions such as Lemvig Gymnasium<sup>37</sup> that offers vocational training as well, Lemvig Business College and Lemvig Production School. Within the municipality there is a relatively remotely located teachers' college and gymnasium in a town called Nørre Nissum. When it comes to other types of vocational schools or to university education it is located outside the municipality: vocational training in tech-college in Holstebro (35 km away) and university education in Aalborg, Aarhus, Odense or Copenhagen (165 km, 155 km, 220 km and 380 km away, respectively).

In Lemvig the mayor problem is related to the decrease in population and especially regarding youngsters. Currently Lemvig is looking into a future with a decrease of 20% in youngsters. For the past 20 year the population decrease has been a fact and currently this tendency seems to has reached a point were it is threatening for the existence of educational institutions within the municipality. Therefor the situation in Lemvig is all about keeping the educational institutions running and about keeping up the intake of new students. Hence the strategy has been to merge the business highschool with the ordinary highschool in order to maintain a sufficient capacity. Currently there are 400 students at Lemvig highschool but this number will due to the current extrapolations drop down to 300 within the next 10 years if nothing change in the meantime.

This strategy is effect full when it comes to the number of students but it causes problems when it comes to funding and economy:

*As a result, you lose a lot of grants [...] I am part of a school network with merged schools across the country. Struer, Ribe, Nyborg are included. Local youth educational programs stands together to draw attention to make the national political level create the necessary configuration for merged youth education.( Rur\_PA\_22)*

In the long run the merge between business-highschool and the ordinary highschool will not be enough to sustain the current level of activities and the current level of employees. Therefor central actors on the educational field of Lemvig is involved in getting permission to merge the last year of the primary school with the high-school and the business-highschool:

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<sup>34</sup> <https://www.lemvig.dk/organisation>

<sup>35</sup> <https://www.lemvig.dk/organisation>

<sup>36</sup> <https://www.lemvig.dk/boern-unge/ungdomsuddannelser>

<sup>37</sup> <http://www.lemvig-gym.dk/>

*There is an educational development work there, so we are working with other schools on well... In Lemvig municipality there are plans to place 10th grade at Lemvig high school. One supports the local youth education offering by marking that the 10th grade is more the start of a youth education than it is the end of primary school. Such initiatives are broader, it is not just the school that is fighting a battle there. I think that there is a good local support in order to handle the challenges that follows of this idea. (Rur\_PA\_22)*

VET directly related to the local industries and the local labor market the main problem seem to be about attracting specialized labor to Lemvig and as a part of this problem to create enough jobs that are attractive to woman. Problems about attracting specialized labor to the area is a derived consequence of the lack of educational institutions in the municipality because the youngsters who move away in order to get an education only to a very low degree move back when they have finished their education. A factory in Lemvig has developed their own strategy in order to cope with that type of problems:

*The municipality out here have a strategy and a positive attitude. But of course, when you look at specialized labor and especially in the food industry, there aren't that many out here. So it is difficult to attract labor with special skills out here. Therefore we are targeting young people that we already employ from the local area. It is actually the best solution that we have found. It's better than finding a guy from outside the municipality who has to drive an hour to get to Lemvig. (Rur\_BA\_1)*

In this factory the owner has developed his own strategy in order to cope with lack of specialized workforce in Lemvig and the problems about attracting someone from outside that actually wants to work and live in Lemvig.

*I: It's some kind of internal educational system you are practicing or what? Where you educate workers to become completely specialized for your factory?*

*R: Yes, we have good experiences in promoting people who have shown good commitment and overview, have been in the business for about 3 years and are ready to take the next step. Yes, it is my best model and I am proud to find people with this type of profile within the this factory. I think the people who have a ½ hour transport to Lemvig e.g. from Holstebro are fine, but if it is people farther away, then my experiences are not good. (RUR\_BA\_1)*

When it comes to the lack of jobs that are attractive to woman it is related to the fact that primary sector in Lemvig (fishing, farming and energy) are not mirrored by jobs within education, service, science and care which are traditionally more attractive to women:

*Obviously, if there are no jobs for the wife, then it is clear that the men are being pulled away from the area. There is no doubt that women have a huge influence on the difficulty of recruit fishermen. That is my assessment. (...)If you move all service, science and care away and leave all the blue-collar-jobs here the most woman are out of the game. (Rur\_BA\_4)* We employ over 200 people around the harbour to do service e.g. blacksmiths, carpenters. There are very skilled craftsmen here, and there are a pronounced demand for high quality craftsmen. We have ships coming from Norway, Ireland and England here to get high quality craftsmen. We have a really good reputation out here. It helps to keep the skilled men here but there must also be some women so that they can have a wife, but it is not easy, but the European Union could think about that. (Rur\_BA\_4)

This problem has fuelled a process where the local tech-college has made a promotion strategy for the education in fishery. The fishery-course is localized as the one and only educational programme

in a local branch of tech-college in north western Denmark (EUC-Nordvest). The promotion strategy was aimed at youngsters from all parts of the country as it is very difficult to get the youngsters from Lemvig to stay and go into fishery. Many of the fishing apprentices come from Copenhagen:

*Yes, some of these young people are on the edge of society and they think, "great here there are some completely different possibilities and here you can use your body and hands". There is no requirement for academic skills. (Rur\_BA\_4)*

## 5. Part 2 – Activities and services

### 5.1 Description

The policy area of vocational education (both young and adults) is not territorially focused, although the negative consequences for the rural outskirt-areas due to the centralization of vocational educational institutions have been heavily debated and criticized, both by ‘outskirt’-municipal politicians and researchers. Due to a mix of both urbanization (depopulation in rural areas) and the financial governance of the educational sector (fixed income per capita/‘customer’), the geographical representation and breadth in educational offerings are being reduced.

Vocational education is regulated by Ministry for Teaching (‘Undervisningsministeriet’), responsible for primary/secondary/youth/vocational/labour-market- educations. The policy area is regulated by means of the Act of Vocational Education (2017)<sup>38</sup>. Several cross-party, broad governmental agreements dating back from 2006 (the ‘globalisation’-agreement) and onwards funnel state resources into this policy area<sup>39</sup>. In terms of responsibility, the regions have the responsibility for coordinating the supply of vocational education (and highschool). In doing so, a broad range of stakeholders are by necessity involved in terms of implementation of current policies and agreements (‘Aftale om Bedre og Mere Attraktive Erhvervsuddannelser’, 2014). Presumably, each region will have to involve a special mix of stakeholders in order to reach governmental goals.

As mentioned above, the Ministry of Education has the overall responsibility for finance, legislation and policy development for this type of education. Regions are legally required<sup>40</sup> to make regional growth- and development plans, taking into account education. Vocational schools are, like high schools, self-owned institutions, with responsibility for own economy, conditioned by governmental legislation, in which ‘the money follows the individual pupil’. The municipalities cannot make legislation concerning these vocational schools, but do of course as the primary public-service providers (public schools, nursery, day-care, children- and youth, social policy, employment, cooperation with local business, being responsible for the municipal financial and growth-related policies) play a key role in supporting governmental goals. There is no specific territorial equalization. However, the politicians of the regional councils have the responsibility for ensuring this educational supply. An unintended effect of the financial governance of this sector may lead to centralisation and, consequently, that the low-populated areas have few educational offerings.

<sup>38</sup> <https://www.retsinformation.dk/Forms/R0710.aspx?id=186661>;

<sup>39</sup> <https://uvm.dk/erhvervsuddannelser/lovgivning-og-reform/politiske-aftaler-og-oplaeg>

<sup>40</sup> Act on business furthering and regional development (‘Lov om erhvervsfremme og regional udvikling’) (2016) §8 a , section 2. <https://www.retsinformation.dk/Forms/r0710.aspx?id=183274#id27c737a2-4579-411d-9240-6c266183d943>



The financial mechanism is that each pupil provide the vocational schools with a specific amount of money per completion; this rate is subject of governmental negotiations in the so-called ‘three-party-negotiations’, in which the main actors of the labour market (employers’ organization, labour unions and government) meet and negotiate agreements. As a supplementary for this standardized amount, as part of the yearly financial agreement, the parties behind policies and agreement may opt for specific funds that these schools can apply for. For instance, the part of vocational education related to Labour-market educations (for non-/vocational-educated adults) have recently been granted a 100 Mio DKK-pool earmarked outreach work<sup>41</sup>.

A broad range of stakeholders are by necessity involved in terms of implementation of current policies and agreements (‘Aftale om Bedre og Mere Attraktive Erhvervsuddannelser’, 2014). Presumably, each region will have to involve a special mix of stakeholders in order to reach governmental goals. In the metropolitan region, as an example, the supply of qualified labour is decreasing while the demand is increasing<sup>42</sup>, making it crucial to involve the following stakeholders and actors:

- **municipalities:** because they manage primary and secondary school and therefore are able, to some extent to shape pupil preferences; because of social-service responsibilities; because of cooperation with companies about delivering apprenticeships;
- **public schools:** because they can guide and inform pupils about the vocational possibilities; municipalities can support by enhancing the cooperation with local business
- **Youth-Educational Guides** (‘UU’): because these have special attention on those 20% young people that are the least ready for taking an education and can inform youth and parents and provide access to business apprenticeships
- **The Vocational Schools:** because these have the responsibility for inform about vocational educations and how to get an apprenticeship
- **The Region:** To ensure that actors related to education, business and employment make joint strategies and tactical events in order to increase attractiveness, and chances of completing, vocational education

## 5.2 Main changes and innovations introduced in the last ten years

The main changes in the VET policy-field is first and foremost related to the increased focus on getting a larger proportion of the youngsters to choose a career as a skilled worker which means choosing one of over 100 different types of vocational educations that is available in the Danish Vocational Education and Training program.

The tendency in Denmark is that the vocational educations have the poorest reputation amongst youth (lack of youth-cultural elements) and attract the least resourceful when it comes to basic academic skills (literacy, math); the vocational educational system is also challenged due to other factors (large diversity in age-group, lack of options of apprenticeship, etc.). Despite the non-territorial focus, since these educations are put into tender, and since it is part of the governance of this sector that the regions

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<sup>41</sup> <https://uvm.dk/aktuelt/i-fokus/trepart/trepart-om-voksen-og-efteruddannelse/trepartsaftalen>

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[http://www.kl.dk/ImageVaultFiles/id\\_81979/cf\\_202/Flere\\_unge\\_i\\_Erhvervsuddannelse\\_Rammepapir\\_KKR\\_Hov.PDF](http://www.kl.dk/ImageVaultFiles/id_81979/cf_202/Flere_unge_i_Erhvervsuddannelse_Rammepapir_KKR_Hov.PDF)

have the responsibility for coordinating vocational education within and between the regions, the implementation of the vocational educations will be based on territorial considerations and analyses; existing regional analyses suggest that vocational education is crucial for regional competitiveness and that the chance of completion is highly dependent on distance to educational institutions, something that the Danish regions are aware of.

The vocational-education sector is yearly subject for finance negotiations. However, in terms of objectives, policies and agreements, the following political agreements guide the policy rationality of the sector<sup>43</sup>:

- *The Globalisation Strategy (2006)*
- *The welfare- and globalisation agreement (2006)*
- *Follow-up on the Globalisation agreement (2008)*
- *More young people in education and job (2009)*
- *Enhanced effort for more apprenticeships (2009)*
- *Vocational-related youth educations (2009)*
- *Agreement on several/an increase in apprenticeships (2011)*
- *Agreement on Better and More Attractive vocational educations (2014)*

In short, the reforms and agreements from 2006 identifies future demographic challenges related to an ageing population and an increasing demand for skilled labour; further, the societal economic value in motivating young people and adults with no education to get some sort of educational basic/introductory vocational training, reducing the risk of unemployment and the need for welfare benefits. However, the agreements also identify barriers: a non-attractive educational culture, especially for young people.

As noted above, the policy area of vocational education (both young and adults) is not territorially focused. Due to a mix of both urbanization (depopulation in rural areas) and the financial governance of the educational sector (fixed income per capita/'customer'), the geographical representation and breadth in educational offerings are being reduced. Vocational educations have the poorest reputation amongst youth (lack of youth-cultural elements) and attract the least resourceful when it comes to basic academic skills (literacy, math); the vocational educational system is also challenged due to other factors (large diversity in age-group, lack of options of apprenticeship, etc.<sup>44</sup>). Despite the non-territorial focus, it is part of regional governance, implicating that regions have responsibility for coordinating vocational education within and between the regions in order to produce labour. Accordingly, the implementation of the vocational educations will be based on territorial considerations and analyses, implying local cooperation with business and municipalities in order to live up to the demand of this labour.

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<sup>43</sup> <https://uvm.dk/erhvervsuddannelser/lovgivning-og-reform/politiske-aftaler-og-oplaeg>

<sup>44</sup> Aftale om Bedre og Mere Attractive Erhvervsuddannelser 2014. Undervisningsministeriet.

From a national level, there has been an increased focus since 2014 on getting more young people to do vocational educational training. In 2018, an agreement was made under the name *From public school to skilled worker – vocational training for the future (Fra folkeskole til faglært – erhvervsuddannelser til fremtiden)*. The agreement requires of the municipality to establish target figures for young people's educational choice in order, amongst other things, to increase the intake of young people in vocational training<sup>45</sup>. The national goal for share of students under 25 who are applying for vocational training in 2020 is 25%. In 2018, only one third of municipalities live up to this.

## 5.3 Local Policies

### 5.3.1 Urban case

Aarhus Municipality is amongst those two-thirds who do not live up to this goal. The share of young people applying for vocational training directly after compulsory schooling is lower in Aarhus than the country average and was in 2017 12.4%<sup>46</sup>. Therefore, Aarhus City Council has passed a common Action Plan for Young People across three administrations (Employment, Children and Young People and Social Matters). The purpose of the action plan is to strengthen the collaboration on creating a good transition for young people between compulsory schooling and vocational training or employment. One of the concrete initiatives in the action plan is to create better conditions for evaluating the education readiness of pupils in compulsory school. The purpose is for the evaluation to be experienced as more meaningful for the pupils and at the same time to be more useful for the schools. For young people under the age of 25 who are not ready for education the municipality has established a new training program, Preparatory Basic Education (Forberedende Grunduddannelse, FGU), to support everyone in taking an education or getting a job. It is aimed at, in particular, young people who are not seen as ready for education or employment but are expected through the program to build competencies and get ready for education, e.g. vocational training, or employment as an unskilled worker. FGU opened in August 2019 where approx. 550 young people had been referred from the municipality to the program. In addition, there is a running admission to the program<sup>47</sup>.

The Action Plan for Young People is divided in two tracks. The first track is general initiatives for compulsory schooling, focusing in particular on evaluating the education readiness of young people and the opportunities for creating attractive learning environments in compulsory school. One reason for this focus is supported by decreasing well-being and satisfaction in the last years of compulsory schooling, with pupils being bored in school and having a high absence rate. Furthermore, 30% of the boys and 20% of the girls in the second-to-last year in compulsory school are evaluated to not be ready for further training or education. The second track of the action plan is aimed at deprived and vulnerable young people who are at risk of not completing a youth education. The City Council of Aarhus has made a strategy 'A way into the community' with the purpose of developing new, effective initiatives and to strengthen the link with existing initiatives to secure a good transition from compulsory school to youth education. The City Council has set aside 10 million DKK to develop and test the new initiatives<sup>48</sup>. In addition, there is a focus on creating a coherent effort for in particular

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<sup>45</sup> <https://www.regeringen.dk/media/5958/fra-folkeskole-til-faglaert-erhvervsuddannelser-til-fremtiden.pdf>

<sup>46</sup> <https://www.uvm.dk/publikationer/2018/180831-indsatser-til-at-oege-soegning-til-og-gennemfoersel-af-eud---ledelsesresumee>

<sup>47</sup> <https://www.aarhus.dk/demokrati/politik/dagsordner-og-referater/vis-dagsorden/v/16009/aarhus-byraad/referat/2019-06-26/?agendaId=403030#9>

<sup>48</sup> [https://www.aarhus.dk/media/12822/bilag\\_090818.pdf](https://www.aarhus.dk/media/12822/bilag_090818.pdf)

vulnerable young people to secure that they and their parents feel that the municipality is working across the different departments. The aim is to avoid that young people feel that they have to coordinate their own case across the departments of the municipality. As the municipality has the responsibility for young people until they turn 25 years, it is seen as important to place the responsibility and secure effective anchoring of the efforts<sup>49</sup>. Another initiative, passed by the city council in relation to the action plan, is to offer the oldest pupils job experience during their last years of compulsory school.

Aarhus Municipality has, as mentioned for ALMP, a strong focus on educating a professionally trained workforce that matches the demand by businesses. The municipality has therefore passed a Business Plan (erhvervsplan) that is to create synergy between the Action Plan for Young People and the employment initiatives through concrete suggestions and initiatives in order to strengthen the collaboration between the different actors across the municipality<sup>50</sup>. The assumption is that the access to skilled workers will be increasingly challenged in the coming years. Therefore, one of the goals is for the share of each youth year group that chooses vocational training is to increase with 1% each year until 2030.

The policy field of vocational educational training is a patchwork composed of initiatives from national and municipal levels as well as from LO Aarhus, and does not represent a field in its own. LO Aarhus is an umbrella organisation from the labour movement comprising 21 different trade unions. VET is mentioned in the ALM policies described in D4.5 and in some of the social policies (including those on urban regeneration). The most important recent initiative has been the strengthening of the guidance and counselling at the Jobcentres of all youngsters under the age of 25 that are unemployed or have not completed an education. The preparatory basic education builds on existing initiatives but the point in gathering them under one is to improve the coordination and to be better able to target the individual person.

The second most important initiative(s) in Aarhus is the continued organisation of informational arrangements targeted at youngsters just before they leave lower secondary programs. In the municipal documents, as well as in the general national, ALMP- discourse, it is emphasised how there is a substantial need for more youngsters to obtain a vocational education. Especially within the building industry, where there is considerable lack of labour. To increase the in-take of the vocational educational institutions, Aarhus Municipality collaborates with the primary schools, the VET institutions and the local businesses in arranging a number of arrangements where youngsters are introduced to the VET subjects, skills and practical experience. In the collaboration agreement between Aarhus Municipality and LO Aarhus the aim is for 20% of young people to obtain a vocational education in 2020 and for 25% to do so by 2025. The agreement establishes a pilot project involving 33 primary school classes in their finishing year. In the project, skilled employees from local businesses will be supportive as guest teachers and role models and help with mentoring and finding traineeships. A second notable example is the annual AarhusSkills mass. The mass is organised by Aarhus Municipality in collaboration with representative of the labour market, SkillsDenmark and the six VET schools in the region – Aarhus Tech, Aarhus Business College, SOSU East Jutland, The Green Academy (agriculture), VIA University College and the School of Dentistry. During the mass, students from 7<sup>th</sup> to 10<sup>th</sup> grade (and their parents) can visit different stand and receive information.

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<sup>49</sup> [https://www.aarhus.dk/media/12822/bilag\\_090818.pdf](https://www.aarhus.dk/media/12822/bilag_090818.pdf)

<sup>50</sup> <https://www.aarhus.dk/media/38717/erhvervsplan-2020-23-til-web.pdf>

The active role of the labour movement stands out. As mentioned, there is strong involvement from the primary schools, teachers and also parents and pupils, and in this sense, it is a policy field of significant community involvement. At the same time, the facilitating role of the LO Aarhus is politically laden, and the labour movement actors certainly have an additional strategic interest in increasing the VET field, as this is where their future members are most likely recruited from. Aarhus Municipality has increased their efforts in working across administrations, but they remain heavily dependent on the collaboration with local businesses and the labour movement.

### **5.3.2 Sub-urban case**

In Horsens Municipality, the Children and Education Committee adopted a strategy for vocational education in 2017. The strategy supports the intentions of the national vocational education reform and is in line with the municipal's educational policy goal of getting more young people to apply for vocational training after compulsory school. The strategy applies to all public schools of Horsens and has seven tracks<sup>51</sup>:

- 1) Steam (Science, Technology, Engineering, Art, Mathematics)
- 2) Increased collaboration between education and business
- 3) An increased focus on vocational training for the last years of compulsory school
- 4) Systematic work with the education readiness of pupils
- 5) Career learning in compulsory school
- 6) Coherence for pupils in the transition from compulsory school to vocational training
- 7) Special efforts for young people outside of education and employment

As in Aarhus, Horsens has introduced the preparatory FGU-courses for pupils who are not evaluated as education ready after compulsory school. In contrast to Aarhus, Horsens has seen an increase in the share of young people who applied for vocational training in 2018. The share of young people applying for vocational training as their first priority after compulsory school was 24.9% in the summer of 2018. This is an increase of 4%-point in comparison to 2017 and 5.5%-point above the national average<sup>52</sup>. The increase has especially been for the EUX educations (a combination of vocational training and upper secondary school, called gymnasium) which make up 39.9% of the total number of applications. At the EUX educations, pupils receive training at the same level as in gymnasiums which means that they have the same possibility as from gymnasiums to apply for university. This is in contrast with the ordinary vocational programme EUD.

Despite the larger share of young people choosing VET in Horsens than in the rest of the country on average, the municipality is nonetheless still challenged by having a too large share of deprived young people and too many without any training or education above compulsory school. A larger number of young people than in other municipalities are on the benefit called Educational Help and consequently are in neither work nor education. For a longer period of time, resources have been

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<sup>51</sup> <https://horsens.dk/Politik/PolitiskeUdvalg/53/53-1554>

<sup>52</sup> <https://horsens.dk/Politik/PolitiskeUdvalg/53/53-2031>

earmarked for dealing with these challenges but without sufficient effect. Therefore, Horsens Municipality has changed its organisation to strengthen the effort for young people between the age of 14 and 29 years<sup>53</sup>: on 1 August 2019 the municipal efforts for young people between 14 and 29 years was gathered in The Youth Centre; a new and coherent organizational unit under the department of Education and Labour Market. The establishment of The Youth Centre is part of the intensified effort to get more young people from 14 to 29 years to take an education or get employment. The purpose of the centre is to create connections between the public school and the youth educations through securing strong cross-disciplinary collaboration across professional fields and departments of the municipality and to increase the focus on the effect of municipal initiatives regarding the education and employment of young people. The intention is to make it easy for young people to take an education or get employment through having one access to the municipality, one contact person and one educational plan. These goals are mirrored in the written working foundation 2018-2021 for the Children and Education Committee. The working foundation is comprised of nine goals; two of main importance here. Goal 4 is the same as above about creating connections between the public school and the youth education through securing strong cross-disciplinary collaboration across professional fields and departments of the municipality. Goal 9 is to maintain the young people who are currently dropping out of youth education and to get all young people to take a youth education. The municipality acknowledges that it takes longer time for some young people than others to get an education and that room is needed for these kinds of differences. Emphasis is put on the importance of choosing the right option rather than choosing quickly<sup>54</sup>.

The strategic collaboration The Horsens Alliance works to secure a strategic collaboration between education, industry and employment and has a job task force, a business task force and an educational committee. These three for are all responsible for translating strategic initiatives into action and thus securing momentum and synergy within and between the fields of education, industry and employment (Horsens Uddannelsesråd, 2019)<sup>55</sup>.

### 5.3.3 *Rural case*

Lemvig is one of the few municipalities in Denmark who has reached the goal of 25% of young people under the age of 25 applying for a vocational education. In Lemvig's development strategy 2016-2020, the municipality states that 27% of the young people starting a youth education after compulsory school chooses a vocational education. Even though Lemvig thus fulfils the goal for share of young people taking a vocational education, they still focus in their development strategy to enter into collaboration with surrounding educational institutions about vocational education. The purpose of such collaboration is to make the municipality attractive by being able to attracting, sustaining and developing the workforce; thereby securing workplaces in the municipality. Furthermore, the municipality is working to make it easier for young people to transport themselves to the vocational educational institutions<sup>56</sup>.

Apart from the development strategy, Lemvig as Horsens and Aarhus has adopted a municipal youth effort with the purpose of getting young people age 15 to 25 in education or employment. With the youth effort, young people get one access point to the municipality through the Youth Educational Guidance (UU – ungdommens uddannelsesvejledning) which make first contact with young people

<sup>53</sup><https://horsens.dk/Politik/PolitiskeUdvalg/65/65-2327>

<sup>54</sup><https://horsens.dk/Politik/PolitiskeUdvalg/53>

<sup>55</sup> <file://sbi.aau.dk/Users/loj/Downloads/26321.pdf>

<sup>56</sup> <https://www.lemvig.dk/vision-politikker-og-strategier/udviklingsstrategi-med-tillaeg>

when they are in their second-to-last year of compulsory school. If the young individual needs extra help due to personal or social problems they can get a contact person. In this, the municipality collaborates with UU North-west Jutland, who is in charge of coordinating the contact person scheme<sup>57</sup>.

Like in Aarhus, preparatory FGU-courses have been in place since 1 August 2019 as an offer for young people who needs extra guidance in deciding whether to apply for vocational education, upper secondary school or employment<sup>58</sup>. As Lemvig is much smaller and as we have seen for other policy fields, the municipality has substantially fewer and less extensive strategies and policies than the other two municipalities.

### 5.3.4 Similarities and differences among the three case studies

The three Danish cases are all marked by the national lack of skilled workers and the general lack of applicants to the VET programmes. Among Danish youngsters, the knowledge of VET programmes and the wish to become a skilled worker is worryingly low. Meanwhile, in spite of the dual principle and the strong role of the social partners and the labour market, the VET system suffer from a lack of apprenticeships – even with the limited number of applicants. This is surely a shortage in the Danish VET system and guesses are, that the lack of apprenticeships makes VET programmes even less attractive. Despite considerable attention to this issue in general public discourse as well as in the types of informational activities mentioned above there is no measurable effect.

By national government, the primary schools have been instructed to strengthen their awareness of the problem in their educational counselling activities. Also, the VET-system has been made more flexible. A type of school-based internship-courses in substitution of actual apprenticeships have been created and the some of the formal requirements have been re-modelled in order to ensure that there are no obstacles for moving on in the vocational education system if anyone wants to change course and enter a new field of skills.

In the case-locations we have seen different and additional strategies in order to meet the demand for skilled workers. In Aarhus, the main emphasis is on informational activities such as the AarhusSkills mass and better counselling. In Horsens a local educational council consisting of local authorities, the VET-colleges and the local employers jointly managed to meet the demand for internships. In Lemvig the lack of youngsters in VET-education is worse because it is followed by a fundamental decrease in population – especially regarding youngsters. We have observed three strategies in order to compensate and to solve this problem. In relation to the VET related to fishery a campaign aiming at youngsters in other localities in the country has shown to be pretty successful. In one factory in Lemvig the owner has made his own educational model were he promotes some of the local youngsters who are working as unskilled workers and who are interested in learning more and in getting more responsibility in the daily operations. Regarding the business college it was merged with the ordinary high-school and is currently working on merging the 10<sup>th</sup> grade of the primary-school and add it all together.

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<sup>57</sup> <https://www.lemvig.dk/job-og-ledighed/kommunal-ungeindsats>

<sup>58</sup> <https://www.lemvig.dk/job-og-ledighed/kommunal-ungeindsats>

## 6. Part 3 – Priorities and Social Investment Strategy

For the past two decades, the general trend in Danish municipal policy and planning has been a move from sectoral to more integrative policies. By integrative we mean policies that have built-in anticipated synergies and collaboration between policy fields, administrations and/or sectors from the onset.<sup>59</sup> The change was made in order to increase the benefit and efficiency of public policy. All three cases confirm to this ideal and the question is, whether we can discern a territorial impact from the integrative approach in the case areas? Here we find, first, a clear distinction between the municipalities of how *size matters*. In the rural case of Lemvig, indeed all policy areas are connected and overlapping whereas in the urban case of Aarhus policies are somewhat more sectorial and separate. The distinction is seemingly obvious – the larger the territory the greater the administration and, even if unwillingly, the greater the need to separate policies between administrations. On the other hand, the comparison also shows how in being the large city and the regional centre, Aarhus has more resources, greater networks and greater variety of actors at their disposal. Accordingly, their integrative policies approach is reflected in much more targeted strategies as they have greater strengths to mobilise (e.g. in the composition of their regional clusters and in the integration of VET and ALM within urban regeneration).

Another reflection of the Danish policy and planning system that appears across the three cases is the continuous emphasis on participatory/collaborative approaches. In the 1990's when these approaches began to be adopted as part of a cross-European tendency (Healey 1997), they complied well with the needs of a welfare state that had to adjust its universal approach and become, among other things, more territorially sensitive. This was also at the time when urbanisation began to kick in and in the bigger cities, the need for urban regeneration became significant. The emphasis on participation and collaboration is apparent in all three cases but most dominantly an explicit policy discourse in Horsens and Aarhus. Meanwhile, during the past one or two decades, urban polices have become much more targeted and strategic which has affected the nature of how participatory/collaborative approaches are articulated.

Aarhus has a clear understanding of itself as being a crucial and growth-driving city in Denmark and a strong focus on participation and civic engagement (e.g. the city has a specific policy of participation and civic engagement). However, compared to Lemvig, Aarhus is marked by a much longer distance between local government and the civil society. Its identity as an educational city means that there are fewer young people choosing VET programmes, despite municipal efforts. Horsens is characterized by a strong collaboration between local business and local government through the strong and relatively tightly organised “Horsens Alliance”. It is very complex to explain these differences but a preliminary explanation can be found in differences concerning socio-economy, demography and localisation, and how these interact with different perceptions of local identity or persistent spatial imaginary. Horsens has the history of a relatively poor middle-sized industrial town. These collaborations have succeeded in providing an internship guarantee which is a pull factor for young people in the VET system. Finally, Lemvig can be seen as a “micropole” that has a lot of qualities and abilities of a large city but is challenged by the demographic development of population decline. This challenges the VET offers available in the locality as the population decline is beginning to make the business college untenable. However, the strong emphasis on education in the local

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<sup>59</sup> By the term 'integrative' we refer to a general discourse within spatial planning and not to individual reference. The term is based on experiences in particular within urban regeneration. For a broader and more scholarly context the term builds heavily on developments within 'collaborative' and 'participatory' planning (see for instance the reference to Patsy Healy).



identity result in that Lemvig despite population decline has a high percentage of young people finishing VET.

# Early Childhood Education and Care (ECEC)

## Executive Summary

Denmark has a high coverage of day-care, approximately 90% attend some kind of institutionalised care for 0-2 year olds. Childcare is seen as crucial learning, development and language proficiency. This has also led to nationally enforced punitive measures for minority families that do not send their children to day-care from an early age. Local policy can prioritise the types of supply of day-care and price of day-care but the overall quality framework is set nationally. Recently, more focus on securing a sufficient staff/children ratio and on developing learning communities and raising educational attainment of staff.

In all three case areas, the ECEC policy area is very sensitive to demographic changes. In Lemvig the depopulation tendencies have led to cuts in the number of institutions and services, but also to a need for the services to be more flexible to secure the attractiveness of Lemvig. In both Horsens and Aarhus they experience the effects of a growing population. In Aarhus population growth is unevenly distributed and this challenges the way that scope of services can follow demographic changes. In Horsens they have changed the supply of day-care services to fit with the demands of the influx population, however they have also had difficulties building enough infrastructure due to the national limits on municipal infrastructural investments. In all three case areas, reactions to demographic changes and thus increased funds have been balanced out with political demands to cut back on municipal expenses overall. In Horsens, they have focused on investing in increasing the qualifications of pedagogic staff, and the argument is that this investment will improve the welfare and pedagogic services for all children. In Aarhus they have used early investment strategies as an argument to avoid municipal cutbacks, and in order to gain innovation funds for experimental programmes.

## 7. Part 1 - The governance system

### 7.1 Multilevel institutional setting

At a national level, day-care falls under the responsibility of the Minister and the Ministry of Children and Education. The department of the ministry is divided into four sections with day-care belonging to the Section for Day-care and Primary School which is in turn divided into two offices: Office for Day-care and Centre for Primary Schools. As mentioned in the introduction to this report, the high degree of decentralisation in Denmark means that the national level defines laws, rules and regulations but leaves a high degree of flexibility and adaption in implementation to the local, municipal level. The regional level is not relevant for ECEC.

The ministry's stated goal is to "create professionally strong education for everyone"<sup>60</sup>. The goal is thus very much focused on education even though the ministry is also in charge of e.g. day-care. Government changed in the summer of 2019 and the new minister, Pernille Rosenkrantz-Theil, is in her first period as minister for the field (and as minister altogether). A main consequence of the change in government thus far has been the passing of minimum staffing requirements as part of the Finance

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<sup>60</sup> <https://www.uvm.dk/ministeriet/ministeriets-maal-og-vaerdier>

Act 2020<sup>61</sup> which financially entailed allocating the following sums for the municipalities in the years till 2025 when the requirements are fully in place: 500 million DKK in 2020, 600 million DKK in 2021, 800 million DKK in 2022, 1,200 million DKK in 2023, 1,400 million DKK in 2024 og 1,6 billion DKK in 2025. The requirements will be described further in 4.2. The expenditure for all municipalities for day-care age 0-6 totalled 21.4 billion in 2018, excluding the subsidies for private institutions (Statistics Denmark, table REGK31). Figures from 2012 show that Denmark spends comparatively more on child day-care than most other countries, i.e. more than five times the EU 27 average (Kvist 2015).

Denmark has for long been a country with a high share of children attending day-care. Approx. 90% of 0-2 year olds attend nursery and more than 95% of 3-6 year olds attend kindergartens<sup>62</sup>. This relates to the high share of women being on the labour market. One group in particular has been in focus in recent years in terms of coverage: children of ethnic minority families (Kvist 2015). Childcare is seen as crucial for learning, development and language proficiency and this has led to a focus on minority families who choose to keep their children at home; leading to lack of Danish language skills when reaching school age. Consequently, childcare has been made mandatory for children living in areas on the government's list of deprived areas (see D4.5). The focus on coverage for this specific group is reflected in various parts of rules and regulations within ECEC, e.g. in the monitoring of Danish proficiency for children being looked after at home or by privately hired childminders (see description for Horsens in 3.3.2).

The price parents pay for a place in day-care varies between municipalities. For nurseries it varies from approx. 20,000 DKK per year to more than 40,000 DKK per year. Kindergartens are cheaper but with similar variation across municipalities. If you have more than one child in a day-care institution, including after-school clubs, full price is paid for the most expensive place and the rest are half price (e.g. if the eldest is in kindergarten, which is less expensive than nurseries the family pays full price for the nursery and half price for the kindergarten). You can apply for a free or partly free place (i.e. with no or limited parental payment) if you have very limited financial means, currently a household income of less than 181,500 DKK for a free place and less than 563,799 DKK for a partly free place (the thresholds are higher if you are a single-parent provider).

In Denmark, there are four types of day-care institutions: private institutions, municipal institutions, outsourced (udliciterede) institutions and self-governing institutions (selvejende institutioner)<sup>63</sup>. The institutions target children aged 0 years and up to school age which is around the age of six. Day-care institutions can be established and operated by suppliers other than the municipality, but ultimately it is the municipality that is responsible for ensuring that there is room for all the children in the municipality within the total number of day-care facilities. Apart from day-cares, small children can be looked after by municipal or private childminders (dagpleje); looking after children in their own home but being supervised by the municipality and living up to regulations in the area. In slightly more than half of the 98 municipalities in Denmark<sup>64</sup>, parents can choose to become childminders for their own children and getting money from the municipality for this for up to one year. The parents

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<sup>61</sup> <https://www.regeringen.dk/nyheder/finanslov-2020/>

<sup>62</sup> <https://ast.dk/filer/tal-og-undersogelser/tal-og-tendenser-filer/daginstitutioneri-de-nordiske-lande.pdf>

<sup>63</sup> [https://digst.dk/media/17797/hovedrapport\\_kulegravninger\\_af\\_-aeldrepleje\\_og\\_dagtilbudsomraadet\\_2018.pdf](https://digst.dk/media/17797/hovedrapport_kulegravninger_af_-aeldrepleje_og_dagtilbudsomraadet_2018.pdf)

<sup>64</sup> <https://nyheder.tv2.dk/samfund/2018-12-30-faar-penge-for-at-passe-egne-boern-hjemme-i-halvdelen-af-landets-kommuner-faar>

cannot be working or receiving benefits in the same period. The subsidy varies in size between municipalities from 7,582 DDK to 1,866 DDK (numbers from 2017<sup>65</sup>).

A self-governing institution is funded by the municipality but operated by a parent board of directors (forældrebestyrelse). In practice, this means that the municipality assigns the self-governing institution the same amount of funding as the municipal day-care institutions receive, but the board of directors of the self-governing institution is responsible for the daily operation. This is further agreed in an “operating agreement” (driftsoverenskomst). For example, it is the task of the board of directors to recruit staff in collaboration with the leader of the institution (and according to the national guidelines regarding pedagogical staff), furthermore together with the educational manager and the employees, to provide the pedagogical guidelines for the institution. This is done within the overall framework permitted by the municipality and legislation. In self-governing institutions, the municipality has the supervisory duty (tilsynspligt), which is also the case in regards of private, outsourced and municipal day-care institutions<sup>66</sup>. A self-governing institution can be seen as a consistent and inclusive way for the municipality to delegate responsibility and competencies to the citizens of the local community. It is an arrangement that promotes a sense of responsibility and at the same time allows parents to influence the part of the children’s lives that is lived in the day-care institution. In the self-governing institutions, the parental payment may not exceed 25 percent of the budgeted expenditure per child.

Municipal day-care institutions are municipal-owned institutions, covering nurseries (0-2 years), kindergartens (3-6 years) and age-integrated institutions (0-6 years). In the municipal day-care institutions, the parental payment may not exceed 25 percent of the budgeted expenditure per child.

Outsourced day-cares are a part of the municipal supply, and the municipality assigns the children to the places of such institutions (pladsanvisning). The outsourced institutions, unlike many private and self-governing institutions, are not based on desires and values of the local community, but on the notion that private companies can operate day-care institutions more efficiently than the municipality<sup>67</sup>. Outsourced day-care institutions are established by private suppliers on the basis of a tender (udbud) and operated on the basis of an agreement with the local council. In the outsourced day-care institutions, the parental payment may not exceed 25 percent of the budgeted expenditure per child as the case with the municipal and self-governing institutions<sup>68</sup>. In all day-cares, it also applies that the parental payment can be reduced e.g. through a financial subsidy that makes it free for families with low income to send their children to day-care (fripladstilskud) and through a sibling subsidy<sup>69</sup>.

Private institutions are operated by private suppliers on the basis of an approval from the municipal council. The establishment of private day-care institutions became possible with the introduction in 2005 of the Social Service Act (lov om social service) and the Law on Legal Security and Administration (lov om retssikkerhed og administration)<sup>70</sup>. These laws improved the possibilities for private day-care providers to create and operate day-care facilities and the opportunity to earn money when providing childcare. The laws introduced the notion that “the money follows the child”, which

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<sup>65</sup> <https://www.dr.dk/nyheder/indland/liste-her-er-kommunerne-der-giver-tilskud-til-passe-dit-eget-barn>

<sup>66</sup> <https://www.dlo.dk/introduktion-til-selvejende-institutioner.asp>

<sup>67</sup> <file://sbi.aau.dk/Users/loj/Downloads/PrivateDagtilbudBureau2000pdf.pdf>

<sup>68</sup> <https://www.uvm.dk/dagtilbud/typer-af-tilbud/daginstitutioner>

<sup>69</sup> <https://www.ft.dk/samling/20141/almde/buu/bilag/100/1499493.pdf>

<sup>70</sup> <https://www.ft.dk/samling/20042/lovforslag/125/index.htm>

means that the parents get to choose whether the money should be used for private day-care rather than municipal day-care. This way of providing public welfare services is also called “the free-choice-scheme” (frit-valg-ordningen). According to the laws, private institutions must be approved by the municipal council after which operating funding can be awarded. Furthermore, it is possible to receive funding to cover administration for each child enrolled in the institution<sup>71</sup>. In addition, private institutions are not obliged to submit financial accounts to the municipality, nor must they have an operating agreement or a contract with the municipality.

The “free-choice-scheme” was improved with the establishment of a minimum limit of municipal subsidy for private day-care. The subsidy must now be at least 75% of the municipal operating expenditure per child in a corresponding municipal day-care offer. The Social Service Act furthermore made it possible to make a profit from running a day-care institution for both private and outsourced institutions. With the act, private institutions were also given the right to determine the parental payment freely. All in all, the act created the framework for an increased liberalisation of the day-care field which has at the same time given parents increased flexibility and the freedom to choose between public and private services in order to organise family and work life in accordance with the needs of the child and the family<sup>72</sup>.

**Table 1 summarise the differences and similarities between the four kinds of institutions<sup>73</sup>.**

Source: <a href="https://www.altinget.dk/misc/PA_Private_dagtilbud_2309-16.pdf">https://www.altinget.dk/misc/PA_Private_dagtilbud_2309-16.pdf</a>	Private institutions	Self-governing institutions	Municipal institutions	Outsourced institutions
<b>Economy</b>	Same subsidy per child as the municipal institutions Subsidy for administration and maintenance of buildings	Same subsidy per child as the municipal institutions Subsidy for administration and maintenance of buildings	Decided by the municipality	Depends on the winning supplier
<b>Who recruits staff?</b>	The private institution	The board of directors but on conditions of the municipality's approval of the manager	The municipality	The outsourced institution
<b>Opportunities to extract profits from operations?</b>	Yes	No	No	Yes
<b>Who assigns the places?</b>	The private institution	The municipality	The municipality	The municipality
<b>Who sets the level of parental payment?</b>	The private institution	The municipality	The municipality	The municipality
<b>Who determines salary and employment conditions for the staff?</b>	The private institution	Collective agreements	Collective agreements	Collective agreements

<sup>71</sup> <https://www.dlo.dk/introduktion-til-private-institutioner.asp>

<sup>72</sup> <https://www.daglejen-naestved.dk/images/daglejen/Virksomhedsplan/Dagtilbudsloven.pdf>

<sup>73</sup> [https://www.altinget.dk/misc/PA\\_Private\\_dagtilbud\\_2309-16.pdf](https://www.altinget.dk/misc/PA_Private_dagtilbud_2309-16.pdf)

## 7.2 Shifts in the last ten years

The implementation of the “free-choice-scheme” described above has been criticised for leading to a division of institutions into A- and B-institutions. This is based on the fact that the private institutions are often placed in the more affluent areas where it is possible to have a high parental payment. This is a cause of unequal geographical distribution of private institutions, which means that children of different socioeconomic backgrounds are not to the same degree as previously mixed in the day-care institutions of some areas<sup>74</sup>.

Apart from the Executive Order on Social Data Reports that as previously mentioned gather all rules and information about data collection within the social area, The Danish Evaluation Institute, EVA, has published a handbook (of 180 pages) of a range of measuring tools for the day-care area. They cover six different themes<sup>75</sup>: The quality of the learning environment; General development; Sensory-motoric development; Socio-emotional development; Early mathematic attention; and Language development. The tools include observation of children, reflective assignments and shorter surveys that support the six evaluation themes. In the handbook, it is stressed that the tools cannot stand alone but should be combined with the professional evaluations of the staff. This speaks to a long and on-going debate in the public sector in Denmark about creating more time for the so-called ‘warm hands’ i.e. for the caregivers, nurses, pedagogues etc. as opposed to the ‘cold hands’ of managers. There has been a shift in the public debate around giving the professionals their professionalism back by strengthening the trust of their professional reviews in regards of what the citizens and patients need and by that, what tasks should be prioritized. Based on this debate, the previous government passed the Coherence Reform (Sammenhængsreformen) in 2018 in order to create more time for core services and less bureaucracy. The then Minister of Innovation from the ruling, liberal party, Sophie Løhde, who was very active in the debate was of the view that the public systems were partly to blame for citizens getting the help they needed: *“Today, too much time is being spent on unnecessary rules and process registrations in the public sector. This means less care for the individual nursing home resident and for the individual child”*<sup>76</sup>. With The Coherence Reform, focus was put on getting rid of unnecessary rules and demands for documentation in favour of public sector staff unfolding their professional abilities and spending more face-to-face time with citizens.

The handbook of measuring tools mentioned earlier was published the same year as The Coherence Reform was passed. This seems paradoxical: the reform was to simplify the documentation burden of staff but at the same time a 180 pages long manual of how to document the development and well-being of children was published.

## 7.3 Local governance systems

In the following we outline the local governance systems particular to the urban, suburban and rural case.

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<sup>74</sup> <https://www.dlo.dk/introduktion-til-private-institutioner.asp>

<sup>75</sup> <https://www.eva.dk/dagtilbud-boern/maaleredskaer-dagtilbud>

<sup>76</sup> <https://www.regeringen.dk/nyheder/kulegravninger-i-12-kommuner-skal-give-mere-velfaerd-og-mindre-bureaukrati/>

### 7.3.1 Urban case

In Aarhus Municipality, ECEC falls under the magistrate department Children and Young people under the alderman Thomas Medom and led by a municipal chief executive. The department covers 10,000 fulltime positions and a budget of 5.5 billion DKK. Apart from staff functions, the magistrate is divided into seven units<sup>77</sup>: Economy and administration, Pedagogy and prevention and five districts. For each of these districts, there is a unit for day-care. Across the five districts, there is a professional network for different subjects; one of them being day-care. The overall main aim of the department is stated to be the creation of coherence in the municipal interventions for children and young people until the age of 18.

Aarhus has 65 day-care institutions for children age 0-6<sup>78</sup>. Of these 38 are municipal and 27 are self-governing institutions. Institutions vary in size and in general municipalities have in recent years combined institutions into larger units. Therefore, the division between municipal and self-governing institutions is likely to be different if calculated on the basis of number of children rather than number of institutions. The municipal spending for day-care institutions was 1.66 billion DKK in 2018, excluding subsidies for private institutions.

The price for a place varies from municipality to municipality and can be with or without meals (usually decided by the parents for the whole institution whether it is with or without meals). Part-time places are cheaper. Below is the rates for a full-time place<sup>79</sup>.

Table 2: Rates for a full-time place

0-2 years with meals	0-2 years without meals	3-6 years with meals	3-6 years without meals
4.240 DKK	3.710 DKK	2.426 DKK	1.896 DKK

Source: <https://www.aarhus.dk/borger/pasning-skole-og-uddannelse/pasning-0-6-aar/takster-tilskud-og-betaling/priser-og-betaling/hvad-koster-pasning-i-aarhus-i-2020/>

The city council of Aarhus has formulated four goals for day-care in Aarhus relating to Learning and development; Room for diversity; Well-being and health; and Parental involvement. Both municipal and private institutions are to live up to these goals. Furthermore, the municipal website specifies the demands for private day-care institutions from both national law and from the municipality itself<sup>80</sup>. The list of demands is long and relate to physical conditions, pedagogical learning plans, admission requirements, children with special needs, staff, health and hygiene, parental involvement, parental satisfaction and financial requirements. The municipality monitor private institutions, through regular visits and documentation. Language assessments of children are carried out at the age of three and in the first year of school. For children with Danish as their second language, a language assessment is made before they start school at age 6.

<sup>77</sup> <https://www.aarhus.dk/media/37182/organisationsdiagram-2020.jpg>

<sup>78</sup> <https://www.aarhus.dk/om-kommunen/boern-og-unge/skoler-dag-og-fritidstilbud/>

<sup>79</sup> <https://www.aarhus.dk/borger/pasning-skole-og-uddannelse/pasning-0-6-aar/takster-tilskud-og-betaling/priser-og-betaling/hvad-koster-pasning-i-aarhus-i-2020/>

<sup>80</sup> <https://www.aarhus.dk/borger/pasning-skole-og-uddannelse/pasning-0-6-aar/opret-et-privat-pasningstilbud/krav-til-privatinstitutioner-for-0-6-aarige/>

### 7.3.2 Sub-urban case

As described for ALMP, Horsens Municipality is divided into four administrations. As ALM, ECEC falls under the Administration of Education and Labour Market. ECEC is one of the six units under this administration. Politically, ECEC is part of the Children and Education Committee with nine members<sup>81</sup>. In 2018, the net spending for the municipality for day-care institutions, excluding private institutions, was 331 million DKK according to Statistics Denmark<sup>82</sup>. 4303 children were in a municipal day-care institution as of October 2019: 530 with a childminder, 1212 in a nursery and 2529 in a kindergarten.

There are 19 day-care institutions in Horsens, some of them consisting of more than one unit. In total there are 43<sup>83</sup>. Of these, 26 are combined institutions of both nurseries and kindergartens, five are nurseries, 11 are kindergartens and one is a special institution for children who requires extra support and help due to e.g. mental or physical disability (institutions with children with special need often have a different staff/children ratio than other institutions). This institution also offers day-care during 22 weekends during the year, including staying overnight for the weekend. Calculated as full-time positions, the municipal day-cares of Horsens employ 1128 people (October 2019) of which a bit less than half is fully trained pedagogues and the rest has shorter pedagogical training, are under education or have no pedagogical training<sup>84</sup>.

Childcare is cheaper in Horsens than in Aarhus; especially in nurseries. For nurseries, meals are always included in Horsens, while for kindergartens the parents have a ‘food election’ every second year to decide whether food is included for their particular institution (as in Aarhus).

Table 3: Rates for full time place in Horsens

0-2 years with meals	0-2 years without meals	3-6 years with meals	3-6 years without meals
3.359 DKK	N/A	2.306 DKK	1.795 DKK

Source: <https://horsens.dk/Familie/BoernOgUnge/Dagtilbud>

Every second year, Horsens carries out a parental satisfaction survey. In 2019, the survey showed that 90% of all parents overall were satisfied or very satisfied<sup>85</sup>. Each institution is required to have a parental board that secures that the institution lives up to the legal framework and the municipal goals for ECEC in order to secure the influence of parents on the daily running of the institution. The board has a range of obligations, some of them being to decide the principles for the use of the financial means of the institution, to participate in hiring the leader of the institution and to be part of the evaluation of the learning plan of the institution. Every year a quality report is made for the day-care area. While such a report is mandatory by law for the school area, it is a choice of the city council of Horsens to make such a report for day-care as well. Based on the quality report, which looks backwards, a quality agreement is made. This looks forward and decides the future goals. This is thus a way of monitoring the area. The content of the report and the goals will be described in section 4.3.2. The focus is on three themes that are in focus for both the day-care area and the school area:

<sup>81</sup> <https://horsens.dk/Politik/PolitiskeUdvalg/53>

<sup>82</sup> Note: Horsens Municipality specify its cost for the whole day-care area to be 402 million DKK. The difference comes from which specific figures are included (e.g. municipal cost for private day-care and special institutions). To be able to compare with the other municipalities, the figures from Statistics Denmark is used here.

<sup>83</sup> <https://horsens.dk/Familie/BoernOgUnge/Dagtilbud>

<sup>84</sup> <https://horsens.dk/Familie/BoernOgUnge/Dagtilbud#Dagpleje/Foraeldretilfredshed/Styrelsesvedtaegt/Kvalitetsrapport>

<sup>85</sup> <https://horsens.dk/Familie/BoernOgUnge/Dagtilbud#Dagpleje/Foraeldretilfredshed>



Learning, Well-being and Personal coping skills. For each child, a language assessment is made at the age of three and five as well as during the first year of school.

### 7.3.3 The rural case

Lemvig Municipality is divided into three main municipal administrations, supplemented with five units of more cross-cutting character or staff function<sup>86</sup>. ECEC is part of the administration Family and Culture. There are five political committees, with the Family and Culture Committee corresponding to the Family and Culture Administration. The committee has seven members. Within the administration, ECEC falls under the day-care unit which is one of four units (the others being Schools, The Children and Family Centre and Culture).

In addition to the previously described versions of day-care (municipal, self-governing and private institutions), Lemvig has so-called Village arrangements. This entails that day-care in these cases are managed by the headmaster of the local school. There are three such institutions in Lemvig. Furthermore, there are five different municipal institutions (one of them being the childminders), one self-governing institution and four private institutions. Across these, seven are for 0-6 year olds, two are for children up to two years and ten months and four are for children from 2 years and ten months to six years.

In 2018, the municipal net spending for Lemvig for day-care institutions, excluding private institutions, was 50 million DKK according to Statistics Denmark. The price for day-care in Lemvig falls between Horsens and Aarhus for nurseries but is higher than both for kindergartens (due to higher staff/children ratio). Prices below are including the municipal lunch service, but parents can choose to arrange their own lunch service<sup>87</sup>.

Table 4: Rates full time place Lemvig

0-2 years with meals	0-2 years without meals	3-6 years with meals	3-6 years without meals
4,089 DKK	3,575 DKK	2,671 DKK	2.157 DKK

Source: <https://www.lemvig.dk/boern-unge/dagleje-vuggestue-og-boernehave>

Receiving a subsidy for privately hiring someone to look after your child is possible in Lemvig for children until the age of two years and ten months when a place in kindergarten will be offered. The subsidy in Lemvig is calculated as 75% of documented costs with a max. of 6,066 DKK per month and with an additional subsidy for siblings of max. 1,145.80. Receiving a subsidy for looking after your own child is also possible for up till one year until the age of two years and ten months. The subsidy is 6,875 DKK per month per child for maximum two children. In both cases, and for private institutions, Lemvig Municipality has an obligation for monitoring the day-care provided.

For each municipal day-care institution, an agreement document is made each year between the individual institution and the director of Family and Culture. The document describes how the institution will live up to the political goals and which goals are prioritized in the coming period. The municipal Center for Learning monitors all the institutions but with variations between the types of institutions. For municipal and self-governing institutions, the focus is both on the institutions providing a learning environment that supports learning and on the framework for how this is done (learning plans, specific themes and a common pedagogical foundation). For private institutions, the

<sup>86</sup> <https://www.lemvig.dk/organisation>

<sup>87</sup> <https://www.lemvig.dk/boern-unge/dagleje-vuggestue-og-boernehave>

focus is only on the prior with no requirements for the way it is done. For the flexible solutions as to looking after own child or hiring someone to do so, the Center for Learning monitors that the main language is Danish, that the childminder has adequate Danish proficiency to work with the child's competencies in Danish and that children are secured participation in decision-making, responsibility and an understanding of democracy in order for the child to develop its independence, ability to participate in communities and integration in the Danish society. At the age of three and five, as well as when starting school, an assessment of the child's language is made and at the age of four, an assessment of the child's motor function is made. In addition, childminders assess the child's development and well-being at the age of two.

## 8. Part 2 – Activities and services

### 8.1 Description

The Law on Day-care (dagtilbudsloven) is the law of most central importance to the field of ECEC. The Law on Day-care came into place in 2007 with the aim of bringing together rules on day-care, leisure and club offers in one independent law<sup>88</sup>. In the Danish ECEC policy field there is tradition for a human capital approach, which becomes visible when reading the purpose of the Law on day-care: *“Day-care should stimulate children's well-being, learning, development and education through safe and educational learning environments, where play is fundamental and where the basis is a children's perspective<sup>89</sup>”*.

The Law on day-care has detailed descriptions of regulation for different types of day-care and subsidy rules, but only sets the framework of the day-care service tasks, which means that there is a relatively high degree of autonomy in terms of implementing the state regulation. Two exceptions are to be found with respect to the requirement of a pedagogical learning plan (pædagogisk læreplan) and the requirement of language assessment and language stimulation (sprog vurdering og sprogstimulering). A written educational learning plan must be prepared in all day-care facilities for the entire group of children aged 3 years and up to the start of school. The local council (kommunalbestyrelsen) is responsible for making sure that language assessments are conducted of children aged 3 years who are in day-care with the aim to identify linguistic, behavioural or other conditions that suggest that the child may need language stimulation. In practice, the soft regulation means that the day-care area is characterized by having a relatively great flexibility in the management and establishment of different day-care offers at municipal and local level<sup>90</sup>.

### 8.2 Main changes and innovations introduced in the last ten years

The public sector in Denmark has for years been through a range of cutbacks. This has, amongst other things, led to fewer pedagogues per child, leading to 4000 fewer pedagogues in 2019 than in 2009<sup>91</sup>. This led to protests and demonstrations amongst parents who no longer feel safe in leaving their children in day-care institutions and therefore instigated demonstrations, parental unions, debates,

<sup>88</sup> The law on day-care is described on the webpage of the Danish legal information – unfortunately only in Danish: <https://www.retsinformation.dk/Forms/R0710.aspx?id=212438#id05d0e9bf-cd08-480e-ace5-9dc4a9d9d5c1>

<sup>89</sup> Ibid

<sup>90</sup> [https://digst.dk/media/17797/hovedrapport\\_kulegravninger\\_af\\_aeldrepleje\\_og\\_dagtilbudsomraadet\\_2018.pdf](https://digst.dk/media/17797/hovedrapport_kulegravninger_af_aeldrepleje_og_dagtilbudsomraadet_2018.pdf)

<sup>91</sup> <https://bupl.dk/presse/talogfakta/>

petitions and more. The current government has, on this basis, stated as part of its consolidation in summer 2019 that it will be ‘the government for the children’. One of its early suggestions was to introduce minimum staffing, i.e. a limit to the number of children per adult in the day-care institutions in order to secure a higher quality of day-care. The suggestion is for the limit to be three children per adult in the nurseries and six children per adult in kindergartens. The rules of minimum staffing is according to the union for the pedagogues to be seen as a protection against the cutbacks in the day-care area over the latest decades. To live up to the suggested minimum staffing, 5,000 pedagogues are currently missing. To hire these would cost an additional two billion each year, according to the union. At the same time, population prognoses suggest that the number of children of day-care age will increase, leading to 61,000 more children in 2029. This in itself will require hiring 10,000 more pedagogues; even if we are to just keep the current level of children per adult (which varies from municipality to municipality).

The parliament has, however, focused on supplying more resources for the day-care area during the last three years (2017-2020). This has been done in connection with the agreement on Strong day-care (Stærke dagtilbud) and the Agreement on Parallel Societies (aftalen om parallelsamfund). The former emphasises free choice and transparency for parents, while the latter focus on children from deprived areas with respect to well-being, language and general learning.

The agreement on 'Strong day-care – all children must be included in the community' was adopted by the Social Democrats, the Danish People's Party and the Radical Left in 2017. The aim of the agreement is, on the one hand, to support children and parents in a deprived position and, on the other hand, to further develop the already existing strengths of the day-care services. The agreement comprises 24 initiatives within three focus areas: increased flexibility and free choice for families with children; better learning and well-being for all children and a coherent child life; and high quality through professionalism and unambiguous management. A total of DKK 580 million has been set aside from 2017-2020 for the three focus areas.

For the first focus area on flexibility and transparency, 60 million are reserved. Initiatives cover for instance: strengthened parental influence in parental boards, combination offers for families with unusual working hours, strengthen opportunities for requesting and getting a specific day-care institution, the right to choose a part-time offer for parents on maternity or parental leave, increased flexibility in relation to the option to received subsidies for care-taking of own children, greater transparency through new information portal, a campaign about the free parental choice and better conditions for private providers<sup>92</sup>.

The second focus area on well-being and learning focus in particular on children in a vulnerable position. 300 million are earmarked for the area that involves the following initiatives: a strengthened pedagogical learning plan, the open day-care service, a focus on children having holidays from day-care, more time for pedagogues to be present through less and more meaningful documentation, better quality of private day-care institutions and clearer requirements for information, more pedagogues in institutions with many children in vulnerable positions, experiments with targeted social interventions, including parent groups in day-cares and cooperation with child health care, better coherence in the municipality's efforts for 0-6 year olds, better transitions between kindergarten and school through targeted paths for children towards school start, better exchange of relevant knowledge about children in transitions, as well as demands for a broad learning focus in after-school

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<sup>92</sup> <https://www.uvm.dk/dagtilbud/love-og-regler--formaal-og-aftaler/aftalen-om-staerke-dagtilbud/kort-om-aftalen>

services towards school start (as children start in the after-school services three months prior to starting school to aid the transition)<sup>93</sup>.

The third focus area on strengthened professionalism and unambiguous management requires support for both managers and the pedagogical staff regarding the changes entailed in the new learning plan through knowledge, materials and a competence boost. 210 million are earmarked for this. It covers the following initiatives: professional and managerial competence boost for child-minders in private home, managers and professional trailblazers, first aid courses for day-care staff, implementation of a strengthened pedagogical learning plan within the pedagogical educations, knowledge to practice and implementation of a strengthened pedagogical learning plan and partnership for competence development and knowledge to practice<sup>94</sup>.

Furthermore, the agreement for parallel societies was passed in 2018. The focus is on deprived areas and on areas defined as ghettos and hard ghettos. It covers a range of policy fields; one of them being the field of the Ministry of Children and Education under which falls the day-cares. Two laws were passed in relation to this: the first requires parents in deprived areas to send their children to day-care or be part of what is called a compulsory learning offer of minimum 30 hours a week from the age of 1 and the second entails increased sentences for managers of day-care institutions in cases of neglect of duty of notification. The aim is to give children from deprived areas a better start in life, focusing on the first years of the child's life. In addition to this, a law was passed to distribute children from deprived areas between different day-care institutions. From 1<sup>st</sup> January 2020, no more than 30% of the children in a specific institution must be from a deprived area on the government's list of such areas. The aim is to better the conditions for developing the well-being, language and learning capabilities of the children of deprived areas<sup>95</sup>.

In extension of the agreement on parallel societies, a 1000-day program was passed in 2019. With the program, 1 billion DKK was earmarked from 2019-2022 for children from vulnerable families. The name comes from the program focusing on the first 1000 days of a child's life based on a notion of these first 1000 days being pivotal for the child's development, well-being and later options in life. 760 million DKK are used for hiring more pedagogical staff for the institutions with most children aged 0-2 years from vulnerable families. 75 million DKK are earmarked for supplementary training of staff working with 0-2 year olds and their first 1000 days. 115 million are for initiative in the home of these children, including screening and guidance of parents. Finally, 45 million DKK are to be used for offering more child health care for vulnerable and deprived families<sup>96</sup>.

## 8.3 Local Policies

### 8.3.1 *Urban case*

While Aarhus Municipality does not have a childcare policy, it does have a "Policy for Children and Young People" from 2015<sup>97</sup>. The 15-page policy has a wide scope and is visionary rather than concrete. There are no specific measures or projects mentioned and there is no budget attached to the policy. It has limited, direct references to childcare. The previous policy for children and young

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<sup>93</sup> Ibid

<sup>94</sup> Ibid

<sup>95</sup> <https://www.uvm.dk/dagtilbud/love-og-regler--formaal-og-aftaler/aftalen-om-parallelsamfund/om-aftalen>

<sup>96</sup> <https://www.uvm.dk/dagtilbud/love-og-regler--formaal-og-aftaler/1000-dages-programmet>

<sup>97</sup> <https://www.aarhus.dk/media/4157/boerne-og-ungepolitikken.pdf>

people from 2008 was the first of its kind in Aarhus. The 2015-policy builds on this but entails change in four areas: 1) an increased focus on prevention, early initiatives and protective factors; 2) an increased focus on the development of the individual child and youth; 3) an increased focus on the parents' role and collaboration with parents; and 4) to make the policy the common foundation for reaching local and national goals in relation to children and young people. The focus on prevention and early initiatives could be seen as entailing a focus on the early years of the child's life; however, it is not specified and as measures are not concrete, it is not made more explicit.

Overall, the narrative of the policy is centred on the need for all actors to pull together and for the involvement of parents in realising the visions of the municipality. The policy is described as being an invitation for collaboration. It mirrors the ideas in the overall vision for Aarhus (The Story of Aarhus, 2018) (see D4.5 and D4.6) and thus highlights the importance of community, democracy, citizenship and participation and for children to learn about this from an early age. Three audiences are stated explicitly: 1) Children, young people and their parents; 2) Employees of Aarhus Municipality; and 3) The 'city society' and other important actors in the life of children and young people. The policy sets the directions for all the work of the municipality in relation to children and young people and stresses the need for considering the perspectives of the age group in relation to all relevant policy fields, strategies and projects. How this is to be realised is unclear. Territoriality plays a very limited role in the policy. The existence of inequality in the conditions for growing up is acknowledged but not connected to the place the child grows up or the institution it is enrolled in. The policy states that for some children and young people, a range of factors together can lead to an upbringing marked by insecurity or lack of stability and continuity which in turn leads to an increased risk for marginalisation. While this sounds much like the common description of the situation of some children in deprived social housing areas, locality is not explicitly mentioned. This stands in contrast with the 'Agreement on deprived housing areas in Aarhus Municipality' that focuses explicitly on the life chances of children and young people, including childcare, in deprived housing areas of Aarhus (see. D4.5).

The policy is centred on the importance of community, the involvement of relevant actors and the responsibility of the children and the parents in particular. It is described as imperative for children to learn to take part in communities, to contribute to society and to take responsibility for society. Children are to gain a democratic understanding and a perception of the importance of sustainability and cohesion. There is a clear coupling of rights and duties. Children are to be involved as early as possible and in a way that mirrors their age. In general, there is a strong focus throughout the policy on collaboration, the need for pulling together and the shared responsibility of all actors involved in the lives of children, whether as professionals, volunteers or family and friends. Municipal cross-administration collaboration is depicted as a prerequisite for reaching the goals. However, the welfare system is not to solve the challenges on its own. Rather, all relevant actors are expected to take part. Even the children are to be given a responsibility suitable for their age. But, again, it is not specified *how* all actors are to be involved.

An informant from the municipal department of children and school services argue that the value policy in Aarhus in relation to emphasising prevention rather than cure means that there is a common language among the stakeholders. Moreover, that there are good experiences with collaborating with other actors, although this pertains to the whole area and not ECEC in particular (Urb\_PA\_13). The same informant explains that although Aarhus is growing this has not necessarily led to an expanse of institutions in all areas. This is due to the way that Aarhus is divided into eight districts shaped like a cake from the centre and out. This means that some of the areas in outer Aarhus which is growing and expanding with new built houses might be in the same district as other neighbourhoods were the

number of children is going down. Thus, this might impinge on the experience of balanced services for some groups (Urb\_PA\_13).

The same informant explains that the legal regulations pertaining to tackling parallel societies, explained above, that is relating to obligatory day-care for 1 year olds, and the limit of 30% children from vulnerable housing areas will hit Aarhus hard. They have made a hearing response to the Government arguing that in Aarhus the consequences of these regulations would mean that they would have to close down around 20 institutions because they would all have more than 30% children in need of extra language support and who came from the several vulnerable housing areas in Aarhus. He argues that they believe in the result, that is bringing down the number of vulnerable housing areas, but not in the means to get there. Aarhus have earlier on had experiences with trying to relocate school children from vulnerable housing area by bussing them to other schools, and evaluations have shown mixed results in the sense that children then had to pay other trade-off prices in terms of getting friends from nearby areas and so on (Urb\_PA\_13).

In a recent round to cut municipal expenses, day-care services, schools and other services for children under 18 were asked to save on their expenses. However, according to the municipal informant from this area, they managed to get the argument in that if the municipal invested money rather than saved they would save money in the long run.

*“We pointed attention to the Heckman curve...and made a business case on saving something on the special services in schools, and directing these funds instead to the services for 0-6 years old. The argument is that early intervention will save money later on” (Urb\_PA\_13).*

We do not however have access to follow up information on how well this strategy performed in terms of curtailing cutbacks on the area. He explains that another example of this social investment strategy is a project they have in Skejby area, where they approach all first time parents and ask them if they will join a project. They then used innovation funds from the municipality to make a special effort to approach these families holistically, for example, prevent divorce numbers, improve health, and reading skills. They do not know yet what the effects are of this project, but they expect that this will improve school performance and life quality later on (Urb\_PA\_13).

### **8.3.2 Sub-urban case**

Horsens is a growing city and this changing demography puts a pressure on the day-care services. According to the manager of the day-care services, this gives two specific challenges; a) to ensure that all children can be guaranteed a day-care place within a month, and b) to have the services that parents wants. Due to the influx of residents from Aarhus the demand for day-care institutions rather than child minders have risen. The informant explains that this have led to a different political governing strategy from focusing on securing the right number of places to ensuring that the municipality have the kind of day-care services that the parents demand (Sub\_PA\_26). She explain moreover, that the municipal budgets have secured increased means for day-care service, but the problem is that there is a national limit on how much money can be investing in building new day-care infrastructure, which means that a lot of the new spaces for day-care services have been placed in temporary buildings. She explain moreover, that it has until now not been an issue to get qualified staff for the extra number of day-care services, since they have a pedagogic education in Horsens, and since many of the people moving to Horsens have pedagogic training.

The Children and Education Committee has a written working foundation for 2018-2021. In this, their overall political goal is stated as being the following: *“We must secure that all children have the same opportunities for getting an education and a good life. That requires a collective and goal-oriented effort where parents and professionals work together in creating development and well-being for children and young people”*<sup>98</sup>. The focus on childcare being the starting point of learning and ultimately getting an education is clear here. As described for ALMP, the Employment and Integration Committee and the Children and Education Committee works on the basis of shared mindset. From this, they strive to realize nine goals in relation to children and education. Some of these are general and revolve around increasing learning, well-being and personal coping skills, securing coherence in the life of children and young people, collaborating with parents and supporting equal opportunities and social mobility. One goal refers specifically to day-care, with the goal being to secure day-care of high quality for all children. This is understood as being day-care that leads the child to progress further than what is expected on the basis of the child’s socioeconomic situation. Three more specific factors of importance for reaching the goal are highlighted: 1) to have educated staff with good knowledge of how create well-being, strong relations and good playing and learning environments; 2) to demand the same of both private and municipal institutions to secure that all children are offered high quality day-care; and 3) to spread the knowledge amongst parents of the importance of day-care for the development and learning of children.

The informant which is managing the day-care services in Horsens state in an interview that these goals are implemented in practice. In the sense, that rather than focusing on particular target groups or vulnerable families, which is the practice in many other places, they have chosen a different strategy. This relates to lifting the competencies and quality of day-care services for all children. She argues that instead of sending a few appointed pedagogues on further education they have chosen to send all their pedagogues (600 pedagogically educated) into further education, and all employees have been offered courses (1200 employees). According to the informant, this have reduced the stigma associated with particular families as they focus instead on rising the knowledge among all the staff in relation to all children and families. This has opened their eyes to children that they otherwise would not have seen needed a special effort or pedagogic initiative.

*“Beforehand neuro-pedagogy was a specialized area, but we have send a lot of our staff into further training in neuro-pedagogy, so they understand what happens in the brain and can help children where they are, also emotionally, and this has mattered in the broad approach to the children”* (Sub\_PA\_26)

When asked if that is a particular Horsens-model, she argues:

*“I am not sure it is a particular Horsens model, but we do go about this differently than in many other municipalities and this is because I am concerned that we raise the qualifications for all, it is better to have 600 qualified pedagogical employees than one”* (Sub\_PA\_26)

She explains how there has been an effort to raise the educational qualifications in all their services, also in the private day-care institutions and in childminders, and the qualifications of the staff who do not have a pedagogic education. She explains that ten years ago it would be about 30-35% of the staff that had a pedagogic education and then the rest different types of unskilled employment, when looking across all types of day-care services. Now they have 60% of their staff with a pedagogic education, 20% with some kind of pedagogic training and 20% are unskilled. She explains that it is

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<sup>98</sup> <https://horsens.dk/Politik/PolitiskeUdvalg/53>

because there has been a political emphasis on raising the educational level in Horsens and that it starts at the very early age with the staff that should be qualified role-models. This means that there always have been local municipal funds supplementing the national funds for further education of staff in the day-care services (Sub\_PA\_26).

Two municipal policies are of main relevance for childcare in Horsens: “The Coherent Children and Youth Policy” and the “Preventive Strategy: together for the children and the young people”. “The Coherent children and youth policy” outlines a vision that all children should get an education, that there is a need for a holistic approach and that all children should be part of community and social networks. Collective efficacy is mobilised in this document as important for bringing stability and trust to children who come from challenged or vulnerable families. Moreover, in this policy document the concept of “pulling together as a unit” is again invoked as a means of developing welfare for the future formalised through the Horsens Alliance (the sub group of the Educational Alliance):

*Alliance collaborations are concrete examples of the co-creation of growth and welfare in Horsens. Active citizens contribute to generating more welfare through voluntary efforts in associations within the social area and health promotion and within sport and leisure activities. By giving the citizen the opportunity to participate in the public welfare production, opportunities to develop welfare services arise together with the opportunity to develop local networks and cohesion (The coherent children and youth policy Horsens Municipality, 2016)*

The preventive strategy focuses on prevention as being something the whole community does children and young people and has accordingly been passed in collaboration between three political committees: Employment and Integration, Children and Education and Welfare and Health. It is based on four principles for working with prevention and six themes that will be in focus in the coming years. The principles are: Initiatives at the right time, Focus on effect, Coherence and continuity and Welfare technology and digitalisation. The themes are: Life capabilities, Parents and family, Day-care and School, Education and job, Communities and network and Health, illness and disability. The policy entails amongst other things a focus on the first 1000 days of a child’s life in order to secure a good start in life (see also 4.2) and on language skills. The strategy is implemented through action plans for specific aspects of the strategy.

There is a limited use of volunteers and civil society organizations in the day-care services until now. The manager of the day-care services explains that this relates to their strategy for quality assurance and the educational training of the staff, since the municipality want to ensure that the pedagogical staff is qualified and trained before they can take care of volunteers and other civil society actors (Sub\_PA\_26).

In relation to the implementations of the national strategy to tackle Parallel-societies in Horsens, the manager of the day-care services explain that they have chosen a strategy where they have said to the parents in the vulnerable housing area in Horsens, Sundparken, which is on the ghetto-list, and the area Sønderbro, which is on the list of vulnerable housing areas (see D4.6), that if they do not enroll their children to day-care services around one year old, then they are offered a compulsory learning offer 3-4 kilometers away. The result of this strategy is that they have near to no children in compulsory learning offers. “This is a good solution, because then you do not distinguish between children” (Sub\_PA\_26). How the parents from these areas view this “offer you cannot refuse” situation is unknown. However, together with the legal requirements of not concentrating children from vulnerable housing areas in the same institutions this has meant they had to change the day-care services in the area. They have done this by changing them into forest day-care services and day-care institutions, which are more attractive to families from other areas as well.



Finally, as mentioned previously, Horsens makes a yearly quality report for day-care in Horsens. In this, a range of specific goals are stated and evaluated upon leading to an indication on where efforts have been successful and where there is still more work to be done. One goal is e.g. a continued improvement of the well-being of children in day-care (or a minimum of 4 out of 5) on the basis of the parental satisfaction survey. Here, the goal has for the latest period been reached. Another goal is for the language skills of children to be improved from year to year on the basis of the language assessment. Here the goal has not been reached as both oral skills and pre-writing skills have been improved for only two of three age groups.

The manager of the day-care services explains that they have worked a lot with quality control systems in the last ten years, and that this is even more pertinent now with the increased funds and national emphasis on minimum quotas for staff/children rates. Without increased focus on quality, she argues we do not know where the extra money goes. They have in Horsens developed their own IT system to monitor staff resources. The system monitors how every single employee use their time in order for the resources to be used best, so they know how much time is used related to the children, and how much time is used with children. That is they distinguish between the time spent on administrative duties, meetings, writing pedagogical plans, preparing tests etc. and time spent in direct interaction with the children. “We want to have more time used with the children, but sometimes it demands that more time is spent related to the children” (Sub\_PA\_26). This IT system works in tandem with the system that monitors the checking in and out of children in all the institutions in Horsens.

### **8.3.3 Rural case**

In Lemvig, childcare is part of the ‘Policy for Children, adults and elderly – citizen-aimed welfare’ which is one of three municipal policies passed in the summer of 2019. These three cover all policy fields of the municipality and is supplemented by an overall vision (see D4.5 for further description of these very broad but also short documents of 9-10 pages)<sup>99</sup>. The policies are to be implemented through 16 strategies. Child Care policy is primarily addressed in the Strategy for Children and Youngsters and to some degree in The Strategy for Health Improvement and Prevention and The Strategy for Rural districts and towns.

The Strategy for Children and Youngsters is focused on the pedagogical approach of municipal schools, kindergartens, day-cares, clubs and other municipal institutions for children and youngsters. The strategy is focused on children and youngsters being (or becoming) a part of communities as well-being, learning and development is linked to the ability of individuals to be part of a community and to the ability of communities to include and benefit from the diverse social, cultural and ethnic background that children and youngsters brings into the communities. The strategic point of orientation is health prevention and health promotion for all, supportive interventions for some and intrusive and persistent interventions for the few. Collaboration between the different municipal institutions, local businesses, non-profit organisations and other type of volunteers is given high priority in order to maintain strong local communities. The supply of schools, day-cares and kindergartens is part of The Strategy for Rural districts and towns; specifying the importance of maintaining public schools, kindergartens and day-cares in even the very small villages to make it possible to live and work from the most rural parts of the municipality. There is a clear awareness of the relation between physical planning and a supply of decentralized welfare benefits. The level and

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<sup>99</sup> <https://www.lemvig.dk/vision-politikker-og-strategier>

range of welfare benefits in the villages and towns are perceived as very important in order to keep these areas populated. The Strategy for Health Improvement and Prevention states that the municipal focus is on the future generations and therefore prioritise prevention of dissatisfaction with life for children and young people. Therefore there is a focus on well-being in the family, the close community, and the bigger communities in institutions, schools and leisure time offers.

A pedagogic consultant in charge of day-care services in Lemvig explains that one of the biggest challenges in the locality is to take care of the children of immigrants from Eastern Europe. As we have described in D4.6, the agricultural and fishing industry in Lemvig are dependent on attracting immigrant labour from Ukraine, Poland, and Romania. She explains that the children from this immigrant group has as many language problems and integration issues as the refugees coming from, for example, Syria. However, there are no special efforts or funds automatically following this group, as there is for the refugee children. This generates particular problems in the day-care services where many of the Eastern European children are concentrated. There is one institution where half of the children belong to these immigrant groups. The pedagogic consultant in charge of day-care services explains that there are issues in relation to the collaboration with parents, apart from the language and cultural differences, since the parents often have to work long hours. She argues that the immigrant families are generally doing well in terms of integration, which is likewise supported by other informants from Lemvig. However, they do need more help in terms of adjusting to Danish language abilities and cultural integration (Rur\_PA\_23). She explains that in the long run they will lack the resources to perform the needed relation work to get all groups of children included.

Moreover, she explains how sports associations and village organizations have played a part in getting the immigrant families included in sports activities and other activities. Again this show the interdependence between municipal services and voluntary services in localities with tendencies to depopulation, in that the more the day-care services use the village halls and sports facilities the more every locality can legitimize having such facilities. At the same time, day-care services get the opportunity to offer activities to the children that they might not otherwise have resources to perform. Due to the depopulation tendency Lemvig municipality have had to reduce the number of day-care institutions to adjust to the population size and in order to adjust services to the municipal budget. The chief executive for the area of children, schools and families explain that they have closed an institution (including all age groups) once a year the last 13 years (Rur\_PA\_14). They have also merged institutions that were previously located in each village to secure access to services (see D4.4). Moreover, he explains that the municipal institutions have had to adjust their services to the needs of the families, for example by expanding or adjusting opening times (Rur\_PA\_14). Both informants explain that there is a network between the relatively small amount of day-care service institutions, but that there also is a high degree of autonomy in how they will fit their services to local needs (Rur\_PA\_23, Rur\_PA\_14).

### **8.3.4 Similarities and differences among the three case studies**

In all three case areas, the ECEC policy area is very sensitive to demographic changes. In Lemvig the depopulation tendencies have led to cuts in the number of institutions and services, but also to a need for the services to be more flexible to secure the attractiveness of Lemvig. In both Horsens and Aarhus they experience the effects of a growing population. In Aarhus population growth is unevenly distributed and this challenges the way that scope of services can follow demographic changes. In Horsens they have changed the supply of day-care services to fit with the demands of the influx population, however they have also had difficulties building enough infrastructure due to the national limits on municipal infrastructural investments. In all three case areas, reactions to demographic

changes and thus increased funds have been balanced out with political demands to cut back on municipal expenses overall. In Horsens, they have focused on investing in increasing the qualifications of pedagogic staff, and the argument is that this investment will improve the welfare and pedagogic services for all children. In Aarhus they have used early investment strategies as an argument to avoid municipal cutbacks, and in order to gain innovation funds for experimental programmes. Here the scale of the three case areas matters as well. The economy of scale in Aarhus might make it easier to argue for an early prevention since it will be possible to make big scale savings alone due to numbers of children involved. This is more difficult in Lemvig, where there are much fewer children and institutions in which to try out different investment strategies.

In Horsens and Aarhus they struggle with the implementation of the National Strategy to tackle Parallel societies and the effect this have on the ECEC policies and services. In Aarhus there are several neighbourhoods on the “ghetto-list” and thus a big number of families and children effected by the legal requirements. In Horsens, they are making an effort to change the character of the institutions in the two neighbourhoods, in order to make them more attractive for other groups of families, and they have made a compulsory strategy in the allocation of services which have reduced the amount of compulsory learning offers in the municipality.

## 9. Part 3 – Priorities and Social Investment Strategy

The question in Denmark is not so much whether or not there is a supply of day-care services in all municipalities. The issue is more that there is change of providers in terms of more private institutions and increased use of private child-minders, as well as the recent element of publicly support to parents looking after their children at home. However, the largest part of the ECEC services are municipal institutions. These recent changes does not change the social investment strategy for the ECEC in Denmark substantially, since quality of providers are controlled through national agreed criteria and since the recent changes are adopted to ensure more flexibility into the system to meet the needs of parents. The informant from the Ministry of Education argues that the important thing is that each municipality adjust their supply of day-care services to the local context (ECEC\_national). Thus, the national emphasis is on the quality of the provided services and not the type of providers. This is also closely related to the fact that in Denmark there is public support for day-care service fees also in private day-care services.

With the recent political agreement on day-care services, as outlined above in section 7.2, there is an increased focus not only on providing more sufficient staff/children ratio in the day-care institutions, but an increased focus on learning environments. There has always been a strong focus on learning secured through the so-called learning plans, but now focus is on generating learning processes and learning-communities in all activities. That is focus is on broadening the learning concept to emphasise the importance of early achieved social and learning skills, and thus to involve other activities than language and motoric skills instead of focusing entirely on preparing individual pre-school children for school (Interview with national representative from the Ministry of education, ECEC\_national).

*“Day-care is in that way no longer as much the little brother of the schools” (ECEC\_national).*

These are as described in section 7.2 also followed by different sets of ear-marked funds to develop the quality in this direction.

This change in learning focus is likewise implemented in the Suburban case of Horsens:

*“Beforehand, they were busy with getting the children in their outdoor clothes and out on the playground. Now more time is spent in the wardrobe, because the children learn more from these processes than from simply coming outside. In that sense, there is focus on learning environments throughout the day and that change has demanded a lot from the pedagogical employees. The whole thinking within the day-care services have changed in the last years” (Sub\_PA\_26).*

The informant from the ECEC policy area in Lemvig argues that the increased focus on learning environments have set new demands in terms of the evaluation culture in the day-care institutions. They have always worked with evaluation and learning, but the implementation of the recent political demands set out a more structured form of evaluation and new kinds of reflections on what is a good learning environment and what should be turned and twisted in the daily practices to reach it (Rur\_PA\_23).

There is a national supported network between municipalities to support the implementation of the changed focus on learning and quality in the day-care services, and between municipalities and the university colleges which are developing the models and further pedagogical training of the employees.

There seem to be a tug of war of political influence between the national association of municipalities (KL) and the ministry. This power conflict is also visible in other areas, where KL is trying to take over as political actor from the dwindling regional actors. In the ECEC policy area, KL attempt to push for other learning models, which might be a question of political influence on the agenda of quality in the day-care services, which is a heavy budget post in the municipalities. There are thus political shifts on a regional scale/cross-municipal scale and the direction of these are still uncertain.

There are also important networks between municipalities in relation to the implementation of the strategy to tackle parallel societies and the compulsory learning offers that are the outcome of the national strategy. These networks are used both to share knowledge of different strategies for the implementation in the municipalities and potential future lobbying efforts.

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## Appendix Funding

### Funding of ALMP in Aarhus

The breakdown of the financing of ALMP. Incomes are comprised of user fees and reimbursement from central government. Funding for ALMP is included in main account Social Works and Occupation.

	2010			2018		
	Total	Gross Expenditure	Incomes	Total	Gross Expenditure	Incomes
<b>Municipality - ALMP</b> <i>Current prices (EUR)</i>						
Welfare and education payments	68.803.894	69.956.483	-1.152.590	120.371.915	120.730.364	-358.449
Welfare payments concerning certain groups of refugees	14.483	21.858	-7.376	45.728	46.399	-671
Remnants and repayments of activated welfare and education payment receivers	47.052.069	47.247.721	-195.652	-15.287	0	-15.287
Daily benefits for unemployed people with insurance	39.460.802	39.460.802	0	99.267.525	99.267.525	0
Temporary labor market scheme and cash benefit scheme	0	0	0	671	1.341	-671
Rehabilitation	34.618.317	34.734.046	-115.728	10.214.799	10.735.912	-521.113
Supplements to the salary to people in flexjobs and people in salary-supplement positions	112.765.763	112.995.208	-229.445	110.322.863	117.259.990	-6.937.127
Ressource activation and job clarification program	0	0	0	60.908.086	61.241.727	-333.641
Unemployment benefit	0	0	0	31.512.561	31.529.458	-16.897
Expenses for the municipalities employment initiatives	0	0	0	31.774.190	33.398.544	-1.624.353
Employment initiatives for unemployed people with insurance	40.177.433	40.959.504	-782.071	7.319.849	7.340.634	-20.786
Pilot job centers	2.989.625	3.208.745	-219.119			
Salary for insured unemployed persons and persons under the special education scheme, temporary employment benefit scheme or entitlement to cash benefits employed in municipalities	1.574.602	1.574.602	0	757.263	757.263	0
Service jobs	688.604	688.604	0	71.878	71.878	0
Senior jobs to persons over 55 years of age	0	159.177	-159.177	6.289.022	6.289.022	0
Employment arrangements	22.400.466	26.172.565	-3.772.099	10.156.198	11.066.066	-909.869
Job centers	25.333.770	29.451.713	-4.117.943	31.609.113	34.478.451	-2.869.338
<b>Total</b>	<b>395.879.828</b>	<b>406.631.028</b>	<b>-10.751.199</b>	<b>520.606.373</b>	<b>534.214.572</b>	<b>-13.608.200</b>
	2010			2018		
	Current expenditure	Reimbursement from central government		Current expenditure	Reimbursement from central government	
<b>Municipal accounts by main accounts</b> <i>Per capita, current prices (EUR)</i>						
City development, residence- and environment arrangements	44	0	0	55	0	0
Supply plants etc.	60	0	0	43	0	0
Transport and infrastructure	190	0	0	176	0	0
Education and culture	1.534	-1	-1	1.425	-1	-1
Health area	375	0	0	578	0	0
Social works and occupation	5.533	-1.386	-1.386	5.031	-595	-595
Joint expences and administration	772	0	0	791	0	0
Interest, subsidies, equalization and taxes	0	0	0	0	0	0
Balance shifts	0	0	0	0	0	0
<b>Total</b>	<b>8.509</b>	<b>-1.387</b>	<b>-1.387</b>	<b>8.098</b>	<b>-596</b>	<b>-596</b>

**Funding of ALMP in Horsens**

The breakdown of the financing of ALMP. Incomes are comprised of user fees and reimbursement from central government. Funding for ALMP is included in main account Social Works and Occupation.



	2010			2018		
	Total	Gross Expenditure	Incomes	Total	Gross Expenditure	Incomes
<b>Municipality - ALMP</b> <i>Current prices (EUR)</i>						
Welfare and education payments	17.635.625	18.004.266	-368.641	33.125.650	33.840.806	-715.155
Welfare payments concerning certain groups of refugees	0	0	0	8.582	8.582	0
Remnants and repayments of activated welfare and education payment receivers	15.806.501	15.886.425	-79.924	-4.291	0	-4.291
Daily benefits for unemployed people with insurance	13.414.559	13.414.559	0	19.135.265	19.135.265	0
Temporary labor market scheme and cash benefit scheme	0	0	0	-402	0	-402
Rehabilitation	9.223.934	9.248.207	-24.272	1.207.705	1.209.582	-1.877
Supplements to the salary to people in flexjobs and people in salary-supplement positions	37.475.720	37.493.421	-17.701	38.402.083	40.799.120	-2.397.038
Ressource activation and job clarification program	0	0	0	17.853.269	18.047.849	-194.579
Unemployment benefit	0	0	0	8.695.044	8.713.148	-18.104
Expenses for the municipalities employment initiatives	0	0	0	11.703.175	12.548.810	-845.635
Employment initiatives for unemployed people with insurance	14.770.713	15.239.258	-468.545	1.272.073	1.283.605	-11.533
Pilot job centers	315.806	1.190.942	-875.137			
Salary for insured unemployed persons and persons under the special education scheme, temporary employment benefit scheme or entitlement to cash benefits employed in municipalities	436.093	5.916.224	-5.480.131	55.652	174.196	-118.544
Service jobs	19.042	19.042	0	0	0	0
Senior jobs to persons over 55 years of age	51.897	51.897	0	2.815.564	2.815.564	0
Employment arrangements	6.637.816	12.841.148	-6.203.332	1.004.945	1.217.762	-212.817
Job centers	7.198.890	8.950.773	-1.751.882	14.139.370	14.932.303	-792.933
<b>Total</b>	<b>122.986.597</b>	<b>138.256.161</b>	<b>-15.269.565</b>	<b>149.413.684</b>	<b>154.726.592</b>	<b>-5.312.908</b>
	2010		2018			
	Current expenditure	Reimbursement from central government	Current expenditure	Reimbursement from central government		
<b>Municipal accounts by main accounts</b> <i>Per capita, current prices (EUR)</i>						
City development, residence- and environment arrangements	103	0	101	0		
Supply plants etc.	-22	0	-30	0		
Transport and infrastructure	194	0	229	0		
Education and culture	1.464	-7	1.489	-5		
Health area	440	0	671	0		
Social works and occupation	5.405	-1.412	5.128	-684		
Joint expences and administration	695	0	817	0		
Interest, subsidies, equalization and taxes	0	0	0	0		
Balance shifts	0	0	0	0		
<b>Total</b>	<b>8.278</b>	<b>-1.419</b>	<b>8.405</b>	<b>-689</b>		

**Funding of ALMP in Lemvig**

The breakdown of the financing of ALMP. Incomes are comprised of user fees and reimbursement from central government. Funding for ALMP is included in main account Social Works and Occupation.

	2010			2018		
	Total	Gross Expenditure	Incomes	Total	Gross Expenditure	Incomes
<b>Municipality - ALMP</b>						
<i>Current prices (EUR)</i>						
Welfare and education payments	1.358.433	1.379.219	-20.786	3.100.928	3.231.810	-130.882
Welfare payments concerning certain groups of refugees	33.927	33.927	0	43.046	43.717	-671
Remnants and repayments of activated welfare and education payment receivers	1.961.883	1.978.109	-16.226	-536	0	-536
Daily benefits for unemployed people with insurance	2.727.996	2.727.996	0	3.104.281	3.104.281	0
Temporary labor market scheme and cash benefit scheme	0	0	0	0	0	0
Rehabilitation	1.381.096	1.387.533	-6.437	244.733	244.733	0
Supplements to the salary to people in flexjobs and people in salary-supplement positions	7.107.836	7.116.553	-8.717	9.634.012	10.571.639	-937.627
Ressource activation and job clarification program	0	0	0	3.541.983	3.556.600	-14.617
Unemployment benefit	0	0	0	1.529.813	1.532.093	-2.280
Expenses for the municipalities employment initiatives	0	0	0	1.438.223	1.448.816	-10.594
Employment initiatives for unemployed people with insurance	2.793.169	2.858.207	-65.039	461.304	461.304	0
Pilot job centers	372.798	151.533	221.265			
Salary for insured unemployed persons and persons under the special education scheme, temporary employment benefit scheme or entitlement to cash benefits employed in municipalities	8.985	1.333.356	-1.324.372	24.406	83.813	-59.406
Service jobs	0	0	0	0	0	0
Senior jobs to persons over 55 years of age	0	0	0	394.388	394.388	0
Employment arrangements	774.159	1.210.387	-436.227	678.814	790.520	-111.705
Job centers	1.373.452	1.388.471	-15.019	2.656.655	2.803.092	-146.437
<b>Total</b>	<b>19.893.735</b>	<b>21.565.292</b>	<b>-1.671.557</b>	<b>26.852.050</b>	<b>28.266.805</b>	<b>-1.414.755</b>
	2010			2018		
	Current expenditure	Reimbursement from central government		Current expenditure	Reimbursement from central government	
<b>Municipal accounts by main accounts</b>						
<i>Per capita, current prices (EUR)</i>						
City development, residence- and environment arrangements	143		0	73		-3
Supply plants etc.	6		0	-3		0
Transport and infrastructure	334		0	299		0
Education and culture	1.597		-3	1.581		-5
Health area	414		0	750		0
Social works and occupation	4.899		-1.120	5.057		-659
Joint expences and administration	730		0	999		0
Interest, subsidies, equalization and taxes	0		0	0		0
Balance shifts	0		0	0		0
<b>Total</b>	<b>8.124</b>		<b>-1.124</b>	<b>8.756</b>		<b>-666</b>

## Funding of VET in Aarhus

The breakdown of the financing of VET. Incomes are comprised of user fees and reimbursement from central government. Regions are the primary responsible for the organization of VET. Funding for VET is included in main account Education and Culture.

	2010			2018		
	Total	Gross Expenditure	Incomes	Total	Gross Expenditure	Incomes
<b>Municipality - VET</b>						
<i>Current prices (EUR)</i>						
Production schools	2.497.478	2.497.478	0	2.138.359	2.171.079	-32.720
Primary educations for the industries	1.962.151	2.013.109	-50.958	749.887	749.887	0
Municipality grants to privately owned educ. instit. that are financed by the central gover	0	0	0	0	0	0
<b>Total</b>	<b>4.459.630</b>	<b>4.510.588</b>	<b>-50.958</b>	<b>2.888.246</b>	<b>2.920.966</b>	<b>-32.720</b>
	2010		2018			
	Current expenditure	Reimbursement from central government	Current expenditure	Reimbursement from central government		
<b>Municipal accounts by main accounts</b>						
<i>Per capita, current prices (EUR)</i>						
City development, residence- and environment arrangements	44	0	55	0		
Supply plants etc.	60	0	43	0		
Transport and infrastructure	190	0	176	0		
Education and culture	1.534	-1	1.425	-1		
Health area	375	0	578	0		
Social works and occupation	5.533	-1.386	5.031	-595		
Joint expences and administration	772	0	791	0		
Interest, subsidies, equalization and taxes	0	0	0	0		
Balance shifts	0	0	0	0		
<b>Total</b>	<b>8.509</b>	<b>-1.387</b>	<b>8.098</b>	<b>-596</b>		

## Funding of VET in Horsens

The breakdown of the financing of VET. Incomes are comprised of user fees and reimbursement from central government. Regions are the primary responsible for the organization of VET. Funding for VET is included in main account Education and Culture.

	2010			2018		
	Total	Gross Expenditure	Incomes	Total	Gross Expenditure	Incomes
	<b>Municipality - VET</b> <i>Current prices (EUR)</i>					
Production schools	622.358	622.358	0	603.718	615.117	-11.399
Primary educations for the industries	126.456	126.456	0	311.514	404.312	-92.797
Municipality grants to privately owned educ. instit. that are financed by the central gover	202.357	202.357	0	27.222	27.222	0
<b>Total</b>	<b>951.171</b>	<b>951.171</b>	<b>0</b>	<b>942.455</b>	<b>1.046.651</b>	<b>-104.196</b>
	2010		2018			
	Current expenditure	Reimbursement from central government	Current expenditure	Reimbursement from central government		
<b>Municipal accounts by main accounts</b> <i>Per capita, current prices (EUR)</i>						
City development, residence- and environment arrangements	103	0	101	0		
Supply plants etc.	-22	0	-30	0		
Transport and infrastructure	194	0	229	0		
Education and culture	1.464	-7	1.489	-5		
Health area	440	0	671	0		
Social works and occupation	5.405	-1.412	5.128	-684		
Joint expences and administration	695	0	817	0		
Interest, subsidies, equalization and taxes	0	0	0	0		
Balance shifts	0	0	0	0		
<b>Total</b>	<b>8.278</b>	<b>-1.419</b>	<b>8.405</b>	<b>-689</b>		

## Funding of VET in Lemvig

The breakdown of the financing of VET. Incomes are comprised of user fees and reimbursement from central government. Regions are the primary responsible for the organization of VET. Funding for VET is included in main account Education and Culture.

	2010			2018		
	Total	Gross Expenditure	Incomes	Total	Gross Expenditure	Incomes
	<b>Municipality - VET</b> <i>Current prices (EUR)</i>					
Production schools	129.138	129.138	0	94.943	94.943	0
Primary educations for the industries	96.150	96.150	0	188.411	192.836	-4.425
Municipality grants to privately owned educ. instit. that are financed by the central gover	17.835	17.835	0	14.617	14.617	0
<b>Total</b>	<b>243.123</b>	<b>243.123</b>	<b>0</b>	<b>297.970</b>	<b>302.396</b>	<b>-4.425</b>
	2010		2018			
	Current expenditure	Reimbursement from central government	Current expenditure	Reimbursement from central government		
<b>Municipal accounts by main accounts</b> <i>Per capita, current prices (EUR)</i>						
City development, residence- and environment arrangements	143	0	73	-3		
Supply plants etc.	6	0	-3	0		
Transport and infrastructure	334	0	299	0		
Education and culture	1.597	-3	1.581	-5		
Health area	414	0	750	0		
Social works and occupation	4.899	-1.120	5.057	-659		
Joint expences and administration	730	0	999	0		
Interest, subsidies, equalization and taxes	0	0	0	0		
Balance shifts	0	0	0	0		
<b>Total</b>	<b>8.124</b>	<b>-1.124</b>	<b>8.756</b>	<b>-666</b>		

## Funding of ECEC in Aarhus

The breakdown of the financing of childcare is made for different types of care and for the age group 0-6 years. A breakdown into different age groups is only possible where specified. Incomes are comprised of user fees and reimbursement from central government. Municipalities are responsible for the organization of childcare.

Funding for ECEC is primarily included in main account Social Works and Occupation; *Special pedagogical assistance to children in the pre-school-age* in Education and Culture.

	2010			2018		
	Total	Gross Expenditure	Incomes	Total	Gross Expenditure	Incomes
<b>Municipality - ECEC</b> <i>Current prices (EUR)</i>						
Special pedagogical assistance to children in the pre-school-age	2.507.938	2.507.938	0	378.698	378.698	0
Joint purpose (day care etc. for children and teenagers)	7.704.984	8.717.439	-1.012.455	8.446.691	10.024.109	-1.577.418
Day care	16.041.310	21.388.414	-5.347.103	12.607.948	16.353.227	-3.745.279
Crèche	1.467.054	2.527.651	-1.060.597			
Integrated Day-care centers for children of various age	0	0	0			
Day-care centers for children in the ages 0-6	181.096.418	244.675.642	-63.579.224	209.692.304	284.065.103	-74.372.799
Subsidies to pools, private clubs og private institutions	3.279.550	3.356.255	-76.705	5.073.808	5.083.731	-9.923
<b>Total</b>	<b>212.097.254</b>	<b>283.173.338</b>	<b>-71.076.084</b>	<b>236.199.449</b>	<b>315.904.868</b>	<b>-79.705.419</b>
	2010		2018			
	Current expenditure	Reimbursement from central government	Current expenditure	Reimbursement from central government		
<b>Municipal accounts by main accounts</b> <i>Per capita, current prices (EUR)</i>						
City development, residence- and environment arrangements	44	0	55	0		
Supply plants etc.	60	0	43	0		
Transport and infrastructure	190	0	176	0		
Education and culture	1.534	-1	1.425	-1		
Health area	375	0	578	0		
Social works and occupation	5.533	-1.386	5.031	-595		
Joint expences and administration	772	0	791	0		
Interest, subsidies, equalization and taxes	0	0	0	0		
Balance shifts	0	0	0	0		
<b>Total</b>	<b>8.509</b>	<b>-1.387</b>	<b>8.098</b>	<b>-596</b>		

## Funding of ECEC in Horsens

The breakdown of the financing of childcare is made for different types of care and for the age group 0-6 years. A breakdown into different age groups is only possible where specified. Incomes are comprised of user fees and reimbursement from central government. Municipalities are responsible for the organization of childcare.

Funding for ECEC is primarily included in main account Social Works and Occupation; *Special pedagogical assistance to children in the pre-school-age* in Education and Culture.

	2010			2018		
	Total	Gross Expenditure	Incomes	Total	Gross Expenditure	Incomes
<b>Municipality - ECEC</b> <i>Current prices (EUR)</i>						
Special pedagogical assistance to children in the pre-school-age	0	0	0	0	0	0
Joint purpose (day care etc. for children and teenagers)	2.646.464	3.131.771	-485.308	5.063.750	5.484.288	-420.538
Day care	18.778.828	24.463.193	-5.684.365	8.809.163	11.699.957	-2.890.794
Crèche	109.560	180.365	-70.805			
Integrated Day-care centers for children of various age	9.732.710	13.460.153	-3.727.444			
Day-care centers for children in the ages 0-6	18.307.600	25.133.156	-6.825.556	35.620.313	48.601.595	-12.981.282
Subsidies to pools, private clubs og private institutions	945.941	945.941	0	5.060.532	5.060.532	0
<b>Total</b>	<b>50.521.102</b>	<b>67.314.579</b>	<b>-16.793.477</b>	<b>54.553.757</b>	<b>70.846.371</b>	<b>-16.292.614</b>
	2010		2018			
	Current expenditure	Reimbursement from central government	Current expenditure	Reimbursement from central government		
<b>Municipal accounts by main accounts</b> <i>Per capita, current prices (EUR)</i>						
City development, residence- and environment arrangements	103	0	101	0		
Supply plants etc.	-22	0	-30	0		
Transport and infrastructure	194	0	229	0		
Education and culture	1.464	-7	1.489	-5		
Health area	440	0	671	0		
Social works and occupation	5.405	-1.412	5.128	-684		
Joint expences and administration	695	0	817	0		
Interest, subsidies, equalization and taxes	0	0	0	0		
Balance shifts	0	0	0	0		
<b>Total</b>	<b>8.278</b>	<b>-1.419</b>	<b>8.405</b>	<b>-689</b>		



## Funding of ECEC in Lemvig

The breakdown of the financing of childcare is made for different types of care and for the age group 0-6 years. A breakdown into different age groups is only possible where specified. Incomes are comprised of user fees and reimbursement from central government. Municipalities are responsible for the organization of childcare.

Funding for ECEC is primarily included in main account Social Works and Occupation; *Special pedagogical assistance to children in the pre-school-age* in Education and Culture.

	2010			2018		
	Total	Gross Expenditure	Incomes	Total	Gross Expenditure	Incomes
<b>Municipality - ECEC</b> <i>Current prices (EUR)</i>						
Special pedagogical assistance to children in the pre-school-age	30.173	30.173	0	0	0	0
Joint purpose (day care etc. for children and teenagers)	943.528	1.349.985	-406.457	904.907	1.020.769	-115.862
Day care	2.890.660	3.790.605	-899.945	2.047.037	2.688.169	-641.132
Crèche	467.070	607.205	-140.135			
Integrated Day-care centers for children of various age	2.667.115	3.823.727	-1.156.613			
Day-care centers for children in the ages 0-6	1.477.380	2.197.363	-719.983	4.691.086	7.000.154	-2.309.068
Subsidies to pools, private clubs og private institutions	1.713.664	1.948.741	-235.077	1.238.950	1.238.950	0
<b>Total</b>	<b>10.189.589</b>	<b>13.747.798</b>	<b>-3.558.209</b>	<b>8.881.979</b>	<b>11.948.042</b>	<b>-3.066.062</b>
	2010		2018			
	Current expenditure	Reimbursement from central government	Current expenditure	Reimbursement from central government		
<b>Municipal accounts by main accounts</b> <i>Per capita, current prices (EUR)</i>						
City development, residence- and environment arrangements	143	0	73	-3		
Supply plants etc.	6	0	-3	0		
Transport and infrastructure	334	0	299	0		
Education and culture	1.597	-3	1.581	-5		
Health area	414	0	750	0		
Social works and occupation	4.899	-1.120	5.057	-659		
Joint expences and administration	730	0	999	0		
Interest, subsidies, equalization and taxes	0	0	0	0		
Balance shifts	0	0	0	0		
<b>Total</b>	<b>8.124</b>	<b>-1.124</b>	<b>8.756</b>	<b>-666</b>		

## Appendix Overview of Interviews

<b>Urban Case: Municipality of Aarhus</b>			
<b>IP-kode</b>	<b>Policy field</b>	<b>Role</b>	<b>Actor/locality</b>
Urb_Pa_1	ALMP	Developmental consultant	Public /regional
Urb_Pa_2	Business promotion	Developmental consultant	Public /regional
Urb_Pa_3	Mobility	Developmental consultant	Public /regional
Urb_Pa_4	Business promotion	Developmental consultant	Public /regional
Urb_Pa_5	Business promotion	Manager	Public/urban
Urb_Pa_6	Business promotion	Manager	Public /urban
Urb_Pa_7	Mobility	Civil servant	Public /urban
Urb_Pa_8	area regeneration/planning	Civil servant	Public /urban
Urb_Pa_9	area regeneration/planning	Civil servant	Public /urban
Urb_Pa_10	Urban regeneration/planning	Civil servant	Public /urban
Urb_Pa_11	Innovation and participation	Civil servant	Public /urban
Urb_Pa_12	ALMP	Manager	Public /urban
Urb_Pa_13	ECEC	Manager	Public /urban
Urb_Ba_1	Area regeneration	Manager housing association	Business/urban
Urb_Ba_2	Business promotion/economic development	Area manager	Business/urban
Urb_Ba_3	Area regeneration/ economic development	developer	Business/urban
Urb_Ba_4	Business promotion/ economic development	Manager Union	Business/urban
Urb_Comm_1	area regeneration	Manager housing association secretariat	Community/urban
Urb_Comm_2	Area regeneration	Active citizen/head citizen rep	Community/urban
Urb_Comm_3	Area regeneration	Active citizen manager	Community/urban
Urb_Comm_4	Area regeneration	Active citizen	Community/urban
Urb_PA_14	Area regeneration	Manager Housing association	Public/business/urban
Urb_PA_15	Area regeneration	Housing association civil servant	public/business/urban

Urb_PA_16	Area regeneration	Manager	public
Urb_PA_17	Business promotion/economic development	Development consultant	public
Urb_PA_18	ALMP	Manager	Public (AMLMP)
Urb_PA_19	ECEC	Manager	Cancelled due to Covid-19
Urb_PA_20	VET	Manager	Cancelled to Covid-19
<b>Suburban Case:</b>			
<b>Municipality of Horsens</b>			
<b>IP kode</b>	<b>Policy area</b>	<b>Role</b>	<b>Actor/locality</b>
Sub_Pa_1	Area regeneration	Manager	Public/suburban
Sub_Pa_2	Area regeneration	Manager	Public//suburban
Sub_Pa_3	Business promotion	Consultant/civil servant	Public/suburban
Sub_Pa_4	Area regeneration /mobility	Consultant/civil servant	Public/suburban
Sub_Pa_5	Area regeneration	Manager	Public/suburban
Sub_Ba_6	Business promotion	Manager	Business/suburban
Sub_Ba_7	Business promotion	Manager	Business/suburban
Sub_Ba_8	Business promotion	Manager	Business/suburban
Sub_Comm_9	Area regeneration	NGO manager	Community/suburban
Sub_Comm_10	Area regeneration	NGO/manager	Community/suburban
Sub_Pa_11	Area regeneration/health	Area manager	Public/suburban
Sub_Comm_12	Citizen involvement	Active citizen	Community/suburban

Sub_Comm_13	Citizen involvement	Active citizen	Community/suburban
Sub_Comm_14	Citizen involvement	Active citizen	Community
Sub_Pa_15	Area regeneration	Housing association /consultant	Public/business
Sub_Pa_16	Area regeneration	Manager area regeneration	Public/business
Sub_Ba_17	Area regeneration	Manager Hoursing association	Business
Sub_Comm_18	Area regeneration	Active citizen rep	Community/suburban
Sub_Pa_19	ECEC	Manager/head of department	Public
Sub_Pa_20	ALMP	Manager/head of department	Public
Sub_PA_21	ALMP/ECEC/VET	Chief Executive	Public
Sub_PA_22	Politician	Mayor	Public
Sub_PA_23	Politician	Opposition	Public
Sub_PA_24	Politician	Opposition	Public
Sub_PA_25	VET	Manager VET institution	Public
Sub_PA_20_2	ALMP	Manager/head of department	Public – second interview
Sub_PA_26	ECEC	Manager /head of department	Public
<b>Rural Case:</b>			
<b>Municipality of Lemvig</b>			
<b>IP kode</b>	<b>Policy area</b>	<b>Role</b>	<b>Actor/locality</b>
Rur_Ba_1	Economic development/business promotion	Manager	Business

Rur_Ba_2	Economic development/business promotion	Manager	Business
Rur_Ba_3	Economic development/business promotion	Manager	Business
Rur_Ba_4	Economic development/business promotion	Manager	Business
Rur_Ba_5	Economic development/business promotion	Manager	Business
Rur_Pa_6	Area regeneration/economic development	Department Manager	Public
Rur_Pa_7	Area regeneration/urban planning	Head of department	Public
Rur_Pa_8	Politician/economic development	Politician/Mayor	Public
Rur_Pa_9	ALMP	Head of department	Public
Rur_Pa_10	Area regeneration/schooling	Head of school	Public
Rur_Pa_11	Economic development	Chief executive	Public
Rur_Pa_12	Business promotion/economic development	Head of department	Public
Rur_Pa_13	Area regeneration/planning	Civil servant	Public
Rur_Pa_14	ECEC/school	Head of department	Public
Rur_Pa_15	Area regeneration/community development	School leader	Public
Rur_Comm_16	Active citizen	citizen	Community

Rur_Comm_17	Active citizen	citizen	Community
Rur_Comm_18	Active citizen	citizen	Community
Rur_Comm_19	Active citizen	Citizen /politician	Community/regional
Rur_Comm_20	Active citizen	Head of community org	Community
Rur_PA_8_2	Politician	Mayor	Public – second interview
Rur_PA_21	Politician	Head of committee	Public political actor
Rur_PA_11_2	Economic development	Chief executive	Public – second interview
Rur_PA_22	VET	Head of institution	Public
Rur_PA_23	ECEC	Head of department	Public
Rur_PA_24	ALMP	Manager	Public cancelled due to COVID-19

<b>Informants national and regional</b>			
IP-code	Policy field	Role	Locality
Reg_PA_1	Regional development	Development consultant	Regional public
Reg_PA_2	Regional development /LAG	Development consultant	Regional public
Reg_PA_3	Inter-municipal collaboration and EU	Development consultant	Regional public
Reg_PA_4	Regional development and EU	Chief consultant	Regional public
AMLMP_regional	ALMP	National Agency for Labour market	Regional public

		and recruitment regional office	
ECEC_national	ECEC	Chief consultant	National Public authority
VET_national	VET	National Agency for education and quality/ chief consultant	National Public authority



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#### **Abstract:**

The report analyses the configuration of active labour market policies (ALMP), vocational education and training (VET) and early childhood education and care (ECEC) in Austria and in the local case studies selected, as well as its recent changes in the last decade. These policy fields play a crucial role within the Social Investment policy perspective and are investigated by paying specific attention to the territorial articulation of provision and to the impact on territorial cohesion.



Our aim is to understand how services within these policy fields are enhanced through a multilevel governance structure; how are spatial disparities considered in design and implementation; what typologies of services are provided; what are the main implementation criticalities and the main priorities pursued. The local case studies selected are the following: Vienna is the urban case locality; *Kleinregion Ebreichsdorf* located South of Vienna, in Lower Austria, is the suburban case locality; *Kleinregion Waldviertler Kernland*, located in the north-western part of Lower Austria, in the NUTS-3 region *Waldviertel*, is the rural case locality. In order to account for *Land* level jurisdiction in Austria, we dedicate specific sections on ALMP, VET and ECEC governance and related activities in Lower Austria, as a frame for the description and analysis of the suburban and rural case. We also assess to what extent activities and services implemented are aligned with the SI approach, even if not mentioned explicitly by policy documents or key-informants.

**Keyword list:**

Social Investment; Active Labour Market Policies; Vocational Training; Early Childhood Education and Care; Multilevel governance.

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## Abbreviations

AHS	Allgemeinbildende Höhere Schule (grammar school)
AK	Austrian Chamber of Labour (interest group of employees; social partner)
AMS	Public Employment Service Austria
BFI	Vocational Promotion Institute (operated by AK)
BHS	Berufsbildende Höhere Schule (Upper secondary schools with vocation element and A-level)
BIZ	Career Advisory Centre (operated by AMS)
BMAFJ	Federal Ministry of Labour, Family and Youth
BMASGK	Federal Ministry of Labour, Social Affairs, Health and Consumer Protection
BMS	Berufsbildende Mittlere Schule (Secondary schools with vocational element)
BMWFW	Federal Ministry of Education, Science and Research
BS	Berufsschule (Schools for VET)
ERDF	European Regional Development Fund
ESF	European Social Fund
FPÖ	Freedom Party of Austria (right-wing populist, nationalist-conservative)
FTI	Research, Technology, and Innovation (also known as RTI)
FUA	Functional Urban Area
HE	Higher Education
ISCED	International Standard Classification of Education
IV	Federation of Austrian Industries
(A)LMP	(Active) labour market policy
NMS	Neue Mittelschule / Lower Secondary (Compulsory)
NÖ	Niederösterreich / Lower Austria
NPO	Non-profit organisation
NUTS	Nomenclature of Territorial Units for Statistics
ÖGB	Austrian Trade Union Federation
ÖVP	Austrian People's Party (conservative, Christian-democratic)
PES	Public Employment Services
SGI	Services of General Interest
SI	Social Investment
SIS	Social Investment Strategy
SPÖ	Social Democratic Party of Austria
TEP	Territorial Employment Pact
VET	Vocational education and training
WAFF	Vienna Employment Promotion Fund
WIFI	Economic Promotion Institute of the Austrian Economic Chamber

WK(O) (Austrian) Economic Chamber (interest group of employers; social partner)

## Introduction

This deliverable provides an analysis of active labour market policies (ALMP), early childcare and education (ECEC), and vocational education and training (VET) in Austria with an in-depth study of local service provision in three local case studies. The report describes the goals, activities, recent shifts and outputs in these three policy areas carried out in three different localities (urban, suburban, rural). Moreover, we look at how these policy goals are enhanced through a multilevel governance structure and how spatial disparities are considered in the provision of policy measures. Finally, we critically review every policy field considered, in order to assess to what extent activities and services implemented are aligned with the SI approach, even if not mentioned explicitly by policy documents or key-informants.

Even if other policies have also been debated and considered coherent with Social Investment, ALMP, ECEC, and VET are usually regarded as strategic policy fields within the Social Investment Strategy (SIS, see D5.1). These fields contribute to improving qualifications, to a work-family-life balance and assist with getting back into the labour market. The Social Investment perspectives aims at connecting economic growth and social inclusion through public investment and social policies, thus fostering wider well-being and quality of life. Given the overall framework of COHSMO, we pay specific attention to the territorial articulation of provision and to the impact on territorial cohesion. Subnational differences in the policy areas selected contribute to inequality within countries. However, they can also be crucial points to implement measures aiming to equalise and spark cohesion. Focusing on these policy areas with the frame of SI on subnational levels allows identifying innovative practices as well as undesirable developments.

The current configuration of welfare systems is a mix of central and sub-national policies. Subnational governments are bodies, which refer to actors at territorial levels lower than the central government, like counties, regions, municipalities, provinces. In almost every country, the policy frameworks are shaped by national laws and institutions, which determine the number of resources spent on the primary welfare services such as pension, health care and social assistance (Andreotti et al., 2012). Moreover, the increasing regional disparities and varieties of regional contexts, brings about the need for “place sensitive” policies (Iammarino et al., 2018). Specifically, the implementation of Social Investment policies implies a huge activation of local welfare bodies, as providers of social services and programs (such as childcare facilities, activation schemes, social inclusion activities, housing support) that may have a social and economic value added (Ranci et al., 2014). Therefore, the importance of local welfare systems for service provisions has emerged in recent decades.

The report is based on desk research of relevant literature, evaluation and monitoring reports of investigated policies, official statistics and interviews conducted with key actors in WP 4 as well as new interviews. However, due to the pandemic of COVID-19 since March 2020 and the lockdown measures in Austria, it became especially difficult to schedule interviews in the selected policy areas. Key actors in most of the selected policy fields declined interview requests due to pressing issues in need of immediate attention in their area.

### Selected case study localities

In order to analyse the provision of ALMP, VET and ECEC in Austria, we focus on the urban, suburban and rural cases selected in previous WP4. The three cases are in two different states (*Länder*) in the Eastern and most populated part of Austria. The suburban and rural cases are located in the state of Lower Austria which surrounds the urban case, Vienna. While Vienna is the political, educational and socio-economic centre of the country, Lower Austria is the state with the most

agricultural land use in Austria. It is the state with the most km<sup>2</sup> and lowest population density. Lower Austria has diverse regions from mainly agricultural (rural case) to industrial and knowledge-economy based (suburban case).

The urban case locality is Vienna – a state (NUTS-2) and a municipality (LAU2) at the same time that hosts around 1.8 million inhabitants and is the clear administrative, educational, economic and employment centre of Austria. Especially in terms of employment opportunities, the city's economy reaches across Austria's boundaries into the Czech Republic, Slovakia and Hungary. The suburban case locality is *Kleinregion Ebreichsdorf* located South of Vienna, in Lower Austria. It has a typical suburban setting as commuter towns. The municipalities have high in-migration, high outward commuting and therefore a rather weak local economy. The case locality is situated in a part of the state labelled “industrial quarter” even though its economic strength has become more based on third sector services. The rural case locality is *Kleinregion Waldviertler Kernland*, located in the north-western part of Lower Austria, in the NUTS-3 region *Waldviertel*. This region is a well-known case for depopulation, a still dominant role of agriculture, and structural economic weakness. Over the years it has been a sight of de-industrialisation with closing textile factories. Today, it is better known for wood production, specialised herb agriculture and wellness tourism. A specific trait of the Austrian case selection is that the urban case is the *Land* – state of Vienna, while the suburban and rural cases are part of the surrounding *Land* – state of Lower Austria. This is why, to account for the relevance of *Land* level jurisdiction in a federal country like Austria, we dedicate specific sections on ALMP, VET and ECEC governance and related activities in Lower Austria, as a frame for the description and analysis of the suburban and rural case.

The report is structured as follows. Part 1 outlines the multilevel governance setting and service provision of active labour market policies in Austria and in the urban, suburban and rural cases selected. Part 2 outlines the multilevel governance setting and service provision of vocational education and training. Part 3 outlines the multilevel governance setting and service provision of early childhood education and care. Every part is closed by a conclusive section dedicated to the role of, respectively, ALMP, VET and ECEC within a SI strategy, specifically looking at the Austrian experience.



# Active Labour Market Policies (ALMP)

## Executive Summary

This section provides an analysis of active labour market policies (ALMP) in Austria and an in-depth study of local service provision in three local case studies. This deliverable describes the goals, activities, recent shifts and outputs of labour market policies carried out in three different localities (urban, suburban, rural). Moreover, we look at how these policy goals are enhanced through a multilevel governance structure and how spatial disparities are considered in the provision of ALMP measures. ALMP is regarded as a strategic policy field within the Social Investment policy perspective. By supporting the re-integration and facilitating transitions in the labour market, particularly in quality-employment, active policies should pursue the simultaneous goals of enhancing economic growth and social cohesion. Training and re-training measures should also contribute to the development of human capital.

We focus on ALMP as this policy field is crucial within the Social Investment policy perspective, based on the simultaneous pursuit of enhancing economic growth and social cohesion. A distinctive trait of active labour market policies coherent with SI should be the aim of re-integration in the labour market, particularly in quality-employment. Moreover, training and re-training measures, as well as high-quality labour market services, should play a primary role in order to contribute to the development of the human capital of citizens. Our aim is to understand how these policy goals are enhanced through a multilevel governance structure and how spatial disparities are considered in the provision of active labour market measures.

Austria is characterised by a **strong intervention of government agencies** and social partners in the field of labour market policies. The centralised agency AMS allows for monitoring ALMPs closely. This PES agency is responsible for both unemployed and recipients of minimal income. As a one-stop shop for both these groups it can actively target a larger stratum of the population to provide ALMP measures for. Efforts of increasing monitoring and sanctioning activities in recent years point out that activation is taken much more serious than previously. At the same time expenditure has been cut in ALMP areas deemed as inefficient (asylum, mature workers). Automated systems will soon (2020/21) determine who will receive ALMP on individual bases.

Even though unemployment rates are down overall, long-term unemployment is still an issue particularly for those with only compulsory education and those over the age of 50. **Inequality** created by new (digital) economies is particularly pronounced in the capital of Vienna. There, vulnerable groups (due to education level, migration background and age) are in long term unemployment while educated commuters from the FUA benefit from the city's developing knowledge economy. Addressing educational gaps seems to work in some ways as unemployment numbers in the city are down<sup>1</sup>. Nevertheless, funding for specific target groups decreases and individualised responsibility is pushed.

Overall, we can identify two different **priorities** in the Austrian provision of ALMP. On the one hand, an (1) efficiency paradigm in service provision has increased activation pressure on long-term unemployed, those with disadvantages, school dropouts and mature workers. On the other hand, from

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<sup>1</sup> We want to stress that these numbers refer to the pre-COVID-19 pandemic period of 2020. As of writing this report, unemployment numbers shot up dramatically. Still, we decided to provide a picture of the situation before the pandemic and its economic consequences to assess what has been achieved after the 2008 Global Financial Crisis.

the evidence collected, (2) a focus on qualifications and re-qualification measures, redoing formal VET and raising employability, emerged. This happens within the context of an increasing need for skilled workers. The priority to raise the employability of a broad spectrum of social groups indicates the assumption that not enough medium qualifications are achieved. Most noticeable are programmes that seek to raise practical qualifications of academically educated young people. In Vienna, the WAFF reflects the priority attributed to lifelong learning measures, whereas this trend appears to be less pronounced in Lower Austria. An explanation can be that there is a long-standing social democratic influence in the capital. Whereas Lower Austria has a long-standing conservative rule.

ALMP programmes are diverse and financed by both the federal and state government, together with social partners and co-financing by the ESF. However, ESF funding has decreased since 2013 and cuts in programmes were immediately noticeable.

This part of the report proceeds by first outlining the multilevel governance system of labour market policies (LMPs) and its recent shifts in structure as well as local governance systems in section 1. In the subsequent section 2, we consider specific activities and services provided from general operation down to the local level and target user focus. Here, the funding set-up will be reflected for specific local LMP measures. The final section 3 reflects on priorities given in the policy measures and their relation to social investment concepts.

## 1 Part 1 – The governance system

Given the institutional structure of labour market policies in the federal structure of Austria, some tweaks are necessary when looking for local expressions of labour market policies. (1) Policy delivery: On the lowest level, labour market policies are delivered in regional centres. These are usually the largest municipalities in an administrative district. Aside from AMS (Austrian PES) branches, they host other SGIs such as secondary schools, drivers licensing and hospitals. (2) Policy design: Most local labour market policy measures such as re-training subsidies are designed on the NUTS-2 / *Länder*-level.

In line with WP4 cases, but acknowledging the institutional set-up for LMP, we therefore, investigate (1) the regional centres for WP4 rural and suburban case: **Zwettl** and **Baden**. Even though these municipalities are outside of the territory of the two cases, they are the municipalities where labour market policies for these areas are administered. To investigate policy design (2), we jump to the state institutions of Lower Austria. We were able to find a few more regional strategies for the labour market to distinguish policy designs between rural and suburban cases. Both these issues are not of concern for the urban case since it is simultaneously a state and a city. Accordingly, there is policy delivery and policy design in the same territory.

### 1.1 Multilevel institutional setting

The federal level is by constitution **responsible** for the overall policy development and the coordination of labour market policies, i.e. eligibility, form, duration, and amount of benefits (Hofstätter et al., 2010). The Labour Market Promotion Act (AMFG) regulates that the Federal Ministry of Labour – from 2009 until 2020 Labour agenda was part of the Federal Ministry of Social Affairs, Health and Consumer Protection (BMSGK) – is responsible for the achievement and maintenance of full employment and the optimal functioning of the labour market. According to BMSGK, the goal of Austria's labour market policy is to prevent and eliminate unemployment. And, furthermore, to balance the supply and demand for workers in economically meaningful and

sustainable ways. The ministry divides labour market policies into passive, active and activating policies. In the field of active labour market policies, the focus lies on the transparency of the market with information technology (e.g. job matching, etc.), subsidisation of vocational training, promotion of mobility, overcoming personal problems and subsidisation of employment via recruitment grants. The Public Employment Service Act (AMSG) regulates that the Public Employment Service Austria (AMS) is responsible for the implementation of the labour market policies. Overall, policy measures are designed at the federal (NUTS 0) level in a standardised way from BMASGK to AMS (Eppel et al., 2012). Nevertheless, they are delivered by regional (NUTS2) and local offices.

In Austria, the main actor in active labour market policy is the publicly owned organisation AMS (Public Employment Services Austria). In Germany, a similar system of an autonomous institution is set up. Other than in Germany, AMS is responsible for all workers whether they still receive unemployment benefit, are already on social benefits (*Notstandshilfe*), guaranteed minimum income or are still regularly employed (WIFO, 2014, p. 10). The Austrian Public Employment Services' task is to advise workers and help them find a job, but also to fill job vacancies. Thereby, they are a vital interface between jobseekers and employers. Employers register job vacancies and collective redundancies with AMS. Jobseekers register with AMS for unemployment benefits, and at the same time are monitored in their progress of finding a new job (more on that in Part 2). The Public Employment Service is legally responsible for designing measures for labour market integration including subsidies and incentives and for securing employment. However, concrete training courses are provided by external partners specialised in adult (re-)training and education such as the WIFI and BFI. Respectively, these two major training providers are operated by the two main social partners: chamber of economics (WKO) and the chamber of labour (AK). These two organisations are also part of the executive board of AMS (see organigram Figure 1). These two training providers are the main horizontal partners in ALMP in Austria. There are very few, smaller for-profit organisations providing training courses scattered across the country. Mostly, consultation, training and education are provided by non-profit organisations. The AMS lists 3,348 recognised (quality evaluated) providers of consultation, training and education in its database all over Austria<sup>2</sup>. The largest two organisations are administered by the social partners, who also have representatives in the AMS executive board and management. Aside from BFI and WIFI, the *Abz\*Austria* is worth mentioning as a training provider specialised in the creation of equal opportunities in the labour market for women. Founded in 1992 together with Vienna's state labour office and the municipal government of Vienna, this NPO is the largest "women's company" in the country (*Abz\*austria*, 2020a). After expanding the services also into lobbying work, the organisation now has 170 employees (*Abz\*austria*, 2020b).

Until 1994 the agency responsible for labour market programmes was part of the Federal Ministry of Labour and Social Affairs<sup>3</sup>. The creation of an independent body operating labour market policy was the most relevant structural shift so far. Today, the AMS is an autonomous state-owned agency. Still, AMS's vertical scalar **organisation** reflects the Austrian federal governance system. Each of the states has a managerial, organisational unit, at NUTS-2 level. Operational units (local offices) are organised at a below NUTS-2 level. However, they do not correspond to NUTS-3, but rather to Austria's administrative districts.

<sup>2</sup> Regional branches, f.e. of WIFI or BFI, are also in this list, increasing the total number significantly.

<sup>3</sup> Labour agendas changed ministries quite a lot over the past 40 years. Most notably, from 2003 – 2009 Labour became part of the Ministry of Economics before switching back to the Ministry of Social Affairs, Consumer Protection, and from 2018 Health joined the Ministry's agenda. With 29.01.2020 the ministerial agendas relating to work has been transferred to the federal ministry of families and youth. However, the transition is still undergoing and information is still distributed via the BMASGK.

In these districts, one town – usually the one with the most residents – is home of the service centre.



**Figure 1: Organigram of Public Employment Services Austria**

There, jobseekers are registered to receive unemployment benefits. Case managers work out strategies to get back to work (see details in chapter 3). Aside from these local offices, AMS operates “career advice centres” (BIZ) that aim to support mainly young adults in their next career prospects and education. Not every regional centre has these BIZs. In total there are 62 dispersed over the country. Larger cities, like Vienna, have more than one local office across the city. In numbers, the organisation has one federal level, nine states and 98 local offices, each with a regional manager plus six branch offices. Vienna has three AMS units, including its federal unit (*Landesgeschäftsstelle*). Interestingly, the federal unit for Lower Austria (rural and urban case) is also in Vienna. This is a remnant from the time when Vienna was also Lower Austria’s state capital until 1986, but might also indicate the political and economic importance of Vienna for its surrounding state. Service provision is organised down from these levels with regional managers in district units and their employees having direct contact with unemployed workers, jobseekers and local companies.

On each of its managerial levels, the AMS shows the strong structure of the **Austrian Social Partnership**: By law, employers and employee representatives<sup>4</sup> are part of the steering boards to design and control employment policy measures. These groups get a say in the formulation and regulation of labour market policies; their role is formalised in the law of labour market service (Bundesgesetz über das Arbeitsmarktservice AMSG, 1994). Each representative has a vote with most operations needing a simple majority. Managing the AMS are four government, four employer’s and four employee’s representatives. Overall, ruling political parties and interest groups formulate and regulate the policy provided by the AMS. Even though the AMS is formally not part of the government, it operates by order of the Federal Minister of Work.

As the measures are designed at the federal level, service delivery is very standardised. However, explicit territorial equalization goals are not part of this policy at all. The Austrian Spatial Development Concepts even call for a regionally differentiated active labour market policy that orientates itself at the regional economic structure. Nevertheless, within the Public Employment Service the national organisation sets out the goals for the regional branch (NUTS 2) and the regional

<sup>4</sup> These are the Austrian Economic Chamber (WKO), Austrian Chamber of Labour (AK), Austrian Trade Union Federation (ÖGB), Federation of Austrian Industries (IV).

branch for the local branch (which are normally located at strategic cities/regional centres). Nevertheless, the instruments applied remain the same.

National **objectives** are closely linked to ‘Europe 2020’ objectives for employment policy measures. The European objectives oblige the Member States to implement the main points of Europe 2020. Crucially, the Federal Ministry of Labour, Social Affairs, Health and Consumer Protection shaped the policy area by the formulation of national labour market-related policy goals up until January 2020. In relation to the labour market services law, goals and tasks are described as “preventing and eliminating unemployment; matching supply and demand by also respecting social and economic principles”. Besides “achieving and maintaining” full employment, active measures are set in place to keep mature workers in employment for longer; qualification and promotion of equal opportunities; developing human resources; “activate unemployed” as well as fighting long-term unemployment. (Bundesministerium für Soziales, Gesundheit, Pflege und Konsumentenschutz, 2019) Thus, goals set for labour market policies already make three target groups clear: mature workers, people with low-qualifications, and women. Interestingly, not only are mature workers a target group to achieve higher qualifications, but also to promote retirements at a higher age.

According to the Federal Ministry of Labour, Social Affairs, Health and Consumer Protection (BMASGK) and the Public Employment Service (AMS), active labour market policies use a target-group oriented approach without referring to a territorial dimension. **Specific target groups** are defined as follows: women, adolescents, people over the age of 50, migrants including asylum seekers, people with health issues and people with disabilities (Bundesministerium für Arbeit, Soziales, Gesundheit und Konsumentenschutz, 2018, p. 261). In the Austrian discourse on unemployment, mature workers are often debated as a specific group that struggles to re-enter the labour market. Moreover, as mentioned before, people over the age of 50 are targeted with efforts to raise the average actual retirement age (see more under section 3.2). Women are targeted at getting technical qualifications and full-time jobs. Migrants and people with disabilities and/or health issues are typically more vulnerable to unemployment. However, there is an ongoing political discussion about services for the group of asylum seekers (more under section 3.2).

In 2015, **expenditures** for active labour market policies accounted for 0.13% of the Austrian GDP (Bundesministerium für Arbeit, Soziales, Gesundheit und Konsumentenschutz, 2018, p. 46). Earmarked unemployment insurance contributions, paid by employed persons themselves but also by companies, are the most important financial resources for active labour market policy. Expenses are, therefore, also earmarked. If, however, there is a surplus by the end of the year, it is given to the public employment service for the labour market reserve fund. Financial resources are transferred from the federal level to the Public Employment Service, but the defined yearly expenses remain under the fiscal control of the federal government. Funds for staff costs are transferred for the use as needed, also for the regional and local offices.

Goals and indicators are monitored primarily via both the federal ministries of finance and work. They set the general aims, budgets for personnel and expenditures as well as the distribution of budgets. These earmarked budgets get through executive boards and down to local offices with more details on targets. Each of the local offices gets numeric goals in different categories, e.g. how many long-term unemployed elderlies took up work last year (see for example WaldKern16 in policy document archive for D4.5). **Monitoring and evaluation** are quite extensive, but consequences are unclear except for awarding good performances (see rural case AMS local office). For the ministry, the objectives are signposts to identify deficits quickly to modify programmes. Furthermore, they have a reporting function rather than an evaluative one (Bundesministerium für Arbeit, Soziales,

Gesundheit und Konsumentenschutz, 2018, p. 261). These publicly available reports go through the federal ministry of finance as well as the ministry of work<sup>5</sup>.

From 2014-2020 ESF funded and funds the organisational, monitoring and evaluation costs of territorial equalisation as well as some specific ALMP measures e.g. increasing qualifications for those with no or only compulsory formal education (*NÖ Weiterbildungsscheck*, more under section 3.3.2). In Austria, ESF national budgets are allocated towards concrete measures organised by each state government. It is unclear if and how the federal state will continue the programmes after co-funding from ESF ends. For the period 2014-2020, Austria's ESF fund is € 442 Million, which is almost doubled by federal and state government. In Austria, the national co-financing rate is 50% for all *Länder* except Burgenland (south east of Vienna, parts of it in its FUA). Burgenland is classified as a “transitional region”. Therefore, 60% of project costs are paid by the ESF (Bundesministerium für Arbeit, Familie und Jugend, 2020a).

## 1.2 Shifts in the last ten years

Active labour market policies are first and foremost federal policies in Austria since their beginnings in the 1960s. Recent rescaling, i.e. shifts of responsibilities between governance levels, has not occurred in the structure of the most relevant organisation (AMS). Although the Public Employment Service has regional and local offices, they have almost no possibility to design measures specifically for regional or local contexts. In that sense, active labour market policies might mismatch with regional needs of the economy: adaptation may only come from horizontal coordination among the actors involved in the implementation of measures designed at the federal level. Directions and vital resources have been distributed centrally from the federal ministry with only little formal degrees of freedom for lower tiers of governance. However, as one central interview (KU01) pointed out, the central management of AMS is mostly true on paper. Social partners, unions and business representatives have a lot of influence on the executive board of AMS. Also, the *Länder*-level has gained influence over ALMPs with their own programmes and subsidies since 2000, the main player remains the AMS agency, controlled by the federal state ministry. Accordingly, there is both centralisation and decentralisation when it comes to ALMP. Still, the federal ministry and its ministers play a vital role in agenda-setting, budget distribution and specifying target groups. In the last 20 years, the ministry responsible for labour changed from being aligned with economics to being combined in the social ministry up until 2019. In 2020, the ministry for family and youth got the agenda of labour under the new ÖVP – Green government. Thereby, instead of the Green party having the agendas of both the labour market and social policies, the new coalition split these two key policy fields.

**Table 1: Simplified overview of the Federal Ministry of Labour and ruling political party**

<b>2000</b>	Federal Ministry of Economics and Labour	<b>ÖVP</b> (conservative)
<b>2008</b>		
<b>2009</b>	Federal Ministry of Labour, Social Affairs and Consumer Protection	<b>SPÖ</b> (social democratic)
<b>2017</b>		

<sup>5</sup> Until 2019, federal ministry work was BMASGK. Since 01/2020 labour market agendas are part of federal ministry of families and youth. However, as of writing this report no relevant information can be obtained from this new ministry. Therefore, we refer to previous reports and information even though shifts in the agenda are to be expected.

<b>2018</b>	Federal Ministry of Labour, Social Affairs, Health and Consumer Protection	<b>FPÖ</b> (right-wing nationalist)
<b>January of 2020</b>		<b>The Greens</b>
	Federal Ministry of Labour, Family and Youth	<b>ÖVP</b> (conservative)

Overall, the ministry identified the same challenges over the last ten years with an ageing population, women in the workforce and increasing qualification levels. Particularly since the Global Financial Crisis of 2008/09 when the prominent short-time work scheme was introduced, the ministry targeted mature workers for subsidies and aid. During the period after the Global Financial Crisis, this group was identified as particularly vulnerable to long-term unemployment. In 2017 measures were introduced that subsidised employing workers over the age of 50. This “Aktion 20,000” scheme aimed at creating new jobs in local administration as well as NPO organisations (Hausegger & Krüse, 2019). Particularly small municipal governments welcomed the initiative. The scheme was an SPÖ-lead prestige project that was heavily discussed as being too costly or not working well enough (APA, 2018; Hausegger & Krüse, 2019). After the SPÖ-ÖVP government split in 2017 and the creation of the new ÖVP-FPÖ government, this scheme was one of the first initiatives to be cut. Another heated topic in ALMP still discussed is the integration and assistance of asylum seekers in the labour market. While the SPÖ ministry (2009-2017) explicitly addressed them as one of the target groups by allowing them access to vocational training, the next government made in-company training illegal for asylum seekers. This particular issue poses a great dilemma for the ÖVP as key interest groups for employers in the health, tourism and agriculture point out their desperate need for the labour force.

Another dilemma that has come up in recent years is the territorial distribution of available jobs and share of the unemployed population. Whereas Vienna has the highest share of unemployment, the states in the West of the country and rural parts around the national capital are looking for employees especially in the tourism sector (see also D4.4 and Friesenecker, Cefalo, Boczy, & Kazepov, 2019). Schemes to counter this negative concentration spiral that urbanisation has created are being proposed at the moment by AMS and private employer initiatives. The Austrian Spatial Development Concept already advocated for a “regionally, differentiated, active labour market policy” (ÖROK - Austrian Conference on Spatial Planning, 2017). In their perspective, a territorial-sensitive ALMP that matches the qualification of the residents with the regional economic structure could prevent out-migration in rural regions. Even though most ALMP are national, some strategies have been created by states to account for local conditions.

### 1.3 Local governance systems

Following the structure of AMS, the federal level is most influential in designing the main (A)LMPs. However, local offices deliver and administer policy measures face-to-face and decide on an individual bases on measures and courses. In general, assigned courses during unemployment follow a principle of conditionality, meaning that participation in initiatives and courses provided by AMS is mandatory for the unemployed. That means participation is tied to receiving unemployment benefits<sup>6</sup>. Most recently, the enforcement of sanctions has been vamped up (+12.25%) (APA, 2020) following initiatives set by the ÖVP-FPÖ government in 2019. Sanctions are enforced, for example,

<sup>6</sup> Sanctions are not in place for recipients of social benefits from *Notstandshilfe* (minimum benefit for existence). These benefits are assigned after 20 to 30 weeks of receiving unemployment benefits. They are between 92-95% of unemployment benefit with bonuses for care responsibilities of family members. The states regulate the conditionality and amount these benefits to a very high degree. Still, they are administered by AMS offices.

when recipients do not comply with objectives such as taking a job interview or finishing training courses. In 2019, one-third of sanctions happened due to these reasons (more on benefit cuts from AMS in chapter 3 on services). In terms of localised ALMPs, both state governments implemented measures and institutionalised subsidising bodies to account for the local context. Primarily, the ESF supports these initiatives with additional funding from the federal state.

### 1.3.1 Urban case

Politically, Vienna has been under social-democratic leadership since its instalment as a state in 1920 (interrupted 1934-1945). The city council is integrated with the state government administration. The social-democratic mayor was in office for 24 years, from 1994 to 2018. In these years, many comprehensive Viennese development strategies, as well as the Vienna Employment Promotion Fund (WAFF), were founded. The city government takes a very active role in labour market policy and local employment promotion as far as it possibly can while being a state.

ALMPs are implemented and delivered by various urban district offices of the AMS, which are headed by the state-level office of Vienna. There are 13 regular local offices within the city, one specialised youth office and seven “career advisory centres” (BIZ) operated by AMS. Offices are distributed across the city, but with a denser frequency in the city centre. South districts of Vienna and parts stretching east across the Danube have no local offices. In total, the Viennese AMS operations had 1,850 employees, an increase of 50% compared to 2010. Largely, this relates to an increased need for services regarding asylum seekers’ education, German lessons and support (AU13, see also D4.4).

Interestingly, Vienna is a big exception to the territorial insensitivity with the city’s long tradition of local ALMP measures (KU04). Most notably, the Vienna Employment Promotion Fund (WAFF) founded in 1995 by the chamber of labour (AK) primarily as a work foundation to compensate for unemployment. Similar to AMS, WAFF mostly does not directly provide training courses, but subsidises them in 687 approved educational facilities in all of Austria including BFI and WIFI, 277 of them are in Vienna (WAFF - Wiener ArbeitnehmerInnen Förderungsfonds, 2020). These course providers are public educational institutions, NPOs and private companies for adult learning and training (more on services in chapter 3). Besides still operating work foundations and in-work placement of unemployed, WAFF focuses on improving qualification levels and (re-)training. It works closely with AMS Vienna for its re-training programmes for job seekers. An interviewee (KU04) from the WAFF organisation clarified that there are events on district level targeting districts with low average education levels.

In detail, the AMS Vienna (2019) reports that 385,639 persons received subsidised qualification and training measures, supportive measures, like consultations in 2018. Compared to 2017 this is a decrease of almost 16%. Mostly, this cut is visible in the programme of integration assistance (*Eingliederungshilfe*). This programme subsidises employment for vulnerable groups (mature workers, long-term unemployed and youth). The reduction is tied to the termination of the *Aktion 20,000*. Only the number of recipients of qualifications for those in employment increased (11%) between 2017 and 2018.

WAFF is operated through the Department of Finance, Economics and International Affairs of the City of Vienna and financed mostly by the city/state government. WAFF is in partnership with Viennese social partners and Viennese AMS, but also with all political factions represented in the Viennese town hall. Moreover, WAFF is more institutionalised than similar measures in Lower



Austria (*Beschäftigungspakt*) as it has an executive board. Whereas in Lower Austria (suburban and rural case), the measures are operated directly by federal government departments.

### 1.3.2 Lower Austria

The rural and suburban cases have been ruled exclusively by the same political party, the conservative party ÖVP, on the federal level since 1920 (interrupted 1934-1945). The 25-years-serving governor of Lower Austria just recently announced his retirement in 2017, handing over both the federal government and federal party chair to his successor. Being the largest state, its government faces diverse challenges of depopulation and population growth in different parts of its territory. Accordingly, many policies try to account for these differences. However, the government of Lower Austria does not take a similarly active role in creating employee re-education or publicly funded transition jobs as Vienna. Rather, labour market policy consists more of individual subsidies for training, subsidies for entrepreneurs or start-up funds and traditional conservative measures.

Since the *Länder*-level (NUTS-2) is most relevant in (A)LMP, we will outline governance structures in relation to ALMP in Lower Austria (NÖ), before going down to the local suburban and rural case. In 2018, there were 22 regular local offices within Lower Austria (NÖ) and twelve “career advisory centres” (BIZ) operated by AMS. The last BIZ was added in 2018, accompanied by an increase in users. Offices are distributed across the territory in each administrative district. In total, the AMS NÖ operations had 971 (2018) employees, an increase of almost 29% compared to 2010 (Arbeitsmarktservice Niederösterreich, 2019).

For localised ALMP, the state level (NUTS-2) plays the main role. Specifically, measures like the federal Employment Pact (*Beschäftigungspakt*) were initiated by the EU’s 1996/1997 Territorial Employment Pacts (TEP) and are closely tied to approved EU funding. Nevertheless, the Austrian federal government supported these pacts so that by the end of 2001 all nine state governments implemented pacts. The pacts are binding agreements between AMS bodies, federal state government and other state-level actors like AK or WK. Lower Austria (NÖ) is among the five states that still operated such a programme until 2020. There, federal AMS, federal social ministry, the association of municipal representatives NÖ, Federation of Austrian Industries NÖ, federal Department of education, chamber of labour NÖ and the chamber of economics NÖ work together. This mixture of the federal government, local government, social partners and AMS provides place based ALMP programmes and individual subsidy scheme in Lower Austria formulated by a TEP strategy.

In detail, the AMS Lower Austria (2019) reports that 52,390 persons received subsidised qualification, training measures and supportive measures, like consultations in 2018. Compared to 2017 this is a little increase of almost 1.4%. Mostly, this increase is noticeable with supportive measures from AMS rather than qualifications or in-placement programmes.

### 1.3.3 Suburban case in Lower Austria

In the suburban case, ALMPs are implemented by the local AMS office in Baden (see Figure 1). Aside from the local office, the district also has a BIZ for career information service. The offices’ operation includes our Kleinregion Ebreichsdorf case study but is not limited to that territory. Therefore, presented numbers and figures refer to the entire district, not only our case study. However, at the local (case study area) level, not many details and data are available. Besides its own BIZ, the suburban case district also has a BFI office.

For the district Baden, 6,510 unemployed persons registered newly with local AMS in 2017. The district has an unemployment rate of 10.2% – a drop of 0.4% compared to 2016. The drop is within the trend of the whole state, but still above the Lower Austrian average in 2017 (7.8%) (Arbeitsmarktservice Baden, 2018; Arbeitsmarktservice Niederösterreich, 2019)<sup>7</sup>. Baden is one of six districts with the highest rate of unemployment and long-term unemployment in all of Austria (Arbeitsmarktservice Österreich, 2018a).

### 1.3.4 Rural case in Lower Austria

Similar to the suburban case, in the rural case, ALMPs are implemented by the local AMS office in Zwettl (see Figure 1). The district has **no BIZ** for career information service. The regular AMS office's operation includes our Kleinregion Waldviertler Kernland case study but is not limited to that territory. Other than in the suburban case, the rural case district neither has a BFI nor a WIFI local office. This means that the services can only be accessed if residents own and can drive a car. In the area, public transportation is very limited since the cost of sustaining it are high, and user numbers are low.

For the district Zwettl, 1,151 unemployed persons registered newly with local AMS in 2016. The district has an unemployment rate of 6.4% – a drop of 0.3% to 2015. It is well below the Lower Austrian average in 2016 (8.7%) and the Austrian average (Arbeitsmarktservice Niederösterreich, 2018; Arbeitsmarktservice Zwettl, 2017)<sup>8</sup>. An ageing demographic and a high rate of out-migration rate are factors to consider with these numbers.

## 2 Part 2 – Activities and services

### 2.1 Description

ALMPs in Austria are centralised with local adaptations in the implementation process. Local AMS services are closely monitored in that objectives are set for each year detailing target groups and concrete measures to support specific user groups, e.g. women, 50+ workers. These evaluation figures are reported from local offices (district levels) up to federal level. They report jobseeker numbers, take-up of new jobs and long-term unemployment, but also if and how much specific target groups have received funding for designated programmes. Concrete service delivery in all local offices of AMS is a mixture of public and private operations. Together with job seekers, AMS employees decide which measures should be taken on an individual basis. Private companies, including NPOs, usually deliver qualification courses, skill training or employment measures. The AMS provides a large platform of accredited<sup>9</sup> training providers and their programmes. (Re-)training and education are then funded usually entirely by AMS. In some cases, these outsourced services receive subsidies from the state budget. The close collaboration with key institutionalised partners is ingrained within the service delivery. The system of funding includes subsidies for individual spots in a programme, but also designing targeted projects. These are collaboratively created measures that work on specific issues, e.g. women re-entering the labour market after childcare, unemployed, mature workers and asylum

<sup>7</sup> No data on long term unemployment or other details provided for district available.

<sup>8</sup> No data on long term unemployment or other details provided for district available.

<sup>9</sup> Accepted means approved and monitored quality by AMS. This is relevant to receive funding for training courses and education programmes. It includes all public institutions, but also some NPO and local private organisations.

seekers. Aside from active measures, the AMS has rules for receiving unemployment benefits tied to activities that monitor willingness to take up employment.

Aside from managing unemployment benefit and (re-)training both for unemployed and those still in employment, the AMS designed a special ALMP service in 1991: the “job information centres” (*BerufsInfoZentren - BIZ*). The goal of these services is to provide career guidance for their future educational and career decisions. Target groups are especially 14-year-olds in secondary I (ISCED 2), particularly those in new secondary schools (as opposed to academic secondary lower cycle). In the Austrian educational system, this group stands at a critical juncture in terms of their future trajectory and career paths as they transition from compulsory schooling to either VET, upper grammar schools, or the vast variety of lower and higher secondary schools (Flecker, Wöhrer, & Rieder, 2020). Their service includes websites and materials for in-school career orientation as well as special events and individual consultation. A special focus is the mediation offers for helping with finding apprenticeship places both in the dual and inter-company VET system (Bundesministerium für Arbeit, Soziales und Konsumentenschutz, 2013, p. 214). Currently, there are 72 local offices all over Austria, with seven in Vienna and 12 in Lower Austria. There were 61 in 2008, from 2013-2016, there were 68 and 70 in 2017 (Arbeitsmarktservice Österreich, 2009, 2018b). One of these offices is in the administrative district of our suburban case; none are close (20 minutes’ drive) to the rural case territory.

Furthermore, other activation-oriented benefits are provided by AMS on a temporary basis, these include different benefit schemes and training programs for vulnerable social groups. As such, *labour integration subsidies (Eingliederungsbeihilfe)* by AMS cover up to 66.7% of the gross monthly income without bonus payments and social security contributions to private companies that hire long-term unemployed, as well as the mature workers and the youths<sup>10</sup>.

The largest ALMP measures provided by AMS are the *aids for training and education (Aus- und Weiterbildungsbeihilfen)* that provide education but also career orientation. They aim to get unemployed people back into employment and to (re)qualify workers, that are in danger of being let go. The latter especially applies to those with no formal education and/or jobs where foreseeable automation will take place. The target group is broad but specially mentions long-term unemployed, unemployed parents with care responsibilities, mature workers (45+), workers who seek qualification in a field where a lack of specialists has been identified<sup>11</sup>, entrepreneurs in special programmes, and more. Regarding low-qualification and youth, specific target groups are eligible (Bundesministerium für Arbeit, Soziales, Gesundheit und Konsumentenschutz, 2019a, 64f.):

- “Persons without completed school education,
- Persons without vocational training (except AHS-*Matura*),
- Persons with *Matura* (higher school certificate / A-level) and after university dropouts up to two years after *Matura*,
- Persons up to two years after dropping out of school,
- Persons who have completed their training and whose qualifications are no longer usable on the labour market (e.g. women returning to work)
- (...)”

<sup>10</sup> These are: men over 50; women over 45; under 25 and 6-month unemployment; over 25 and 12-month unemployment.

<sup>11</sup> Nationally and on state level a list of skill shortage is conducted to (a) allow working permissions for non-EU nationals and (b) identify labour market demand to match qualifications.

Thereby, a highlighted need is to support not only people that dropped out of school but also those who finished formal education but could not find a job because of a mismatch between their qualification and the labour market. Another special target group for requalification are mothers after the usually 2-year period of parental leave per child. Overall, mature workers are specially mentioned as target groups. The main goal is to prevent long-term unemployment in this group that is most affected by long-term unemployment in Austria.

The Public Employment Service is legally responsible for designing measures for labour market integration and for securing employment. However, concrete training courses are provided by external partners specialised in adult (re-)training and education such as the WIFI and BFI. Respectively, these two major training providers are operated by the two main social partners: chamber of economics (WKO) and the chamber of labour (AK) as non-profit organisations. Founded in 1959, the BFI's mission is to support and educate mainly job seekers in a classic social democratic ideology that seeks to educate and qualify for labour work rather than foster entrepreneurialism. WIFI is the employer's side of adult education founded in 1946. Other than its AK counterpart, WIFI focuses on general economic promotion with entrepreneurial skill development at its educational core. Other than BFI, WIFI also operates outside of Austria, mainly in Balkan states as well as Turkey. These two organisations are the key players in ALMP operational services across Austria, operating 145 (BFI) and 80 (WIFI) local offices (Berufsförderungsinstitut Österreich, 2020; Wirtschaftsförderungsinstitut, 2020). BFI operates 14 offices in Vienna and 9 in Lower Austria. One facility is in the administrative district of the suburban case and there are zero in the rural case territory. WIFI, on the other hand, operates only one office in the urban, but seven facilities in Lower Austria. Highlighting the approach of more centralised and individual training by WIFI.

## 2.2 Main changes and innovations introduced in the last ten years

Main changes in ALMPs go back the period between 2000 – 2006. Back then, the ÖVP-FPÖ coalition introduced softer labour protection laws, means-tested benefits and harder sanctions for unemployed. In 2002, the Economy Recovery Act, *Konjunkturbelebungsgesetz*, brought an end to a state monopoly on employment agency services<sup>12</sup> (Obinger & Tálos, 2006). However, to this day, private employment agency services play a minor role except for some private operations. However, reports (Riesenfelder, et al., 2018) estimate that over the past 20 years, the temporary agency work sector has grown. While the annual averages only showed a little more than 14,000 temporary agency workers in 1997, the annual average in 2016 was more than 63,400 of individuals who worked as temporary agency workers. Still, the share of temporary agency work above the minimum income threshold was still only 1.8% in 2016 (Riesenfelder et al., 2018, p. 18). Most of these work relations can be found in Upper Austria (30.8%), Vienna (24.4%) and Lower Austria (19.9%) (Riesenfelder et al., 2018, p. 68). These numbers refer to both private temporary employment agencies and regular companies that temporarily lend staff to other companies.

Local AMS services need to provide benefit recipients with a personalised consulting plan, which, in case of absence, made them ineligible from further benefit payments (Obinger & Tálos, 2006). In this period, a combination of reduced benefit rates and increased expenditure on ALMPs became a standard mode of national labour market policies. From then on, federal policies focused on qualification and skills training by reorganising AMS to increase the efficiency of their services by outsourcing training services. In that time, and again in 2017-2019, the AMS aimed to minimize the

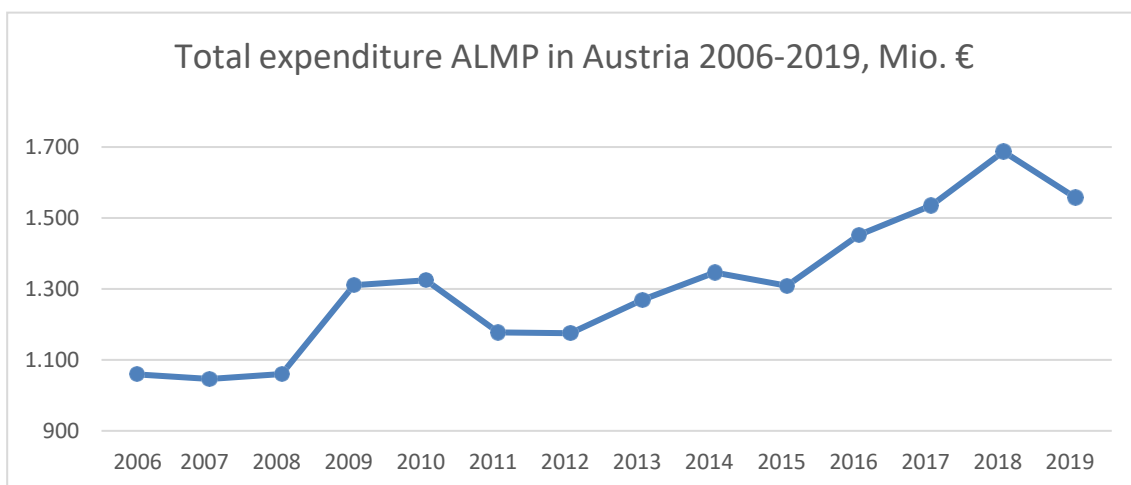
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<sup>12</sup> Liberalization of employment service lifted all the previous regulations on private employment agencies, such as on temporary employment and company registration.

misuse of passive benefit incentives by increasing its sanctioning practices. During both periods, the influence of AK and ÖGB in the management board of the AMS diminished, as more decisions were made by a majority rule (Tálos & Hinterseer, 2019). In Vienna, of those registered as unemployed, 3.6% received sanctions in 2018. While in Lower Austria, 4.5% were sanctioned – the highest quota in Austria, which averages at about 3.4 (Arbeitsmarktservice Niederösterreich, 2019, p. 32).

## Expenditure

Overall, the AMS has expanded its services while the organisational structure has not seen any big changes. It kept its top-down approach and systemised the management by objectives. The increased expenditure for ALMP was particularly visible after 2008 – when short term work was taken up much more than previously. Not only did the federal government give this scheme a higher budget; AMS actively promoted short term work (see below for more details on the scheme) with business owners. On the one hand, the scheme aimed to let workers stay employed. On the other hand, businesses would be able to keep experienced staff for re-activating business when economic flows pick up again. Another spike in expenditures is visible in 2015/16 – when the AMS took up the task of organising German training classes, compulsory schooling qualification and job placement for refugees. While the former happened all over the country in different economic sectors, the latter spike was seen mainly in Vienna. Not only did the city see the most increase in refugees, but it also made a political commitment by letting refugees into language courses from day one and not just after their asylum status had been approved. Overall, the AMS budget, both for passive and active policies, is mostly earmarked starting from its financing with taxes from “employment insurance contribution” on wages (6% from gross). Only 3.9% were non-earmarked parts in 2011 from other sources like ESF (Bock-Schappelwein et al., 2014, p. 32). Although newer data is not available, this division has not changed.



**Figure 2: Total expenditure ALMP in Austria 2006-2019, Mio. €;**  
**Source: Bundesministerium für Arbeit, Familie und Jugend, 2020b**

## Active measures

At this point, it is worth to remember that politically, the ministerial agenda for labour switched between conservative and social-democratic ministers from 2008-2017. Before the federal government dissolved in 2019, the right-wing FPÖ had these agendas. These political turns affected ALMP and passive unemployment measures each time (see

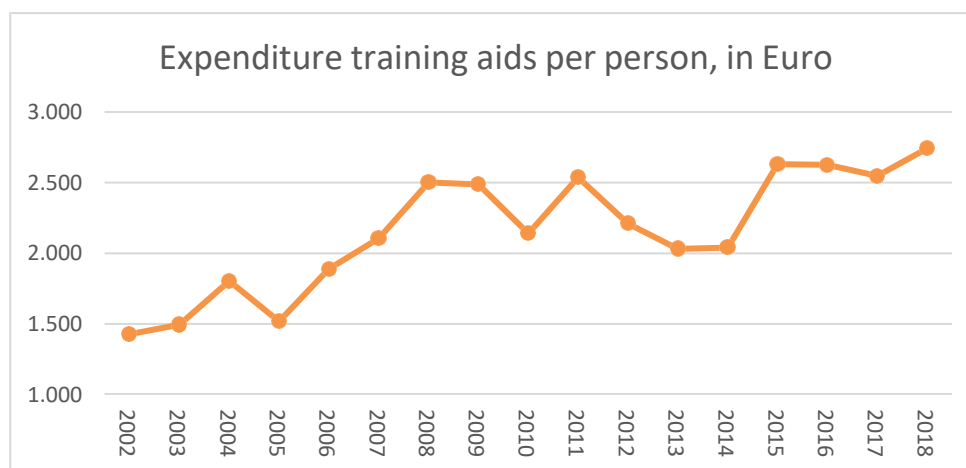
Table 1: Simplified overview of the Federal Ministry of Labour and ruling political party).

The introduction of one specific measure (**Aktion 20,000**) for **50+ jobseeker with low prospects** of entering back into the labour market was debated heavily on a political level in 2017. In this short-time measure, jobs were subsidised for long-term unemployed over 50. The goal was re-integration of a particularly vulnerable group due to structural changes in the economy. People over 50 were also identified to have been disproportionately affected by lay-offs in the aftermaths of the 2008 Global Financial Crisis. Until today, the AMS identifies these groups as most vulnerable to long-term unemployment. From 2017 to 2019 € 778 Mio. were envisioned with an evaluation in 2018 for the *Aktion 20,000*. However, the measure was highly contested as being inefficient and not providing sustainable employment. With the FPÖ minister 2017 – 2019 the budget was drastically reduced to max. € 165 Mio. per year. At the same time, the budget for other measures to reduce long-term unemployment was capped with € 105 Mio. per year (Bundesministerium für Arbeit, Soziales, Gesundheit und Konsumentenschutz, 2019b, p. 99). Similarly, support and programmes helping asylum seekers and people with approved asylum that were introduced in 2015/16 were cut back in 2018/19 under a new cost-efficient regime. While after the Global Financial Crisis, programmes were introduced that tried to keep many workers within employment (short-time work scheme), re-train, or get higher formal qualifications, many of these ALMP were cut back.

Following the outbreak of the global economic crisis in 2007, anti-inflationary measures both at the European and federal level dominated the political discourse. The Austrian government introduced the second-largest stabilization package in Europe, which included a series of tax deductions for consumer confidence, capital injection for bankruptcy protection, infrastructure investment, and activation programs, as well as a flexible short-time work scheme. Introduced in 2009 to combat massive layoffs from the Global Financial Crisis 2008, the **short-time work scheme** is hailed as a success story. Up until then, even though similar measures are used in other countries, it was not commonly used in Austria. The scheme was designed together with social partners and signed in each company by their internal union representatives. The measure supports keeping people in employment during times of economic stress while possibly re-training them under heavy financial support by the government. Under the scheme, work hours are reduced, and companies pay only for these reduced hours. AMS tops up the rest of the salary up to 90% for a gross salary up to € 1,700 (85% - up to € 2,685 / 80% - from € 2,686 and up). Employers will pay a fixed minimum amount for each hour of (re)training to their workers. Concrete working hours affected staff groups, (re)training and duration of the measure are designed on a case-to-case basis together with local social partners and AMS representatives. Additionally, negotiations include conditions for lay-offs and any (re-)training during the arrangement. These measures were quite like the short-time work schemes in Germany. But, other than in Germany, the measure involved **local** social partners each time the scheme is set up (Schappelwein-Bock, Mahringer, & Rückert, 2011, 19f.). After 2011, the scheme has been continued as a yearly fund in the AMS budget in case of individual companies or branches facing short-time economic stresses. Training costs were integrated into AMS budgets after financing by the ESF ran out that year (Bundesministerium für Arbeit, Soziales und Konsumentenschutz, 2013, p. 44). In 2019, the AMS had a € 20 Mio. budget allocated for this scheme. Since the measure also covers natural disasters, regional disparities are ingrained. Among the nine states, the scheme was taken up second-most in Lower Austria in 2012 (21.2%) as well as in 2018 (18%). In 2018, the scheme was taken up by far by Viennese companies (70%) – a tremendous increase to the previous year (41%) (Bundesministerium für Arbeit, Soziales, Gesundheit und Konsumentenschutz, 2019a, p. 47).

The services provided under “**aids for training and education**” (Bundesministerium für Arbeit, Soziales und Konsumentenschutz, 2013, 67f.) cover a broad spectrum of job coaching, placement, in-business training and classical re-training courses. The programme targets long-term unemployed with “social maladjustment” like drug addicts, imprisoned and “people at a disadvantage in the labour

market” (Bundesministerium für Arbeit, Soziales und Konsumentenschutz, 2013, p. 67). Practical training in companies also targets people with academic qualifications. Depending on the specific programme, support is granted at least one week and for up to four (social maladjusted) or twelve (academics) weeks. Classic subsidies for training courses and qualification for “professional mobility” all grant financial support by AMS with specific training providers. Duration depends on the specific course taken and is evaluated by AMS (case managers) for its “labour market appropriateness” (Bundesministerium für Arbeit, Soziales und Konsumentenschutz, 2013, p. 68). Beneficiaries monthly income must not be above € 2,300, and the total cost of subsidies must not be above € 3,000. In 2018, average spending for a single person on this measure was € 2,742. Whereas in 2010, this per person expenditure was reduced to € 2,140. As the largest ALMP measure this reflects pro-active (people in employment) as well as activating (people in unemployment) parts of AMS services. Interestingly, during the crisis in 2008 and 2009 expenditure remained roughly the same and it got back to this level in 2011 only to drop down again. In 2010, user numbers came to a new record high of 201,472, which indicates that budget restrictions could have reduced the expenditure per person that year (Bundesministerium für Arbeit, Soziales und Konsumentenschutz, 2013, p. 139). 2013 and 2014 saw increasing user numbers again (218,284 and 219,941), after which the number of users went down to 182,337 – not quite the level registered in 2009. Moreover, since 2002 the average number of days in which the subsidies are used expanded from 70 to 95 in 2018. In 2008 and 2009, they were reduced to 71 after going back up to 77 days in 2010 (Bundesministerium für Arbeit, Soziales und Konsumentenschutz, 2013, p. 139; Bundesministerium für Arbeit, Soziales, Gesundheit und Konsumentenschutz, 2019a, p. 74). Shortly after the 2008 crisis, expenditure was more limited and short-term oriented. In 2010 however, this central ALMP measure covered more individuals, but with a lower average of per person coverage. This changed in 2015 when new federal and state (especially in Vienna) strategies for life-long-learning, FTI and entrepreneurship were introduced along with measures to boost a knowledge economy (see Homeier & Municipal Dep. 18 Urban Development and Planning, 2014; STEP 2025 long, 2014; Vienna's Municipal Department 23 - Economic Affairs, Labour and Statistics, 2015). In-work training was expanded in accordance with these new strategies. Additionally, in 2015 more and more asylum seekers migrated to Austria and efforts to accommodate that group with translations, to provide German classes and boost basic skills would fall into those years. In total, 45% of users for this measure had non-Austrian citizenship in 2018 (Bundesministerium für Arbeit, Soziales, Gesundheit und Konsumentenschutz, 2019a, p. 74).



**Figure 3: Expenditure training aids per person;**

**Source: (Bundesministerium für Arbeit, Soziales und Konsumentenschutz, 2013; Bundesministerium für Arbeit, Soziales, Gesundheit und Konsumentenschutz, 2019a)**

Like other services, the “aids for training and education” increasingly introduced measures to evaluate training providers. Organisations providing training and qualification were to enter a competition, in which, aside from their trainer’s educational qualification, gender aspects also had an influence on decisions of project funding. Funding for qualifications is provided directly to these organisations for each position. Trainees or students are eligible if they receive unemployment benefits or minimum income and their case manager agrees to this measure for higher employability. It is worth noticing the rhetorical shift already in the early 2000s onwards when unemployed became “customers” of AMS. Thereby, individual responsibility and service management became crucial points. Aside from opening up “aids for training and education” for people who receive minimum income (after unemployment benefits) in 2003, other groups receiving social support like “Part-time education allowance” (*Bildungsteilzeitgeld*) could enter these training subsidies programmes in 2014. Gradually, this biggest ALMP measure aiming to (re-)train expanded from support for unemployed to an active measure for both unemployed and those deemed in need of qualification to keep being valuable on the labour market.

### Passive measures

Nationwide, monetary transfers from unemployment benefits are tied to the number of social security contributions during employment which is based on one’s wage. Taxes deducted during employment are theoretically handled as one’s “unemployment insurance” (6% of gross salary), covered equally by employers and employees. Unemployment benefits are calculated at a rate of 55% of the net income, which can be raised up to 80% for extra family members. Recipients must fulfil the eligibility criteria based on minimum insurance periods: 52 weeks of an employment (insurance) period in the past two years for first-time benefit recipients, 28 weeks for the second time, and 26 weeks within a year for those who are under 25. The benefit payment period can be extended from the general 20 weeks up to 78 weeks.

- When the insurance (tax-paying) period amounts to three years, benefits can be granted up to 30 weeks
- For those who are over 40-years and worked in an insurance paying job for a period of 6 years within the last ten years, benefits can be granted up to 39 weeks.
- For those who are over 50-years and worked for 9-year insurance period within the last 15 years, benefits can be granted up to 52 weeks.
- After a workforce rehabilitation measure, benefits can be granted up to 78 weeks. (Ertl, Leidl-Krapfenbauer, & Richter, 2018)

Special rules are in place for work foundations, where unemployment benefits can be granted up to the maximum for three or four years (AMS Österreich, 2020). Other changes involved the eligibility for passive measures and ALMP measures. While the eligibility for unemployment assistance had previously been limited to those whose spouses’ income did not exceed 657€ per month, as of July 2018 this regulation no longer applied. The introduction of the new means-tested minimum income scheme in 2010 started a secondary social safety net after wage-related contribution-based unemployment insurance. Unlike the previous social assistance, the means-tested minimum income scheme opened a way for those without unemployment benefit and -assistance to access the activation measures provided by AMS.

### Sanctions and user selection

Over the years, sanctions are mainly tied to the refusal to take up an “acceptable” job offer. Since 2005, sanctions mean losing unemployment benefit for at least six to eight weeks (Bundesministerium



für Arbeit, Soziales, Gesundheit und Konsumentenschutz, 2019b, p. 72). There have been many discussions around the wording of acceptability over the last 15 years, accompanied by attempts to standardise its meaning (Bundesministerium für Arbeit, Soziales, Gesundheit und Konsumentenschutz, 2019b). Some regulations tried to specify acceptability, but it still mostly depends on the decisions the AMS staff make. For example, in 2008, acceptable commuting time has been increased, while at the same time regulating that there are exceptions for “especially good working conditions” (Bundesministerium für Arbeit, Soziales, Gesundheit und Konsumentenschutz, 2019b). Thereby, discretion actually remains high and concentrated with AMS staff. Over the last ten years, sanctioning possibilities have also been expanded. For example, drafted in 2012 and executed from 2014 onwards, the unexcused missing of assigned training course days became sanctionable (Bundesministerium für Arbeit, Soziales, Gesundheit und Konsumentenschutz, 2019b, p. 73). Migrants with approved asylum status were particularly targeted with the legislation in 2017. There, integration courses were phrased as “obligations to participate”, and AMS extended sanctioning possibilities for this group (Bundesministerium für Arbeit, Soziales, Gesundheit und Konsumentenschutz, 2019b, p. 151).

Between 2007 and 2018 increasingly more of these sanctions have been declared. Particularly the new government ÖVP-FPÖ (2017-2019) made efforts to increase sanctions against people in unemployment who would not follow their “obligations”. A massive increase in sanctions is visible from 2017 to 2018 of 20% – previous years saw increases of 2-9% (Arbeitsmarktservice Österreich, 2009, 2010, 2011, 2018b, 2019). A narrative of “social parasites” that need to be activated was furthered in that period.

In line with an efficiency paradigm since the early 2000s, the AMS started testing automated sorting of unemployment groups to assess their eligibility for ALMPs in 2018. Starting in July 2020<sup>13</sup>, the AMS will use this automated algorithm to profile jobseekers as soon as they register their unemployment. Dividing their customers into three groups – according to how equipped they are perceived to (re-)enter the labour market – case managers will decide faster, which active support the individual jobseeker will receive. While only one group will receive active help and support based on the calculated individual prospects to find a new job, the first group will be left to their own devices. The last group will also receive less support but not due to their calculated success but rather because of assumed failure or “loss of investment” to use the active support in getting new employment. The latter group will be placed in long-term external programmes for supervision since their re-employability is calculated to not be at least six months within the next two years. According to Allhutter, et al. (2020) recent in-depth study of the algorithm, seemingly objective factors like gender and non-Austrian citizenship reinforce existing discrimination on the basis of “harsh reality” co-constructions. The authors see the algorithm as another point in Austria’s move towards individualising workfare instead of battling structural discrimination within a welfare system.

As mentioned previously, ALMP by the AMS is top-down managed. Measures are distributed in states and regional administrative districts. Even though there are some degrees of discretion, most ALMPs are designed on the federal level. Nevertheless, there are a few local policies in place. Introduced with EU funding, Territorial Employment Pacts (TEP) gave states the opportunity to design such local measures. From 1999-2014 the funding supported local coordination and attempted to introduce local policy bundles. Main partners were the state government, state bodies of AMS, WKO and AK offices respectively. First, to take up the scheme were Vienna, Tyrol, Vorarlberg and

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<sup>13</sup> In late April 2020, AMS public spokesperson (Beate Sprenger) announced that the algorithm roll-out will be postponed until early 2021 since the pandemic made it impossible to train staff.

Salzburg. Today, the states of Upper Austria, Tyrol, Lower Austria, Carinthia and Burgenland continue the framework despite reduced ESF funding. Target groups of these local ALMPs are mature workers, women, migrants, and NEETs. Austria focuses the efforts in the sectors of health care, social work and tourism. Vienna receives ESF funding that increased horizontal coordination of federal AMS and Vienna Employment Promotion Fund (WAFF) to battle long-term unemployment and increase qualification levels. It became successful in undermining conflicts of interest in some policy areas that had impeded an ALMP service delivery at the city level in previous years (Leitner et al., 2003).

## 2.3 Local Policies

Since AMS measures are nationally designed policies, we shift our focus on local policies towards Lower Austria's TEP strategy and Vienna's WAFF initiative in this section. Still, we report on local expenditure and target group differences of AMS' AMLPs in the localities.

As an initiative of the Federation of Trade Unions and the Chamber of Labour, Vienna's Employment Promotion Fund (*Wiener ArbeitnehmerInnen Förderungsfonds* – WAFF) was founded in 1995 under the administration of the Department of Finance, Economics and International Affairs in the city government. Initially, its main objective was incorporating and managing the existing “in-placement” foundations for job-matching in close cooperation with the regional branch of AMS and other interest organisations. WAFF further expanded in-placement foundations that offered industry-specific services for reintegration into the labour market (Wagner & Lassnig, 2005; Weishaupt, 2009). In sum, the capacity of the regional actors, such as AMS Vienna and WAFF, to formulate and implement active labour market policies beyond the conventional skills-oriented job-matching measures characterises the innovative aspect of the Territorial Employment Pact for Vienna 1999 - 2013.

In Lower Austria (concerning suburban and rural case), Temporal Employment Pacts and individual subsidies for (re)training are the most relevant ALMPs outside of AMS. After the first TEP was introduced in 1999 (Koordinationsstelle der Territorialen Beschäftigungsstelle, 2000, p. 3), Lower Austria continued the framework even though EU funds shifted after 2013. Still, many programmes like “receiving compulsory education” and “training voucher” get funding from ESF. However, rather than continuing the strategy until 2020, the state government changed the paper in 2014, 2015, and again in 2018. Today, the strategy looks like a promotional paper rather than a neutral strategy outline. Declared goals are not only the requalification of unemployed people but also the securing of jobs as well as the slower integration (back) in the labour market of long-term and disadvantaged unemployed (Landesregierung Niederösterreich, 2017, p. 13). The strategies analysis concludes that particularly specialised skilled workers are wanted in Lower Austria. This main target is reflected in all parts of the strategy. Aside from digitalisation and health (keeping 50+ year-old workers in employment longer), making VET more attractive and reduction in education dropouts is targeted. Labour market participation is to be increased for mature workers, women, people with disabilities, and people with a migration background. Like WAFF, Lower Austria's measures organises professional coaching and re-qualification, especially of compulsory education and VET. Here again, the prevention of unemployment is the centre of the actions, particularly regarding digitalisation, low-qualification, youth and mature workers. Migrants get specialised programmes. Other than WAFF though, Lower Austria cooperate much more with WIFI and give out specialised vouchers for their courses. More than WAFF, the strategy lists programmes to raise awareness of Life-Long-Learning as well as entrepreneurial training support. The strategy also lists measures to increase ECEC infrastructure as part of increasing employability (Landesregierung Niederösterreich, 2017, p. 37).

Overall, Lower Austria's strategy is much less specialised as WAFF only has to cover a specific part of ALMP.

### 2.3.1 Urban case

In Vienna, the total unemployment rate for 2018 was on average 12.3%<sup>14</sup> - a drop of 0.8% to the previous year in Vienna (AMS Wien, 2018) but still well above the national average (7.7%). Vienna has the highest unemployment rate among the nine Austrian states. The AMS reports that in 2018, on average, 118,501 people were registered as unemployed – a drop of 4.5% to the previous year. A high share of unemployed people have a migration background and/or not completed mandatory education. Men in general and people over the age of 50 are also more prone to unemployment than other groups. Some districts have higher shares of unemployed residents, typically correlating with higher shares of residents with migration backgrounds. The AMS Vienna has a special focus on people with asylum applications, highlighting the city's efforts for newcomers (Arbeitsmarktservice Österreich, 2018b; Arbeitsmarktservice Wien, 2018, 2019). In Vienna, long term unemployment has increased between 2010 to 2018 from 31.6% up to 39.3% of unemployment, which is above the national average of 33.4% in 2017. However, a significant drop is registered in 2018, down to 34.4% (national average: 28.9%) (Statistik Austria, 2019).

As is true for all AMS, users need to be residents in the administrative district of the AMS branch to register for services. However, recently online services have been introduced that allow online access. Still, the fact remains that Vienna has many workers commute, but does not offer the ALMP services by AMS to them.

Beside nationally regulated services by AMS, the biggest organisation offering (re-)training and education in Vienna is the Vienna Employment Promotion Fund (WAFF). Its operation started in 1995 with employment funds that re-educated workers after terminations in large companies. It expanded over the years in more pro-active services, especially the design and implementation of (re-)training for workers in coordination with AMS. Even though many services are also available to the unemployed, the agency focuses on adult learning of employed people. Today, target groups are mature workers, non-EU citizens (with asylum status), women and (young) people with only compulsory education. In 2018, 23,619 Viennese residents used its services to advance in their education (€ 18.7 Mio) (WAFF, 2019, p. 15). Overall, WAFF reported 36,910 individual users and 735 firms in 2018. It received €18.1 Mio from the ESF in that year. WAFF serves as the local intermediary body for these funds in Vienna. Therein the agency is also a vital partner city's qualification strategy (see D4.5). WAFF provides outplacement, requalification and support for innovative projects within companies (WAFF, 2019, p. 24). The latter are mostly related to digitalisation. Consultations target young people to finish their VET and workers with only compulsory education. Operations are often targeted in specific city districts with consultation events and job fairs.

WAFF has two prominent programmes:

(1) General re-qualification (*Chancen-Scheck*) on the job is a voucher system available to those with their main residency in Vienna who want to further their qualification after compulsory education. Costs for training, exams and nostrification can be covered with a maximum amount of € 3,000 (WAFF, 2020). The subsidy is available to everybody in regular employment regardless of working

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<sup>14</sup> National definition by AMS. Compared to international definition this is usually higher.

hours. It is not available for most<sup>15</sup> self-employed, those already in AMS programmes, regular students, public officials and retired persons. The *Chancen-Scheck* covers 90% (max. € 3,000) of any qualification and nostrification. It covers 90% of the course and examination costs qualifications for care assistants, kindergarten teachers and all VETs. Additionally, after a successful VET exam, recipients get the remaining 10% of costs as a bonus. Accordingly, a qualification focus on VET as well as much needed care workers is clear.

(2) Digital (re-)qualification voucher (*Digi-Winner*) for those with or without employment with their main residency in Vienna. Costs for training and exams at specified training providers are covered with up to € 5,000. However, this programme makes crucial qualifications:

**Table 2: WAFF digital re-qualification voucher recipient conditions**

Main residency	Workplace	Net-Income	Coverage	Max. Amount
Vienna	Vienna	< € 2,500	40 – 80%	€ 5,000
Vienna	Outside VIE	< € 2,500	Not specified	€ 2,500 + additions from AK state branch
Vienna	Unemployed	Unemployed	40%	€ 2,500 + additions from WAFF (max. € 300)

Source: WAFF

Most noticeable is that recipients must be members of the chamber of labour (AK) which funds the programme. However, every worker and even those in unemployment (<12 months) are members due to the compulsory chamber membership in Austria.

### **Innovative city spirit**

Despite the trend towards increased conditionality in federal active labour market policies, the city's capacity to formulate and implement activation objectives and strategies, through its employment service agency, engendered new solutions to the structural problems of its urban economy. Before the federal standards for the means-tested minimum-income scheme was introduced in 2010, giving non-recipients of unemployment benefit access to the activation services provided by AMS, the city of Vienna launched the *Step2Job* pilot project. In cooperation with AMS Vienna and WAFF, this programme offered labour market reintegration measures for people between 21 and 64 on social benefits. The programme offers needs-oriented consulting services to those on means-tested minimum income benefits through, as of 2019, 9 private companies that are funded by AMS Vienna. Companies are contracted by AMS sub-regional branches on the city-district level. This rescaling cooperation between private actors, the social centres of the municipal department of social services, AMS sub-regional branches, as well as between AMS Vienna, WAFF, and the municipal departments, set new standards for labour market policies for the minimum income benefits recipients (Stanzl, 2011). Since 2017, the concept of 'one-stop-shop' for the vulnerable social groups with limited access to public employment services is expanded to *Step2Austria* and *Step2Business*. These operations offer labour market integration programs for recognized refugees and migrant youths.

<sup>15</sup> The category of „new self-employed“ is exempted. The group consists of self-employed persons with no business licence (WKO) such as artists, mature workers carers, authors, speakers, and psychotherapists.

Other examples of the city's high involvement in innovative ALMP are the foundation of Abz\* Austria and the continuation of terminated programmes such as the *Aktion 20,000*. Shortly after the premature termination of *Aktion 20,000* in 2017, the city of Vienna launched its own activation plan, *Joboffensive 50plus*. This measure offered labour market reintegration of people over 50, who are registered as unemployed at AMS for more than three months. The programme covers the labour cost up to 100% for employment in socially oriented businesses and community-oriented projects, or 66.7% for private businesses. Moreover, in 2017, the AMS Vienna founded a new special branch for people with entitled asylum within the city. The services and operations are in close coordination with the local branch of Austrian Integration Fond (ÖIF). Based on competence checks, individual consulting is provided for free and with language interpreters (Arbeitsmarktservice Österreich, 2018b, p. 27).

Overall, Vienna shows a high social engagement for equalising opportunities and a pioneering role in ALMPs in Austria. Major factors for this development are its status as capital, its dual function as state and city as well as its long-term social-democratic regime. In close cooperation with social partners, local NPOs, and federal government organisations, the city remains committed to social inclusion and resident well-being. Still, new public management and some forms of privatisation have transformed the social services of the city. These trends are mostly due to national policies, management by objectives and discursive shifts like the reference to “costumers” of AMS instead of unemployed.

### 2.3.2 Lower Austria

The total unemployment rate for 2018 was on average 7.8%<sup>16</sup> - a drop of 0.9% to the previous year in NÖ (Arbeitsmarktservice Niederösterreich, 2019). It is only minimally over the national average (7.7%) of that year. Compared to the previous year, the distance between national and NÖ average became narrower by one percentage point. The AMS reports that in 2018, on average, 52,478 people were registered as unemployed – a drop of 9.5% to the previous year. A high share of unemployed have a migration background and/or not completed mandatory education. People over the age of 50 are more prone to unemployment than any other groups. Numbers, especially in the groups of male unemployed (-1.1%) and those with non-AT passports (-7.2%), dropped that year. Within the latter group, people with Hungarian citizenship were unemployed less than in 2017. However, it is unclear if this is due to moving away or new employment. Some parts of NÖ have higher shares of unemployed residents, typically correlating with a generally higher influx of new residents (south of Vienna). The AMS NÖ has a special focus on subsidising 50+ people and those with only or below compulsory education (Arbeitsmarktservice Niederösterreich, 2019, p. 46). In NÖ, long term unemployment has increased from 2010 to 2017 from 23.7% up to 36.5% of unemployment, which is above the national average of 33.4% in 2017, but still less than in Vienna. However, a significant drop is registered in 2018, down to 30.9% (national average: 28.9%) (Statistik Austria, 2019).

In Lower Austria, local ALMP services do not have an institutionalised one-stop-shop agency. Most relevant ALMP-projects are under the Territorial Employment Pact (TEP). From 2013 to 2018 this pact has been changed three times already in NÖ. The strategy incorporates 21 broad ALMP measures from qualification vouchers, coaching, skilled labour monitoring, awareness projects (supporting VET), and increasing ECEC infrastructure.

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<sup>16</sup> National definition by AMS. Compared to international definition this is usually higher.

Lower Austria's current TEG strategy (2018-2020) has three narrower ALMP programmes:

(1) VET qualification (*Du kannst was!*) is for getting a consultation on qualification, especially in professional groups that report of a lack of skilled labour. In 2018, the TEP defined those to be metal workers, people working in logistics, and cooks. Like WAFF, the target group are people already in employment with compulsory education only. The aim is to increase formal education via courses and nostrification to improve job security and employability. The programme started in 2016. AK and WK Lower Austria together with the state government of Lower Austria and AMS fund the programme. Recipients must be over 22 years old and have been in employment for at least one year as a low-skilled aid worker. After individual consultation, practical checks on the job, courses and exams are advised at the training provider BFI or WIFI. Actual subsidies for training courses or exams are provided by (2) *Weiterbildungsscheck*.

(2) General voucher (*Weiterbildungsscheck*) is for Life-Long-Learning on the job to increase the skill labour offer and employability. Funded by the government of Lower Austria and the ESF, the voucher will be rewarded based on an individualised education plan. Running since 2017, the voucher is granted for approved training providers who are in cooperation with the programme. The declared aim is to increase general individual responsibility on the job. Re-training in different sectors are not subsidised. Eligible are workers with only compulsory education, self-employed with only compulsory education and at least one year on the job, or workers with no nostrified education in Austria. For three years, a maximum amount of € 3,000 can be granted.

(3) Digital (re-)qualification voucher (*Arbeitswelt 4.0 – Fit für Digitalisierung*) for employed workers in the private and public sector. The latter only, if the workers are in craftsman services. The voucher aims to increase digital qualifications in a broad sense. This programme is entirely funded by the government of Lower Austria. Before receiving financial aid, a consultation must be completed. Individual costs for courses at approved training providers are subsidised, minus any other funding. Pieces of the training are supposed to be part-time with regular work time. For three years, a maximum amount of € 2,500 can be granted. Attendance at 75% of the courses is demanded.

The government of Lower Austria has partners in concrete ALMP services which are branches of AMS, AK and WK as well as ESF. Sometimes public pension funds, public health insurance and ERDF also support (and design) the programmes. In the different constellations, these organisations fund the services and measures. Another interesting program which is part of the strategy, is the skilled workers' monitor. The initiative collects labour force demand for its localities and tries to predict the need for specific qualifications. The assumption is that in this way ALMP will be better equipped to match workforce and demand. Like the efficiency paradigms in AMS, this monitor indicates the attempt to accommodate demands signalled by companies in the labour market.

ALMPs in Lower Austria are more specific, in professional groups and individualised subsidies with educational plans to boost qualifications, than in Vienna. The monitoring of skilled labour also demands points to a system that aims for the efficiency of funding.

### 2.3.3 Suburban case in Lower Austria

As mentioned above, for the suburban case, we need to refer to the administrative district of Baden, which covers a larger territory than the case. For the district Baden, 6,510 unemployed persons were registered with local AMS in 2017 – a drop of 2.3% to 2016. The district has an unemployment rate of 10.2%. It is the second-highest rate within the state of Lower Austria in 2017 (Arbeitsmarktservice Baden, 2018; Arbeitsmarktservice Niederösterreich, 2018)<sup>17</sup>.

In terms of service provision, the majority (72%, 4,686 people) received qualification and training measures through AMS in 2017. In general, service delivery is mixed between granting unemployment benefits (i.e. passive LMP), supporting the job search and registering job seekers for training courses mostly via private course providers and mostly NPOs like BFI (i.e. active LMP). The Public Employment Service usually decides on an individual basis which measures should be taken, but other organisations deliver qualification or employment measures, such as German courses, special training for professions or the provision of temporary transition jobs for long-term unemployed people. In order to fulfil these tasks, these companies get user-based funding by the AMS.

In the 1990 and more recently after 2009, the district was hit by a restructuring of its local economy. Larger industries for automobile parts saw their commissions go down after 2008. In that time, the AMS developed short-term employment schemes for businesses. During short-term employment, workers could attend qualification courses. The AMS Baden played another key role in 2015 when refugees came to Austria, since the largest initial reception centre is in their territory. The agency was instrumental in providing German classes, basic integration and organising qualification courses for approved asylum seekers in coordination with the government of Lower Austria, ÖIF and individual volunteers. Successful pieces of training for refugees were started in local companies due to the agencies network with local stakeholders. An innovative coordination meeting of different local public key actors and social partners is achieved twice a year initiated by public health services. Collaborations and key issues are worked out to improve local socio-economic conditions. Every year, more organisations participate in these communications.

However, long-term unemployment in the district is still among the highest in the entire country as the new labour and business conditions overlook some social groups. Key actors (AS06) explained that 40% of AMS users in the district have a migration background, and 50% have a low education. Unemployment and particularly long-term unemployment are pronounced not only in the district of Baden (KR09) but also in other areas surrounding Vienna. This, the interviewees elaborate, has to do with structural changes in the local economy and changing (local) labour market demand. According to the interviewees, the EU expansion in the early 2000s also plays a key role in these structural changes that reduced the need for low-skilled labour drastically. After 2008, the mature workers, being less advanced in digital skills, became a vulnerable group and prone to long-term unemployment. Therefore, key demographics are low educated (youths), migrants and mature workers for targeted ALMP measures in the administrative district. This remains true even though funding has decreased, and conditionality increased.

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<sup>17</sup> No data on long term unemployment or other details provided for district available.

### 2.3.4 Rural case in Lower Austria

In terms of service provision, the majority (87%, 1,004 people) received qualification and training measures through AMS in 2016. In general, service delivery is mixed between granting unemployment benefits (i.e. passive LMP), supporting the job search and register job seekers for training courses mostly via private course providers, mostly NPOs like BFI (i.e. active LMP). The Public Employment Service usually decides on an individual basis which measures should be taken, but other organisations deliver qualification or employment measures, such as German courses, special training for professions or the provision of temporary transition jobs for long-term unemployed people.

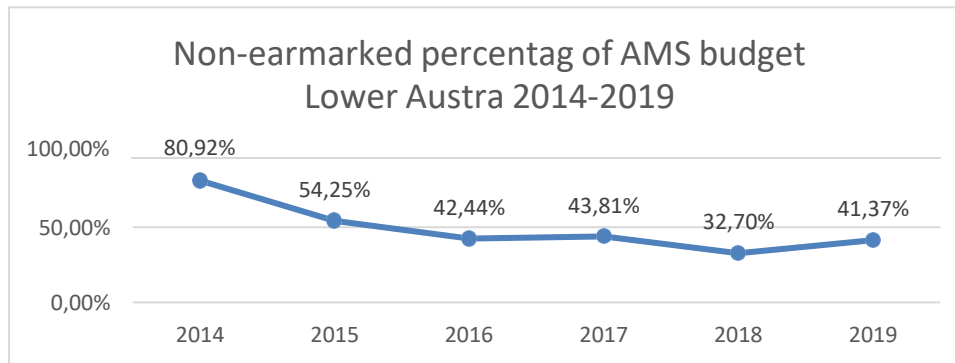
The administrative district of Zwettl has one of the lowest unemployment rates which interviewees (KR09) explained with the high number of out-migration, especially in connection with higher education (starting with upper secondary). Moreover, starting from the 1990s, the region de-industrialised. In that process, it lost many large companies and had to rebuild itself. Today, a handful of SMEs, mainly in the health and tourism sector, are part of the local economy positively influencing the labour market. According to our key interviewee (AL07), the crisis in 2008 affected the region less severely because of the local economy built on SMEs and the vital primary sector, handicraft as well as touristic business. The experience of de-industrialisation brought forward the need for more innovative thinking and established key collaborations between public, private and civic initiatives. Unlike the suburban case, where actual de-industrialisation kicked in much later in the 2000s. Even more than the suburban case, local key actors can spark local business collaborations.

However, regarding ALMP, the picture is much less positive: Courses and training providers are mostly outside the region, leaving it structurally disadvantaged. Still, the AMS conducted its own courses to accommodate this situation until 2018 when budget cuts were introduced by the ministry. Additional infrastructural challenges are still traffic and digital connectivity. This leads to an entirely different issue of active lack of labour force than is observable in the suburban or urban case (AL07). Another challenge not mentioned in the other case study areas was the lack of professional childcare tied to the issue of getting women back into the labour market to support themselves. Again, (infra)structural conditions play a key role in the rural case. Aside from the mature workers, women are key target groups for ALMP in the rural case area to decrease inequality. The aim is to enable women to take up qualifications in non-traditional women jobs and thereby increase their wages. Even though these programmes for women are rolled out all over Austria, only in this area they are connected to local conditions.

### 2.3.5 Similarities and differences among the three case studies

ALMPs in Austria are quite centralised, designed on the federal level and mainly implemented through regional branches of AMS. According to a PES operator in the urban case (AU13), the management of the budget is also partly regulated by federal dispositions, with 50% of the budget being earmarked. The interviewee explained that in recent years this percentage of earmarked budget increased especially under the ÖVP-FPÖ federal government. For Lower Austria, we got the information (via AL07 after a mail request) that on average, regional offices had about 41.37% of non-earmarked budget for ALMP.





**Figure 4 Average percentage non-earmarked regional budget for ALMPs in Lower Austria 2014-2019;**

**Source: AMS Lower Austria.**

Interestingly, this percentage seems to jump up and down. In general though, the trend was downwards until 2018 (ÖVP-FPÖ government). The turning point is 2019 and, even though very recently, 2020 (preliminary percentage including 05/2020: 50.51%). So, there are still degrees of discretion in the concrete implementation even though there is *management by objectives* for most operations.

From the federal to state level (*Land*, corresponding to NUTS-2), social partners are involved in policymaking and implementation. Due to its special status as a state, the city of Vienna can influence its ALMPs to a higher degree than other cities in the country. Even though the state of Lower Austria has the same legal position, its government covers diverse territories and local economies. Therefore, Vienna can design city-specific policies for its local economy. It is vital to remember, however, that the city's economic networks stretch out to Lower Austria's state territory. Nevertheless, both states approach ALMPs in different ways rather than coordinating their efforts. Even though similarities in focus (mature workers, low-skilled and women) and aims (VET training and digital qualification) are observable, the two state governments approach ALMP differently.

While Vienna has a strong interventionist approach, due to its long-standing social democratic government, Lower Austria subsidises in a more flexible way. Both states designed AMPs for more than twenty years. Yet, Lower Austria invests in small-scale, short-term projects to support workers getting a higher qualification, while Vienna sticks with an institutionalised organisation. Other than Vienna, Lower Austria covers its diverse local economies from the service sector to industry and farmland. In this context, a coherent and concise strategy is hard to design. Nevertheless, the state does not hand down responsibilities to more local partners like administrative districts to accommodate its diversity. In Vienna, more specialised programmes and institutions can handle ALMPs.

Moreover, both states show strong horizontal coordination with other government organisations, social partners and stakeholder NGOs that fund and design programmes. The strong involvement of the chamber of labour and chamber of economics is not just visible in the design but also implementation. Both organisations created training and qualification institutions that provide courses to unemployed as well as workers. However, while Vienna shows strong ties to the chamber of labour (AK, BFI), Lower Austria's connection is more with the chamber of economics (WK, WIFI). This reflects the diverging political leadership and informal background connections with both these organisations, since Vienna is led by SPÖ and Lower Austria by ÖVP for decades.

Overall though, in the years since 2017, a key interviewee explains (KU01), collaboration with social partners has been declining. Vienna might be the exception to this with its institutionalised fund and ability to create its own ALMP. Thereby mitigating the effect of an efficiency orientated political climate. With the outbreak of CoViD-19 in 2020, this seems to be history, with new ALMPs introduced in close coordination with strong social partners.

Main changes of the last ten years affected all three case studies in similar ways since ALMP is a rather centralised policy, designed by multiple actors on the federal level. Nevertheless, Vienna seems to be affected differently by new austerity and efficiency regimes than our Lower Austrian cases. Whereas the city used innovative programmes to support, for example, refugees, the federal government introduced restrictions and focused more on keeping the mature workers in employment, especially after the 2008 Global Financial Crisis. For the suburban case, structural changes in the local economy lead to winners of emerging knowledge economies and high long-term unemployment for those with low formal education, people with migration background and mature workers. Collaborations across the public sector involving social partners and local businesses to mitigate inequalities had some success, particularly with the integration of asylum seekers. Other than the suburban case, the rural case struggles with ALMP services in its territory and infrastructural disadvantages overall. Childcare and, accordingly, female employment are of concern in the rural case. Moreover, the rural case shows a very low unemployment rate. Local challenges are the lack of labour force rather than high unemployment numbers.

### **3 Part 3 – Priorities and Social Investment Strategy**

ALMP can be considered a central policy within the Social Investment policy perspective. The implication is that active labour market measures should pursue the simultaneous goals of enhancing economic growth and social cohesion, through facilitating transitions into the labour market and developing human capital. Following these premises, a focus on quality-employment, training and re-training measures, and high-quality labour market services, should play a primary role. Our aim is to understand how these policy goals are enhanced through a multilevel governance structure and how spatial disparities are considered in the provision of active labour market measures.

The main responsibilities for designing ALMP in Austria, lie at the federal level. Implementation is organised via a single agency – the AMS. There, some principals of subsidiarity are in place: each state and region (administrative districts) have their own boards. On each level, social partners (chambers) are part of boards. Even though AMS is an autonomous body, the organisation closely works with and under the leadership of the federal ministry. European policies play a small role in terms of guidelines and ESF financing. AMS is responsible for both unemployment benefits and activating measures of unemployed. Consultation, (re-)training and courses are programmes designed for target groups (e.g. mature workers) on higher levels of the organisation and administered down to local levels in coordination with lower-level boards. The concrete services of training and courses are provided by external training partners who need to be approved by AMS. The two biggest training providers are BFI and WIFI – both of them are NPO organisations owned by social partners.

Local adaptations of ALMP design are limited, but state governments can implement their own ALMP through TEPs or institutionalised bodies. Designing ALMP aside from AMS takes place in a special agency that is mostly concerned with helping low-skilled workers getting VET qualifications. Lower Austria, on the other hand, must accommodate a more diverse territory. It gives out vouchers based on a more individualised responsibility rather than institutionalised one-stop shops. Still, both states prioritise VET qualifications and digitalisation. Additionally, funding in both states comes with

individual consultation and qualification plans. Conditions for funding vary but are most often bound to residency and income. In Lower Austria, three professional groups are identified as most eligible for support corresponding to a labour market demand monitoring of that *Land*. Recipients of qualification funding finish their education faster in this track than in regular school education for these professions. A tighter evaluation of ALMPs is also noticeable within AMS: Unemployment benefits are being cut more regularly when recipients miss ascribed training courses since the political shift on the federal level in 2017.

Using SI concepts and frames, on the side of inclusion, the ALMP system in Austria is rather centralised with the AMS also being a partner in TEPs and WAFF. Moreover, the system relies on long-standing traditions of social partnership, which are also the biggest training providers. Political differences on *Länder* and local level are still noticeable. Vienna invests largely to mitigate social inequality with more daring programmes for newcomers with a migration background or continuing social investment for the mature workers after federal policies cut them. The individualised approach of Lower Austria leaves the rural case residents with little services accessible without a private car and commuting. Whereas residents in the suburban case profit from the proximity to Vienna, not only in terms of services, also in terms of building knowledge-based local economies. ALMP in Lower Austria follows the principle of determination of greatest success and effectiveness before funding. This also points out limited risk-taking and, in a way, innovative processes.

### 3.1 Diagnosis

Austria is characterised by a strong intervention of the public actor in the field of labour market policies. The AMS agency allows for monitoring ALMPs closely. Every local office must report their unemployment and activation numbers individually. However, the information is often scattered or not transparent. Other than in Germany, which has a similar system, having a single agency responsible for both unemployed and recipients of minimal income, opens opportunities to actively integrate a larger stratum of the population in the labour market. Efforts of increasing monitoring and sanctioning activities in recent years point out that point activation is taken much more serious than previously. Expenditure has been cut in areas deemed as inefficient (asylum, mature workers) and automated systems will soon determine who will receive ALMP on individual bases.

Even though unemployment rates are down everywhere, long-term unemployment is still an issue particularly for those with compulsory education only and those over the age of 50. Inequality created by new (digital) economies is particularly pronounced in the capital of Vienna. There, vulnerable groups (education, migration, mature workers) are in long term unemployment, while educated commuters from the FUA benefit from the city's economy. Addressing educational gaps seems to work in some ways as unemployment numbers are down. However, funding for target groups decreases and individualised responsibility is pushed.

Privatisation of services for ALMP is practically non-existent. Training services are provided mostly by semi-public organisations or NPOs. Consultation is usually done by publicly owned organisations to determine qualification plans and provide vouchers for approved training providers. Overall funding offices and services have been expanded in the last ten years. Still, details on these expansions reveal not only territorial differences but also cuts for specific (vulnerable) groups. Improving quality is tied to efficiency by the federal government. Target groups are to be selected for specific funding, monitoring and sanctioning was expanded. Generous funding was replaced by conditionality in active labour market policies that turned into activation accommodated by suspicion. Finally, it is too early to say whether this new course from 2017 has succeeded in terms of reducing unemployment and – more relevant – long-term unemployment. The investments and expenditures made after the 2008-

Global Financial Crisis, however, seemed to have had a general positive effect in the socio-economic recovery in Austria. Still, vulnerable groups are not able to benefit from these overall trends or public investments. These groups are identified as mature workers, migrants, low-educated and/or rural residents.

## 3.2 Priorities

Overall, we can identify different priorities in the Austrian provision of ALMP. On the one hand, an efficiency paradigm in service provision has increased activation pressure on long-term unemployed, those with disadvantages, school dropouts and mature workers. This is also confirmed by the increase in conditionality attached to unemployment benefits. On the other hand, from the evidence collected a focus on qualifications and re-qualification measures, redoing formal VET and raising employability emerged. This happens within a context of increasing need for skilled workers. The priority to raise the employability of a broad spectrum of social groups indicates the assumption that not enough medium qualifications are achieved. Most noticeable are programmes that seek to raise practical qualifications of academically educated young people. Also, digitalisation is an issue addressed in both states, especially regarding older workers. Beyond employability, the goal is to also keep workers of 50+ age in employment and raise their qualifications. Matching is taken quite seriously, especially in Lower Austria that monitors its labour market closely to predict labour force shortage on the local scale.

In Vienna, the WAFF reflects the priority attributed to lifelong learning measures, whereas this trend appears to be less pronounced in Lower Austria. This is due to the long-standing social democratic influence in the capital. Whereas Lower Austria has a long-standing conservative rule of the state.

After the 2008 Financial Crises, the short-term work scheme was successfully enlarged to keep workers employed directly. Additionally, mature unemployed workers have been identified as especially in need of retraining since their skills do not match the labour market anymore. Programmes that got this specific group back into employment focused on in-placement.

ALMP programmes are diverse and financed by both the federal and state government, together with social partners and co-financing by the ESF. ESF funding has decreased since 2013 and cuts in programmes were immediately noticeable except for in Vienna.

The Austrian social partnership penetrates the entire system of ALMP even though different state governments can set different nuances in priorities. However, collaboration and coordination with local public and private actors are seen as key in developing local synergy effects in every locality even though the extent of measures varies.

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# Vocational and Educational Training (VET)

## Executive Summary

In this report, VET is considered a central policy within the Social Investment policy perspective. Vocational training should pursue the simultaneous goals of enhancing economic growth and social cohesion, through developing human capital and facilitating transitions into the labour market. Moreover, we look at how these policy goals are enhanced through a multilevel governance structure and how spatial disparities are considered in the provision of training, especially in the case of dual apprenticeships. We analyse the configuration of VET in Austria and its recent changes, connected to labour market and demographic developments, while focusing on the urban, suburban and rural cases of Vienna, *Kleinregion Ebreichsdorf* and *Kleinregion Waldviertler Kernland*.

Vocational training (VET) plays a vital role in the Austrian education system, as vocational qualifications structure the opportunities of young people in the transition from education to the labour market. The Austrian specificity is the dualistic structure of the VET system, given by the coexistence of school-based VET and apprenticeships (dual apprenticeship). They cover nearly all economical sectors and lead to different qualification levels, going from upper secondary to short-cycle tertiary education (ISCED 2011 4 and 5). The main focus is the participation in the labour market, but there are many opportunities for proceeding into further tertiary education.

In the following report, we will show that policies related to vocational training have no explicit territorial focus in the Austrian context. Therefore, many sections of the report are dedicated to in-depth analysis and description of governance and provision at federal (Austria) and state (*Land*) level. Changes and policy reforms have been mainly focused on: facilitating access to apprenticeship training for firms and disadvantaged youth, qualitative improvements and updating of training curricula. Rescaling reforms in the multilevel governance structure have been almost absent. On the vertical axis, the primary responsibilities for designing, adapting and funding are allocated at the federal (*national*) or state (*Land*) level. On the horizontal axis, the implementation and management of the dual system of apprenticeship involves several actors. Being demand-driven, local firms have a central role in deciding, to hire or not to hire apprentices. Local sections of chambers administer VET training, give advice on policies (especially curricula) and promote VET education. The involvement of firms and chambers also translates into the updating of the training regulations according to current skill requirements and labour market changes.

Using SI concepts and frames, the VET system in Austria, seems to be more inclusive than the German version. This is due to the existence of more tracks at the upper secondary level with links to the labour market. The fact that the state also subsidises most apprenticeship positions, increases the inclusiveness of the system by smoothing the market-driven core of any dual system. When looking at competitiveness, the school-based tracks and especially BHS exhibit a tighter relationship with innovative and often larger firms. However, the tracks of VET could reproduce segmentation according to spatial and social disparities. Moreover, people living in peripheral or rural areas face quite restricted options: either commuting or trying to get access to apprenticeship positions made available by local firms (of which only a few are in the countryside).

This part of the report is structured as follows. Section 4 outlines the multilevel governance setting of vocational education and training in Austria, also looking at recent changes in the division of responsibilities and multiscale settings. It also delves into the characteristics of state level and local level VET governance, looking at selected case studies. Section 5 illustrates the main activities and



services provided within the dual apprenticeship system, as well as the outcomes of the policy track selected. This first part is followed by a longitudinal focus on changes in the last ten years and by a territorial focus on the case studies selected. Finally, section 6 is dedicated to the role of VET and dual apprenticeship within a SI strategy, specifically looking at the Austrian experience.

## 4 Part 1 – The governance system

### 4.1 Multilevel institutional setting

The following section provides a description of the multi-tiered Austrian VET system, focusing on its multilevel governance structures and on the allocation of responsibilities among public, quasi-public and private actors, including the different levels of jurisdiction (mainly Austrian federal government and states. The analysis and the description in sections 3.1, 3.2 and 3.3 is mainly based on the following thematic reports and specific contributions on the characteristics of the Austrian education system: Lassnigg (2011, 2016), BMASGK (2019), ibw (2019a, 2019b), Oberwimmer et al. (2019), Flecker et al. (2020), Statistik Austria (2016).

In Austria, the first differentiation of the school system takes place at the beginning of the lower secondary level. Pupils are divided into two main tracks, lasting for four years each: the new comprehensive secondary school (*Neue Mittelschule* - NMS) and the lower cycle of secondary academic school (*Allgemein bildende Höhere Schule* or AHS *Unterstufe*). Around 60% of pupils opt for NMS and around 40% for AHS, which is the usual track for those who will later continue towards tertiary education. The upper secondary level of education usually starts with one final year of compulsory schooling. The access to the various school types is regulated by entrance examinations based on the grades of the school leaving certificate of the lower secondary cycle. The general education path (the upper cycle of secondary academic school – *Allgemein bildende Höhere Schule* or AHS *Oberstufe*), mainly prepares students for university-based education programmes. Graduates acquire the entrance qualification for higher education. The vocational pathway has differentiated tiers making up the Austrian VET system.

The first tier is constituted by the *dual apprenticeship system*. The requirement for admission is the completion of nine years of compulsory school-based education. Pupils usually complete their compulsory schooling by attending a one-year prevocational school (*Polytechnische Schule*), and then entering the proper dual apprenticeship (*Lehrlingsausbildung*). The training enterprises make a certain number of apprenticeship positions available and select their apprentices among the applicants. This training combines work-based training within a firm and school-based education in a part-time vocational school (*Berufsschule* – BS). Training can last from two to four years (three years on average), depending on the occupation, and is concluded by a final examination. Specific training regulations establish formal apprenticeship occupations (around 200) with different areas of specialisation. Young people with special educational needs, disabilities or strong disadvantages can attend integrative VET programmes in partial qualifications. Dual programmes prepare participants to carry out qualified professional activities. The second tier is made up by *full-time vocational schools* (*Berufsbildende Mittlere Schule* – BMS). The BMS offers three to four-year courses providing skills that enable graduates to exercise their occupation immediately after qualifying. Both apprenticeships and the BMS contribute to the attainment of an upper secondary vocational qualification. Within the dual system, every training regulation stipulates a specific job profile for the apprenticeship occupation. In contrast, full-time school-based VET programmes are not bound to the concepts of the different regulated professions, but rather qualify people for wider occupational fields. A special case is represented by the schools for general healthcare and nursing that start after the tenth

year of schooling and target very specific occupations. The third track is made up of *vocational colleges* (*Berufsbildende Höhere Schule – BHS*), providing higher vocational qualifications in different specialisations (e.g. mechanical and electrical engineering or tourism). At the end of the five-year courses offered, students acquire a double qualification: the vocational qualification and the general higher education entrance qualification. The differences between the BMS and BHS schools, lie in the fact that the first one provides students technical knowledge that directly qualifies them to practice a profession, while the latter provides students with a higher level of general and professional education, which enables them to pursue a higher profession, while at the same time giving them access to tertiary education.

As for the VET-HE nexus, the Austrian VET offers many opportunities and bridges for students who want to continue their studies at universities, universities of applied sciences and other postsecondary vocational courses. The existence of upward progression to higher education increases the permeability of the VET, marking a specific feature of the Austrian vocational training. In addition to the BHS, these bridges provide direct access to the tertiary level of education. This way apprentices and students from the BMS can attain both the general higher education entrance qualification and more specific entrance qualifications. These can be achieved by passing specific examinations (*Berufsreifeprüfung*) or attending preparational courses, usually of one year. However, tertiary education institutions have been slow and ineffective in attracting students from the apprenticeship system (Culpepper, 2007).

### **The governance of the vocational training system**

The responsibilities for VET at the upper secondary level are widespread, because of the different tiers or tracks building up the system. They mostly involve the federal and state level on the vertical axis, with the municipalities playing a marginal role; while on the horizontal axis the main trait is the cooperation between several public, private and semi-public actors. In principle, two main types of initial vocational education and training can be distinguished: school-based VET (BHS and BMS) and the dual apprenticeship VET. Within the dual system, vocational training is provided in at least two places of learning, i.e. on the job – at the workplace in a company – and off the job – at part-time VET schools and in VET centres. Young trainees sign a work-contract with the enterprise, therefore assuming a double status of student and worker. The practical training at the company predominates: apprentices spend on average 80% of their training time with the employer and 20% in part-time VET schools. At the workplace, the focus is on teaching training contents related to professional practice, while basic skills, theoretical contents related to the occupation and general education contents are taught in the VET centre and at VET schools.

The school governance model is comparatively bureaucratic, heavily regulated and hierarchic. For school-based VET, the responsibilities are clearly distributed, and the discretion of implementation is very limited. The main competences for pre-vocational schools and most school-based VET at the upper secondary level, lie with the Austrian Federal Ministry of Education. The ministry holds legislative responsibilities, but is also responsible for the teaching staff, maintenance of schools and providing the framework curricula. For education in agriculture, forestry and non-medical healthcare, higher degrees of discretion for maintenance and construction of VET-schools are foreseen at the federal level. The education directorates in the states are responsible for enforcing school legislation, including quality assurance and school supervision. The Federal Ministry of Health is responsible for the legal basis of programmes in the healthcare sector. The state governments take care of the buildings and pay the teachers who are employed in the training establishments in the health sector. The educational objectives and content of VET schools at the upper secondary level are laid down in framework curricula issued by the education ministry. The competence-oriented curricula specify the

knowledge and skills that learners have acquired by the end of their training. They refer both to subject-related and interdisciplinary competences. In so-called curriculum steering groups and working groups, teachers and experts of the Ministry of Education, in collaboration with representatives of the economy, prepare draft curricula. The social partners receive the drafts to issue their statements. The design of the curricula is centralised, but in the implementation of the framework curricula, schools are entitled to change the number of lessons of individual subjects autonomously within the given framework or develop their own focuses, taking into account (regional) economic requirements. Special curricula can be established for individual school locations as school pilot projects are able to respond swiftly and flexibly to current developments in technology, society and/or on the labour market.

The dual VET (apprenticeship) at upper secondary level, lies within the competence of the Federal Ministry of Science, Research and Economy (BMWFV). The Ministry is responsible for coordinating and promoting cooperation between the authorities and institutions involved in vocational education and training. The governance of the system is structured through the coordination and division of responsibilities and tasks among institutions and authorities on the vertical level (mainly federal and *Land* or state government), and among different actors (public, quasi-public (like the Chambers, representing the social partners), and private actors). For dual VET, the national level provides the legislative framework, but the actors involved have high degrees of discretion. The framework legislation of the system is issued at the national level. The federal government is also primarily responsible for on-the-job and school-based training. The company-based training is regulated by the Vocational Training Act (*Berufsausbildungsgesetz*), elaborated by the BMWFV, together with training regulations for individual occupations. More specifically, training regulations are issued by the BMWFV after evaluation by the Federal Advisory Board on Apprenticeship. The members of this Federal Advisory Board are appointed by the BMWFV, on the proposal of the social partners (Austrian Federal Economic Chamber and Chamber of Labour). The Ministry of Education, Science and Research is responsible for the legislation of the school-based part of the training: provisions regarding the organisation of VET schools are laid down in the School Organisation Act of the Federal Government.

The training content for every apprenticeship occupation is laid down in training regulations (for the company-based part) and curricula (for the school-based part). The Ministry of Economy issues the in-company curriculum and the competence profile (the activity description formulating the competences which apprentices need to have acquired by the end of their training at the company and vocational school) as part of the training regulation. The educational objectives and content of VET schools at the upper secondary level are laid down in framework curricula issued by the education ministry. The competence-oriented curricula specify the knowledge and skills that learners have acquired by the end of their training. They refer both to subject-related and interdisciplinary competences. In so-called curriculum steering groups and working groups, teachers and experts of the Ministry of Education, in collaboration with representatives of the economy, prepare draft curricula. The social partners receive the drafts to issue their statements. The design of the curricula is centralised, but in the implementation of the framework curricula, schools are entitled to change the number of lessons of individual subjects autonomously within the given framework or develop their own focuses, taking into account (regional) economic requirements. Special curricula can be established for individual school locations as school pilot projects are able to respond swiftly and flexibly to current developments in technology, society and/or on the labour market. In cooperation with the Federal Ministry for Digital and Economic Affairs, the Social Affairs Ministry adopts measures designed to support quality management and quality assurance in company-based training as well as to test or further develop systemically relevant tools in pilot projects. The details of the corresponding development projects are defined and adopted by the Federal Advisory Board on

Vocational Training. They include various measures, e.g. the preparation of training guidebooks and the development of internet learning tools for apprentices, or the testing and implementation of innovative examination procedures and creditable skills checks during training (BMASGK, 2019).

Apprenticeship offices located at the Economic Chamber (at *Land* or state level) supervise and record apprenticeship contracts. Moreover, the Economic Chambers audit and check the suitability of the training companies (in cooperation with the Chamber of Labour). The states are responsible for the construction, maintenance and administration (equipment, co-financing of the teachers) of part-time vocational schools. They also design the curricula, within the frame provided by the federal government. The social partners play an important role in the definition of training contents. Moreover, they participate in the implementation of the regulations, management and control of the training provided. They are also responsible for organising the final apprenticeship examinations and issuing the final certificates that formally confirm a full vocational qualification. At the local level, the training companies are key stakeholders within the system. They select the apprentices they want to hire and finance the company-based part of training (apprenticeship remuneration determined in collective agreements, costs for authorised apprenticeship trainers, equipment and materials). Finally, the Public Employment Service (AMS) carries two crucial roles within the apprenticeship system. Firstly, it facilitates apprenticeship openings from companies to job seekers. This mainly happens by collecting, with the collaboration of the Economic Chamber, young people's applications (*Lehrstellenbörse*). The application portal of the AMS provides support on all steps of the job application process. Secondly, it provides apprenticeships in the so-called 'supra-company training' for those job seekers that don't get apprenticeship positions in a company. The measure aims to provide apprenticeship training (either for a few months or the entire training period of usually three years) to young adults who cannot find a training company, and thus help them enter the labour market. It originated at state level and was later extended to federal level, under the responsibility of AMS.

Approximately 2.2% of Austria's GDP is used for secondary education (including not only VET, but also other secondary school forms). For school-based VET the school maintenance, teaching and other related expenses are financed by the Federal Ministry of Education, Science and Research and by each state government. The governance arrangements of dual apprenticeships are mirrored in its financing, which is based on a co-financing model between companies, the states and the federal government. This co-funding model ensures a demand-driven development and ownership by stakeholders of the apprenticeship system. Firstly, the maintenance of schools for the school-based training is financed by the federal government, but the teaching staff is split between each state and the federal government. Secondly, the company covers the expenses for the in-company training: apprenticeship salary, costs for trainers, equipment and materials. The level of remuneration of the apprentice will often be laid down in the collective agreements. If not, it will be specified in the contract between the training company and the apprentice. The costs vary considerably depending on the apprenticeship occupation, apprenticeship duration, and branch of trade.

Ibw (2019b) provided a model calculation containing an estimate of public expenditure on initial vocational training per apprentice or pupil on an annual basis (2017/18). If the public funds (€ 1,524) spent per in-company training place are added to the costs of a vocational school (in 2017), the total public funds for (in-company) dual vocational training can be put at € 6,587 per apprentice (and training year). The public funds per apprentice/trainee undergoing in-company training are thus significantly lower than the costs per pupil at vocational schools and colleges (€ 10,813) or at supra-company vocational training provided on behalf of the AMS (€ 19,155). The results of this model calculation therefore clearly show that dual in-company apprenticeship training is the type of training within upper secondary level II that requires by far the least public funding. This is because the

greatest part of training costs (and training time) in in-company vocational training is borne by the companies. The level of gross costs varies considerably in some cases regarding the duration of the apprenticeship occupation, the group of apprenticeship occupations, and the sector and size of the training enterprise. More precisely, the total annual gross costs per apprentice for companies averages € 19,739 in the first year, € 22,274 in the second year, € 26,528 in the third year and € 17,164 in the fourth year (for three-and-a-half-year apprenticeships).

The breakdown of the cost structure shows that the wage costs of the apprentices represent the central cost dimension. They amount to between 57% in the first year of apprenticeship and 75% in the fourth year. An apprentice's wage is called *Lehrlingsentschädigung*, its minimum rate being defined in the relevant collective agreement. This remuneration will increase with every year of training, and in the last year, it will reach roughly 80% of a corresponding skilled worker's wage. For example, remuneration of a retail apprentice is between € 550 and € 730 in the first year of training, between € 590 and € 820 in the second year and between € 710 and € 950 in the third year (BMASGK, 2019). The personnel costs of trainers and administration account for between one third and one-fifth of the total costs, depending on the year of apprenticeship. Further investment, material costs and other cost factors that arise during apprenticeship training are rather low.

Given the fact that the dual system is strongly based on the engagement of private actors, tracing the exact flow of funds is particularly difficult. Except for the part-time school-based component, with its regular funding channels coming from the state and the federal government, the evidence on dual VET expenditure is less solid. Nevertheless, the available evidence shows that the costs borne by the companies generally exceed the costs of the public sector by a considerable amount. However, for the company-based part of training, the federal government and the Public Employment Services grant various subsidies or incentives: direct financial support, exemptions from contributions, and tax relief. If one compares the gross costs of apprenticeship training with the value of the productive work that apprentices perform during the training period, the net return or net cost is obtained. The average net returns are negative (net costs) in all apprenticeship years on average, i.e. the gross costs are on average higher than the returns. During the three and half years of apprenticeships the net cost for companies averages, respectively: € 2,609, € 3,132, € 4,518 and for the last half-year € 4,036.

In this landscape, EU funds play a minor role, as they mostly target reduction of early school-leavers and lifelong learning measures aimed at continuing vocational education and training for adults. The ESF budget for Austria 2014-2020 totals € 442m plus co-funding by national partners (BMASGK, 2019). Among the measures supported in order to reduce school dropout rates, the ESF funds learning support and advice or intensive training in German, Mathematics and Science in the early periods of technical/vocational school attendance to help pupils cope with the requirements made and avoid the risk of failure.

**Table 3: Model comparing the yearly public expenditure for vocational pupils and dual apprenticeships (per head, 2017)**

	Detailed costs per head, place of training and year (EUR)	Total costs per head, place of training and year (EUR)
Dual apprenticeship	Part time vocational school (BS): 5,063 Incentives and subsidies for apprenticeship: 1,524	6,587

Intercompany training supported by AMS	Part time vocational school (BS): 5,063 Costs for AMS: 13,090 Federal state funds (7.66%): 1,003	19,155
Vocational schools (BMS and BHS)	10,813	10,813

Source: ibw, 2019b

## 4.2 Shifts in the last ten years

The design and implementation of VET policies are mainly shared between the federal and the state government level, with lower involvement of local governance tiers. In recent years, measures to further develop apprenticeship training have been implemented. However, they did not specifically address rescaling processes and had a very limited impact on the multilevel structure of the VET system. The main focus was instead, the improvement of the quality of apprenticeships. The provision of dual vocational training is usually seen as effective in adapting to local needs and characteristics, due to its market-driven backbone. Decentralisation was not considered a priority in the reform of the dual apprenticeship. This is less true for school-based vocational programs. This sector was affected by reforms that pursued the goal of greater school autonomy, as well as new modes of assessment (e.g. centralised A level examination). However, this happened within a process of strengthening the national frame for school administration.

The 2017 Education Reform Act was a rearrangement concerning the responsibilities for school administration. Previously, this had been carried out at a local level by certain boards of education. Since 2019 there is one single authority for the implementation of school legislation and the governance of the school sector: the board of education. It is a joint authority of the federal government and state governments to ensure more transparency and standardised regulations for all provinces. The allocation of resources for schools is also carried out by the board of education according to legally defined criteria. The Education Reform Act 2017 has also brought changes at a local level. Based on the 2017 Education Reform Act, schools have been given more autonomy in the organisation of teaching, for example, in the recruitment of staff. Since the school year 2018/2019, school clusters or networks can be formed at a regional/local level between two and a maximum of eight school locations. The schools' direct responsibility over their actions has been strengthened: school principals are now involved in and thus also responsible for choosing their teaching staff. The education authority now only checks whether formal requirements are met and makes adjustments wherever the number of applications for vacancies is inadequate. At the school level, the focus is on autonomy in designing classroom teaching and managing human resources. In 2019, the education boards of the states were replaced by new education directorates (*Bildungsdirektionen*), with tasks in the administration of teachers. Another major change under the 2017 education reform programme is the organisation of school oversight by educational regions. Depending on their size, 2-7 such educational regions have been established in the individual *Länder*. Each educational region has its own school oversight team, which develops and implements regional strategies, concepts and measures in order to enhance equal opportunities and gender equality in the region (BMASGK, 2019).

Major reforms that impacted the Austrian education and VET system in recent years are not directly related to rescaling processes, but rather aimed at increasing human capital in view of labour market integration and ensuring more equity in training opportunities for young people. In 2015, a special curricula package introduced five commercial 31, 28 technical and 26 social services curricula of

upper secondary technical and vocational schools or colleges (providing education and training in the fields of business, commerce, technology, engineering, tourism, fashion, household services, arts, design and social services). The purpose was to make the curricula of upper secondary technical and vocational schools/colleges of at least three-year duration more skills-focused and semester-based, with due regard to the technical innovations of the related vocational fields. Vocation-related learning outcomes are indicated for all fields, disciplines and subjects, while every competence module includes education and teaching duties specifying the competences to be achieved and the curricula to be taught for any given semester (BMASGK, 2019). Accordingly, in 2018 and 2019, numerous curricula of VET schools were revised, i.e. those of vocational schools under the dual system as well as of upper secondary technical and vocational schools or colleges including special strands. Revised or new curricula are in place for e.g. special strands of technical, business, arts and crafts colleges.

As for equity in training opportunities for young people, we should first notice that Austria has a relatively segmented education system where permeability is limited. Even though the educational level of the population has risen overall in the past decades, the educational opportunities of Austrian young people still depend on the social background (especially the formal educational qualification) of their parents (Statistik Austria, 2016). This is mainly due to the stratified structure of the educational system (OECD, 2018): early tracking consolidates social inequality in students' learning and performance. This often translates into barriers for children from disadvantaged strata and low social mobility. Recent de-tracking reforms tackled this issue by introducing a comprehensive lower secondary school (*Neue Mittelschule – NMS*) in 2012, as a parallel alternative to secondary academic school (*Allgemein bildende Höhere Schule* or *AHS – Unterstufe*). The aim was smoothing early tracking that traditionally characterised the system, enabling pupils to move on to upper secondary schools or colleges as well as to prepare them for work life. Compared to the previous lower secondary school's curricula, the NMS shows more similarities with the curricula of the AHS. Moreover in all specialised subjects. Assessments of achievement include in-depth general education assessment; differentiated descriptions of pupils' achievement; talks between pupils, parents and teachers; and clearly defined entitlement conditions for transfer to an upper secondary school. Under the autonomy framework, schools may set their own priorities. The reform was enacted to provide each student with equal opportunities in accessing quality education (e.g. also in terms of interdisciplinary skills). However, first evaluation reports did not show any relative improvement in the situation of lower-achieving students compared to the situation before the introduction of the NMS (Flecker et al., 2020). A second reform aimed at increasing equal opportunities by extending compulsory education. OECD-PISA results in recent years, suggest that the share of people with low achievement in reading literacy and maths is comparatively high in Austria. Moreover, companies tend to point to young apprentices' basic skill gaps. To address this issue, additional compulsory schooling and training was introduced aiming at increasing basic skills of pupils. Since mid-2017, parents have to ensure that young people receive education up to the age of 18 (*Ausbildungspflichtgesetz*) in mainstream school-based programmes, apprenticeships or other recognised training. No young person should leave compulsory education without having achieved basic competence levels in reading, writing and mathematics. This act provides a normative framework aiming at improving educational and working opportunities for all young people in transition to school or to work by presenting them with different potential paths as preparatory measures for further education and future labour market entrance.

### 4.3 Local governance systems

VET policies do not have an explicit spatial orientation in Austria. With limited exceptions, the distribution of responsibilities and the actors involved does not vary. Although the standardisation of

the policies is very high and the institutional frame is set at the state and federal government level, the spatial effects in the interactions among actors and in the outcomes of the vocational training system still differ. This is mainly due to the role played, on the horizontal axis, by private and public-private actors, like firms and chambers in the governance system. This makes the provision of VET sensitive to the characteristics of local labour markets and economies, especially for dual apprenticeships. On top of the basic market-driven configuration of the system, the role of the public actor is facilitating the collaboration between schools and firms, monitoring the provision of training and promoting the participation of young people who are low-educated or have special needs. Standardization is higher for school-based programmes, although they still present relevant connections with firms, for instance in the organisation of teaching and management of internships. For these reasons, the main part of the following sections is dedicated to the description of local VET system in Vienna and Lower Austria, as state governments.

### 4.3.1 Urban case

Vienna is a state government (NUTS-2) and a municipality at the same time, that hosts around 1.8 million inhabitants (21% of the total Austrian population). It is the administrative, educational, economic and employment centre of Austria. Especially in terms of employment opportunities, the city's economy reaches across Austria's boundaries into the Czech Republic, Slovakia and Hungary. The global economy is still transforming Vienna's economic base and after 80 years of population decline, the population is growing since 1990. The internationalisation of the city has also had an effect on the surrounding suburban and rural areas. De-industrialisation has led to major job losses in manufacturing since 1980. Most of this labour was compensated by jobs in the service sector. Part of this is also related to the aging process, which increases challenges in care provision and the focus on personal and health professions. The geopolitical trajectory of Vienna in the European context also plays an important role in the city's economy. The fall of the iron curtain and Austria's accession to the European Union boosted economic development and restructuring, but also the in-migration of citizens from European member states. Since then, Vienna was considered the main gateway to Eastern European markets. Its economic restructuring was driven by the relocation of company headquarters to Vienna and increasing foreign investments.

In total, nearly one million people are employed in the city of Vienna, around 21% of the total employed in the country. The share of employment in agriculture is marginal. Also, employment in the production sectors plays a declining role, although the outer districts still show substantial employment in the secondary sector. The employment structure is dominated by an expanding tertiary sector, as is typical for metropolitan areas. The local economy is mainly structured by small and middle-sized companies. Nevertheless, some big (public) employers play a relevant role in the local economy of the city: the municipal administration of Vienna, with 71,350 employees; the University of Vienna with around 9,500; the public transportation network operator (Wiener Linien) with 8,800 employees; and also private firms like Billa or Siemens.

There are around 140 VET schools in Vienna. In the dual apprenticeship system, local companies deliver the training part, whereas the school training is provided by 26 thematically focused part-time vocation schools. 114 schools and around 32,000 pupils are part of the school-based VET, BMS and BHS. The Public Employment Service (AMS) facilitates apprenticeship openings from companies to job seekers: currently, in Vienna around 53% of the apprenticeship offerings are facilitated by the AMS. This is why the AMS is to be considered a relevant actor in the coordination and functioning of the dual system in the city.



In Vienna the unemployment rate among youth aged 20-24 is around 13%, by far the highest among Austrian states. At the same time, the matching between skills supply and demand is unbalanced, as the number of unemployed people is way higher than the number of vacancies registered by the AMS (ibw, 2019b). Differently than Western Austrian states, Vienna does not show a clear lack of skilled labour (even if this can of course still happen in specific occupations or market niches). The aging process in Austria is not so pronounced as in other EU countries, and this is reflected in Vienna: according to our interviewees there are still enough people in terms of headcount. However the qualifications do not fit. Therefore, Vienna not only has the largest share of highly qualified people in Austria, but also has a very high share of unqualified people.

The structure of the local economy, given the dominance of the tertiary sector, creates the conditions for a skill supply mostly based on tertiary education, and a relative weakness of upper secondary vocational training, especially apprenticeship. Looking at the higher educational attainment of the population aged 25-64 (Table 4), Vienna presents a higher rate of tertiary educated and lower rates of apprenticeship graduates (BMS and BHS) than the Austrian average. Finally, the share of lower educated with only compulsory schooling is higher than Austrian averages. In Austria, many of those with below or only compulsory schooling have migration backgrounds. Within Austria, Vienna has a higher migration inflow than other parts of the country.

**Table 4: highest educational attainment of the population aged 25-64 in Austria, Vienna, Lower Austria (2016)**

	Low educated (ISCED 0-2)	Appr. Graduates	BMS	AHS	BHS	Tertiary educated
Austria – M	15%	42%	12%	6%	9%	16%
Austria – F	21%	27%	17%	7%	9%	19%
Vienna – M	21%	28%	8%	10%	9%	24%
Vienna – F	24%	18%	12%	11%	8%	28%
Lower Austria – M	12%	45%	14%	4%	11%	13%
Lower Austria – F	20%	26%	21%	6%	11%	16%

**Source: Oberwimmer et al. 2019**

These educational trends are confirmed for the younger generations (Table 5): looking at the distribution of pupils in upper secondary education, Vienna displays far more enrolments in the pre-academic track than Austrian averages, a slightly lower share of enrolments in BMS and BHS, and far lower shares of apprentices (pupils in part-time vocational schools).

**Table 5: distribution of pupils in upper secondary education in Austria and Vienna (2016)**

	Part-time vocational (BS)	BMS	AHS	BHS
Austria – M	34%	12%	18%	32%
Austria – F	18%	14%	27%	38%

Austria – Tot.	26%	13%	22%	35%
Vienna – M	28%	11%	30%	30%
Vienna – F	16%	12%	39%	31%
Vienna – Tot.	22%	12%	34%	30%

Source: Oberwimmer et al. 2019

In 2010, 19,187 apprentices were registered in Vienna. In 2019 the number of apprentices was 17,153, showing an increase from the previous year for the second time (+1.5% than 2018) after several years of decline (ibw, 2019b). In 2019, 15.4% of all Austrian apprentices were registered in Vienna compared to the 21% of the Austrian population and of the total employed people aged over 25. However, the apprenticeship sector seems to be experiencing some relative growth when compared to the western Austrian states: the number of apprentices in their first year was 5,546 in 2019, growing and accounting for 16.4% of all first-year Austrian apprentices.

In the eastern parts of the country, especially in Vienna, the demand for apprenticeship positions by young people is higher than its supply. Since companies do not meet the demand, around one-fifth of the apprenticeship positions are provided within the frame of supra-company training by the public sector, where the service is delivered by private companies based on contracts with the AMS. The dual system in Vienna does not show particular signs of upgrading, in terms of relevance of high-end service sectors. Vocational training companies focus to just a few professions: for women, office administrators, hairdressers and professions in the retail sector; for men, electronics, automotive engineering and building technology (AMS, 2018). Interestingly, the skills mismatch is confirmed in Vienna, by looking at the dual system. Once apprenticeship is completed, quite a number of the former apprentices tend to change both the company and the sector. In Austria, two years after completion of training, almost 43% of apprenticeship graduates were no longer employed in the sector they had been trained for. Broken down by states, apprenticeship graduates from Upper Austria (61.3%), Salzburg (59.7%) and Lower Austria (59.1%) remained most loyal to their training sector. This contrasts greatly with Vienna, where almost half of young workers (46.3%) switch sectors in the first two years of completion of apprenticeships (BMASGK, 2019).

### 4.3.2 Lower Austria

The *Land* level (NUTS-2) plays a relevant role in VET governance. Seeing as the legislative framework did not change substantially, as far as rescaling processes are concerned, it is useful to look at the characteristics of the VET system in Lower Austria where suburban and rural cases are located. We will first outline VET governance structures in Lower Austria, before going down to the local suburban and rural case. With the only exception of one BMS in *Ebreichsdorf*, there are no VET structures (part-time schools for apprentices and vocational schools) in the selected suburban and rural cases. The main links to the VET system are therefore to be found in the presence of local medium and small firms training apprentices. Young people must commute, mostly to the administrative district city of *Baden* or to Vienna, to attend vocational schools.

The state government of Lower Austria surrounds Vienna, therefore it presents some similar labour market and local economy features, but also some relevant differences when looking at the metropolitan traits characterizing the capital region (migration, employment, commuting). In the last

two decades the state government experienced a strong increase in the service sector, especially for self-employment, outsourcing, sub-contracting and personal service. Looking at the labour market demand, Lower Austria shows similarities with Vienna, concerning the demand of skilled labour, indicated by the unemployed people outnumbering the total of vacancies reported by firms for all the occupation (61,000 against 42,800 in 2018). Due to demographic and economic developments, Austria is expected to develop a substantial lack of skilled labour.

The educational choices of pupils at the beginning of upper secondary (10th grade) in 2018 are more in line with the Austrian average than is the case for Vienna (ibw, 2019a). Enrolments in the pre-academic track (AHS) account for 23.2% of the pupils, against an Austrian average of 22%. This track showed an important growth in the last ten years, especially in the more urbanised regions. As for the vocational tracks, enrolments in BMS are slightly decreasing over time and are at 15.9% in 2018, still higher than the Austrian average of 13%. The “higher” track (BHS) is up to 30.9% in 2018, lower than the Austrian average value (35%). The share of apprentices decreased from 35% in 2008 to 30% in 2018, but it is still higher than the Austrian average of 26%. Apprenticeship training is thus currently no longer the quantitatively leading training path: this role has been taken over by the BHS. Nevertheless, Lower Austria is leading the slight reprise of the dual system after 2017, as the number of apprenticeships increased to 16,811 in 2019, recording the greatest relative increase among Austrian state governments (+4.1%), accounting for 15.4% of the total number of Austrian apprentices. The same holds true for apprentices in the first year, that are up to 5,369 in 2019 (15.8% of all Austrian first-year apprentices). This can be, at least partially, the result of the effort in promoting and establishing the apprenticeship sector, as reported by the local district office of the Chamber of Commerce in Baden.

However, if we compare the number of apprentices with the number of all young people (apprenticeship beginners’ rate), Lower Austria, together with Vienna and Burgenland (all between 30 and 33%) ranks in the lower tail of the distribution among state governments, being led by the still highly industrialised state of Upper Austria (50% apprenticeship beginners’ rate). This is connected to the prominence of the tertiary sector, as well as other school-based vocational tracks in the regional configuration. Notwithstanding, the dual system still seems able to attract an important share of young people, providing them with positive opportunities in terms of labour market access, participation and salaries. Youth unemployment is in line with the Austrian average (around 8% for 20-24 years old), much lower than in Vienna but higher than the levels recorded in the Western state governments, with more pervasive apprenticeship systems.

### 4.3.3 Suburban case in Lower Austria

The suburban case locality is *Kleinregion Ebreichsdorf* located in the South of Vienna. The ‘small planning region’ (*Kleinregion*) is organised as a voluntary association that consists of ten municipalities. This collaboration focuses on attracting new business, infrastructure and coordinating economic development efforts. *Ebreichsdorf* is a typical suburban commuter town. It is well connected to Vienna and to the administrative district capital Baden, that hosts several administrative bodies. The municipalities have high in-migration of residents, high outward commuting and therefore a rather weak local economy. The case locality is situated in a part of the state government labelled “industrial quarter” for its former industrial sectors. Over the last thirty years, the “industrial quarter’s” economic strength has become more based on third sector services. The structure of employment sees much of the local labour force (74%) in the tertiary sector, meaning also that the secondary and primary sectors are comparably smaller. The local economy is structured by small and middle-sized companies, with no big company dominating the region. In 2018, however, the opening

of a ‘Research and Technology Hub’ as a local hub for research was advertised by the government of Lower Austria as a major project for improving the *Kleinregion*’s local economy. Due to the centralised implementation by the national government, the provision of school-based VET is concentrated in capitals or larger regional centres. Consequently, there is no school-based VET and no part-time vocational school as part of the dual apprenticeship VET. The nearest training structures are located in *Baden*, *Mödling* or Vienna – cities reachable in about 20 minutes by car and 30 minutes by public transportation.

#### **4.3.4 Rural case in Lower Austria**

The rural case locality is in the north-western part of Lower Austria, in the NUTS-3 region *Waldviertel*. The *Kleinregion Waldviertler Kernland* consists of 14 municipalities, situated in a part of the state government labelled “forestry quarter” reflecting its (former) main economic sector. This region is characterised by depopulation, a still dominant role of agriculture, structural economic weakness and lacks accessibility via motorways. Over the years it has been a sight of de-industrialisation with closing textile factories. Today, it is better known for wood production, specialised herb agriculture and wellness tourism. According to our interviewees, the period of the Iron Curtain was strongly detrimental for the region, while the internationalisation process led by Vienna brought trickling-down positive effects in terms of infrastructure and jobs. The *Waldviertel* earns a strong advantage from the growing population and market in Vienna: carpenters, metal construction companies from the *Waldviertel* deliver a lot to the capital.

As already described in the section on the suburban case, the school-based VET is implemented by the national government department. Only a BMS (LFS *Ottenschlag*) but no part-time vocational schools are located in the rural case area. Other closest schools are located in the nearby district capital *Zwettl* (around 20 km away).

## 5 Part 2 – Activities and services

### 5.1 Description

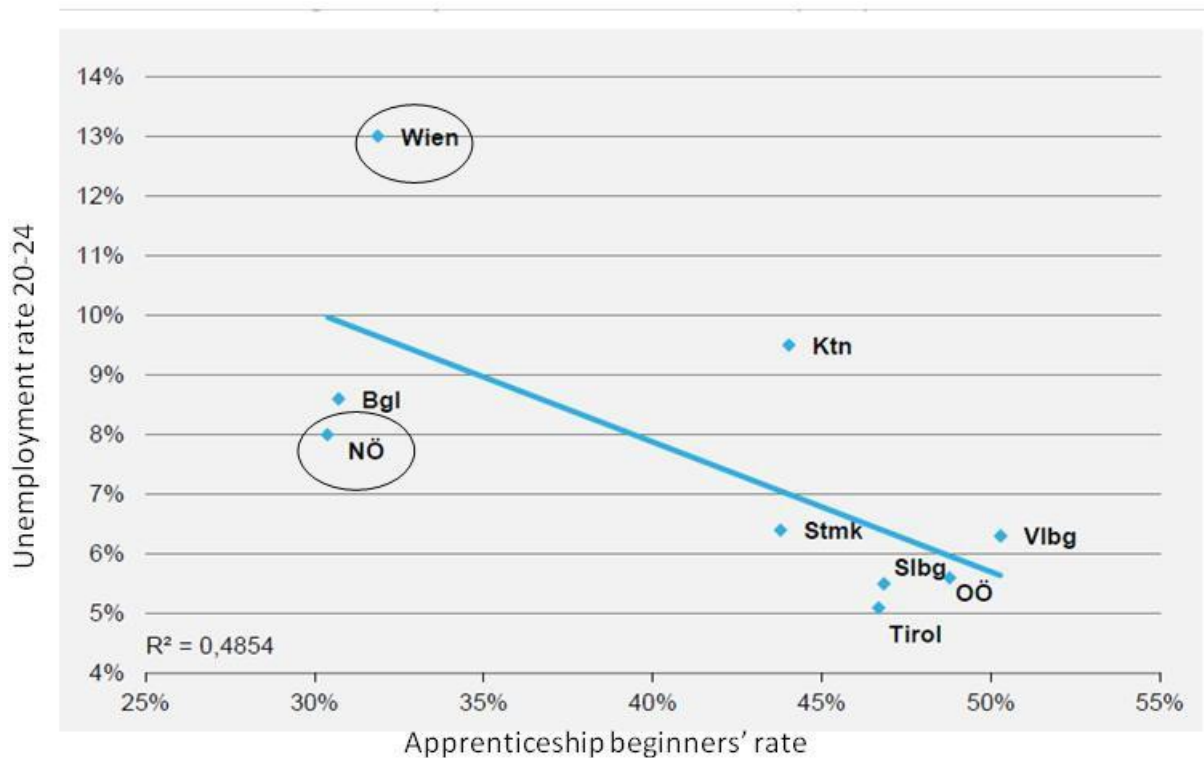
The implementation of VET in the Austrian context has wide outcomes that can be seen looking at employment and education trends. In Austria more than half of those aged 25-64 acquired a qualification in an education programme at ISCED Level 3 or 4 in 2018, i.e. an apprenticeship diploma, a qualification from a school for intermediate vocational education or a general secondary school. According to Eurostat data, the share of the population with no or low-level qualifications (ISCED 0-2) is significantly lower than the EU-28 average, and the share of the medium-qualified (52.6%, ISCED 3-4) significantly higher (EU-28: 45.7%). The share of the high-qualified (ISCED 5-8) is quite in line with the European average (32.7%, EU-28: 32.2%). Finally, the share of early leavers from education and training – 18 to 24 year-olds, who have not graduated from upper secondary level and are currently not in education and training – has further decreased from 8.8% in 2009 to 7.3% in 2019, clearly below the EU-28 average (10.6%). These comparatively favourable figures reflect the importance and impact of the upper secondary sector within the Austrian education system.

In Austria, unemployment differs sharply for persons with low- or medium-high formal education. In 2018 the unemployment rate of persons (aged 25-64) without an upper secondary qualification was 10.9%, almost three times higher than that of persons with at least upper secondary education (3.8%). Young people (aged 15-24) with no or lower formal qualifications are especially affected, shown by the significantly higher unemployment risks and rates. VET provision seems to ease the transition to the labour market: the employment rate among recent VET graduates in 2018 remained high at 87%, well above the EU average. Analysis of unemployment rates after the highest level of completed education in Austria, show that the unemployment rate of people who have at most completed compulsory schooling is significantly higher (usually more than twice as high) than that of people who have completed further education (ibw, 2019b). The dual system is particularly strategic for youth employment: although being perceived as less prestigious and connected to less innovative shares of the labour market, it provides young people not willing to engage in further education with direct access to the labour market. As a confirmation, the following figure 1 shows that state governments with weaker dual systems, proxied by low apprenticeship entry rates, also display higher levels of youth unemployment. This is mostly the case for eastern states, like Vienna and Lower Austria.

A peculiar trait of the Austrian skill formation is that the VET represents the core of the whole education system, but its components or subsystems are characterised by relevant differences, structuring the opportunities of young people in the transition from education to employment. In aggregate, some 70-80% of pupils opt for a VET programme after completing the lower secondary level. The availability of full-time school-based VET programmes contributes to limit the dimension of the dual system compared to countries like Germany or Switzerland: There, the share of young people in an age cohort learning a legally recognised apprenticeship occupation, after the completion of compulsory education, is around 35-37%, while more than 40% of young people opt for full-time school-based VET. By depicting the dualistic structure of VET in Austria, Lassnigg (2011) stresses the existence of an institutional competition at the upper secondary level of education between the two sectors of school-based VET and dual VET.

Education choices of females and males in VET differ: young males are traditionally overrepresented in apprenticeship training (around 75%) with the main focus on technical trades and crafts. They also

favour technical branches in school-based VET; young females generally prefer school-based VET with commercial, economic, social, healthcare and pedagogical programme orientation.



**Figure 5: Youth unemployment rate (20-24) and Apprenticeship beginners' rate per state government (2018); Source: ibw, 2019b**

As for the dual system around one apprentice out of three is trained in companies with more than 250 employees, while two out of three are trained in companies with fewer than 250 employees (18% in companies with fewer than 10 employees). As for the share of trainees out of the total number of employees in the companies, this training ratio is higher in smaller companies (slightly more than 5%), meaning that the involvement of companies in training tends to decrease with the number of employees: this also happens in Switzerland, while Germany expresses an opposite trend. In Austria, this goes together with an economic system, where the relative weight of small enterprises is quite high. Overall, small and medium-sized enterprises are the backbone of the Austrian economy (99.6% of all enterprises) and provide work to around two thirds of the entire workforce. The share of large enterprises in the total number of Austrian companies is only 0.4%.

The choice of apprenticed trades is influenced by the supply of available training slots on the one hand, and by the general economic framework on the other. In Austria, young people still tend to be very traditional in choosing apprenticeships (BMASGK, 2019). Out of all young women apprentices in 2018, 22.9% chose retail including associated fields, 11.3% clerical apprenticeships and 9.1% hairdressing/wig making (hair stylist). Male apprentices preferred to be trained in metal engineering (13.5%), electrical engineering (11.8%) and automotive engineering (9.8%). Moreover, banking and insurance reported the greatest decline in apprentices against the previous year (down 0.6%), while the industrial sector reported the strongest increase with +3.9% in 2018. All in all, apprenticeship in Austria appears to be relatively dominated by small and medium-sized enterprises, tied to a model based on specific skill provision: historically, thanks to their predominant role in the major employers' representatives, small firms have opposed any move potentially threatening their access

to cheap labour with specific skills (Culpepper, 2007). Within this context, apprenticeship also traditionally constitutes the main pipeline to self-employment.

Conversely, the large industry sector among employers gradually shifted from the recruitment of apprentices to VET graduates from schools and colleges (Lassnigg, 2011). The more dynamic sectors of economy have turned towards full-time VET colleges and higher education as a primary source of skilled workers (as an example, they strongly supported the emergence of the *Fachhochschulen* and their connection with VET schools, see Culpepper, 2007). On the other hand, the core of apprenticeship is dominated by a more traditional, individual tacit learning and integration with little supervision. Particularly for small training companies, systematic quality assessments of apprenticeship training tends to fall short. Quality assessment does not only relate to guaranteeing apprentices' rights as employees but also their right to proper vocational training. Due to their size, small training companies are often not able to cover the respective full occupational profile and train their apprentices accordingly. This means that upon completion of their apprenticeship, trainees might not be able to pass the final examination and/or not possess the skills covered by the respective occupational profile. Notwithstanding, political representatives have been reluctant to imposing quality controls related to the respect of regulations and standards set by occupational profiles, as they fear that even more companies might withdraw from engaging in apprenticeship training (Culpepper, 2007).

As a contrasting example, in Germany several hybrid forms of vocational higher education emerged, as well as various bridges from VET to higher levels of education. This, in turn, increased the expectations of the employers in the most dynamic sectors of economy. In Austria, such external pressures and the duality between VET schools and apprenticeship led to a sort of division of work: apprenticeship has increasingly drifted to the traditional sectors of economy, mainly in small and medium enterprises; while VET colleges provide the kind of higher vocational education that mainly reflects the range of skills requested by the most dynamic sectors, with a high share of medium-large enterprises. One could say, that the German dual system was interested in a process of institutional differentiation and upgrading, with an increasing number of hybrid forms of VET and HE; while in Austria the upgrading trend concentrated on the full-time VET schools' track. This track also has the most robust linkages with the HE, as graduates from VET colleges attain a general higher education entrance. Conversely, the Austrian dual system remained comparatively less differentiated, more traditional and less qualified. It provides access for young people with less successful educational careers into training enterprises that mainly do not belong to the most dynamic and skills intensive sectors of the economic system (Lassnigg, 2016). Another specific feature of the Austrian dual system is the early starting age: most apprentices are in the age group 15-19. In Germany the ongoing trend goes towards the later start, after a longer previous career in compulsory school that also implies a bigger previous input of competencies before starting the apprenticeship (Lassnigg & Vogtenhuber, 2014). Moreover, the share of apprentices with a higher education entrance qualification is minimal: this is partially because VET colleges and schools offer HE entrance and vocational qualifications.

As we said, firms bear the main costs for dual apprenticeships training. The key incentive for the companies is that engagement in apprenticeship is a recruitment channel for future skilled workers. Getting skilled workers is a growing challenge due to aging and changing educational choices among youth in many countries. Over time apprentices contribute to the income of the company as apprenticeship is based on learning through productive work. However, the net-profit margin varies between companies and sectors. For small and not particularly innovative firms, this can be difficult to sustain, even if apprentices are still considered the less expensive option that fits with specific skills requirements. On the one hand, critical contributions stress how training regulations and standards to be followed by firms are not so strictly monitored. On the other hand, a quite fragmented combination

of incentives in the form of tax deductions or grant schemes are in place, available for firms and apprentices. There are measures (such as educational leave) and financial subsidies (in the form of grants and tax relief) in order to (partially) cover expenses, particularly to stimulate small and medium enterprises to take on board apprentices, or to open up apprenticeships for challenged youth (including personal subsidies financed by funds from the labour market policy budget). A basic subsidisation scheme (regressive over the training period) and additional criteria-based subsidisation (partial reimbursement of extra costs for training) is available to support training companies. Some training companies get indirect financial subsidies by waivers in the area of non-labour costs (i.e. employers do not have to pay their part of social security contributions for sickness, unemployment and accident insurance for apprentices) or tax deduction. Additionally, training companies may be eligible for criteria-based subsidies in the form of additional regional training funds or grants (e.g. by employing apprentices from supra-company and external vocational training centres, giving equal access to women). Both types of incentives are financed by the Austrian Insolvency Remuneration Fund, a compulsory fund financed entirely by companies themselves.

## 5.2 Main changes and innovations introduced in the last ten years

The demographic dynamics – mainly driven by migration and aging – have an impact on the distribution of resources as well as on demand for education. All in all, two groups of young people deserve specific attention: those with a migration background and those with difficulties to stay in the education and training system – the potential or real dropouts. Because of migration, support structures (such as classes in German) have been created for the acquisition of German as a foreign language and measures have been taken to make it possible for migrants to complete VET programmes: these include transition courses organised by the public employment services or by the Economic Chambers. As for the low-qualified and those at risk of dropout from education: in 2013, the Austrian government introduced an education and training guarantee until the age of 18. To make this guarantee possible more than 11,000 supra-company training places have been created. Financing comes from the public employment services. Since 2018 there is an obligation for all young persons under 18 to either stay in school (usually: upper secondary level) or to take part in apprenticeship training (*Ausbildungspflicht*). The main idea is to keep young people in the education and training system as long as they need to obtain a qualification higher than in compulsory schooling.

A primary policy focus is the provision of incentives for firms hiring apprentices. The basic rationale behind this design is to compensate training companies for the low productivity of apprentices in their initial training years. Basic subsidies are determined by the rate of remuneration paid to apprentices. In 2008 a new funding scheme was introduced for training companies, not only intended to increase the number of apprenticeship positions offered but also to improve the quality of training. Basic and progressive support (*Basisförderung*) that comprises a decreasing number of gross apprenticeship remunerations in line with the collective agreement. In addition to basic subsidies, quality- and employment-related subsidies to, inter alia, improve the quality of training and encourage the establishment of training clusters managed by several companies (*Ausbildungsverbände*), train and continue to train trainers and foster the acquisition of additional skills. Since career choices still vary greatly by gender, employers are also supported in efforts to take measures ensuring equal access to apprenticed trades by young women and men. Companies, where apprentices pass the final apprenticeship exam with good results or distinction can also apply for grants. Financial means are available for apprentices with learning difficulties (such as tutoring courses). Other benefits cover non-wage labour costs: company's health, accident and unemployment insurance contribution for apprentices. Public Employment Service Austria (AMS) runs apprenticeship post support schemes designed to integrate problem groups into the labour market. Companies receive flat-rate grants when



hiring the following categories of apprentices: young women in apprenticeships with a low proportion of women and adult apprentices with qualification/employment problems (e.g. dropouts). The basic support was enhanced in 2016, so that every training company receives a direct public subsidy for each apprentice, regressively linked to the apprenticeship wage over the training period: training companies are reimbursed for three monthly apprenticeship wages in the first training year, two during the second year and one in the third (and fourth). All the subsidies available to individual companies in support of apprenticeship training are processed by the Apprenticeship Offices (Lehrlingsstellen) of the Austrian Economic Chamber (WKO) and are financed by the Insolvency Contingency Fund (IEF), with the latter spending roughly € 203 Mio. on company-based apprenticeship subsidies in 2018 (BMASGK, 2019).

A coaching programme for apprentices and their employers was launched in 2012 with a pilot project in the states of Upper Austria, Styria, Tyrol and Vienna and extended to the whole of Austria in 2015. It aims at reducing the number of drop-outs, increase the number of successful apprenticeship examinations and raise the quality of training by providing coaches to assist apprentices and their employers whenever problems occur. If problems occur during training, assistance by a professional coach may be requested by apprentices (for themselves), by trainers or those responsible for training within a company, by vocational schools or by parents. Employers of apprentices may request coaches from the Economic Chamber's Apprenticeship Offices to address issues of training design, of how to deal with apprentices or where to request funding as well as to provide information on educational opportunities for apprentices and trainers. The number of programme users has soared in recent years: in 2016 only 1,100 apprentices sought help under the coaching scheme, but this number rose to more than 2,000 in 2018. In addition, more than 400 companies used the coaching programme for employers in 2018 (BMASGK, 2019).

In the field of VET, a major trend is related to the adaptation to the characteristics and change of the economy and of the wider society by adapting the training content and educational curricula of the various VET tracks. The 2015 amendment to the Vocational Training Act explicitly referenced quality assurance and quality management in vocational training. The goal was to develop quality assurance measures and instruments. As we previously said, existing VET programmes are regularly developed and updated to guarantee that VET is business- and labour-market-oriented. One primary goal of this adjustment process, that happens mainly at the federal level, is to achieve congruency between VET and employment as well as between qualification supply and demand. This constant process attempts to appraise future developments at an early stage and respond to them. In Austrian VET different processes anticipating labour market changes lead to curriculum adjustments. Major stakeholders in this process include the social partners, which can frequently support coordination between educational provision and qualification requirements. Companies or social partners usually launch the initiative to modernise existing and develop new in-company curricula/competence profiles (new apprenticeship occupations). The Federal Advisory Board on Apprenticeship is comprised of social partner representatives and advises the Ministry of Economy in dual VET issues. Framework curricula for vocational schools within the framework of apprenticeship training are designed in a similar way to those for school-based VET.

Moreover, since 2015 the Ministry of Economy in tandem with the Ministry of Labour extended a coaching scheme for apprentices and training companies to the whole country. The coaching programme aims to support apprentices and training companies during training. The goal is to facilitate positive completion of the final apprenticeship exam and enhance the quality of apprenticeship training, thus counteracting training drop-outs in particular.

Recent initiatives have focused on adapting VET, including apprenticeships, to accompany digitalisation. In 2019, the two educational research institutes ibw and öib developed guidelines for the competence-oriented development of apprenticeships. The guidelines aim for stronger integration of practitioners from companies in the design of competence-oriented job profiles, training and examination regulations. At the beginning of 2019, the Austrian Public Employment Service launched the New Digital Skills initiative together with leading companies in five economic sectors (production, trade, tourism, construction and office/administration/IT) to advance the adaptation of programmes and curricula in initial and continuing VET.

## 5.3 Local Policies

The following sections focus explicitly on the Austrian dual apprenticeship system, as it is the vocational track involving the biggest share of young people in upper secondary education. As described before, the regulation and legislative framework is quite centralised, as the central government actor is the main person responsible for design and implementation. Therefore, the amount of local variation is mainly attributed to the market-driven nature of the system and to the influence of local economies and contexts where public and private actors cooperate.

### 5.3.1 Urban case

In Vienna the dual system does not represent the main option for pupils in upper secondary education. Being the capital, as well as the economic and employment centre of Austria, the trends towards post-industrialization, digitalisation, tertiarization of the economy are stronger than in other states. As a result, pre-academic tracks or VET tracks with stronger bridges towards tertiary education (BHS) are the main educational options. However, the dual system still constitutes a valuable option for the youth population, especially for men. Together with Lower Austria, Vienna is the Austrian state where the partial reprise of the dual system in 2018 and 2019, after years of decline, was more manifest. The attractiveness and status of the city is also a reason why several young apprentices commute from Lower Austria or Burgenland to their workplaces in the capital. Conversely, only 6.6% of apprentice residents in Vienna commute outside of the city.

In Vienna, the apprenticeship beginners' rate is lower than in all the western Austrian states. It is still slightly higher than in Lower Austria or Burgenland: the number of apprentices is up to the 31.9% of the total number of young people in the region. 20% of all apprentice dropout before graduating. This is the highest value among all Austrian states. The dropout evidence could also be due to the higher amount of opportunities for young people in the city, for instance the possibility to access the BMS and BHS. The dropouts could also relate to difficulties encountered during the training period. On this matter, evidence provided by the National Statistic Office shows that almost 9% of young people aged 14 in 2014 or 2015 did not undergo education or training the following year, against an Austrian average of around 5% (5.3% in Lower Austria). The relative high values of youth unemployment and early school leavers point to a weakness of the school-to-work transition system partially related to the less developed dual system. This may also be related to the high amount of in-migration flows or commuting apprentices, increasing the competition for positions in the market-based dual system.

The number of apprentices is the result of a complex interplay of supply and demand on the apprenticeship market. One indicator with which (partial) aspects of both supply and demand can be described is the comparison of the number of vacant apprenticeship places and apprenticeship seekers registered with the AMS. If one first looks at the development of the (immediately available) vacant apprenticeship places and apprenticeship seekers registered with the AMS in June of the respective

year, notable regional disparities in the apprenticeship market can be detected. Whereas at the end of September 2019 in Vienna there were 3,557 apprenticeship seekers compared to only 510 registered vacant training places, in other states, the number of vacant training places was significantly higher than the number of apprenticeship seekers (Upper Austria, Tyrol, Salzburg, Vorarlberg and Carinthia). This is partially due to the attractiveness of Vienna within the Austrian context. As stressed in WP4 reports, even though interviewees described Vienna as the knowledge hub of Austria, some business actors reported a lack of qualified staff and that compulsory education in terms of basic skills was declining. These interviewees explained that some of their applicants lacked basic skills (for instance in math or German). They elaborated on the need of a more flexible education and a new mind-set about knowledge. By criticising traditional thinking and structures in education, business actors emphasized the need to teach people to learn to provide for themselves in the long run. On the other hand, giving the specialised skills provided by training firms in the dual system, it is not clear that apprenticeships can help providing the more general “learning” skills employees need to navigate on dynamic labour markets successfully today.

The unsatisfied request of apprenticeship positions is the reason why the AMS strongly intervenes promoting supra-company training. The number of (young) participants (persons in the programme) in supra-company training courses commissioned by the AMS in 2019 totalled more than 12,000 young people in Austria, including 5,369 participants in Vienna. In previous WP4 reports, we stressed that this development of having more forms of supra-company vocational training, often partially provided in external training institutions, could have some shortcomings. First, cuts by the national government would immediately translate to cutting back the provision of courses. Second, the responsiveness of the dual system to the needs of the economy could be altered with possible impacts on future working opportunities of apprenticeship graduates.

Important challenges in Vienna are the high youth unemployment rate and the high share of unqualified people. This problem can however be worse in interaction with migration issues: interviewees point out groups of people who do not have the requested qualifications, but also lack sufficient language skills and therefore cannot be qualified. However, this is only a very limited and disadvantaged group within the wider group of the low educated. A leading priority is thus the development of a more efficient system to reduce structural unemployment and to bring people into a flexible qualification and post-qualification system (AU05). Support schemes, including subsidised apprenticeships, and other instruments like the Qualification 2030, supported by the social partners, address this major contextual challenge. An innovative Vienna-based pilot project (Economic Chamber, BMWF, Social Affairs Ministry and PES) involves supra-regional placement in apprenticeships to offer career perspectives to recognised young refugees in occupations and regions suffering from shortages of apprentices. The skills and interests of these young people are identified before placement to ensure optimal matching with available training slots. The goal is to prepare young refugees for the requirements of an apprenticeship and assist them after placement through coaching activities, also directed to employers.

All in all, it can be stated that the issue of education and more specifically VET, emerged as a crucial focus of collaboration. Public authority actors, as well as business actors, actively look for ways to collaborate between and among each other to respond to the growing need of qualified workers, expressed by all stakeholders. Here, the highly cooperative Austrian governance regime is visible, as formal as well as informal contacts and networks are used to find solutions.

### 5.3.2 Lower Austria

In 2018 and 2019, the number of apprentices in Lower Austria went up significantly after a longer period of decline (primarily due to demographic factors). However, absolute numbers need to be put in relation to the total population of young people who could get an apprenticeship. “Apprenticeship entry rates” (i.e. the shares of apprentices in the first year of apprenticeship among 15-year-olds) differ considerably between the individual states. They are particularly low in the eastern provinces (Burgenland, Lower Austria, Vienna): 30% of 15-year-olds started an apprenticeship in Lower Austria in 2018, while this proportion was about 50% in Vorarlberg. However, Lower Austria is one of the states in which this indicator has risen significantly after 2017. In parallel, the number of firms providing apprenticeship positions also increased to 4,500 in 2018 (it was 4,471 in 2017). This interrupted a 10-years long decreasing trend, as the firms training apprentices were around 6,100 in 2008. Finally, 1,966 apprentices enrolled in supra-company training programs in 2019.

The share of youths who opt for an apprenticeship within nowadays age cohorts has also increased again for the past two years. In general, the development of the number of apprentices is particularly closely related to demographic development (represented by the number of 15-year-olds). This can be considered a strength of apprenticeship training in Lower Austria: apprenticeship companies are showing to be able to react flexibly to the declining supply of (suitable) apprentices/young people up to now. However, it has become difficult for many (especially smaller) companies to find youths/apprentices – especially those that have sufficient basic qualifications (e.g. arithmetic, German). Since occupational demands and technological developments are increasing in many cases, deficits in basic skills are even more serious. This points out the necessity to raise the quality of lower educational levels in order to achieve substantial social investment and smooth transitions in the labour market after finishing training or higher education. Another critical point to be stressed regards the under-representation of young people with migration background in the dual system.

The structural shift in the economy is visible in the VET system in Lower Austria: over the last 20 years, a decline in the number of apprentices has been most seen in the “trade and crafts” sector. Looking at the development by apprenticeship occupational group, the main increase can be seen, in the period 2010-2018, in the group “Computer science/EDP/communication technology”.

The evidence available shows that in 2019 the number of apprenticeship seekers registered with the AMS was higher than the number of vacant positions, although the ratio is not particularly unbalanced (respectively 1,284 and 954) as in the case of Vienna. The indicators on apprenticeships also have to be considered in light of mobility and commuting patterns. This is particularly relevant, given the closeness to Vienna, the main employment and economic centre of the country. A significant share of young people resident in Lower Austria are trained as apprentices in Vienna (or in the highly industrialised Upper Austria, or Steiermark). All in all, almost 20% of apprentices living in Lower Austria commute outside of the region. Moreover, looking at the ratio between apprenticeship contracts in the region and apprentices that live in the region, we can see how the dual system is comparatively less developed in Lower Austria than in other Austrian regions. Many young apprentices move to other *Bundesländer* to receive their training. In detail, the ratio was up to 89.5 (the lowest, together with Kärnten, among Austrian state governments) in 2018.

All in all, the dual system seems to guarantee a stable way into the labour market for young people in Lower Austria. Those who start an apprenticeship in Lower Austria will probably finish it and graduate: the region has the lowest share of apprenticeship dropouts among all Austrian state regions (11.6%). This rate is significantly lower than the share of dropouts from full-time schools (AHS

around 20%, BMS<sup>18</sup> around 40% and BHS around 30%), even though direct comparability with data from school statistics is difficult. 18 months after the end of their apprenticeship in 2014/2015, around 75% of the graduates were employed. For other training paths, the share of employed persons at this point in time was below 50%. Around 11% of apprenticeship graduates are registered as unemployed 18 months after completing their training, 10% are not active and 4% are still in training. The share of registered unemployed is significantly higher than for other training paths, as most apprenticeship graduates want to enter the labour market directly. For other tracks, especially AHS and BHS, continuing education is the most common option. In particular, 48% of BHS graduates were in (further) training or education 18 months after completing their A-levels, 36% of BMS graduates and 84% of AHS graduates.

### 5.3.3 Suburban case in Lower Austria

The Public Employment Service (AMS) of the administrative district Baden facilitates apprenticeship positions. Our suburban case study is part of that district, but figures are only available on district levels. As in the total numbers for the state of Lower Austria, the demand for apprenticeship positions is higher than the supply. In 2016, around 74 apprenticeship offerings were registered, whereas around 122 positions were demanded. Unfortunately, no figures about the role of the so-called ‘supra-company training’ could be obtained for this case. The small amount of numbers of the dual system mirror the weakness of the local economy, as well as the fact that it is mostly based on tertiary sector enterprises. A major challenge according to AMS (2016) is the concentration of vocational training companies to just a few professions. The most important professions for the suburban case are trade or food trade, hairdresser as well as metal technician, carpenter or electricians and electronic engineers.

District authorities (school system) and district offices of the Chamber, build up a quite developed structure of local representation. The support of apprenticeship training represents a priority for public and semi-public actors, as reported by the local office of the Chamber of Commerce. Apprenticeship graduates have access to good job and earning opportunities, even more than some university graduates (AS10). The region struggled for decades with the establishment of a local dual training system. Nowadays, the shrinking birth cohorts create a competition within the school system, as the different schools are reportedly “fighting for every student”. Many pupils opt for the AHS, while BHS and BMS also have lower entrance requirements.

### 5.3.4 Rural case in Lower Austria

It is difficult to retrieve data and information about the provision of vocational training and apprenticeship in the rural case. Due to data availability, open apprenticeship positions account for the administrative district of *Zwettl*. In 2016, the positions were limited to 9 open positions and 49 positions that will become open in the future (see AMS 2016), whereas 18 persons demanded apprenticeship positions. It must be said, that not all apprenticeship positions are registered at the Public Employment Service. Therefore, these figures should be considered only as indicative, while no figures about supra-company training are provided. Therefore, the mismatch between offer and demand is not so pronounced, as a very limited number of young people searching for apprenticeships

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<sup>18</sup> It should be noted that the first school year in BMS is often attended as an alternative to the polytechnic school and many start an apprenticeship afterwards.

are traceable. Similar to the suburban case, a local challenge is instead the concentration of vocational training companies to just a few professions.

Reportedly, the region productive system is struggling due to aging, population decline and their impact on the labour market (KR05). The small municipalities present some differences and peculiarities, having however in common the role of agriculture and forestry and the link with the pole of attraction of Vienna. While post-secondary and tertiary technical training is on the rise in Lower Austria, this does not hold true for the *Waldviertel*. The region also lacks bigger firms like the Welser company in the neighbouring *Mostviertel*, with their own attractive training centres. In order to get school-based or apprenticeship training, the main option for young people is therefore moving or commuting. Nevertheless, local firms tend to engage in the quest for apprentices. This is exemplified by the *Wirtschaftsforum Waldviertel*, an association of around 180 companies organising initiatives and exhibitions in order to attract apprentices.

The above mentioned trends of depopulation, migration or commuting, competition in the local labour market for attracting and retaining young people before they decide to move on to further education in other localities and cities development, combine together creating a peculiar configuration. As a result, the unemployment rate is extremely low (for instance, a reported 3.3% in *Zwettl*), while the number of vacant apprenticeship positions is growing. In the early 2000s, unemployment was higher in rural areas, now the situation is reversed, as the population and young people in particular move to urban areas, for labour market and educational reasons, like of course Vienna, but also *Sankt Pölten*, *Wiener Neustadt*, locations of tertiary education institutions (universities and *Fachhochschulen*). As a result, urban areas are now the main labour market policy hotspots (KR09).

### 5.3.5 Similarities and differences among the three case studies

All our case studies are situated in Eastern Austria, i.e. the part of the country where the apprenticeship system is less developed. Notwithstanding, Vienna and Lower Austria are leading a small reprise in the number of apprentices after 2017. The dimension and attractiveness of Vienna create different characteristics and challenges for local labour market and social inclusion. The city depicts itself as an international service hub, so that educational tracks providing high educational qualifications and skills represent the focus of many strategies and policies. However, the relative high youth unemployment rates in the Austrian context and the continuing migration flows create challenges related to social inclusion of low qualified and low educated young people. This highlights the relevance of the dual system as “lower” track for integration in the labour market. Outcomes are positive both in terms of employment and income, as shown by the evidence available. However, the access to the system is based on competitive selection procedures by the firms, resulting in exclusionary dynamics for young people, often with a migration background, lacking basic skills. This is especially true for the urban and suburban cases. The public actor tries to intervene on this nexus by fostering supra-company training and by subsidizing apprenticeship positions.

The suburban and rural cases are not worried by unemployment or early school leaving, also due to the high numbers of commuting young people to the close city of *Baden*, *Zwettl* or Vienna. In particular, the job market, economic system and educational opportunities in Vienna are important for the local economy but tend to attract youth and labour force as well. Educational institutions such as BMS, BHS but also part-time vocational schools for apprentices are almost absent in the rural and suburban case. This implies the necessity for young people to move or commute to bigger regional centres. Some firms training apprentices are identifiable, but they usually need to cooperate with external educational institutions.

In the local economy, firms are competing with schools to attract and train apprentices, being aware that young people moving or commuting to search for a job or get further education might not want to come back afterwards. Lack of qualified applications seems to be a problem especially for urban and suburban localities. It can be an effect of the tracking system with “better” students not choosing the NMS and then the VET path, rather opting for AHS; or it can be related to the increasing attractiveness of BHS and tertiary education by pupils and families.

## 6 Part 3 – Priorities and Social Investment Strategy

Vocational education and training is a crucial part of Social Investment strategies aiming at connecting economic growth and social inclusion, thus fostering wider well-being and quality of life. Vocational training should pursue the simultaneous functions of developing human capital and facilitating transitions into the labour market. Our aim is to understand how these policy goals are enhanced through a multilevel governance structure and how spatial disparities are considered in the provision of training, especially in the provision of dual apprenticeship.

Vocational training (VET) plays a vital role in the Austrian education system, as vocational qualifications structure the opportunities of young people in the transition from education to the labour market. Conversely, employers highly rely on the qualifications provided by the education system when hiring their employees. Certificates/diplomas are generally very important, although for most jobs they are not a formal requirement. The Austrian specificity in the educational system is the dualistic structure of the VET system, given by the coexistence of school-based VET and apprenticeships (dual apprenticeship). These tracks cover nearly all economic sectors and lead to different qualification levels, going from upper secondary to short-cycle tertiary education. Primary focus is the participation in the labour market, but there are many opportunities for proceeding into further tertiary education. However, these opportunities are mainly used by pupils from school-based VET. The dual apprenticeship presents a very tight connection with the labour market, especially with smaller firms.

Policies related to vocational training have no explicit territorial focus in Austria. Policy reforms mostly focused on qualitative improvements while rescaling reforms in the multilevel governance structure have been almost absent. The main responsibilities for planning and implementation of VET policies in Austria lie primarily at the federal and state level. The centralisation of services is mainly aimed at providing qualification that can be equally recognised by employers throughout the country. The goal of adaptation to local contexts is then pursued through the autonomy of school clusters or through the involvement of private and semi-public actors. This holds true especially for the dual system of apprenticeship. For school-based VET, the distribution of school institutions in the territory is unbalanced towards bigger cities like Vienna. In smaller centres the range of opportunities for young people is tighter, as we saw for the Austrian suburban and rural case, and pupils must often resort to commuting. If we look at the dual system, the situation is slightly different, because of the more relevant role played by private actors (firms) in the provision of training. The provision of *Lehre* is tightly linked to the local characteristics of the labour market and local economy. However, one has also to observe that in the Austrian context, innovative firms tend to rely more on labour force trained in BMS and, especially, BHS.

### 6.1 Diagnosis

The dual system helps young people bridging the transition to the labour market by developing their experience-related human capital. It provides medium level job qualifications and opportunities for

young people, in tight relationship with the specific territorial traits given by firms' characteristics. However, one has also to observe that in the Austrian context, innovative firms tend to rely more on labour force trained in BMS and, especially, BHS. In addition, graduates from school-based VET often opt for further education while this option is less explored by apprentice graduates. The latter tend to enter directly in the labour market and usually do not seek higher education. Consequently, 18 months after graduation, around 75% of former apprentices are employed (ibw, 2019). Other data provides evidence of the high vocational usability and labour market relevance of VET in Austria: apprenticeship graduates face a low unemployment risk, 3.8% in 2018, quite close to the risk characterising graduates from BMS, BHS and even tertiary educated (see Table 6). Moreover, after having completed apprenticeship, a number of former apprentices get hired by the same employer (Moretti et al., 2017). In 2014, two years after completion of their apprenticeship, more than one third (37%) of all (former) apprentices (women: 32.3%, men: 39.5%) were still working for the company that had trained them (BMASGK, 2019).

**Table 6: unemployment rates in Austria according to higher educational qualification (2017-2018)**

Qualification	% 2017	% 2018
Low educated (ISCED 0-2)	13.5	12.1
Appr. Graduates	4.7	3.8
BMS	3.5	3.3
BHS	3.3	3.6
AHS	7.5	6.2
Tertiary education	3.3	3.3

**Source: ibw, 2019b**

The speed of labour market access could be detrimental for job quality, as higher qualifications could provide better employment opportunities. However, evidence shows that apprentice graduates seem to be able to access relatively good jobs, at least looking at their salary levels. Calculations by the ibw (2019b) show that salary prospects for apprenticeship graduates<sup>19</sup> after 18 months are actually comparable, or even slightly better, than those of graduates from BMS, BHS and AHS. This means that the specific and targeted training received is effective for fast and qualitative labour market entry. As for the other graduates, it could be that salaries increase more over time (after having acquired the necessary practical experience). In any case, it is also very clear that those who do not get at least an apprenticeship (low qualified that completed no more than their compulsory schooling or *Pflichtschule*) are the most disadvantaged in the Austrian system. This low qualified group faces far higher unemployment risks and worst wage perspectives.

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<sup>19</sup> It should be borne in mind that there are of course considerable differences between occupational groups and industries.



Collective skill formation systems, like in Germany, Switzerland or Austria, are based on partial delegation of public goals and services to private and semi-public actors, like training, within a system of regulated responsibilities (Busemeyer & Trampusch, 2012). This gives the dual apprenticeship system in Austria a noticeable capacity to satisfy local needs related to local labour market and economies, as it is based on the engagement of local firms. Firms must invest in their apprenticeship, in order to train skilled labour force specifically fitting to their needs. At the same time, the main aim of the public actor is broadening the access to the apprenticeship positions, as it guarantees good employment perspectives. This is done through direct intervention in supra-company training and indirect intervention through subsidies and supports. In most of the apprenticeship positions in Austria, public funding plays a role, although sometimes fragmented. This feature of the public as coordinating and promoting actor in policy provision is in line with SI concepts. Another goal pursued by the public actor is enhancing the quality of the dual system, through updated training regulations that fit with current labour market requirements. In the same regulations, criteria and guarantees for apprentices are laid down, even if the actual monitoring and sanctioning of the latter appear not to be so pervasive.

The VET system in Austria seems to be comparatively more inclusive than other collective skill formation systems. In the German system, recent contributions pointed out trends towards the liberalisation of the dual system that is reducing its inclusive features (Busemeyer & Trampusch, 2013). We cannot talk about privatisation, as the system has always been based on the will of the firms, but, in the case of VET, the term liberalisation refers to the increasing role played by demand factors and parallel loss of importance of buffer initiative to preserve social inclusion. This trend appears to be less pronounced in the Austrian system. The existence of alternative tracks with good labour market links at the upper secondary level contribute to increased opportunities for young people, reducing the influence of market-driven mechanisms. The fact that many apprenticeship positions are also subsidised by the state increases the inclusiveness of the system, by smoothing the market-driven core of any dual system. However, the tracks of VET could reproduce segmentation according to spatial and social disparities. To start with, the dual system serves as a reliable channel mostly for pupils with less probability of continuing their studies at the tertiary level. Social markers, like ethnic background and gender, still influence the educational opportunities of young students. Secondly, on the side of competitiveness, the school-based tracks and especially BHS exhibit a tighter relationship with innovative and often bigger firms. Finally, from a spatial perspective, people living in peripheral or rural areas are faced with quite restricted options: either commuting or trying to get access to apprenticeship positions made available by local firms.

## 6.2 Priorities

Apprenticeship represents a focal point in Austria, and this drops down to local policy agendas as well. Apprenticeship is still relevant for local firms in Vienna and Lower Austria, as a very relevant institutional channel for school to work transitions. In terms of Social Investment, the effort of the public actor in widening the access to the dual system, as this policy is considered: (1) a key element to promote medium skilled employment also in view of changing economies; (2) a powerful tool for the integration of youth in the labour market and therefore for social inclusion. The main priority in the agenda seems to be the maintenance of the system through promoting the participation of firms through various incentives. This seems to be based on the assumption that a well-functioning dual system would provide opportunities both for the local economy and for young people (especially for those not proceeding into tertiary education). Increasing efforts towards the inclusion of disadvantaged groups are also observed. The public actor at federal and state level promotes social inclusion through apprenticeship via the recent introduction of educational guarantees for young

people until 18, and the design of a growing system of public subsidies for training firms and apprentices. Although still quite fragmented, this constitutes solid evidence in the direction of actively seeking social inclusion. Notwithstanding the effectiveness and policy efforts towards inclusion, we pointed out in previous sections that the functioning of the system also creates dynamics of exclusion and under-representation. In a labour market that highly values educational qualifications, low-qualified without upper secondary education are in fact strongly disadvantaged. Along this standpoint, the dual system offers a viable channel of integration. However, women are still underrepresented, accounting for around 33% of all apprentices (ibw, 2019b). Moreover, the integration of young people with a migration background in apprenticeship training is still problematic. A bundle of causes and their interaction appear to be responsible for their underrepresentation: inadequate knowledge of German is a decisive factor; young people with a migration background may face fears, prejudices and other obstacles during companies' selection of apprentices; finally, young people from a migrant background tend to anticipate their (real or presumed) low chances and do not even bother to apply for a training place. This offers a plausible explanation why a proportion of young people with a migrant background in Austria attend a BMS and comparatively few attend a dual apprenticeship training programme. Finally, the enhancement of quality and monitoring of standards in the provision of dual training appears to be a priority. Due to the competition with school-based VET, young pupils with higher competences may increasingly opt for BHS and then tertiary education. This would make worse the complain about apprenticeship applicants lacking basic skills, noticed by several training companies in the dual system.

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# Early Childhood Education and Care (ECEC)

## Executive Summary

Early Childhood Education and Care (ECEC) is a crucial policy field within the Social Investment approach (Esping-Andersen, 2002; León, 2017; Morel et al., 2011). The European Union defines ECEC as the provision of care facilities for children “from birth through to primary education that falls within a national regulatory framework, i.e., it has to comply with a set of rules, minimum standards and/or undergo accreditation procedures” (European Commission, 2014, p. 19). This framework must “comply with a set of rules, minimum standards and/or undergo accreditation procedures” (European Commission, 2014, p. 19). The provision can be made by “Public, private and voluntary sectors – both publicly subsidised and self-financing private/voluntary sectors are within the scope” (European Commission, 2014, p. 19).

ECEC should promote female labour force participation and the best possible educational opportunities for children at the same time (Bonoli, 2013; Esping-Andersen, 2002), contributing to the development of their human capital stock (Hemerijck et al., 2016). Stock policy functions are designed to develop a person's skills to meet the demands of the labour market and ensure long-term employability (Hemerijck, 2017).

In order to understand the effects of ECEC we have to consider how it is organized, set up and financed. The provision and organisation of ECEC describes the different opening hours, access age and compensation of parents (van Belle, 2016). Furthermore, the role of private and public providers is also highlighted under the organisation of ECEC. The setup of ECEC defines if a country operates a divided or uniform system and whether it is a domestic or centre based care system (European Commission, 2014). ECEC funding defines the extent to which childcare is available and effective for all children. However, the relevance of ECEC in the Social Investment paradigm has also declined according to a territorial approach, that was so far underestimated in SI research.

Due to the state structure in Austria, the states are responsible for the organisation of childcare. More precisely, the Austrian childcare system is characterised by decentralized governance structures. This means that the legislative competence of ECEC lies at the level of the states, while the actual funding takes place at the level of the cities and municipalities (Blum, 2015). Therefore, coverage rate of childcare institutions considerably vary among Austrian regions (Mitterer & Haindl, 2015a). While on average cities in Austria have a 50% of children in formal ECEC services, towns suburbs and rural areas do not reach the benchmark of 33% Barcelona goals. Moreover, the small municipalities face stronger difficulties in financing childcare (Mitterer & Haindl, 2015a).

The following sections provide an overview of the overall governance structure and services provided within the policy field of childcare in Vienna and Lower Austria, especially looking at services for children aged zero to two years. We proceed by first outlining the multilevel governance system of childcare in Austria and its recent shifts as well as local governance systems in section 7. In the subsequent section 8, we consider the specific services provided on the local level. Here, the funding set-up will be reflected for ECEC measures. The final section 9 analysis priorities given in ECEC and their relation to social investment concepts.

## 7 Part 1 – The governance system

### 7.1 Multilevel institutional setting

Due to the federal structure of the Austrian state, the organisation of childcare is responsibility of individual state governments. That means that the minimum age, group size<sup>20</sup>, care key, parental contributions, parental work, equipment, personnel qualification, training and preparation times, as well as personnel remuneration, differ in the 9 states (Baierl & Kaindl, 2011). More precisely, the Austrian childcare system is characterised by a decentralised governance structure.

The financial links in Austria between municipalities, state government and the federal government are regulated by the Financial Equalisation Act “*Finanzausgleichsgesetz 2017*” (Mitterer & Haindl, 2015a). Financial equalization can be understood as the allocation of public tasks, expenditure and income to the various local authorities in the state structure (Zimmermann et al., 2017). Based on this law, municipalities are obliged to provide childcare facilities on the basis of their budget. The exact distribution of costs varies between the states, but municipalities cover a large part of the costs for childcare facilities (Bauer et al., 2017). Due to legal regulations, the municipalities in Austria have the main responsibility for financing childcare facilities and their maintenance. The federal government regulates pedagogical training while the recruitment of pedagogical staff is undergone by the state administration (*Länder*).

Compared to childcare facilities for children aged three to four years, the age group zero to two years shows a higher share of private care providers. Private providers have to comply with the legal regulations of pedagogical personnel education, group size, personnel – children ratio. In Vienna, these regulations are controlled in private as well as public facilities with yearly visits by the municipal department. Although ECEC is the competence of the states, Article 15a of the Austrian Federal Constitutional Law allows agreements to be reached between the federal government and the states (Baierl & Kaindl, 2011). More specifically, Article 15a allows the federal government and the states, to conclude agreements on matters within their sphere of competence (BGBl. Nr. 1/1930, 2004). Since 2009 a total of three 15a agreements were passed relating to childcare. Although the agreements differ in some details, all had the purpose to increase childcare provision all over Austria and make full-time employment of parents possible. In section 7.1. we will describe in more detail the agreements and their consequences for the multilevel governance setting, and the distribution of responsibilities and tasks between state governments and municipalities

In order to classify if a childcare facility is able to enable parents to work full time, the chamber of labour (AK) Vienna developed the VIF (*Vereinbarkeitsindikator für Familie und Beruf* - Reconciliation indicator for family and work) criteria (Neuwirth & Kaindl, 2018, p.22f.). The developed criteria survey the opening hours, closing days and the daily extent of care all over Austria.

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<sup>20</sup> The group size defines how many children can be cared for in one childcare facility. In the field of childcare, the care key or personnel key is an indication of the number of people available to care for other people. It is usually given as a numerical ratio (1 to n) to indicate that, on average, one caregiver is available for n persons being cared for.

A childcare facility fully fills all points if the childcare services are:

- provided by qualified employees
- closed for a maximum of 25 operating days per year
- open at least 45 hours per week
- open at least four working days per week
- open for 9.5 hours per day
- open on weekdays from Monday to Friday
- offering lunch

It is equally important to look at the regional structure in the states. Here, the districts are also examined more closely on the basis of the above-mentioned key questions. On the basis of these criteria, the different childcare facilities are divided into four different groups and assigned as follows:

A: All VIF criteria are met

B: A VIF criterion is not met

C: Two VIF criteria are not met

D: Three or more VIF criteria are not met

These criteria were also used in the course of the 15a agreements in order to get an overview of the current situation and to determine the number of subsidies given from federal government to state governments down to municipalities. The specific funding criteria are described in the respective case study chapters.

On the national level we have several actors who are involved in policy making. First of all we have the Ministry of family affairs. This ministry is responsible for the development of the respective 15a regulations. Next to the ministry of family affairs there is the *Familie & Beruf Management GmbH*. This company is working as a government consultant. Familie & Beruf Management GmbH coordinates and bundles actors from politics and businesses at local, regional and national level. For this purpose, Familie & Beruf Management GmbH designs and develops appropriate compatibility measures.

Although the legal regulations for childcare are regulated at the level of the states, the training of personnel working in the provision of the service is regulated at the federal level. However, the requirements for personnel differ in the individual states and depend on the form of care service. In Vienna, pedagogical professionals need training as kindergarten teachers in upper secondary schools. In Lower Austria a relevant vocational training (kindergarten teachers, social pedagogues, nursery teachers, certified pedagogues) or a 220-hour basic training is a qualification requirement (Baierl & Kaindl, 2011).

## 7.2 Shifts in the last ten years

Childcare policy is a federal policy and there has been no significant rescaling process in the last 10 years. In the last decade the Austrian government supported, as a national strategy, the increase and development of childcare facilities (new built structure in alignment with the Barcelona Goals). Mainly supporting the building of new facilities in municipalities. The 15a measures have created a financial framework to support municipalities in developing childcare facilities. The various 15a regulations had the following task.

The aim of the first 15a agreement was to provide day care for 33% of children under three years of age. This objective was in line with the Barcelona objectives of the European Union. The agreement pursues the joint aim of the federal and state governments to increase the childcare rate for children under three years of age in order to achieve full parental employment (LGBl. Nr. 06/2009, 2008). Secondly, children with a lack of German skills should be supported by institutional childcare facilities in such a way that, that they are able to speak German as the language of instruction according to uniform German standards when they enter the first grade of primary school (LGBl. Nr. 06/2009, 2008). Based on the formulated objectives, the concrete measures and the budget of the federal government were determined in the further course of the agreement. From 2008 to 2010, 15 million Euro a year were made available by the federal government to the state governments for the expansion of institutional childcare and 5 million euros for language promotion measures. The defined budget was distributed on a percentage basis. From research it is not entirely clear what criteria the allocation was made (LGBl. Nr. 06/2009, 2008). However, 15a regulations usually use demographic criteria like number of residents to allocate budgets.

The second 15a regulation that passed on 1<sup>st</sup> September 2009, aimed at providing all children with the best educational opportunities and a chance to start their careers, regardless of their socio-economic background. For this reason, children in the last year before compulsory schooling should attend suitable institutional childcare facilities of at least 16 to 20 hours on at least four days a week. Additionally, half-day visits of 20 hours per week to suitable institutional childcare facilities in the last year before compulsory schooling are to be free of charge in order to further reduce the burden on families. Furthermore, the educational tasks of childcare facilities, the extent of the obligation to attend and the funding by the federal government were defined. In the agreement, the federal government provided grants of 70 million euros each to cover part of the costs incurred by the *Länder*, local authorities and the maintaining bodies for the *Kindergarten* years 2009 to 2015. The amount was divided according to the proportion of five-year-old children per state who are required to attend *Kindergarten* (BGBl. I Nr. 99/2009, 2009).

The results of the various 15a agreements and efforts in the promotion of childcare was a strong expansion of childcare facilities in the last few years. The total number of children in care has increased by 17% from 2007 to 2015. The Barcelona target (90%) for this age group of three to five-year-olds was thus achieved. Nevertheless, the 33% rate of children in the age group zero to three years was not reached (26.5% in 2018/2019).

**Table 7: Percentage of children in ECEC services by household type and degree of urbanisation in Austria, 2016**

<b>Percentage of children in ECEC services by household type and degree of urbanisation in Austria, 2016.</b>			
	Cities	Towns and suburbs	Rural areas
Singles with dependent children	63.8	55.7	47.9
Three or more adults with dependent children	90.9	25	31.5
Two adults with one dependent child	21.4	17.1	10.6
Two adults with two dependent children	33.7	15.7	14.9
Two adults with three or more dependent children	42.7	41.2	35.5
<b>Mean</b>	<b>50.5</b>	<b>30.94</b>	<b>28.08</b>

Source: calculations based on Eurostat online database, 2019

However, due to the strong responsibility of the municipalities, the expenditure of the municipalities increased by 70% (Mitterer & Haindl, 2015a). Although there were various funding arrangements by the federal government and the states in order to support this task, the main costs of childcare expansion were and still are mainly covered by the individual municipalities (Mitterer & Haindl, 2015a).

In the course of the reform of the Financial Equalisation Act in 2017, it was planned to distribute the financial resources for municipalities according to certain criteria. *Länder* and municipalities that are particularly good at fulfilling their tasks in elementary education should also receive more money in the future. This measure was however removed from the law in 2018.

### 7.3 Local governance systems

As mentioned before, the Austrian childcare system is characterised by a semi-decentralised governance structure. The main competence for policy design lies in the hand of the individual states. However, municipalities are the main actors responsible for funding and implementation. As already discussed in detail in previous reports and in the introduction of this report, the urban case of Vienna is a special case because it is a state and a municipality at the same time. This has consequences on the provision of childcare, as policy design and policy implementation happen at the same institutional level. The suburban and rural case are instead located in the state of Lower Austria. Overall, the care ratio for 0-2-year olds in Lower Austria is 16.5%, while in Vienna it is 44% (Statistik Austria, 2019). The two states have quite diverging policies on ECEC. While the capital city puts a lot of effort and finances into ECEC and has a broad range of public, private and mixed ECEC, Lower Austria struggles with supplying care especially in its rural parts. In the following section the design of childcare policies will be first analysed on the federal level. Then, the actual policy implementation



and the range of actors involved in the two states (*Länder*) will be illustrated and discussed in the specific cases.

### 7.3.1 Urban case

In Vienna the provision of childcare for children aged zero to two is organised in crèches (*Kleinkinderkrippen*) and children groups (*Kindergruppen*). They take over childcare outside the family for children from zero to two years and are mainly run by private non-profit organisation. While crèches are run for children from zero to two, children groups are mixed groups allowing for childcare from zero to 16. The latter option is rarer in Vienna than in rural parts of the country except for private Montessori Schools. Mixed groups in Vienna are only for children from zero to six years. Mostly, out-of-home childcare is divided in branches of zero to two years, 2.5 to six years, and after school care for up to 14-year-old children. There are also private baby minders that mostly look after children from the ages zero to two.

Crèches are regulated through the Vienna Kindergarten Act *Wiener Kindergarten gesetz*. Children groups are regulated through the Daily Care Regulation *Wiener Tagesbetreuungsverordnung*. The Day Care Regulation, defines (LGBl. Nr. 40/2016, 2016):

- Training courses for childminders
- Requirements for admission to training courses for childcare workers, childminders
- Areas of training and hours of care
- Requirements for the qualifications of the childminders
- Completion of the training courses for childminder
- Requirements for the premises
- Maximum number of children cared for

The Vienna Kindergarten Act regulates the organisational and legal requirements while the Day Care Regulation defines the tasks of a childcare institution. According to the Act, childcare institutions in Vienna have the task, in addition to the family, of promoting the development of the overall personality of each child and his or her ability to live in the community. A childcare facility should support the child in the development of its physical and mental powers, according to the secured knowledge and methods of pedagogy (LGBl. Nr. 35/2019, 2019). Furthermore, the focus should be on the joint education and care of children from different cultural and social backgrounds as well as their individual physical and mental characteristics. Childcare facilities should accompany children on their way to a self-determined and self-responsible life in the community through a democratic style of leadership independent of gender norm fixations. It is also stated that these institutions should make it possible for parents and legal guardians to reconcile work and family life (LGBl. Nr. 35/2019, 2019).

In general, childcare is heavily subsidised by the City of Vienna. However, there are no figures how many facilities are subsidised, which has also been criticised by the city's audit court<sup>21</sup>. The municipal department for childcare (*Magistratsabteilung*) MA10 is the government body responsible for childcare policy in Vienna. It is responsible for management of the kindergartens and after-school care centres of the City of Vienna, but also for the further development of childcare facilities. As

<sup>21</sup> <http://www.stadtrechnungshof.wien.at/berichte/2016/lang/01-27-StRH-II-10-1-14.pdf>, 19.04.2018

there are both public and private childcare facilities, MA10 also has the task of strengthening the expansion of childcare facilities with private providers. In this context, MA10 advises private entities on the planning and implementation of construction measures concerning kindergartens and day care centres. It is also responsible for providing expert advice to the management of company kindergartens of the City of Vienna.

The childcare provision is designed to levy the financial burden and helping work-life conciliation. On average, parents only have to pay for lunch meal costs in childcare facilities. However, the payments are gradient and there are cost levels according to socio-economic characteristics: for instance, socially disadvantaged families are eligible for exemption from these lunch contributions. A place-based criterion is also in place: the free or subsidised childcare offer is only available to people whose main residence is in Vienna. Persons who are registered outside of Vienna, but whose children attend a Viennese childcare facility due to professional activities of parents, are subject to special payment regulations. Depending on the extent of care (half day or full day) the price varies from € 158,95 to 268,55 per month.

### 7.3.2 Lower Austria

Similar to Vienna, Lower Austria has two main care institutions that provide childcare services for children from zero to two years. *Crèches (Krippen/Krabbelstuben)* and day care facilities *Tagesbetreuungseinrichtungen* which are mostly run by private organisations associations. In the latter, day care facilities, children from zero up to 16 years are looked after. This facility serves both as full-day care for non-school-age children as well as afternoon care. The second type of care that falls under day care facilities are crèches. These childcare facilities are specially designed for children from zero up to three years. The Day Care Regulation defines the legal framework conditions for the operation of age-extended groups and crèches, but no costs or subsidies are defined in this law (LGBL 5065/2-0, 2015). In addition, children from 2.5 to compulsory education (at six years) are looked after in kindergartens which is the most common form of ECEC. In 2018 (Statistik Austria, 2019, p. 77f.), there were 2,578 children (predominantly zero to three years) registered in crèches and 2,474 children (predominantly zero to 12 years) in mixed-age day care facilities in Lower Austria. Most children (two to six years), 53,617, are however looked after in kindergartens. Overall, especially rural areas use the option of mixed-age groups since it allows to cover a wider range of children with low user numbers (EC01).

As the main competence for childcare lies with the individual states, the state administrations also have the possibility to distribute the funds from the 15a regulations. In this context, municipalities must meet certain criteria in order to receive federal funds from the 15a regulation. Subsidies for the expansion of childcare can be granted for the following measures:

- Investment cost subsidies for the creation of additional childcare places
- Investment grants to achieve VIF-compliant opening hours
- Personnel cost subsidies for a maximum of three years of operation (valid until 31 August 2022 at the latest) to achieve VIF-compliant opening hours or to improve the care key<sup>22</sup> to 1:4 for those under three years of operation

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<sup>22</sup> In the field of childcare, the care key or personnel key is an indication of the number of people available to care for other people. It is usually given as a numerical ratio (1 : n) to indicate that, on average, one caregiver is available for n persons being cared for.

- Investment cost subsidies to increase accessibility
- Investment in the creation of new childcare facilities for each additional childminder
- Grants for training courses in accordance with the Federal Quality Seal for childminders
- Subsidies for wage costs and administrative expenses for the employment of additional childminders

Only institutional childcare facilities and legally recognised childminders are eligible for support. In contrast to Vienna childcare services for children from zero to two in Lower Austria are not free of charge. Depending on the current employment situation of parents and households, there are two different subsidies aiming at supporting parents financially, helping them to afford childcare services. First, there are subsidies for working parents provided by the state government. It was not possible to get a clear and complete picture on the subsidies. The amount of the support depends on the family income. The subsidy is based on the share of the recognized costs in the range of the family income. Second, for non-working parents a subsidy is provided by the Public Employment Service Austria (AMS – *Arbeitsmarktservice*). Support is given to unemployed people who take part in further training, have found a new job, but also to people who cannot afford childcare due to their low economic activity (working poor)<sup>23</sup>. Although childcare facilities are financed by the individual municipalities, the financing of the personnel is taken over by the state (*Länder*). Personnel recruitment for crèches and non-pedagogical helpers in kindergartens is done by municipalities. Pedagogical personnel in kindergartens are recruited by the state administration.

The kindergarten department of the Lower Austrian government bears the main responsibility for policymaking. The office's remit covers all childcare matters; kindergarten and company childcare facilities in the state; the control and implementation of the Childcare Act and the Day Care Regulation. In addition, this office regulates the subsidies of parental contributions, and parental contributions. The Childcare Office is also responsible for the 15a funding. The maintenance and construction of childcare facilities in Lower Austria is usually delivered by municipalities, private persons or religious organisations, although with age-specific delivery differences. Mostly, childcare for zero to two years is provided by private or public-private organisations, while 2.5 to 6-year olds are mostly looked after in public facilities. The constructions of public Kindergartens are usually approved and subsidised by the state government. Whereas private Kindergartens are usually not subsidised but need to fulfil all 'regional' regulations before they are approved.

In the suburban and rural cases, every municipality has a Kindergarten. Financially speaking, the provision for care in kindergartens (2.5 to 6 years) between 8 and 13 o'clock is free of charge, whereas afternoon care accounts to at least € 50<sup>24</sup>. Nurseries (0 to 2) are not free of charge. Nevertheless, for all childcare facilities, subsidies from the state government or the public employment service (during re-training and workshops) can be obtained. Costs for childcare also account as tax deductions.

<sup>23</sup> <https://www.ams.at/arbeitsuchende/karenz-und-wiedereinstieg/so-unterstuetzen-wir-ihren-wiedereinstieg/kinderbetreuung-beihilfe-#inwelchensituationenuntersttzenwirsie>

<sup>24</sup> <https://noe.arbeiterkammer.at/beratung/bildung/vorschule/Kindergarten.html>, 19.04.2018

### **7.3.3 Suburban case in Lower Austria**

In the case study area, 37 childcare facilities serve 2,002 children in total. In Lower Austria, the majority of the existing Kindergartens are operated publicly, where personnel costs are paid by the state government and the facility maintenance is paid by the municipalities. All 22 Kindergartens in the suburban case are publicly operated. Five nurseries offer care for children aged between zero and three. Additionally, two mixed-age facilities serve children aged from zero to six.

### **7.3.4 Rural case in Lower Austria**

Although individual municipalities have no competence in policy making, the main responsibility for the development and financing of childcare facilities lies with them. In addition, municipalities must not only operate public childcare facilities but also support private organisations in the operation and maintenance of childcare facilities. Compared to other states, Lower Austria shows a high share of childcare services by private providers. Although there is a high proportion of private providers, these are also subject to the legal regulations of the federal government. In the rural case *Waldviertler Kernland* almost all childcare facilities for children from zero to two are provided by non-profit private associations.

A particular trait of childcare provision to be pointed out in the rural case is the very strong involvement of associations in the development of childcare services in the region. These associations are specifically founded to provide childcare and receive public support (like use public facilities) for their care work. Their focus is not only on the formal regulations but they also try to improve public opinion regarding childcare. Especially in rural areas in Austria a traditional breadwinner model is still prominent according to our interviewees. Although rural areas are often structurally disadvantaged, the traditional breadwinner model is often reproduced by local governments (EC01). The issue of a breadwinner-mentality is also reflected in the care rate of under 3-year old children.

## 8 Part 2 – Activities and services

### 8.1 Description

In Austria, the number of children aged zero to three years in childcare facilities has doubled between 2013 and 2018. The number of children in childcare facilities in Lower Austria increased by 89% between 2013 and 2018, while Vienna also recorded an increase of 52%. Being the organisation of childcare responsibility of the individual states, the minimum age, group size, care key, parental contributions, parental work, equipment, personnel qualification, training and preparation times as well as personnel remuneration differ in the 9 states (Baierl & Kaindl, 2011). This is illustrated by the comparison in the following table as an example:

**Table 8: Closing times of childcare facilities in Vienna and Lower Austria (Statistik Austria and Gumpoldsberger, 2019)**

	11:59 or earlier	12:00 to 14:59	15:00 to 16:29	16:30 to 18:59	19:00 and later
<b>All childcare facilities in %</b>					
Lower Austria	0	23	39	37	1
Vienna	0	0	3	96	0
<b>Crèches in %</b>					
Lower Austria	0	22	39	38	1
Vienna	0	0	3	96	0
<b>Age-extended groups in %</b>					
Lower Austria	1	17	22	58	2
Vienna	0	0	6	94	0

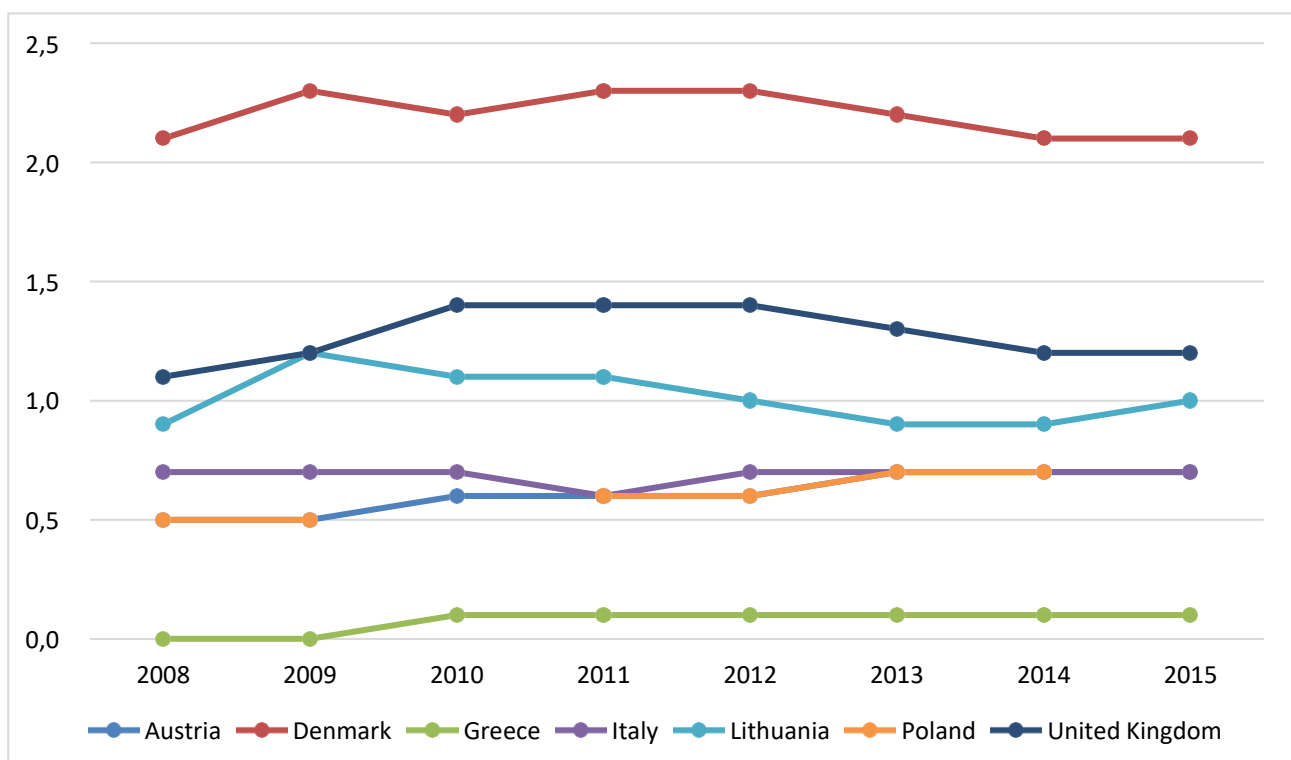
Source:

[https://www.statistik.at/web\\_de/statistiken/menschen\\_und\\_gesellschaft/bildung/kindertagesheime\\_kinderbetreuung/index.html](https://www.statistik.at/web_de/statistiken/menschen_und_gesellschaft/bildung/kindertagesheime_kinderbetreuung/index.html)

The table shows that there is a considerable difference in opening hours between Lower Austria and Vienna. It shows that 96% of the childcare facilities in Vienna are closed between 16:30 and 18:59. Observing the opening hours in Lower Austria a different picture emerges. In Lower Austria more than half of the childcare facilities close before 16:30. This pattern runs through the individual care institutions. On average, childcare facilities in Vienna have longer opening hours than in Lower Austria (Statistik Austria & Gumpoldsberger, 2019). Other than Lower Austria, the city of Vienna makes ECEC a primary target to provide childcare more attuned to modern working life and also to tackle issues of education and integration early on (Magistratsabteilung 10, 2019).

## 8.2 Main changes and innovations introduced in the last ten years

Austria spent 2.65% of its GDP on services and in-kind benefits for families in 2015. The indicator “public spending on services for families (benefits in kind) with children”<sup>25</sup>, includes direct financing and subsidising of providers of childcare and early education facilities, public childcare support through earmarked payments to parents, public spending on assistance for young people and residential facilities, public spending on family services, including centre-based facilities and home help services for families in need. Nevertheless, it also shows that the expenditure has decreased in recent years. Compared to the other COHSMO countries, Austria is in the middle of the field in terms of spending on services and in-kind benefits for families. Austrian expenditure is much less than a northern country like Denmark, and still less than a liberal country like UK and a eastern country like Lithuania, while it is in line with a southern country like Italy and with another eastern European country like Poland, and more than Greece.



**Figure 6: Public social expenditure on services and in-kind benefits for families as a percentage of GDP; Source: [https://www.oecd-ilibrary.org/social-issues-migration-health/family-benefits-public-spending/indicator/english\\_8e8b3273-en](https://www.oecd-ilibrary.org/social-issues-migration-health/family-benefits-public-spending/indicator/english_8e8b3273-en)**

The main rationale behind the provision of childcare, in a SI perspective, is that early childhood education and care should increase parents’ employability, particularly female employment (Hemerijck, 2017, p. 22) and facilitating work-life conciliation. If we look at the proportion of women with children in part-time employment, it shows that the proportion has increased from 55.9% in 2009 to 60.4% in 2018. This shows only a minimal change in part-time employment of women with children. If we look at women without children in part-time employment, a different picture emerges. Here, only 35.5% of women will be in part-time employment in 2018. When comparing men with

<sup>25</sup> [https://www.oecd-ilibrary.org/social-issues-migration-health/family-benefits-public-spending/indicator/english\\_8e8b3273-en](https://www.oecd-ilibrary.org/social-issues-migration-health/family-benefits-public-spending/indicator/english_8e8b3273-en)

children and men without children in part-time employment, no relevant influence of parenthood on the extent of employment is found. In 2018, men with children even have less part-time employment (6.8) than men without children (10.9). These numbers highlight a traditional mindset about family and care work in Austria. Even though the government invested in the expansion of childcare, the majority of women with children still work part-time. Reasons for this might be the lack of affordable full-time childcare outside the cities and a prevailing male breadwinner-model mentality (Wörister 2003; Baierl & Kaindl 2011, S. 13; Haider et al. 2004).

## 8.3 Local Policies

### 8.3.1 Urban case

A total of 2,858 childcare facilities are operated in Vienna, 71% of which are run by private providers. Of these, 658 nurseries with 62% are private providers and 1,161 mixed-age groups with 88% private providers. The maintenance of 839 public childcare facilities in Vienna are usually carried out by the Viennese districts, whereas construction is the responsibility of the city administration. As only one third of Vienna's childcare facilities are public, the remaining 2,065 facilities are maintained by private operators (legally in the form of non-profit associations). Around 23% (656) of the facilities are day nurseries (for children until the age of three), 26% (754) are kindergartens (for children aged between three and six), around 12% (333) are after school care facilities and the 40% (1,161) are mixed-age facilities<sup>26</sup>. However, to meet the demand of the city, privately run childcare facilities are, if eligible, usually funded by the city of Vienna. 62% of the 658 nurseries, and 88% of the 1,161 mixed-age groups are run by private providers. Again, there are no clear figures on the number and share of subsidised facilities available. All private childcare facilities need to fulfil all legal regulations before they are approved by the administration (*Wiener Kinder- und Jugendhilfe*).

The maintenance and constant control of pedagogic standards is done by the City administration. A dedicated department of the city administration (MA10) regulates the access to public childcare facilities, as well as registers children for private childcare facilities. According to the website of the city of Vienna<sup>27</sup>, nearly 100,000 kids are registered and authorized for childcare facilities, whereas nearly 40% are registered for a Kindergarten, around 18% for after school care, 17% for mixed age groups (children from zero to six<sup>28</sup>) and around 15% for day nurseries. Other than in Lower Austria, the state of Vienna defines mixed-age groups only up to the age of six. In the city, the differentiation of ECEC is much more pronounced and demanded than in the large territory of Lower Austria which covers low-demand rural parts. Only a minor share, around 10%, are registered for family-like care groups and childminders. These forms of childcare need a special authorization by the local administration and are much more common outside the capital.

It is also stated on the website, that childcare enrolment for children until three years of age is 44% and the rate for children aged between three to six is 94%. In comparison to the other states, Vienna has the highest care rate for the age group from zero to three years. In the interviews Vienna was described as clearly ahead, especially in terms of childcare services. "Vienna is the best that can happen to you in Austria" (CU01, 44:55). Throughout our interviews, respondents mentioned especially opening hours and fewer closing days of childcare facilities in Vienna to accommodate

<sup>26</sup> usually from the age zero up to 16; but also from three to 10 is possible – see:

<https://www.wien.gv.at/statistik/bildung/kinderbetreuung/index.html#Definitionen>, 08.04.2020

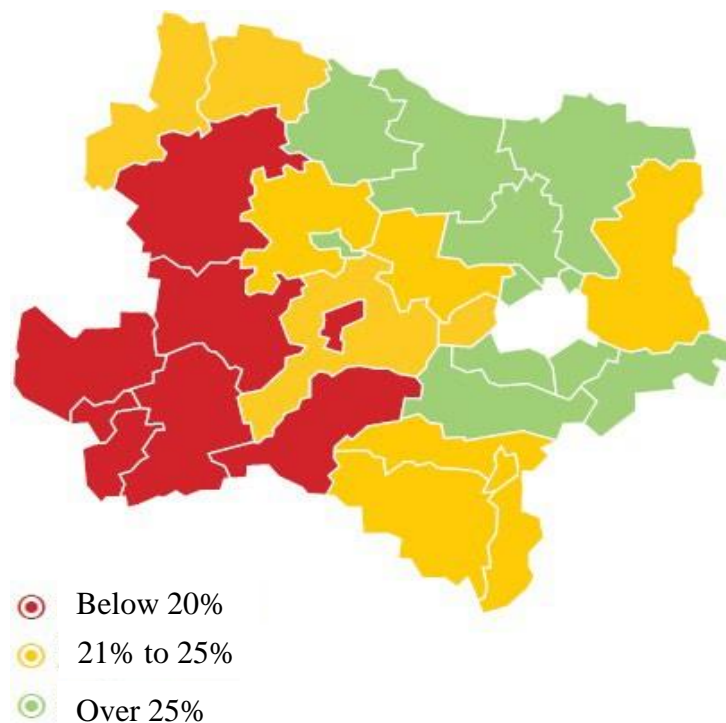
<sup>27</sup> <https://www.wien.gv.at/statistik/bildung/kinderbetreuung/>, 08.04.2020

<sup>28</sup> Other than in Lower Austria (and other states), mixed groups are from the age 0 to 6 instead of up to 16 years old.

modern working needs. Conversely, they pointed out that in the city, childcare services, schools and teachers lack the proper funding and structures to deal with the particular challenge of more non-German speaking children and pupils. Interviewees mentioned the high-quality infrastructure of the city, but also the increasing demand of childcare facilities and schools while at the same time they saw public funding as decreasing. Another interviewee describes budget cuts as based on tension between federal and state government. Affecting especially social service areas of childcare, education and participation. For example, the federal agreement for the linguistic demand of the free kindergarten final year expired in August and what will become of it is unknown (AU01, para. 43).

### 8.3.2 Lower Austria

The maintenance and construction of childcare facilities in Lower Austria is usually delivered by municipalities, private persons or religious organisations, although with major differences when it comes to age-specific services. The construction of public Kindergartens is usually approved and subsidised by the state government, whereas private Kindergartens are not subsidised and need to fulfil regulations before they are approved. The childcare rate for children under three years of age in Lower Austria shows very large regional differences between suburban and rural parts. The rural case *Waldviertler Kernland* is located in the north-western part of Lower Austria, in the district Zwettl. This part of Lower Austria shows a childcare rate of less than 20% for children under three years old. This means that less than 20% of children under three years of age in this district are cared for in institutional care facilities. A different picture can be seen in the suburban area. The suburban case *Kleinregion Ebreichsdorf*, south of Vienna, shows a higher supply rate compared to the rural case. There, more than 25% of children aged zero to three years are cared for. As mentioned before, the male breadwinner model seems to prevail in some parts of Lower Austria. The interviewee (EC01) from the rural case confirmed this and highlighted that subsidised childcare associations see the need to work in the realm of public opinion against this traditional mindset hindering female (full-time) employment.





**Figure 7: Care rate for under 3-year-olds in Lower Austria; Source:**  
[https://noe.arbeiterkammer.at/kinderbetreuung\\_2019.pdf](https://noe.arbeiterkammer.at/kinderbetreuung_2019.pdf)

In Lower Austria 23.4% of crèches and 56.9% of the age-extended groups are run by private providers. Especially in the rural case, all facilities for children aged zero to two years are provided by private providers. However, this shows that only a small proportion of children receive full-day care. A large part of the children in care are only looked after for a few hours a day. This has less to do with opening hours than with parental behavior (EC01).

### 8.3.3 Suburban case in Lower Austria

In the case study area, 37 childcare facilities serve 2,002 children in total<sup>29</sup>. All of the 22 Kindergartens in the case study area are publicly operated. In the case study area, five nurseries offer care for children aged between zero and three. Additionally, two mixed-age facilities serve children aged from 0 to 6. Every municipality has at least one Kindergarten, the biggest municipality (Ebreichsdorf) even has six Kindergartens, whereas only the bigger municipalities (5 in total) provide a day nursery or mixed-age facility.

According to interviewees (AS01), the provision with childcare facilities seems to cover local needs,. In general, the interviews highlighted the advantage of the suburban region with respect to the wide range of childcare but also other social services. There, in particular, the availability of childcare has improved significantly in recent years. However, it is also mentioned that due to the strong population growth the existing care facilities such as childcare are no longer sufficient (AS01).

### 8.3.4 Rural case in Lower Austria

In the rural case area 23 childcare facilities serve 516 children in total. All 14 Kindergartens located in the case study area are publicly operated. Day nurseries, on the contrary, are always operated by private associations. In the case study area 9 nurseries, even more than in the suburban case, offer care for children aged between 0 and 3. All of them are operated by the association “NÖ-Kinderbetreuung”, which also offers after school care for the ages 6 to 12. In general, every municipality has a Kindergarten. Based on the desk research of local documents and the interviews carried out for this report, explicit policy challenges in the locality did not emerge.

In terms of childcare, the collaborative organisation of Kindergartens and afternoon care has proved to be necessary in the locality, due to the unavailability of state provision for the small numbers of users. The issue of childcare within the rural case study was a focus of the municipal collaboration Kleinregion. Local development has focused significantly on childcare provision. However, the decision whether a childcare facility for children between zero and three is supported or operated by the individual municipality’s council is very much dependent on the mayors (EC01). Interviewee EC01 mentions that often older male mayors do not see any sense in early childhood education and that they see the education of children as a maternal duty. This supports the assumption of a struggle against traditional mindsets in the rural case.

On the other hand, childcare provision has been boosted through direct political intervention at the state level and by innovative business actors on their own. Associations formed to provide ECEC for the public and one business owner set up childcare with longer opening hours for his employees. New

<sup>29</sup> <https://goo.gl/iUrCH8>, 19.04.2018

childcare facilities have been created which at first were considered unsustainable due to the smaller numbers of children than is standard for state childcare facilities. This highlights that the rural case holds considerable resources that have been invested quite effectively, providing substantial social gains in ECEC.

Critical responses (AL07) mentioned infrastructure as an issue for life chances as well as a general failure of the political class and governance forms to transform the prospects of the region. Interviewees especially saw childcare services as a central challenge for the region's development. Public authority actors connected childcare especially to female employment and independence. Furthermore, women still play a minor role both in politics and economic spheres. Women's main role as caregivers is tied to conservative attitudes and other structural conditions like access to full-time childcare. First and foremost, childcare services are usually limited to the early morning hours and school days. Commuting takes longer and local jobs are mainly in the first and second economic sector.

### **8.3.5 Similarities and differences among the three case studies**

Although childcare in Austria has been expanded in recent years, there are large regional disparities in the coverage of childcare facilities. There are different framework conditions for childcare provision in each state. With the size of the municipality, the number of childcare facilities increases significantly. In addition, there is a backlog demand for childcare facilities, especially in rural areas (Mitterer & Haindl, 2015a). Whilst the supply in Vienna is to a large extent – around two-third – provided by private operators, the provision of childcare in the two other cases are mostly provided by public authorities, with the exception of care facilities for small children (zero to two years).

The supply of kindergartens is in all cases satisfying, as reported by interviewees and document analysis, although afternoon care is tied to fees in the suburban and rural case, whereas the local supply with day nurseries is generally low. Vienna, shows a considerable number of nurseries, whereas in the suburban case the supply is clearly limited and shows distinct intra-local disparities. Other than expected, the situation in the rural case seems to not be critical, where one provider offers a day nursery in nearly every municipality, therefore, fulfilling, at least to some degree, the limited local demand.

In order to compensate for these regional differences in childcare, experts propose a task-oriented financial equalization system (Mitterer & Haindl, 2015a). Thereby, inter municipal cooperation should be strengthened. Firstly, in order to significantly expand the range of care services offered. Secondly, in order to handle financial resources as efficiently as possible. It is therefore necessary to address the specific regional demographic conditions. In order to guarantee the shortest possible distances for parents and children to the childcare facility in all rural municipalities, the federal government would also have to make appropriate funds available for the associated under-utilized groups (Mitterer & Haindl, 2015a). Depending on the number of children cared for, task-related indicators should be developed. Based on these indicators, the budget should be distributed efficiently and task-oriented financing should be ensured. Furthermore, a differentiation should be made according to age groups and duration of care. In addition to the task-related indicators, a separate consideration of better service offers (e.g. less closing days, longer opening hours) or special charges (e.g. high proportion of children with non-German as their mother tongue) would make sense in the interest of better overall care (Mitterer & Haindl, 2015b).

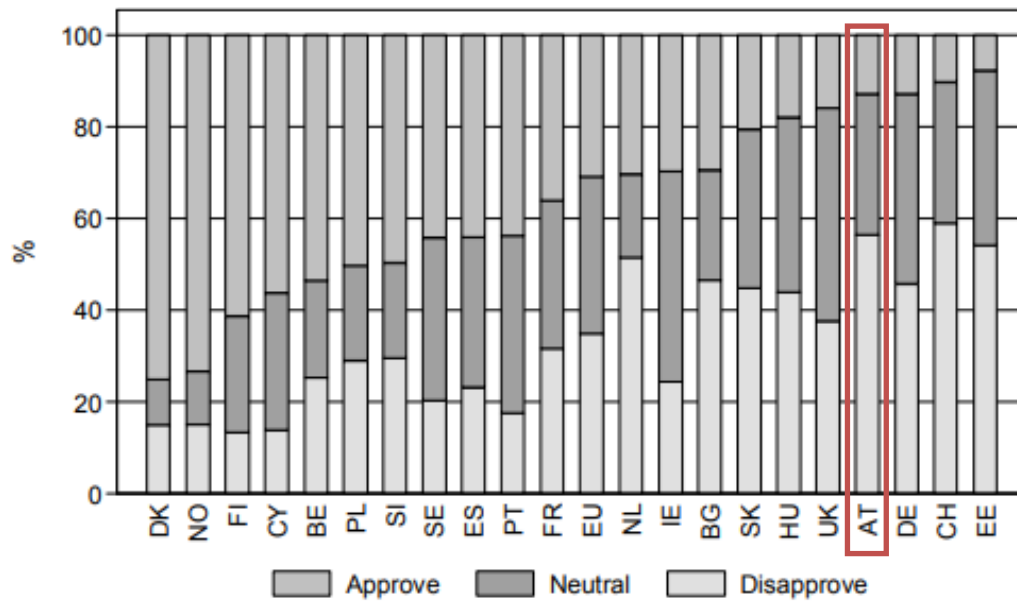
In addition to public funding, childcare is also funded by parental contributions. In Lower Austria there are cost differences between the forms of childcare. Day nurseries and extended age groups are

subject to payment, but the costs are socially staggered. However, due to the lack of data, it is not possible to give a precise overview of the individual costs for parents (Baierl & Kaindl, 2011). On the other hand, all kindergartens (3 to 6 years) in Vienna have been free of charge since 2009, even outside compulsory care armaments (Holoubek et al., 2014).

## **9 Part 3 – Priorities and Social Investment Strategy**

ECEC policies are said to have the potential to increase socio-economic outcomes as well as to fulfil social inclusion and poverty reduction objectives (Morel et al., 2011). This is why they are recognized as a key point within the Social Investment perspective. ECEC is the first stage for a child in the education system and at the same time the most effective phase in childhood development (European Commission, 2014, p. 16). ECEC promotes female labour force participation and the best possible educational opportunities for children at the same time (Bonoli, 2013; Esping-Andersen, 2002), contributing to the development of their human capital stocks (Hemerijck et al., 2016) and favouring parents' labour market participation.

Looking at the general national traits of childcare policies in Austria, they resemble the “Continental model” (Boje & Ejrnoes, 2011), also including countries like Germany and Luxembourg. These countries were already described as strong male breadwinner models in other welfare typologies (Esping-Andersen, 1990; Lewis, 1992). This implies the support of a traditional family structure, with limited participation of women in the labour market. Parental leave is relatively well paid for a long period of time in Austria and the level of spending on family policies is high. However, women face problems while getting back into regular employment because of long-term inactivity (Boje & Ejrnoes, 2011). After parental leaves, women often take over a part-time job with a few working hours (< 30 hours per week). The coverage rate of formal childcare facilities for the ages zero to two is low and child caring is mostly done by grandparents (Boje & Ejrnoes, 2011). This is reflected in the following figure, illustrating the degree of consent and rejection of “whether a woman with a child under three years of age should have a full-time job” (Mills et al., 2014, p. 14).



EU refers to average for the 20 EU Member States in this Figure

**Figure 8 (Dis)approval of a full-time working woman with a child under three years of age, by male and female adults; Source: Mills et al., 2014, p. 15**

The figure shows, that more than 50% of adults approve that a woman with a child under three years of age should have a full-time job in more than 50% of the countries (Mills et al., 2014). However, in Austria, this number is around 16%, with 58% disapproving of women with children under three years taking up a job. Cultural norms play an important part in shaping family policies (Lewis, 1992). The politics of ECEC interact with cultural norms in determining women's decisions on reconciling work and family life (Pfau-Effinger quoted in Budig et al., 2012, p. 167). In Austria, this is especially visible in ECEC since a large part of the implementation and provision is passed down to municipalities. A prevailing male breadwinner mindset seems to hinder the expansion not only of quantity, but also quality (i.e. opening hours, affordability) of ECEC in Austria. With the exception of Vienna, many Austrian states do not reach the 33% Barcelona goal coverage of ECEC.

## 9.1 Diagnosis

There is evidence that the coverage rate of childcare facilities varies massively in Austria. Several rural regions have an inadequate provision of childcare facilities (Mitterer & Haindl, 2015a). Our rural case seems to be the exception from this as there have been childcare associations. Other than most rural regions, our rural case study showed possible and innovative ways to provide ECEC in low-demand areas. The territorial disparities in Austria are based on individual local administrative units playing a crucial role in the provision of ECEC (Mitterer & Haindl, 2015a).

Apart from territorial differences, gender differences are the most dominant findings. First, women are still more responsible for raising children in Austria (Brewster & Rindfuss, 2000). Although the use of childcare has a positive impact on maternal employment, it is evident that when a mother is employed, she is mostly working part-time. Based on the institutional analysis, the cause of these differences lies in the combination of a male breadwinner model (Lewis, 1992) and an institutional discrimination of women (Bergqvist, 2016). Reason for this became apparent in the institutional analysis. It has shown that although Austria provides low-cost or non-contributory childcare, the claim does not allow the full employment of women since this offer only includes a minimum number

of hours of care per week for a specific age group (3-6 years) and regions (Lower Austria ECEC facilities close between 15:00 and 16:30). Therefore, a combination between full-time employment and affordable childcare is not possible for both parents. In addition, it has been shown that there is little support for inexpensive care for children under the age of three. In order to enable women to work full-time, it is necessary to build up low-cost childcare measures. This indicates that childcare policies in Austria rather support a traditional family image especially outside the larger cities. Due to the low coverage of universal childcare, it is difficult for women to return into full-time employment (Saraceno & Keck, 2011). As the case of Austria shows, childcare policies vary between states and have different focuses. In Lower Austria, the Christian education in the kindergarten is emphasized and on the other hand. While in Vienna, there is a broad offer of free childcare. In the Lower Austria (suburban and rural case) free childcare is only offered for the obligatory last kindergarten year, which means 16 hours attendance on four days per week. Thus, different political preferences show up in one country.

## 9.2 Priorities

The developments of the last ten years show that childcare has become more and more important in Austrian politics. Childcare is seen as an essential mechanism to bring parents, especially women, into employment and to promote the cognitive development of children at an early age. With the 15a Agreements, important steps were taken to promote the expansion of childcare in Austria and to achieve the set Barcelona targets. However, the 33% childcare rate for children between zero and two years of age has not yet been reached across the country. There are differences in the provision of ECEC between states and localities.

Although childcare is the responsibility of the individual states, the 15 regulations are a financial mechanism designed to support the individual states and municipalities in expanding childcare. In addition, the importance of early childhood education is repeatedly emphasized in several strategic papers of the Austrian government but apart from the 15a agreements, there are no other specific measures to increase the care rate across the country. Although there has been a strong expansion of childcare institutions in recent years, there are large group-specific and regional differences in the financing, quality and coverage of childcare facilities.

The childcare system in Austria mostly divides ECEC in two age groups. Age-extended groups exist in both states (Lower Austria and Vienna), and are intended for children from 0 up to 16 years of age. In addition, different legal framework conditions are evident for the two age groups. In contrast to the age group (three years to compulsory schooling), there is no compulsory kindergarten year for the age group zero to two years. The compulsory kindergarten year is reflected in the statistics. The age group from three to compulsory schooling has a much higher rate of attendance than the age group from zero to two years. Childcare for children between zero and two years is subject to a fee in Lower Austria and most other states. There are, however, different subsidies that support parents in financing parental fees like tax deductions. The coverage of childcare for this age group is mostly provided by private non-profit operators.

At the local level, there are various measures to promote the expansion of childcare. In the rural case, childcare provision has been boosted through direct political intervention at the state level and by business actors on their own for their employees. This highlights that the Kleinregion organisation holds considerable resources that have been invested quite effectively, providing substantial social gains in the policy area analysed. However, it is becoming apparent that the rural case is an exception to the rule. In general, rural areas in Austria show a low coverage rate of childcare facilities for children from zero to two years of age compared to urban areas.

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## Appendix

**Table A1: ALMP expenditure in Austria**

<b>ALMP expenditure through AMS<sup>30</sup> in Austria, Mio €</b>		
	<b>2010</b>	<b>2017/18</b>
EU (ESF)	61.53	6.366 <sup>31</sup>
National (only AMS-Budget)	1,017.43	1,365.497
State government (Vienna, urban case)	0.277 <sup>32</sup>	0.513 <sup>33</sup>
State government (Lower Austria)	0.142 <sup>34</sup>	0.218
Administrative district (suburban case)	0.011 <sup>35</sup>	0.021
Administrative district (rural case)	0.0034 <sup>36</sup>	0.0041 <sup>37</sup>
<b>Total</b>	<b>1,078.96<sup>38</sup></b>	<b>1,345.547</b>

Source: (Arbeitsmarktservice Baden, 2018; Arbeitsmarktservice Niederösterreich, 2009, 2019; Arbeitsmarktservice Österreich, 2011, p. 32, 2018b, p. 47; Arbeitsmarktservice Wien, 2009, 2018, 2019; Arbeitsmarktservice Zwettl, 2017)

<sup>30</sup> We focus here on the AMS budget since this organisation is the most relevant player in ALMP in Austria. Additionally, the numbers reported refer to reported data labelled as labour market measures.

<sup>31</sup> It is worth noting that in 2017 the ESF budget was to be € 55,300. It is unclear from the desk research why it became less in the end. Plus, the planned national budget was originally around € 75,000 lower that year.

<sup>32</sup> This number refers to **2008** instead of 2010.

<sup>33</sup> This number is for 2018. It includes training courses, out-company vocational training, career and unemployment advise, advise for business founders, and other job creation projects (AMS Wien, 2018, p. 30). However, it is NOT clear if this number includes mediated courses outsourced to agencies like BFI or WIFI. Judging from our desk-research this is likely the case.

<sup>34</sup> This number refers to **2008** instead of 2010.

<sup>35</sup> This number refers to **2006** instead of 2010.

<sup>36</sup> This number refers to **2006** instead of 2010.

<sup>37</sup> This number refers to **2016** instead of 2017.

<sup>38</sup> This number includes the short-time work scheme which alone accounted for € 54.87 Mio. in 2010.



**Table A2: Service delivery of ALMP in Austria.**

<b>Service delivery of ALMP<sup>39</sup> in Austria</b>						
	<b>2010</b>			<b>2017/18</b>		
	<b>AMS</b>	<b>BFI</b>	<b>WIFI</b>	<b>AMS</b>	<b>BFI</b>	<b>WIFI</b>
Number of facilities (national)	128	N.A.	N.A.	137	145	80
Number of facilities (urban)	17 <sup>40</sup>	N.A.	N.A.	21 <sup>41</sup>	14 <sup>42</sup>	1
Number of facilities (NÖ)	33 <sup>43</sup>	N.A.	N.A.	34 <sup>44</sup>	9 <sup>45</sup>	7
Number of facilities (suburban - district)	2	N.A.	N.A.	2 <sup>46</sup>	1	0
Number of facilities (rural - district)	1	N.A.	N.A.	1	0	0
Number of ALMP users (national)	368,715 <sup>47</sup>	N.A.	N.A.	363,825 <sup>48</sup>	179,181	357,319 <sup>49</sup>
<b>Service delivery of ALMP in Austria (continuous)</b>						
	<b>2010</b>			<b>2017/18</b>		
Number of ALMP users (urban)	358,117	N.A.	N.A.	225,605 <sup>50</sup>	N.A.	N.A.

<sup>39</sup> AMS (Public Labour Market Services) is the major player in delivering both passive as well as active labour market policies in Austria. For re-training and skill advancement courses, BFI and WIFI deliver services often contracted by AMS in short-time projects and targeted measures.

<sup>40</sup> Including five BIZ and one Federal head office.

<sup>41</sup> Including seven BIZ and one Federal head office.

<sup>42</sup> Including two affiliate operations.

<sup>43</sup> Including ten BIZ and one Federal head office.

<sup>44</sup> Including 12 BIZ and one Federal head office.

<sup>45</sup> Includes service centres and education academies. Over NÖ, there are 180 facilities for their courses and 140 course locations (multi-use sites in municipalities).

<sup>46</sup> Including one BIZ.

<sup>47</sup> Apart from a large variety of active measures (see other footnote for 2017) this includes the people under the short-time work scheme. This measure was vital during the Global Financial Crisis Period. In 2010, 15,481 people were new beneficiaries of the short-time work scheme that allowed to reduce hours instead of firing people with financial support by the AMS.

<sup>48</sup> As reported for all active measures ranging from labour foundations, cure costs, aid for starting self-employment to job interview aid.

<sup>49</sup> Number for 2016

<sup>50</sup> This number is for 2018. It includes training courses, out-company vocational training, career and unemployment advise, advise for business founders, and other job creation projects (AMS Wien, 2018, p. 30). However, it is NOT clear if this number includes mediated courses outsourced to agencies like BFI or WIFI. Form our desk-research this is likely the case. This qualification is also true for the other user numbers here.

Number of ALMP users (NÖ)	41,585	N.A.	N.A.	52,390	N.A.	N.A.
Number of ALMP users (suburban - district)	4,046 <sup>51</sup>	N.A.	N.A.	4,686	N.A.	N.A.
Number of ALMP users (rural - district)	1,290 <sup>52</sup>	N.A.	N.A.	1,004 <sup>53</sup>	N.A.	N.A.
Number of employees (national)	5,435 <sup>54</sup>	N.A.	N.A.	6,284 <sup>55</sup>	2,471 <sup>56</sup>	N.A.
Number of employees (urban)	1,231 <sup>57</sup>	N.A.	N.A.	1,850 <sup>58</sup>	N.A.	N.A.
Number of employees (NÖ)	755 <sup>59</sup>	N.A.	N.A.	971 <sup>60</sup>	N.A.	N.A.

**Sources: (Arbeitsmarktservice Baden, 2018; Arbeitsmarktservice Niederösterreich, 2018, 2019; Arbeitsmarktservice Österreich, 2010, 2011, 2018b, 2019; Arbeitsmarktservice Wien, 2009, 2018, 2019; Arbeitsmarktservice Zwettl, 2017; BFI Niederösterreich, 2018; BFI Österreich, 2020; WIFI Niederösterreich, 2020; Wirtschaftsförderungsinstitut, 2020; WKO, 2017)**

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<sup>51</sup> This number refers to **2006** instead of 2010

<sup>52</sup> This number refers to **2006** instead of 2010

<sup>53</sup> This number refers to **2016** instead of 2017

<sup>54</sup> Number for 31.12.2010. Of that staff, 1,481 are part-time, 91.9% of these are female.

<sup>55</sup> Number for 31.12.2017. Of that staff, 1,938 are part-time, 88.3% of these are female.

<sup>56</sup> Additionally, they have 4,220 honorary staff with project-based contracts.

<sup>57</sup> Number for 31.12.2010. Of that staff, 68.1% female.

<sup>58</sup> This number is for 2018 – older documents are not available! 1,202 of these employees are female, the female leadership quote is 59% Arbeitsmarktservice Wien (2018, p. 58).

<sup>59</sup> Number for 31.12.2010. Of that staff, 68.9% female.

<sup>60</sup> Number for 31.12.2017. Of that staff, 343 are part-time, 91.55% of these are female.

**Table A3: ECEC expenditure in Austria and Vienna**

The Austrian budget does not allow the allocation of expenditures from social contributions to tax revenues. Moreover, there have been several budget reforms since 2010, so a comparison between the years is not possible. The same applies to the budget of the City of Vienna; in this case, too, there is no legal regulation regarding which revenues are used for which expenses. Therefore, the table shows the total budget of the City of Vienna.

Level	Content of 15a the agreement	2010		2018	
		expenditure	revenue	expenditure	revenue
National <sup>61</sup>					
	Financing the expansion of institutional childcare provision <sup>62</sup>	3,111,000			
	Financing measures for early linguistic development <sup>63</sup>	1,735,000			
	Introduction of half-day free and compulsory early support in institutional childcare institutions (Year 2010/11) <sup>64</sup>	14,410,200			
	Elementary Education for the Kindergarten Years 2018/19 to 2021/22 <sup>65</sup>			3,226,912.5	
<b>Total budget of the City of Vienna (including childcare)<sup>66</sup></b>		<b>11,882,598,949</b>	<b>11,882,598,949</b>	<b>13,996,351,097</b>	<b>13,996,351,097</b>
Local 1 <sup>67</sup> (Vienna)		566,183,981	36,477,086 <sup>68</sup>	829,737,048	35,754,442
Users fees <sup>69</sup>					
<b>Total<sup>70</sup></b>		<b>585,440,181</b>	<b>36,477,086</b>	<b>832,963,960.5</b>	<b>35,754,442</b>

61 Federal Ministry of Finance: Federal accounts. - 1) Due to the federal budget law reform, the budget data are only shown net. - 2) From 2013 after 2013 budget law reform; no direct comparison with previous years possible.

[https://www.bmf.gv.at/budget/haushaltsrechtsreform/Schilhan\\_Das\\_neue\\_Bundeshaushaltsrecht\\_Rechtliche\\_Grundlagen.pdf?67ruin](https://www.bmf.gv.at/budget/haushaltsrechtsreform/Schilhan_Das_neue_Bundeshaushaltsrecht_Rechtliche_Grundlagen.pdf?67ruin)

62 <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=LrW&Gesetzesnummer=20000218>

63 <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=LrW&Gesetzesnummer=20000218>

64 <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20006448>

65 [https://www.ris.bka.gv.at/GeltendeFassung/Bundesnormen/20010549/Elementarp%20c3%a4dagogik%20f%20c3%bcr%20die%20Kindergartenjahre%202018\\_19%20bis%202021\\_22%20c20Fassung%20vom%2001.02.2019.pdf](https://www.ris.bka.gv.at/GeltendeFassung/Bundesnormen/20010549/Elementarp%20c3%a4dagogik%20f%20c3%bcr%20die%20Kindergartenjahre%202018_19%20bis%202021_22%20c20Fassung%20vom%2001.02.2019.pdf)

66 Budget is not included in the total amount of the table.

67 Source of the financial transaction

(<https://www.offenerhaushalt.at/gemeinde/wien/finanzdaten/hauptansicht/kindergaerten/absolut/2010/einnahmen>)

68 Definitions of the revenues: Leistungserlöse, Nebenerlöse, Kostenbeiträge (Kostensätze) für sonstige Leistungen, Einnahmen aus der Vermietung und Verpachtung von Sachen sowie aus Dienstbarkeiten und Baurecht, Rückersätze von Ausgaben, Sonstige Einnahmen, Laufende Transferzahlungen von sonstigen Trägern des öffentlichen Rechtes, Kapitaltransferzahlungen von Gemeinden, Gemeindeverbänden und –fonds.

69 In 2009, the free kindergarten for all children up to compulsory schooling was introduced in Vienna. This regulation applies to public kindergartens. Private kindergartens are subsidised, but unfortunately there is no exact breakdown of costs.

70 Without Total Budget

**Table A4: Interviewees Overview**

<b>No.</b>	<b>Interview code</b>	<b>Policy Field</b>	<b>Organisation</b>	<b>Locality</b>
1	AL07	ALMP	Local AMS office	Rural
2	AS06	ALMP	Local AMS office	Suburban
3	AU13	ALMP	Local AMS office	Urban
4	KU01	ALMP	Ministry for social affairs	Urban
5	KU04	ALMP	Vienna Employment Promotion Fund	Urban
6	KR09	ALMP	Social partner for state	Rural
7	AU05	VET	Social partner for state	Urban
8	AS10	VET	Social partner for state	Suburban
9	KR05	VET	Regional development agency	Rural
10	KR09	VET	Social partner for state	Rural
11	CU01	ECEC	Business actor Vienna	Urban
12	AU01	ECEC	Municipal department for childcare	Urban
13	EC01	ECEC	Rural childcare provider	Rural
14	AS01	ECEC	Regional management	Suburban



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## Abbreviations

ALMP – Active Labour Market Policy  
 BAND - Bristol Association for Neighbourhood Daycare Ltd  
 BCC – Bristol City Council  
 DfE - Department for Education  
 DLEP - Dorset Local Enterprise Partnership  
 DSG - Dedicated Schools Grant  
 DWP – Department of Work and Pensions  
 ECEC - Early Childhood Education and Care  
 EDSK - Education and Skills<sup>1</sup>  
 ESA - Employment and Support Allowance  
 ESFA - Education and Skills Funding Agency  
 FE – Further Education  
 GVA – Gross Value Added  
 HoC – House of Commons  
 KS – Key Stage<sup>2</sup>  
 JSA - Jobseeker’s Allowance  
 LEP – Local Enterprise Partnership  
 NOMIS – Official Labour Market Statistics  
 NuL – Newcastle-Under-Lyme  
 NEET - Not in education, employment or training  
 NDPB - Non-departmental public body  
 NVQ - National Vocational Qualification<sup>3</sup>  
 OECD - Organization for Economic Co-operation and Development  
 Ofqual - The Office of Qualifications and Examinations Regulation  
 Ofsted - Office for Standards in Education  
 SIS – Social Investment Strategy  
 SoT – Stoke-on-Trent  
 SSLP - Stoke-on-Trent and Staffordshire Local Enterprise Partnership  
 UC – Universal Credit  
 VET – Vocational and Educational Training  
 WECA – West of England Combined Authority

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<sup>1</sup> A not-for-profit organisation focussed on new and better ways of learning.

<sup>2</sup> The UK has a national curriculum, prescribed at central government level, and it is organised into blocks of years called ‘key stages’ which prescribes what children are supposed to have achieved at the end of each stage. There is a formal assessment at the end of each stage.

<sup>3</sup> This is a work-based way of learning – which is carried out at a college, school, or workplace.

## Introduction

Before proceeding it is important to understand the wider context in which Early Childhood Education and Care (ECEC), Vocational and Educational Training (VET) and Labour Market Policy needs to be situated if they are to be fully understood. There are two elements to this: firstly economic policy, secondly the changing nature of the welfare state in the UK. The two are interrelated but we will deal with them ‘separately’, although attempt to bring out the links as appropriate.

The above needs to be situated in the context of the UK’s variant of neoliberalism. It is generally accepted that since the late 1970s/early 1980s neoliberalism has been the dominant economic and political ideology in the UK and globally. However, this context has not remained static and has been subject to what Brenner, Peck and Theodore (2010) refer to as ‘successive waves of neoliberalization’ and ‘variegated neoliberalism’.

Neoliberalism has taken different national forms, mediated by national contexts, and the particular national forms it has taken have mutated over time. Fourcade-Gourinchas and Babb (2002) illustrated the different forms neoliberalism took, their discussion of the UK variant argues it initially took a form based around monetarism (Fourcade-Gourinchas and Babb, 2002, pp549-556), however, this changed over time taking on ‘particular forms’ under different governments, albeit “...largely compatible with the pre-existing Thatcherite paradigm.” (Carstensen and Matthijs, 2017, p2). Oren and Blyth (2018) argue the UK developed a particular neoliberal economic regime based around ‘finance led-growth’ which was rooted in the early 1980s and has persisted across successive governments to the present day.

However, the role of the state within this ‘economic regime’ in terms of governing itself and society has also changed over that period. Thus Allmendinger and Haughton (2014) have sought to distinguish between the ‘roll-back’ version of the 1980s, and the ‘roll-out’ variety of the 1990s and 2000s, they argue this entails “...high levels of experimentation, continuous re-interpretation and consequent evolution of neoliberal tenets at different scales...” (ibid, p10). Our case studies fall within what they term the ‘roll-out’ phase which is characterized by “...a variety of market supportive state forms and modes of governance.” (ibid, p11). This also reflects the changing nature of and wider reorganisation, restructuring and fragmentation of the British state and sub-national government over both time and space (see Le Galés and Scott, 2010; Hyndman and Lapsley, 2016); a process further accentuated by the response to the 2007-2008 Crash which as Omstedt (2016) argues has intensified established patterns of uneven development.

At sub-national level in the period since 1979 these developments have significantly restructured and reduced the role of local government, entailing changes in the way services are delivered (e.g. through contracting out, developing delivery partnerships with a range of private, community and voluntary sector organisations). Moreover, since 2010, under an ‘austerity regime’ that has seen a significant reduction in local authority budgets; local authorities have had to increasingly focus their activities on key statutory services leaving community/voluntary sector organisations to attempt to ‘pick up the slack’ (see Laffin, 2016; McGimpsey, 2017; Gray and Barford, 2018 for overviews).

More recently, and some might argue rather belatedly, there has been an attempt to develop a UK Industrial Strategy (HMG, 2017; see Berry (ed), 2018 for discussion of the various elements of the strategy) which is based on improving UK competitiveness through supporting market-led productivity driven growth largely focussed on a relatively small number of R&D intensive or innovative companies (Allas 2018, p12). More generally the strategy aims to make the UK “...a great place to do business.” (HMG, 2017, p17). Ironically the Industrial Strategy argues:

We are proud of our flexible labour market that has delivered jobs for millions and we have achieved near record employment rates, but this must now be accompanied by the sustained higher productivity that is the essential requirement for higher wages. (ibid, p.20)

There appears to be no recognition that it is the very nature of the flexible labour market and associated ‘flexible’ forms of employment such as zero-hours contracts, the so-called ‘gig economy’, that is part of the low productivity problem.

As part of this approach the strategy advocated the development of Local Industrial Strategies that will build on ‘local strengths’ and provide local economic opportunities (HMG, 2017, p11). This may provide the basis for the development of place-based strategies at local level. However, as Bachtler and Begg (2018, p.166) argue:

...the commitment to regional and local development is weak; there are no signs of any fundamental reshaping of the (in)coherent institutional arrangements for regional, local and urban development in the UK; and there is no recognition of the “hollowing out” of the capacity of local authorities and other development actors to implement economic development that has occurred over the past decade.

So while economic policy aims to bring about fundamental improvements in productivity and GVA there are major obstacles to be overcome. In particular, and of direct relevance to labour market policy is the issue of skills.

The second part of the equation relates to the changing nature of the welfare state. In terms of Esping-Andersen’s (1990) ‘models’ of the welfare state the UK is a ‘liberal welfare state’ (or what some describe as a ‘mixed economy of welfare’, e.g. Evers, Lewis and Riedel, 2005), although since then forty years of what Evers, Lewis and Riedel (2005, p196) have “...described as greater centralization and...reliance on marketization, in the UK...” has brought about profound changes in the way policy is made and services delivered. Le Gales and Scott (2010, 119) also point out:

...the state has...strengthened its ability to transform society and steer groups and organizations by introducing market mechanisms into the heart of the public sector and by redefining the rules of the game and the parameters of public action.

As they go on to note the progressive and cumulative effects of this, along with various auditing regimes, incentives and targets has brought about “...radical change in individual and group behavior at the micro level – behavior that is very much in line with market society.” (ibid, 127). These micro-level behavioral changes have become internalized in the conduct of individuals (in a Foucauldian sense) affecting local authority managers and their ‘decision-making, albeit with varying levels of resistance, at all levels of government and across electoral cycles. This in turn has had profound effects on service delivery and how it is understood in terms of what is ‘normal’ or ‘natural’ – in this case a reduced role for the public sector in provision and delivery and a greatly increased role for the private sector (and in some instances the voluntary sector) has occurred.

Moreover, since the 1990s there seems to have been a shift from a ‘welfare state’ to a ‘workfare state’ (Jessop 1993; Hamnett 2013; Deeming 2015) which has targeted ‘worklessness’ and emphasised the importance of being in work. Key elements of the welfare state have been restructured to create incentives to support/encourage the ‘workless’ to move off welfare benefits into work through the use of tax credits and the ‘minimum wage. However, it has been argued that the UK’s flexible labour market, which while creating large numbers of low-paid insecure jobs with workers reliant upon ‘in-work’ benefits (see Bailey 2016), has not reduced poverty nor has it contributed to raising the productivity of the economy or addressing issues of territorial cohesion and spatial justice, indeed if anything it has exacerbated them.

More specifically as Taylor-Gooby (2016; see also McEnhill and Taylor-Gooby, 2018) argues this has created a ‘Divisive Welfare State’. These changes, in part building on earlier changes under previous Conservative governments and New Labour’s period in government, has led to an:

...extended use of conditionality and benefit sanctions implies a more strongly communitarian notion of citizenship, dependent on reciprocity and ‘fairness’ construed as ‘deservingness’ and achieved through compliance with the rules of the system. (McEnhill and Taylor-Gooby, 2018, p.262)

This change has been epitomised by the switch to the Universal Credit system<sup>4</sup>. This is a system which represents a major reform of the welfare system. Universal Credit (UC) was introduced in April 2013 and it replaces six separate benefits with a single payment for people who are looking for work or on low income. A major driver behind the introduction of UC was, and continues to be, that although unemployment had been falling for a number of years there had been growth in the social assistance benefit claimants. This led government to focus its attention on ways of getting the relevant (claimant) sections of the population into work. To do this primarily entailed activating lone parents and health and disability benefit claimants along with the long-term unemployed. Arguably this represents an attempt to ‘activate’ sections of the population by extending ‘conditionality’ and ‘deservingness’ to those who were previously legitimately deemed to be ‘inactive’.

One other more specific issue needs to be clarified related to labour market policy and VET. In essence we have restricted VET to the 16-19 year old age group. In an SIS approach labour market policy and associated policy initiatives should, logically speaking, be closely entwined with VET. But in order to comply with the WP5 deliverable instructions we have addressed them separately, even though many of the organisations providing VET are also engaged in providing training related to the labour market and associated initiatives. For instance colleges of Further Education, which many people associate with VET, also provide a wide range of skills training for older groups who may already be in work and whose employers wish to enhance their skills. Or they may provide apprenticeships for older workers seeking to acquire new skills. The current apprenticeship levy system<sup>5</sup> introduced in 2017 is another example. Traditionally apprenticeships were associated with the younger age groups – i.e. those leaving school and not going to university or into other forms of employment. With the introduction of the apprenticeship levy this has changed. A recent report by EDSK (2019) pointed out:

...the levy appears to have affected the age of those who start an apprenticeship. Since the levy began in 2017, there has been a drop of 5 percentage points in the proportion of young people starting an apprenticeship as older (and often more experienced) workers are attracting more of the funding. Over the last two years, 66 per cent of higher-level apprenticeships have been started by workers aged 25 and over. (ibid, p1)

It argues this relates to the failure to define what counts as an apprenticeship and allowing employers to define what counts as an apprenticeship. This has produced some perverse outcomes such as allowing employers to rebrand a range of training for those already employed as ‘apprenticeships’; the report refers to these as ‘fake apprenticeships’. The report goes on to note:

The introduction of the levy has generated a surge of new ‘apprenticeships’ up to Bachelor’s and Master’s level, but Ofsted was already reporting last year that “graduate schemes are in essence being rebadged as apprenticeships”.(ibid, p7)

Perhaps even more incredibly:

The ‘Academic Professional apprenticeship’ – designed by 23 Higher Education (HE) institutions including the University of Oxford, the University of Durham and Imperial College London – is an overt attempt by these organisations to relabel their university academics as ‘apprentices’ to use up the university’s own levy contributions. The fact that you typically need a PhD to be accepted onto this levy-funded training course confirms that it bears no relation whatsoever to any genuine apprenticeship. (ibid, p7)

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<sup>4</sup> Universal Credit merges what were previously six separate working-age benefits and in-work tax credits into a single, monthly household payment providing means-tested income support to the unemployed, disabled people, people with childcare responsibilities and those in low paid jobs. This system is delivered by what is termed a ‘digital by fault’ system where claims have to carry out registration on-line.

<sup>5</sup> The Levy requires large companies (paying out more than 3 million pounds in salaries) to pay 0.5% of their wage bill into the Levy, which is then used to subsidise companies that take on apprentices. However, the complexity of the system means the number of apprenticeships has actually declined since the new system was introduced in 2017.

This analysis highlights the overlaps referred to above but also the ‘perverse’ outcomes of the apprenticeship system as currently structured. However, in the case study material relevant to labour market activation policies we will focus on the Work Programme and its successor the Work and Health Programme.

Following on from this all the policy areas exist within the same basic multi-level governance system so rather than repeat this several times the basic structure is set out here. The system of local governance in England is divided between a unitary system (local government at a single level) and a “two-tier” system of counties (upper tier) and districts (lower tier). Around half the English population lives in a two-tier area. It is worth noting however that the population size of an English county equates to a ‘regional size’ unit in many EU Member States. For COHSMO one of the major consequences of two tier English local government is the division between the competence of ‘social services’ (schools, childcare, training) that is held by county-level authorities whilst competences for ‘environmental services’ (planning, waste) are held by district authorities. This split is mirrored in terms of the budgets and resources ‘managed’ and ‘controlled’ at these different spatial levels.

Unitary local authorities are responsible for both social and environmental services but individual authorities tend to be ‘smaller’. Most of the unitary system is located within the metropolitan areas of England, but since 1996 we have seen a rolling process of piecemeal reform where ‘county’ areas are gradually converting to a unitary system. Urban areas have also been permitted to experiment with locally elected mayors and the larger cities in England have been offered the possibility of creating nominally ‘regional’ combined authority areas. Bristol is an example of a place where this has happened. The creation of a combined authority does not remove the unitary tier of local government but it does permit ‘city regions’ to request more resources for infrastructure and transport. Currently there are 9 combined authorities covering about a third of the provincial English Combined authorities are not the only form of ‘sub-regional’ governance in relation to ‘economic development’ in provincial England.

Since 2010 there has been an attempt to institutionalise sub-regional partnership arrangements with the establishment of Local Economic Partnerships (LEPs). These bodies were/are supposed to be ‘business led’ and generated through a bottom-up movement to reflect the functional economic geographies of the localities where they formed. However, this sometimes means that the boundaries of an LEP are not co-terminus with the local authorities that are often the backbone of these bodies. This is a particular issue for our North Staffordshire (suburban) case study. Equally in the case of Dorset the territorial scope of the LEP incorporates more than one functional economic area.

In addition, in England there are Combined Authorities<sup>6</sup> with directly elected mayors (Metro Mayors) in certain areas and some cities have directly elected City Mayors<sup>7</sup>. In terms of our case studies Greater Bristol is part of a Combined Authority and the City of Bristol has City Mayor as did Stoke-on-Trent until 2009 when the position was abolished.

As well as undergoing several structural changes since the 1980s the local government system in the United Kingdom generally has undergone a considerable increase in forms of privatisation, contracting out of various services (or parts of them) and the development of quasi-markets. In

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<sup>6</sup> Combined Authorities are legally constituted bodies created under national legislation that allows two or more councils to collaborate and take collective decisions across council boundaries. They have a directly elected mayor, often referred to as a Metro Mayor. They are able to use powers and resources devolved to them from national government. However, it is up to the relevant councils to initiate them. Currently across England there are 8 Combined Authorities with directly elected mayors and two without them.

<sup>7</sup> Unlike the Metro Mayor of a Combined Authority the City Mayor is the head of a single city council, a referendum is carried out to ask the local electorate if they want a City Mayor. The City Mayor is responsible for public service delivery within that area. City Mayors do not have access to the same powers and resources devolved to a Combined Authority. In a sense the emphasis is on leadership and coordination to ensure public services are delivered in a joined-up manner and to work in partnership with the private and community/voluntary sectors to realise a ‘strategic vision’ for the city’s development. Only a small number of cities across England have such mayors.

addition, there has been an increasing role for the voluntary/community sector in the provision/delivery of services. Linked with these developments has been a growth in the expansion of partnerships between local government and a range of relevant stakeholders in order to provide a variety of services and/or deliver projects; this applies to the delivery of services such as labour market policy, VET and childcare.

In terms of the key policy fields while overall policy is set at the national level there are elements of decentralisation and some ‘discretion’ vis-à-vis implementation/delivery at the sub-regional/local level, particularly where the private sector is involved. In relation to our policy areas (VET, ECEC and Labour Market Policies) there is little or no role for local citizens and communities. Indeed in relation to all three policy fields one might characterise the situation at sub-regional/local level as fragmented, with no clear governance structure to coordinate the various policies vis-à-vis particular places. Although initiatives such as City Mayors/Combined Authorities and LEPs may in some places provide a degree of coordination and coherence. Put rather bluntly the overarching conclusion is that the primary objective of the policy fields is to get people into/prepare people for work and support economic development/growth. At best territorial cohesion and spatial justice are minor considerations in the approach adopted.

As a result, what might be termed the local governance landscape has become much more complex and fragmented, this has created an increased need for the coordination and integration of all these activities. Consequently, this increasingly complex situation means it is difficult to understand, particularly for citizens, and this creates problems for spatial planning and the delivery of services in terms of accountability, transparency and legitimacy.

In terms of each of our case study areas the policy fields exist within the same context so we will set those out here to avoid repetition.

### **The Urban case – Greater Bristol**

The politics of the wider city region in which our case study is located requires negotiations between four local authorities, a lack of joined-up thinking across the four authorities has hindered transport infrastructure and housing development. Bristol City Council is a unitary authority and is unusual in that its executive function is controlled by a directly elected mayor. South Gloucestershire is a unitary authority with the powers of a non-metropolitan county and district council combined. A West of England Combined Authority Mayor was established in 2017 (elected Conservative), incorporating Bristol City, South Gloucestershire, and Bath & North East Somerset with powers over education and skills, housing and planning, and transport as part of a £900m devolution deal over 30 years (population 919,600). The West of England Local Enterprise Partnership (LEP) was established in 2011, a local business-led partnership between the local authorities and businesses. There has also been an elected Avon and Somerset Police and Crime Commissioner since 2012.

### **The Suburban Case – North Staffordshire**

The North Staffordshire Conurbation is the location of numerous complex multi-level governance arrangements. Newcastle-under-Lyme (NuL) is a ‘Non Metropolitan District Council’, responsibility for service provision and decisions making is, thus, divided between NuL Borough and the upper-tier Staffordshire County Council which has formal competences for services such education; transport planning. Stoke-on-Trent (SoT) is a ‘Unitary’ authority. The two local authorities – NuL and SoT – have not pursued the creation of a ‘Combined Authority’. The North Staffordshire local government spaces are covered by a common economic geography and there is some inter-municipal cooperation on strategic planning.

### **The Rural Case – West Dorset**

This case includes the rural locality of West Dorset District Council and the adjacent local authority of Weymouth and Portland Borough Council. Both are in the County of Dorset. This was the situation when our case study work commenced. However, it is important to point out that the County of Dorset underwent a major local government reorganisation on the 1st April 2019. The number of local authorities was reduced from nine to two unitary authorities. One in the south-east of the county based on the ‘urban agglomeration’ of Bournemouth, Christchurch and Poole. The remaining six local authorities have been merged and are essentially a ‘rural’ authority called Dorset Council (this includes our case study area).

Pre-reorganisation West Dorset was a district council within the Country of Dorset which meant that responsibility for service provision and decision-making was divided between the district council and the county council. A number of key services (including schools and social care for the elderly and vulnerable) were located at the County level (Dorset County Council). The same services were the responsibility of Weymouth and Portland Borough Council. Both lower-tier councils were responsible for services such as planning, waste collection and housing. While both the County Council and the lower-tier councils were concerned with local economic development, not least through the planning system and roads. However, the key economic development agency is Dorset Local Enterprise Partnership (DLEP), which operates across the county. The new Dorset Council carries out all the functions previously associated with our other two council areas and previously allocated to Dorset County Council.

Finally, before proceeding the policy fields it is important to note that none of the bodies discussed above deliver ECEC, VET or Labour Market Policies. As will become clear these are delivered by what at times appears to be a bewildering complex and fragmented number of private providers and other organisations distinct from and independent of local authorities or LEPs. In some cases, local authorities have a ‘residual’ regulatory role (e.g. ECEC) and in other cases LEPs may seek to engage in partnership arrangements with providers. Much of what takes place at sub-national/local level is directly governed by rules/regulations determined by relevant central government departments and as such may not leave much discretion to relevant service delivery organisations. This means that in terms of the general structure and changes related to the three policy fields in each case study area it is not possible to talk of ‘specifically local policies being developed’ as such because of the highly centralised nature of the system and the mode of delivery at local level. However, there is some, albeit very limited and variable, flexibility in relation to each policy field which we will attempt to bring out in what follows.

# Active Labour Market Policies (ALMP)

## Executive Summary

The two programmes we focus on – the Work Programme and its successor the Work and Health Programme – are both provided by regional contractors, known as prime providers – and their sub-contractors. Central government (the Department for Work and Pensions – DWP) puts the contracts out to tender. At local level Jobcentre Plus is the local arm of the DWP, they are run, managed and regulated by the DWP. There has been a drop in the numbers of Jobcentre Plus offices at local level. They direct claimants onto the relevant programme. There is no role for local government and LEPs, although they *may* attempt to enter into partnership with the prime providers and Jobcentres but there is no evidence of this taking place in our case study areas.

The two programmes are based on a ‘payment by results’ system and there has been criticism of the prime providers of the Work Programme that they engaged in ‘creaming and parking’ in order to maximise payments by focusing on the easiest cases to get into work and keep in work, while more difficult cases are neglected (parked).

In each of our case study areas LEPs have sought to adapt their Local Industrial Strategies to reflect local economic conditions, the local demographic structure and associated needs along with the nature of the local urban structure and forms of inequality. Nevertheless, they are severely constrained by a lack of resources, powers and capacity along with only indirect influence over delivery organisations. While because of deep cuts in their finance from central government under the 10-year Austerity Regime local authorities are struggling to fulfil even their statutory responsibilities and maintain the quality of these services.

## 1. Part 1 - The governance system

### 1.1 Multilevel institutional setting

At central government level the Department for Work and Pensions (DWP) is the lead department. The DWP was set up by the New Labour Government in 2001 and along with a network of directly managed Jobcentre Plus (these are the local arms of the DWP – more on them below). In 2010 the new Coalition Government began a phase of reforms motivated by the priority of reducing the costs of working age benefits through implementing Universal Credit. Over this period there have been reforms also in how the Government designs and purchases complementary employment services for the most disadvantaged claimants and long-term unemployed. Instead of working directly with the assorted network of for-profit and non-profit organisations that deliver such services, the DWP and Jobcentres work with a small number of large ‘prime providers’. In total were 18 prime providers<sup>8</sup>, each covering a large region. Some companies such as Ingeus and Serco were involved in more than one region. Clear each prime provider covers a large area and in some regions they work through a complex network of local subcontractors. Prime providers are paid according to their results and are

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<sup>8</sup> A list of these can be found at: <https://www.gov.uk/government/publications/work-programme-contract-package-area-and-prime-providers/work-programme-contract-package-area-and-prime-providers>.



responsible for service delivery and for managing supply chains made up of smaller and more specialised providers.

Prime providers are allowed to introduce and implement their own ideas and schemes to help unemployed participants find work. They are paid by results: they receive a job outcome payment after a participant has spent a minimum length of time in employment (either 13 or 26 weeks), and sustainment payments for every 4 weeks the participant remains in employment thereafter. The harder it is to help an individual into work, the higher the payment the provider receives. However, the particular working methods of the prime providers has been described as a ‘black box’. (HoC, 2016). Moreover, as Berry (2014, p600) argues:

Given that the Work Programme is delivered entirely by private contractors, issues around commercial confidentiality mean it is difficult to gain a comprehensive picture of the kinds of support available to Work Programme participants; the system is based on a ‘black box whereby DWP funds providers to deliver whatever forms of support providers deem effective they are paid (largely) by results, irrespective of methods.

Furthermore, there has been a long-standing tension between the DWP’s highly centralised control of the welfare to work system and its capacity to work effectively with other local agencies. The primary criticism has been that the Department’s national targets and centrally designed, standardised services and contracts restrict the capacity of Jobcentres and contracted prime providers to tailor service delivery to local circumstances and to work in partnership, especially with local government. The above thus represents the wider context in which the two major programmes we will focus on operate; these are the Work Programme and the more recent Work and Health Programme, which replaced the Work Programme. It is helpful to be aware of the general organisational framework within which they operate. It is important to bear in mind that compared to other European countries the governance of the British welfare to work system is highly centralised. UK Ministers and senior civil servants in London control the main levers of welfare to work policy and the design and delivery of cash benefits and employment services. Local government has only a marginal role in the design, commissioning and delivery of employment services.

## 1.2 Shifts in the last ten years

The Work Programme was established in 2011 and was the Coalition Government’s key welfare-to-work programme, those groups affected are the unemployed claiming Jobseeker’s Allowance (JSA) or Employment and Support Allowance (ESA) and they are allocated to the programme by their local Jobcentre Plus (see more below), and stay on the programme for up to two years. The programme was terminated in 2017.

Finn and Peromingo (2019) point out that by 2017 there had been a considerable fall in the number of people unemployed in the UK and a smaller five-year Work and Health Program was introduced. This was intended to deal with around 40,000 referrals made by Jobcentre Plus to the Work and Health Programme a year (with a budget expected to peak at £130 million a year, worth 80 per cent less than that of the programme it replaced).

### 1. Description of the policy implemented at regional/subnational level

At regional/subnational level in theory Local Enterprise Partnerships (LEPs)<sup>9</sup> should play an important role in structuring and developing relevant local labour markets and associated policy.

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<sup>9</sup> LEPs were set up in 2011 and are be ‘business led’ and generated through a bottom-up movement to reflect the functional economic geographies of the localities where they formed. Their key role is to help determine local economic priorities and lead economic growth and job creation within the local area. However, they lack formal powers and resources, their main function is to coordinate various activities including skills and training activities relevant to the local labour market. However, they have to do this through partnerships with other relevant organisations/bodies. In

However, in relationship to local labour markets, McGurk and Meredith (2018, p702) argue “...it is far from clear whether the business-led boards will have the willingness, discretion, operating resources and capability to oversee local employment and skills development.”. They go on to argue that their research:

...strongly suggest that LEPs are likely to be ineffective in influencing the local employment and skills agenda in a meaningful way. At best, the reasonably strong representation of manufacturing employers on LEP boards might indicate local aspirations to shift workforce development priorities towards higher-skill employment, and away from lower-wage, low-skill sectors such as retail, distribution, hospitality and social care. (ibid, p702)

The delivery of the Work Programme was contracted out on a regional basis and there are what are known as *prime providers* of which there were 18<sup>10</sup>. Of the 18 prime providers 15 were from the private sector, one from the public sector, one from the voluntary and community sector (VCS), and one mixed private/VCS. If minimum standards are not met contracts can be terminated. The prime providers have the autonomy to come up with and implement their own ideas and schemes to help unemployed participants find work. They operate through a complex network of sub-contractors (from both the private and voluntary sectors). Prime providers received remuneration on a ‘payment by results system’. There are four main ways a provider gets paid by the DWP under this payment-by-results system:

- An attachment payment. For taking a claimant on to the Work Programme. The attachment fee reduces to nil by the start of the fourth year.
- A job outcome payment. When a claimant has been in work for either a continuous or cumulative period of employment, as defined by the Department. Job outcome payments for some claimant groups will be reduced in the later years of the contract.
- A sustainment outcome payment. A further payment every four weeks for keeping a claimant in employment.
- An incentive payment. For jobs delivered beyond a given performance level – defined by the Department as 30 per cent above non-intervention – the number of claimants who would have found employment without a programme. (HoC, 2016, p.10)

The programme has been subject to a number of criticisms. For instance, Carter and Whitworth (2017, p.811) point out:

Although the flexibility of the Work Programme design provides the scheme with the potential to boost participants’ process well-being through delivering appropriately tailored and substantive employment support, our empirical analyses present a fairly bleak picture of the process well-being effects of the Work Programme for its unemployed participants.

The particular service provided by prime providers varied from provider to provider. However, here are two of the ‘packages’ offered to clients by two of the larger prime providers at work in more than one region: Ingeus and Seetec.

Ingeus state that they are committed to give customers the following:

- 1) A flexible service that is convenient and accessible.
- 2) A personalised package of support that is tailored to individual needs.
- 3) A professional In Work Support service, which will help customers develop and progress in the workplace.
- 4) Access to job vacancies and labour market information.
- 5) Treating customers with respect at all times and enabling them to be active participants in setting their own goals.

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addition they serve as a channel for the allocation of funds from various central government ‘funding pots’. Although the metrics for allocation are determined at the central government level and many people argue they largely operate as conduits for this funding.

<sup>10</sup> Please note the DWP were unwilling to speak to us as were the relevant prime providers for our case study areas. Relevant local Jobcentres were also unwilling to speak to us.

They also commit to:

Keep in regular contact with you.

Ensure you can easily contact us.

Give you access to the tools and information you need. (Source: DWP, 2017)

Seetec promise a minimum level of service which is described in the following terms:

Step 1 – **Aspire: Personalisation and Customer Needs** Initial contact within 3 days of referral. Initial Assessment and action plan. A log in for Seetec’s online training centre for customers. A named Adviser.

Step 2 – **Achieve: Into Work** Access to a relevant level of IAG<sup>11</sup>, work experience opportunities and a menu of online employability/job search modules. Help to set up a suitable ‘job seeking’ email address. Weekly email of current vacancies. At least fortnightly contact with their Adviser. Opportunity to submit feedback on provision

Step 3 – **Sustain: Sustainment and Advancement** Progression in Work Plan Opportunity to access in work skills development programmes. Access to online learning.

Carter and Whitworth (2015) also note that the payments by results system has ‘encouraged’ providers to engage in what they describe as ‘creaming and parking’ whereby they focus on those participants easiest to place, and keep, in work in order to receive payment. The result is that the ‘hard to place’ participants are ‘parked’. Moreover, at a more structural level, Ingold and Stuart (2015) have argued the system focuses too much on the supply side (i.e. out of work claimants) and not sufficiently on the demand side (employers). Their work on SMEs found that few had recruited workers from the Work Programme and that they had little awareness of the programme. In part criticisms of the type outlined above led to the termination of the Work Programme in 2017.

The Work and Health Programme, which replaced the Work Programme, is run by five service providers across six regions in England and Wales. These are:

- Shaw Trust (Central England and Home Counties)
- Reed in Partnership (North East)
- Ingeus (North West)
- Pluss (Southern)
- Remploy (Wales)

In addition, London and Greater Manchester have been given funding under devolution deals and will be allowed to select their own providers. In addition, the DWP has agreed through devolution deals to “co-design” the Programme with several Local Enterprise Partnerships and City Regions. These are:

- The Tees Valley
- East Anglia
- Sheffield City Region
- The West of England
- West Midlands
- Liverpool City Region
- Cardiff Capital Region (HoC, 2018)

Like the Work Programme the system based on payment by results approach. There is a quite complex payments system based around 2 elements: 1) A Delivery Fee and 2) and Outcome Fee<sup>12</sup>

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<sup>11</sup> This stands for Information, Advice and Guidance

<sup>12</sup> Further information can be found at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/823529/whp-provider-guidance-chapter-13.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/823529/whp-provider-guidance-chapter-13.pdf)

As noted above Jobcentres are the ‘local arm’ of the DWP and they are directly managed by the DWP. They provide assistance to those who are unemployed and claiming benefits. Finn and Peromingo (2019, p.48) point out that they are:

...accountable to Ministers in the DWP and ‘steered’ through a variety of ‘Performance and Resource Agreement’ targets. These included targets that would drive performance in securing job outcomes...These job outcome targets were weighted to clearly signal the priority attached to different groups with, for example, greater value given to Jobcentres for getting a lone parent or person on a disability benefit into a job and least value for helping someone already employed to move into a new job.

Thus, their overarching role is to “...implement a work first activation regime which requires unemployed claimants to find employment as soon as possible. The aim is to prevent long-term unemployment and welfare dependency.” (Finn and Peromingo, 2019, p.35).

At the local level their main role is helping employers fill employment vacancies. Following reforms introduced in 2011 by the Conservative-Liberal Democrat coalition government, their primary responsibility – and the performance targets by which their staff are measured – concern moving people off benefits, with little follow-up of how many claimants get jobs, or how many keep them. They are responsible for enforcing the requirements needed to collect benefits, and imposing sanctions on those who fail to meet obligations to attend jobcentre appointments, search for a job or prepare to start work. These sanctions range from short-term deductions of up to 40% in Job Seeker Benefit, through to penalties that can last for three years. They also refer claimants to the Work Programme (and its successor the Work and Health Programme). Since 2015, as part of the austerity regime, the number of Jobcentres has been reduced by around 20%. This reduction has placed pressure on staff and raises questions over their capacity to work with claimants and assist them in finding employment. Additional pressure has come with the problems that have bedevilled the system of Universal Credit (see Monaghan & Ingold, 2019).

At local level Jobcentre managers and their staff communicate with and have a key role in providing information to organisations. This includes passing on information about benefit changes, the state of the local labour market, the types of out of work claimants along with assessing the demand by local employers for labour. The DWP areas are also expected to support the integration of employment and skills provision and to coordinate partnership priorities with the activities of the providers that the Department contracts with to deliver programmes and services. However, this commitment to partnership working is largely voluntary, with local authorities and Local Enterprise Partnerships (LEPs) having no clear role in the design or commissioning of core Jobcentre support and only limited influence on how resources are deployed to meet local needs. Moreover, reductions in the numbers of Jobcentres and the increased workload on staff may well limit their capacity to engage in these tasks.

More generally Berry (2014, p593) referring to the Work Programme has argued: “ALMP is not primarily designed to fix most of the problems that are evident in the UK labour market, but rather to support a particular growth model by facilitating a low-paid and ‘flexible’ workforce.”. He goes on to point out:

Any characterisation of the UK’s approach to ALMP must...acknowledge both its very low level of expenditure and the concentration of expenditure on ‘labour services’, market services such as job-search and job-matching services, and short-term training programmes such as those focused on developing job-acquisition skills.” (ibid, 595-597).

## 1.3 Local governance systems

In the Introduction we described the local governance system in each of our areas which covers all three case study areas and pointed out that there was at best a marginal role for the local governance system.

### 1.3.1 *Urban case – Greater Bristol*

While policy is set at the national level by the Department for Work and Pensions, there are ‘roles’ for the West of England local Enterprise Partnership and the West of England Combined Authority (WECA) in terms of facilitating and promoting initiatives surrounding skills and the labour force. As noted earlier contracting out to the private sector has been driven by the wider neo-liberal agenda of generating economies of scale and efficiencies in the procurement process.

The West of England Local Enterprise Partnership was established in 2011 and published its strategic economic plan 2015-2030 in 2014 which has subsequently been incorporated into the West of England Local Industrial Strategy, which was developed further with the newer west of England Combined Authority (established 2017). The sub-region has strengths in terms of skills surrounding media and the creative sector, aerospace and advanced manufacturing and therefore specific skills are needed for its workforce. There are skills shortages in some sectors including artificial intelligence, composites and robotics (WECA 2019). A centralised system does not adequately assess or understand the skills needs in the Greater Bristol area as the rate of innovation and change is too rapid for any central bureaucracy to keep pace. The West of England LEP has therefore called for the implementation of a South Bristol Skills and Labour Market Agreement, covering a minimum of five years and as an early adopter of the model proposed by the Core Cities<sup>13</sup> group. This will include: a framework of coordination for all education providers; a single plan and investment framework for skills with devolved budgets and locally commissioned provision; more focus on under-25s; advice and guidance services linked to current and future needs of the local labour market; and local commissioning of the Work and Health Programme.

There is also an aim to develop a more responsive skills infrastructure by developing a strong understanding of local employers’ skills needs to increase provision that is relevant to local business, both current and future; supporting the development of courses to meet key sector needs; building strong relationships and regular dialogue between business and providers; simplifying employer engagement policies and processes across providers; and ensuring there are training and learning opportunities for all levels of skill.

In terms of active labour market plans relating to employment and skills, rapid growth in the sub-region has the potential to exacerbate unsustainable commuting patterns, and cause labour shortages in some localities. Some business needs in the area remain unmet by local labour supply. In terms of skills and social inclusion, wide ranging skills package are being developed to ensure labour market readiness and to address social inclusion including supporting businesses skills needs, in particular those of SMEs, through effective business engagement leading to co-design of training and employability programmes. Creating opportunities for NEETs (Not in Education, Employment or Training), those with Learning Difficulties and Disabilities and others for whom entry to the labour market is challenging in the Greater Bristol locality (HM Government 2019). One interviewee argued:

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<sup>13</sup> The Core Cities Group is a self-selected and self-financed collaborative advocacy group of large regional cities in the United Kingdom outside Greater London. It was set up in 1995 the 11 core cities are: Belfast, Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield.

We find that in South Bristol people don't have a very wide horizon and that adds to their disadvantage. So, kids in South Bristol will go to schools and live in families where the word university is never mentioned, and that can only contribute to the low university participation rate that we see in South Bristol" and "there are also significant weaknesses to it because certainly when you're looking at employment and training, a limited social network, which is the downside of a tight knit community, can actually restrict people's opportunities and also you find that people identify so much with a place and identify with a rivalry with other places that they're reluctant to move. So, unless they happen to live in a neighbourhood that has sufficient volume to make certain interventions viable, then they're going to struggle. (ALMP/VET-BUS2)

In terms of active labour market policies in Greater Bristol, national level direction and policy is given by the Work and Health Programme and Universal credit, distributed through the network of jobcentre plus and under the auspices of the DWP. It is difficult to disentangle and differentiate active labour market policy from VET policy as they are intrinsically linked.

At the regional level lies the Work and Health Programme provider, and a regional network of job centre plus offices. At the sub-regional level there are LEP labour market initiatives and the West of England Metro Mayor implementing local industrial strategy policy which incorporates active labour market initiatives.

At the local level there is a City Office approach incorporating the One City Plan and associated Inclusive growth strategy as one interviewee we previously interviewed for WP4 argued:

...that concept of governance came in the city office where all sectors could come into a place where together we can work alongside the council to address some of those big issues, be it housing, be it inequality around employment, etc, etc. And then came the thought that we ought to have a plan to shape how Bristol could be over the period to 2015 and alongside that came the concept of City Funds. (Member of the City Funds organisation)

However, given that overall active labour market policy is centrally driven and contracted out to the private sector at the local level, the One City Plan and other local and sub-regional policies make very little, if any, direct reference to the relevant conception of social investment strategies.

### ***1.3.2 Suburban case – North Staffordshire***

Newcastle-under-Lyme (NuL) Borough Council is a lower tier District Council that has powers and competences principally associated with local planning and service delivery. It has few strategic 'levers' to effect economic change locally and like our other case study areas has no direct control over labour market policies. Other service are vested in the upper tier authority, Staffordshire County Council, and the Stoke and Staffordshire Local Enterprise Partnership (LEP). However, similarly neither of these bodies has any direct control over labour market policies and can only work through 'partnership' structures with the relevant prime provider and local Jobcentre Plus offices. Moreover, it is important to be aware that the North Staffordshire conurbation, widely known as 'The Potteries' (it is the historic centre of the UK ceramics industry) comprises the Borough of Newcastle under Lyme plus the six industrial towns that constitute the adjacent local authority area, the City of Stoke on Trent ('SoT'). The conurbation represents an effective functional labour and housing market area within which NuL plays a key role as a residential and commuter settlement for people that work in the major centres of employment.

### 1.3.3 *The rural case – West Dorset*

Our focus is on the rural locality of West Dorset District Council and the adjacent urban local authority of Weymouth and Portland. By English standards it has a low population density. In order to understand the labour market issues in West Dorset it is important to outline the general context as this has implications for the labour market and relevant policies.

Apart from the urban areas of Weymouth and Portland the area is made up of small towns, the largest of which is Dorchester with a population of almost 20,000, the next largest town is Bridport with a population of 13,570, the remaining towns are places with populations of under 10,000. The rural area is overwhelmingly made up of villages making it a ‘classic’ English rural area bring with it attendant issues of rural isolation. The highest proportion of residents in the district (31.6%) are classified as residents of isolated rural communities (Dorset Statistics, 2018). The West Dorset area is incorporated into three labour market areas (Bridport, Dorchester and Weymouth and Yeovil).

## 2. Part 2 – Activities and services

### 2.1 Description

As we have made abundantly clear above the role of sub-national government is marginal, they do not have the resources, powers or capacities to develop policies related to the local labour market. At best LEPs can try to work in partnership with prime providers and Job Centre Plus but there is no evidence of this taking place.

In terms of the Work Programme the prime providers are the key actors. Generally speaking, nine groups of people were eligible for the Programme:

- JSA claimants aged 18-24 after 9 months claiming. Their participation is mandatory
- JSA claimants aged 25 and over after 12 months claiming. Their participation is mandatory
- JSA claimants who have recently moved from Incapacity Benefit after 3 months claiming. Their participation is mandatory
- JSA claimants facing significant disadvantage (e.g. young people with significant barriers, ex-armed services personnel) after 3 months claiming. Their participation is mandatory or voluntary depending on their circumstances
- ESA claimants who are unlikely to be fit for work in the short term after their Work Capability Assessment is concluded. Their participation is voluntary
- ESA Claimants who have recently moved from Incapacity Benefit if they are expected to be fit for work within 3 to 12 months. Their participation is mandatory. If not expected to be fit for work their participation is voluntary.
- ESA claimants who are expected to be fit for work within 3 to 12 months after their Work Capability Assessment. If they are expected to be fit for work within 3 to 12 months, then their participation is mandatory. However, if it is concluded they are not expected to be fit for work in short term it is voluntary.
- Those on Incapacity Benefit and Income Support may participate on a voluntary basis
- Prison leavers who are claiming JSA once benefit claim made within 3 months from leaving prison. Their participation is mandatory. (HoC, 2016, p.4)

As can be seen from the above the programme covered a wide range of people with the common aim of getting as many people as possible off welfare and into work.

In terms of the Work and Health Programme referrals are based on the categories outlined below.

Those who are eligible for the new programme are the disabled and people unemployed for more than two years. Others who may be eligible for the programme are:

- a carer or former carer
- homeless
- a former member of the armed forces or an armed forces reservist
- the partner of a current or former member of the armed forces
- a care leaver
- a young person in a gang
- a refugee
- a victim of domestic violence
- dependent (or have been dependent) on drugs or alcohol and preventing them from getting work
- an ex-offender who has completed a custodial or community sentence
- an offender serving a community sentence (HoC, 2018).

It should also be noted that the programme is voluntary for the above groups. It is clearly targeted at those with health conditions or disabilities, and at various groups of vulnerable people. *In addition, it also provides support to those defined as the long-term unemployed (i.e. those who have been unemployed for over two years) for whom it is compulsory.* The programme is intended to provide specialist support for those who are considered likely to be able to find work within 12 months. The expectation is that in the main those referred to the scheme have to be disabled

Thus, the new programme provides what is described as:

...specialist voluntary support<sup>14</sup> for claimants with health conditions or a disability and mandatory support for some of those unemployed for over two years. Delivery is the responsibility of a small number of prime providers, each separately covering large geographical areas, with 70 per cent of their funding tied to securing sustained employment and 30 per cent paid as monthly service fees. A major consequence of scaling down the Work Programme is that Jobcentres increasingly cater directly for more of the long term unemployed and for higher numbers of individuals with health conditions and disabilities who may not qualify for the Work and Health Programme (Finn and Peromingo, 2019, p64).

## 2.2 Main changes and innovations introduced in the last ten years

Following on from the above it is not really possible to talk about innovations at the local level. Although in Greater Bristol there have been more attempts to develop a tailored approach to the areas employment/skills issues. However, these are constrained by a lack of powers, resources and capacity.

## 2.3 Local Policies

Again, it is difficult to talk in terms of specific local policies because of the highly centralised nature of the system and the way policy is delivered at the local level works against the development of local policies. Each LEP has developed a Local Industrial Strategy which demonstrates an awareness of the situation vis-à-vis the local labour market, but each lacks any concrete policy proposals to address

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<sup>14</sup> The type of support provided will vary according to the particular needs and circumstance of the individual. As can be seen from the list of those eligible for the programme they cover a wide range of different types of claimants and the idea is that support tailored to the particular needs of each client be provided. There is no 'one-size' fits all type of support.



them and remain aspiration. These strategies of course are framed by the National Industrial Strategy (HM Government, 2017) and while there is considerable discussion of enhancing local productivity and GVA by building on strengths little is said in the way of how this will actually be done reflecting the fact that LEPs are relatively powerless to directly intervene in local labour markets. Thus, there is much discussion of improving local labour markets and their operation in order to facilitate local growth but little in the way of how this will be done in practice. Moreover, the interview material collected in WP4 clearly demonstrated a lack of confidence in the capacity of LEPs to pull together the various fragments of the local delivery system into a coherent approach.

### **2.3.1 Urban case – Greater Bristol**

As can be seen in the local LIS the relevant local bodies in Greater Bristol are aware of the labour market issues they face as is the Bristol One City Plan. However, as direct responsibility for active labour market policy is therefore mainly with private providers there is relatively little these local bodies can do independently. The prime provider in Bristol being PLUSS which is a social enterprise that supports people with disabilities and other disadvantages move towards and into employment. The local authority (City of Bristol) and sub-regional authorities (the LEP and West of England Combined Authority) do attempt to promote and support wider active labour markets linked to local strategies on economic growth and productivity and issues of poverty and inequality which are also related to the system of Universal Credit. As one interviewee noted an issue is:

...low earnings in the urban areas which are close to Bristol which are really Bristol. Basically, I looked a few years ago and Kingswood was the Tax Credit<sup>15</sup> capital of the UK. Higher Tax Credit, simply because their take up earnings were so low from employment. Great employment rates, awful in work poverty. (ALMP/VET-BUS2)

The prime provider's employment operations help jobseekers who require the most specialist support to find work and achieve a career. The enterprise operations aim to create direct employment opportunities in a wide range of businesses and employment. This is supported by a network of six Jobcentre Plus locations across the city.

Local government has few levers regarding labour market policy other than through contracting out its own services and playing a facilitating role in the context of the wider shift from government to governance. The Bristol One City Plan and Inclusive Growth Strategy have strong elements of enhancing employability and skills (BCC 2019a; 2019b). The One City Plan sets out the 'vision', to be updated annually while the Bristol Inclusive Growth Strategy begins the process of mapping out the strategy to achieve the former (see BCC 2020). As the Inclusive Growth Strategy notes: "The work is rooted in the One City Approach, acting as the driving force and action plan for inclusive and sustainable growth in Bristol" (BCC 2019b: 5). The One City Plan does note a series of national policy areas (such as active labour market policy), that would need to be 'bent' and articulated with the local strategy in order to support its objectives. The problem is that the local authority has no direct control over the labour market policy domain; it may be able to influence their operation at local level but this will be reliant upon getting the relevant delivery bodies and agencies on board as potential partners. Direct resources for public sector funded active labour market schemes are limited – Bristol City Council has witnessed a cut in central government financial support from £201 million a year in 2010/2011 to £45 million a year in 2019/2020 representing a 78% cut (Hambleton 2019: 274).

There are also associated initiatives including City Funds which aims to create positive and transformative change in Bristol by bringing businesses, community organisations, funders and the

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<sup>15</sup> This is a reference to Working tax credit (WTC) which is paid by HM Revenue & Customs (HMRC) to support people who work and are on a low income – it does not matter whether that person is an employee or self-employed.

public sector together, to share resources and help address key priorities in Bristol. In terms of local labour markets one interviewee we previously interviewed for WP4 pointed out:

One of the themes of City Funds is economic inclusion, and economic inclusion as part of it includes skills basically, so I think...our interest is that...given that the economy is changing shape, how do you position people for that new economy so that we don't have mass unemployment by mistake? Now, the role we can play...the state might do this and the private sector might do that, are there some funding initiatives where we can capitalise or stimulate that activity to take place more quickly than it would do otherwise, particularly in areas of deprivation. So, I think that's what we're doing a little bit of research...on that at the moment as to what that might look like. We haven't got any answers yet but, you know, my sense is actually it's more about relationships of trust and less about the money but there will be a little bit of money required in order to make the relationship trust translate into actual change. (Member of the City Funds organisation)

### 2.3.2 Suburban case – North Staffordshire

As with the above regarding what is taking place while the relevant North Staffordshire bodies are cognisant of the labour market issues they face, and this is clear from the LIS. As we are talking about an integrated local functional labour market/economy this means we cannot focus on NuL in isolation as it is part of this wider functional economy. Therefore in terms of any study of 'local labour market policy(ies) we need to consider the *Stoke and Staffordshire Strategic Economic Plan, April 2018* (SSLEP, 2018), coproduced by the LEP and the County Council and supported by and 'apprenticeship strategy' (SSLEP, 2016a) and 'skills strategy' (SSLEP, 2016b). The Stoke and Staffordshire Strategic Economic Plan (SSLEP, 2018 - it is the Local Industrial Strategy) sets out a strategy for economic development in the County of Staffordshire for the period 2017 to 2030 which incorporates thinking on the local labour market.

The conurbation represents a classic example of deindustrialisation and urban decline and is characterised by a low skill, low wage, low value added economy. Levels of education attainment, for example, are below national averages. The proportion of residents of working age (December 2016) educated to degree level or above are Stoke on Trent (SoT) 20.7%, Newcastle under Lyme (NuL) 36.9%, and Great Britain 38.2%. The proportion of residents of working age with no formal qualification are SoT 15.2%, NuL 10.5% and Great Britain 8.0% (Source: NOMIS). This reflects a historic low demand from local employers for high skilled labour (the conurbation was characterised by a tradition of students leaving school at age 16 to access plentiful work opportunities in 'pots and pits' – the ceramic and mining sectors) and also a problem of retaining skilled workers within the conurbation.

On the one hand, the SSLEP (2018) points out that there has been a very significant growth of employment in Staffordshire in the past five years:

We have been successful in generating a large number of jobs, increasing earnings and reducing unemployment to the point where we have been close to or at full employment for some time. (ibid, p.8).

However, it goes on to point out that the majority of new employment created has been in low value-added sectors and, as such, levels of Gross Value Added (GVA) in Staffordshire remains lower than in other parts of the UK.

To sum up the main labour market challenges facing NuL are related to:

- The presence of a community of working age adults on long term multiple benefits
- The different levels of mobility (and access to higher paid employment) between the rural and urban parts of the Borough

- Spatial differences in educational attainment across the borough (higher in rural fringe, lower in urban area)
- A demand for low skilled labour in logistics and transport with limited potential for ‘up-skilling’
- Keele University is an important attractor of young people/young migrants who leave soon after graduating
- The earnings of residents who work elsewhere is significantly higher than the average wages on offer in NuL suggesting the town functions as a ‘dormitory town’ serving other labour markets.

The main initiative by the LEP to tackle labour market skills issues was the creation of a Staffordshire Skills Hub. The Hub’s role is to provide clear access point for employers on all skills issues, provide a brokerage and support service and act a key source of labour market intelligence to inform skills commissioning and careers guidance. The key aim was that of:

...ensuring a joined-up skills system working with FE Colleges, universities, providers, local partners and stakeholders to widen participation and engage employers to enhance business performance (SSLEP, 2018, p47).

Interestingly this key strategy document makes no mention of working with providers of the Work Programme or the subsequent Work and Health Programme or of working with local Jobcentre Plus. The Employability and Skills Group and Serco delivered the Work Programme in the area but are not mentioned.

One interviewee we interviewed for WP4 emphasized the skills issue: “The local economy, from the perspective of statistics, looks buoyant; 3.5% unemployment. Beneath the surface is a “low skills equilibrium, low income economy”. There are many ‘hidden’ problems of underemployment, in work benefit dependent, mental health, etc.” The Director of a training company put this in a wider context pointing out North Staffordshire is a post-industrial area that has the classic legacy of a low skilled economy. However, the issue of graduate retention is reverse side of coin; “...there is a question whether the local economy and local area is attractive to retain that talent”. “ (ALMP/VET-BUS4). This person went on to say “It’s not necessarily the case that we haven’t got people that develop high level skills ... it’s not just the jobs, it’s what the city has to offer, what is its cultural offer, what is its reputation”. (ibid). What this last point highlights, is the impact the area’s reputation has on the labour market, something which is rarely considered.

The same person commented on the transition from traditional apprenticeships to the new Apprenticeship Levy arguing that this has been challenging as have the associated funding reform. The implementation of government policy was described as “disorganised and unpredictable”. This person went on to say: “It’s been a bit of a paradox in that the original objective was to increase the number of apprenticeship whereas the immediate impact was to reduce the numbers of new people starting”. (ibid). Pointing out that: Employers find it difficult to understand the new system as “...they haven’t been well briefed and informed [by government]”. (ibid). This latter point suggests a failure on the part of central government to explain its new apprenticeship system and associated forms of funding to businesses in the area.

Another interviewee working in a Further Education College argued that the College had found it difficult to identify business sector representatives who have enough of an overview of skills needs in the sub-region:

Obviously, we work with our local Chambers of Commerce but I can’t hand on heart say that they assimilate employers’ views and come up with one message or one set message. Same with the Local Enterprise Partnership. (ALMP/VET-BUS5)

What this suggests is that there is no real integration, whether through partnerships or other mechanisms, between skills providers, businesses or the LEP and the LEPs overarching Local Industrial Strategy. This may also reflect wider deficiencies in territorial governance, strategic

development of the city region and service delivery. The experience of North Staffordshire, NuL and Stoke-on-Trent is one in which joint working and co-ordination based on long-term vertical and horizontal governance relationships have been difficult to establish and maintain. Business respondents were critical of the lack of strategic leadership of place within North Staffordshire whilst, themselves only engaging in the city regional governance ‘network’ on an incremental, selective and narrowly self-interested manner. Given this it is hardly surprising there is no coherent approach to labour markets, something which is only accentuated by the distance from the relevant prime provider and local Jobcentre Plus offices.

### 2.3.3 *Rural case – West Dorset*

The relevant bodies are aware of the labour market issues the area faces, this is reflected in the LIS developed Dorset Local Enterprise Partnership (DLEP). What is clear is that the area is notable for concentrations of employment in agriculture, tourist-related activities and public administration albeit that the number of people employed in agriculture is relatively small. More specifically in terms of employment 40% of jobs are in the public sector; agriculture, forestry and fisheries constitute 16% of businesses in West Dorset compared to 5% for the county of Dorset and 3% for Great Britain. Wage levels are lower than the national average and there is a reported shortage of labour with relevant skills or training. Employed residents in the district are classified as: 40.8% high skill occupation, 43.1% intermediate skill occupation and 16.1% low skill occupation. Weymouth and Portland residence based weekly earnings are £488 per week compared with £541 in Great Britain and the towns have low levels of educational attainment and poor levels of training.

To sum up the key labour market issues in the area relate to a variety of interlocking factors that need to be understood:

- Due to problems of connectivity and the fragmented settlement structure there are issues of accessibility to employment opportunities with low income residents in rural areas particularly disadvantaged from finding good employment
- In many cases residents who earn high wages are working elsewhere (i.e. who can benefit from their mobility)
- The migratory outflow of younger adults in their late teens going into higher education (brain drain) with a compensatory inflowing of older adults approaching retirement age leading to a population imbalance in terms of ‘working age adults’
- Employment demand from agriculture and tourism is problematic in terms of seasonality (underemployment), low skills and the lack of possibilities for up-skilling
- Ironically the local authority district of West Dorset displays a high level of educational attainment by sixteen-year olds, the problem being is they then leave for university and do not return while Weymouth and Portland have low levels of educational attainment for sixteen year olds
- High house prices relative to average wages and a lack of affordable housing
- Migration-driven aging of the population which leads to population imbalances and places demands on services.

A report by the consultancy Regeneris (2016) commissioned by DLEP and relevant local authorities in the West Dorset Growth Corridor (which includes our study area) noted:

The Growth Corridor is characterised by an ageing population, relatively stagnant population growth in parts of the study area (particularly Weymouth and Portland), and falling cohort of working age and young people. Looking forward to 2024...future labour force requirements predict an additional 291,000 workers will be required in Dorset. (ibid, p4)

It went on to point out:

The cumulative effect of these trends presents a significant labour market challenge for the Growth Corridor creating the potential for a severely constrained labour market when considered against the scale of future labour requirements and the potential to undermine efforts to create sustainable economic growth. When compared with replacement and expansion demand requirements, the scale of the projected labour supply shortfall is stark and requires immediate intervention. (ibid, p6)

Across the growth corridor it is noted, among other things that there are low levels of productivity caused by the limited supply of labour as illustrated by a decreasing pool of working age residents, low levels of average labour utilisation (a low proportion of full-time working) and evidence of under-employment, a below average representation of higher level occupations and relatively low earnings compared to Dorset and England. Clearly the area faces serious problems in economic terms and specifically vis-à-vis the labour market.

In terms of labour market policy as we noted earlier the ‘key’ actors are the relevant prime provider for the region and the local Jobcentres Plus as the agencies directly responsible for provision. However in terms of labour market policies specifically ‘tailored’ for the area that are integrated with the strategy for economic development the overarching ‘responsibility’ lies with the Dorset Local Enterprise Partnership (DLEP). The problem here is that DLEP does not directly or even indirectly exercise control over the prime provider or local Jobcentres who provide/oversee actual provision and as also noted earlier cooperation/coordination between these organisations is voluntary and often lacking. DLEP thus has to work through the creation of partnerships which has often proved problematic (more below).

DLEP is required by central government to develop its own Local Industrial Strategy (LIS) based, albeit adapted to the local context, on the National Industrial Strategy (HM Government, 2017). Specifically, in terms of both the Work Programme and Health and Work Programme if they are to be effective at tackling worklessness they will need to be integrated into DLEPs wider economic development and regeneration strategies of local areas. In theory such programmes should not simply be seen by prime providers and their subcontractors as a mere matter of carrying out and delivering a private contract. It is essential that they contribute to the wider strategy of local development/growth. Thus, prime providers and their supply chains should be integrated into, and work with, local authorities and partnerships such as LEPs in order to maximise the impact of the available resources and to ensure that the relevant services operate in a co-ordinated way. Yet in the LEPs Strategic Economic Plan (DLEP, 2018a) only one mentioned is made of the Work Programme (no mention is made of the Work and Health Programme):

The plan will be implemented locally, with the delivery of the actions tailored to reflect the needs and priorities of Dorset’s local economies. Employers, Further Education colleges, universities, training providers, local authorities, Work Programme contractors and other stakeholders have shaped this plan – as both providers in and beneficiaries to enhanced skills development. (ibid, pp205-206)

No mention is made of the Primer Providers for Dorset Working Links who is working with (sub-contracting to) Bournemouth and Poole College and Prospects Services Ltd. Nor is the Work and Health Programme mentioned. Seetec Pluss is currently delivering the Work and Health Programme in Dorset and is not mention in any documents.

DLEPs Industrial Strategy (2018b) has the overall aim of creating “...a Dorset which competes on the domestic stage as well as internationally, while making the region attractive to new and existing residents, tourists and businesses.” (ibid, p.4). If this is to be achieved in West Dorset the strategy requires a general ‘upskilling’ of the existing labour force and as the Regeneris (2016) report pointed out a significant number of new entrants into the labour market as well as creating suitable local growth opportunities for existing firms to develop (i.e. to expand their operations where required) and new ones to be established. This means that the LIS will have to articulate with the providers of training and apprenticeships in order to address the ‘upskilling’ issue and the recruitment issue with

the relevant local authorities, in particular planning, to create the conditions for local growth. Thus VET, labour market policy and local growth need to be clearly articulated through partnership structures as DLEP does not control these policy fields.

There is also a Dorset Training and Skills Board, a former member of the board we previously interviewed for WP4 described its role in the following terms:

...we had a meeting probably...every two or three months and in it we'd have all the representatives from skills providers so university, college, school, private training providers etc. And then on the other side of the table we would have businesses and what we were trying to do was effectively get almost like demand and supply to listen to one another. It was chaired by a local business leader and he had a seat at the LEP board to represent skills...It had a number of different work streams on it, you know businesses are talking about their skill shortages, resource shortage and some of it was also about trying to make sure where possible that the talent coming out of the education establishment actually fitted with what was needed in a local economy.

What is notable about this is the absence of representatives from prime providers of the Work Programme or the Health and Work Programme as well as from Jobcentre Plus suggesting an important gap in the way in which labour market policies operate in the area.

Local authorities themselves have relatively few economic levels to pull so the main burden of providing leadership falls on the shoulders of DLEP. A basic question also hangs over the DLEP approach – is it able to pursue and operationalise this integrated approach, does it have the ‘capacity to act’ (i.e. collective efficacy). First of all, as noted above, it largely relies on the resources it can obtain from central government to implement its strategy and objectives and for these it must compete with other LEPs. Secondly while a DLEP interviewee we previously interviewed for WP4 argued: “...I’ve been at the LEP for four years now, we see good evidence of partnership working at a strategic level but operationally maybe it doesn’t bear as much as they would like.” Unfortunately, other interviewees were less convinced by the DLEPs ability to work strategically, let alone operationally. As one local economic development officer pointed out: “I don’t think we have a very close working relationship with our LEP.” A private sector interviewee for WP4 involved in supporting SMEs stated:

...everyone I talk to says that the whole LEP model has been almost a complete flop...in the case of Dorset it’s probably too small to be effective and it confuses the landscape. You’ve now got [with the reorganisation of local government] Dorset Council and an urban council and conurbation and sandwiched in between there is this LEP that’s in theory the sort of depositary for the funds and I just don’t see how it works. I think it’s a bad idea.

However, another interviewee formerly a member of the Dorset Employment and Skills Board interviewed for WP4 expressed a more considered opinion:

...it’s been interesting because I’ve been involved in the LEP from day one and I’ve seen it go from you know where it was to where it is now. I think the LEP is almost like a repository for projects and information and an avenue that local authorities have no choice but to go through to get funding for something and you know some people would say it’s an unnecessary level of bureaucracy between government departments and local authorities... Having said all that there are a lot of things that the LEP do well and you know the government seems to be backing them and putting more into them but sometimes you know what a local authority does some people just see it as the LEP badging what local authorities do.

In terms of the linked fields of labour market policy and VET, their delivery is largely done through large numbers of private sector organisations (prime providers), schools and Further Education Colleges. With regard to the general issues of skills, the former member of the Dorset Employment and Skills Board argued:

The LEP doesn’t actually do anything you know the LEP is not a skills provider,...and the LEP is not a business support organisation...the LEP commissions people to do things it

doesn't do them itself...It will set strategies it will have committees that talk about it but the actual work is done by businesses and local authorities and skills providers.

The Principal of a Further Education College that provides skills training and apprenticeships also questioned the effectiveness of DLEP and the extent to which it was able to develop an effective strategy related to skills and work with providers. The same person when discussing gaps in the labour related to skills pointed out:

I don't know if there are skills gaps, if they're real or if they're just recruitment issues. I mean, one example, I was at a meeting...a new company that had just come to work on Portland and [someone] said, "well, the thing is, you know, they came and they needed 27 welders and they just can't recruit, they can't recruit, this is a failure of skills provision" and it's just such bullshit! You know, somebody came in without any thought or planning, what did they expect? They expected to find on Portland 27 unemployed welders? I don't think so. As it is, we are now working with that company and putting in welding apprenticeships. So, we can do that, we would do that, we would do it all the time if we knew that those people were needed. As it is, we are now working with that company and putting in welding apprenticeships. So, we can do that, we would do that, we would do it all the time if we knew that those people were needed. (From WP 4 Interview)

This is an example of the lack of coordination in the labour market at local level where new companies are setting up in the area with specific labour/skills requirements without attempting to assess whether or not the local labour market can meet those demands and not approaching appropriate local training organisations to assist with filling in any gaps. Also one could argue it reflects a lack of involvement on the part Jobcentre Plus who should be able to provide information on these issues to incoming firms and to unemployed people to assist in ensuring supply and demand are matched and where there are 'skills gaps' liaising with local training organisations.

What we were unable to unearth was any evidence for those responsible for providing the Work Programme and the Work and Health Programme or with Jobcentres Plus working with the LEP or other training organisations. This strongly suggests that in West Dorset there is no link between the DLEPs LIS and those responsible for delivering central government labour market policies.

### **2.3.4 Similarities and differences among the three case studies**

While all three cases face different labour market issues and are aware of them all three cases are similar in that the relevant bodies cannot do a great deal to address them. The highly centralised nature of the policy system and the nature of the delivery system works against the development of any coherent strategy at local level. LEPs can attempt to work with prime providers and any subcontractors they have and local Jobcentre Plus offices but we found no evidence of this in any of our case study work for WPs 4 or 5. Indeed the work we did for WP4 provided an almost unanimous view that LEPs were simply not up to the tasks assigned to them by central government and in particular of developing and implementing a strategic and integrated approach to the needs of their local economies and labour markets. At best local government can facilitate local economic development through planning policies, but there is no direct link between these and labour market issues other than local government can try to direct growth towards areas experiencing employment/unemployment problems. Local authorities are not able to intervene in the labour market.

The ways in which prime providers and any subcontractors operate in the areas remains something of a 'black box' and there was no evidence in any of the case study areas that they worked with LEPs and local authorities. Once again implying a fragments policy and governance landscape.

### **3. Part 3 - Priorities and Social Investment Strategy**

#### **3.1 Diagnosis**

Again, as previously noted the local policy agenda, particularly for LEPs but also for local service delivery bodies, is primarily driven by national policy and the particular systems created by central government and the associated, centrally determined, forms of payment and regulation. The evidence suggests, particularly in relation to the major national programmes for labour market activation, that the local forms of delivery are primarily driven by the associated system of payments and central regulation rather than local needs.

In each of our case study areas relevant organisations have sought to adapt these to reflect local economic conditions, the local demographic structure and associated needs along with the nature of the local urban structure and forms of inequality. Nevertheless, they are severely constrained by a lack of resources, powers and capacity along with only indirect influence over delivery organisations. While local authorities are struggling to fulfil even their statutory responsibilities and maintain the quality of these services.

In terms of what prime providers for the discontinued Work Programme and the new Work and Health Programme provide to their ‘customers’/clients there is little, if anything, in the way of actions that would enhance their skills through placing them on additional training courses or apprenticeships. The current apprenticeship scheme is simply not organised in such a way as to involve prime providers and their ‘customers’/clients.

Put simply there is no SIS approach at local level, nor can one reasonably infer that the activities we have described somehow indirectly (or unconsciously) contribute to a mythically imagined SIS scenario. To do so would be to engage in ‘flight of fancy’.

More concretely local government and LEPs do not have such a strategy, nor does it fall within their remit to even attempt to develop such a strategy if they wished to and there was no evidence that SIS figured in their thinking. Moreover, even if they wished to they lack the capacity to develop such a strategy. However, it is not even on the policy agenda. This last point always needs to be kept in mind otherwise there is a danger of looking for evidence of an SIS approach when none exists.

#### **3.2 Priorities**

The priorities for local authorities at local level are, because of the Austerity Regime and associated cuts, to meet statutory requirements. With regard to local labour markets this is not one of local government’s statutory responsibilities. LEPs might attempt to address local labour market priorities but they lack the powers, resources and capacities to do so independently and can only work through partnerships with appropriate delivery bodies, but as we have described this is simply not taking place.

While LEPs have little or no influence of Active Labour Market Policy (ALMP) as part of their Local Industrial Strategies LEPs have attempted to address vocational training as they recognise this can go some way to addressing of the skills issues/problems that each of our case study areas face, albeit of different kinds. In the Greater Bristol case and the City of Bristol there is a recognition that action related to skills would help address long standing issues of social and spatial inequalities. However, this is problematic given their lack of powers and resources and, arguably, a lack of capacity. They have a limited remit that could potentially bring together both supply-side interests (Further Education Colleges and private providers) and demand-side interests (employers – both current and future). However, LEPs have no formal influence on mainstream Further Education spending, albeit that they



might access funding through project-based programmes. What all this also reflects is the fragmented nature of subnational governance which arguably further mitigates against the development of a local SIS approach. Given this there is a clear disconnect between key elements related to any imagined SIS approach and ALMP.

# Vocational and Educational Training (VET)

## Executive Summary

In this section we are focussing on education and training that are ‘vocational’ or related to work as distinct from education that is ‘academic’ in nature (with the aim of progression to higher education). Thus the focus is on vocational or ‘work-related’ training as it applies to young people aged from 16 to 19 years old. In the UK this form of vocational training is a devolved responsibility to the constituent nations of the UK – thus for our purposes England is our focus. Defined in this way vocational education for young people is mainly (but not exclusively) delivered through a mix of Further Education Colleges and private providers.

Vocational education in England is mainly funded by central government since the school leaving age was raised to 18 years. It is a market-based system with competition between providers, limited employer engagement and an emphasis on a high volume of short-term courses. Apprenticeships form part of the landscape of vocational education for young people. In England, the further education sector receives lower funding per capita than the higher education sector (universities). Vocational education and training has been subject to three major reviews since 2010 (the Wolf Review 2011, the Richards Review in 2012 and the Sainsbury Review in 2016). All the reviews were aimed at re-focusing and improving the standard of provision of ‘technical education’ as well as its relevance to employers and the economy more generally. To date it is questionable if any of this has occurred, albeit that youth unemployment in the UK is relatively low in comparison with other European economies. However this series of reviews makes it problematic to compare statistics over the 10 year period 2010-20.

The system that defines qualifications, funding and provision is highly centralised but not necessarily effectively coordinated within Central Government (across the roles of frontline provision, oversight and strategic direction). The role for local authorities in our case study areas is marginal and is focused primarily on dealing with young adults who are disengaging from the education system. There are also wider concerns in policy terms related to how poor educational attainment might impact on productivity within the local economies – for example by creating skills gaps.

In our case study areas, local authorities endowed with limited education competences do engage in the general issue of education for 16-19 year olds – with the local authority role focusing on disadvantaged younger people and career’s advice. Where local authorities have an interest in economic development the issue of vocational training for young people is embedded in employment and skills plans.

## 4. Part 1 - The governance system

### 4.1 Multilevel institutional setting

This section will describe the English context for vocational education and training in three sub-sections:

- We will outline what comprises vocational education and training in England;
- We will describe the flows of young people aged 16-19 years through the education system with special reference to vocational education;
- We will set out who the key institutional actors are within the field of vocational education and training including setting out who pays for vocational education provision

#### *4.1.1 : What is vocational education and training?*

In the United Kingdom education is a devolved responsibility to the four constituent nations of the United Kingdom. Here we focus on how the education system works in England. England has a distinctive education system in comparison to many other European countries and one aspect of that difference is the lack of a clear distinction between vocational and academic education pathways. However, post-2010 there has been much work that has attempted to refine educational pathways for young people (see also section 4.1.2 for a view on transitions between lower and secondary education in England). For the most part vocational education in England relates to education in the ‘further education’ sector (college-based vocational education) and to apprenticeships (work-based education). For both college-based and work-based vocational education, we will focus mainly on how the system works for 16 to 19 year olds but around half students in colleges and in apprenticeships are ‘adults’ (i.e. 19 years or older).

As we will discuss later education is based on the gaining of qualifications – this is because of the way in which education is funded (per qualification rather than per student). The institutional framing of education also leads to a proliferation (and complexity) of qualifications. There are various estimates of the types of qualifications available within this system but one states that in 2014/15 there were 24,500 regulated qualifications on the Register of Regulated Qualifications (for England and Northern Ireland) of which 14,400 had had an award made. Table 4.1 sets out typical ‘types’ of qualification in England set against ‘levels’ of attainment (ranging from 0 to 7). This table includes both vocational and ‘academic’ qualifications (GCSEs and A levels). It also includes a column relating the four levels of (work-related) apprenticeships that are available in England although technically apprenticeships are programmes of training that combine work-based learning and college-based qualifications.

Table 4.1: A framework for Qualifications in England

Level	Qualifications and Credit Framework/National Qualifications Framework for England	Framework for Higher Education in England, Wales and Northern Ireland	Apprenticeship	
8	<ul style="list-style-type: none"> <li>Vocational Qualifications Level 8</li> </ul>	<ul style="list-style-type: none"> <li>Doctoral Degrees</li> </ul>		
7	<ul style="list-style-type: none"> <li>Fellowships</li> <li>NVQ level 5</li> <li>Vocational Qualifications Level 7</li> </ul>	<ul style="list-style-type: none"> <li>Master's Degrees</li> <li>Integrated Master's Degrees</li> <li>Postgraduate Diploma</li> <li>Postgraduate Certificate in Education</li> <li>Postgraduate Certificates</li> </ul>	higher	Degree
6	<ul style="list-style-type: none"> <li>Vocational Qualifications Level 6</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's Degrees</li> <li>Professional Graduate Certificate in Education</li> <li>Graduate Diplomas</li> <li>Graduate Certificates</li> </ul>		
5	<ul style="list-style-type: none"> <li>NVQ Level 4</li> <li>Higher National Diplomas (HND)</li> <li>Vocational Qualifications Level 5</li> </ul>	<ul style="list-style-type: none"> <li>Foundation Degrees</li> <li>Diplomas of Higher Education (DipHE)</li> <li>Higher National Diplomas</li> </ul>		
4	<ul style="list-style-type: none"> <li>Vocational Qualifications Level 4</li> <li>Higher National Certificates (HNC)</li> </ul>	<ul style="list-style-type: none"> <li>Higher National Certificates (HNC)</li> <li>Certificates of Higher Education (CertHE)</li> </ul>		
3	<ul style="list-style-type: none"> <li>NVQ Level 3</li> <li>National Qualifications Level 3</li> <li>GCSE AS and A Levels</li> <li>Advanced Diplomas</li> </ul>		advanced	
2	<ul style="list-style-type: none"> <li>NVQ Level 2</li> <li>Vocational Qualifications Level 2</li> <li>GCSEs at grade A-C</li> <li>ESOL skills for life</li> <li>Higher Diplomas</li> <li>Functional Skills Level 2</li> </ul>		intermediate	
1	<ul style="list-style-type: none"> <li>NVQ Level 1</li> <li>Vocational Qualifications Level 1</li> <li>GCSEs at grade D-G</li> <li>ESOL skills for life</li> <li>Foundation Diplomas</li> <li>Functional Skills Level 1</li> </ul>			
Entry Level	<ul style="list-style-type: none"> <li>Entry Level Certificate</li> <li>Functional Skills Entry Level</li> </ul>			

Source: derived from UK Commission for Employment and Skills (source UK Commission for Employment and Skills)

The significant groups of vocational qualification relate to BTEC (Business and Technology Education Council) qualifications and National Vocational Qualifications (NVQs). These qualifications are run at different attainment levels but the content of these college-based qualifications should relate to practical skills and knowledge useful in work. The amount of study required varies by qualification. For example a BTEC in business administration at level 1 award equates to under 120 hours class time whilst a level 1 diploma equates to 370 hours of study.

Table 4.2 highlights the fact that vocational education is not just an issue for 16-19 year olds since two thirds of students engaged in the three forms of vocational education are aged under 19 years old

Table 4.2: Vocational training engagement by age and track 2017/18 in England

	learners aged under 19 years	learners aged 19 years and older
Education and training (college-based provision)	720,500	1,131,700
Apprenticeships (work-based provision)	176,500	638,200
Community learning (informal provision)	1,100	500,900

Source: DfE (2018)

Table 4.3: Apprenticeship starts, duration and content 2017/18 (all ages)

Level	Starts in 2017/18	Expected duration (days)	Average off-the-job (hours) per apprenticeship
2	143,730	487	510
3	150,320	615	670
4	15,840	614	610
5	18,520	657	360
6	6,340	1,326	2,200
7	4,500	958	1,590
all	339,250	581	630

Source: DfE (2019)

Based on statistics for 2017/18 the average duration of an apprenticeship is similar in duration from levels 2 to 5 with a corresponding similar level of ‘off-the-job’ training that will take place away from the employer’s premises. Apprenticeships at levels 6 and 7 (‘degree level’) are twice as long in duration and they involve 2 to 3 times the amount of ‘classroom’ teaching. But the most common forms of apprenticeships are implemented at levels 2 and 3. Work-based apprenticeships are a mix of work-based learning and learning in ‘class’. It is noteworthy that very few apprenticeship new starts are associated with traditional skilled crafts. In 2015/6, some 75% of new starts were in three sectors; business administration and law, public health and care, retail and commercial. These were short schemes, typically of less than 18 months duration. These qualifications included within the apprenticeship might be NVQ (National Vocational Qualification) or BTEC (Business and Technology Education Council) qualifications. Moreover, apprenticeships have become less associated with new recruitment. Half of new starts are existing workers although differences exist

between sectors; with 60% of apprenticeships new starts occupied by existing workers in health and retail whereas 90% in construction are workers with new contracts (OECD, 2018). Part of this is explained by employers choosing to spend their money on workers they already know.

Overall, the English system and frameworks of vocational training are complicated. The OECD review noted that; “Today, we have the opposite of an effective system for defining apprenticeship outcomes” (ibid, p.40). There exist too many qualifications. The Richards Review argued that this was a consequence of the primacy given to providers rather than employers (NVQ Business and Administration, for example, was offered by 16 different awarding bodies).

Apprenticeships are not consistently delivering high quality outcomes, often because the system encourages too much focus on the process and components needed to attract funding or box ticking which did not always incentivise and deliver the right skills ... the outcome of the apprenticeship is its sole purpose.” (ibid, p.48).

Richard defines off the job training as key to the apprenticeship experience. Employers were largely absent from the process. At the time of the Richard Review (2012), and prior to the subsequent wave of reforms, the National Apprenticeship Service retained overall responsibility for policy. The Skills Funding Agency (SFA) authorised and funded providers (FE colleges and training providers) listed on the Register of Training Organisations. The SFA monitored their performance, almost exclusively according to completion rates. Richard noted the existence of a ‘race to the bottom’ in which FE colleges spent significant sums (£500,000 per annum) that went to awarding organisations to provide qualifications that were cheaper to deliver and easier to pass. The system provided incentives to increase the number of schemes, cost effectiveness and success rates – cheap, large-scale provision.

Some providers have a tendency to deliver frameworks that are easy to deliver, profitable and can attract large numbers, rather than delivering what industry needs. (ibid. p.85).

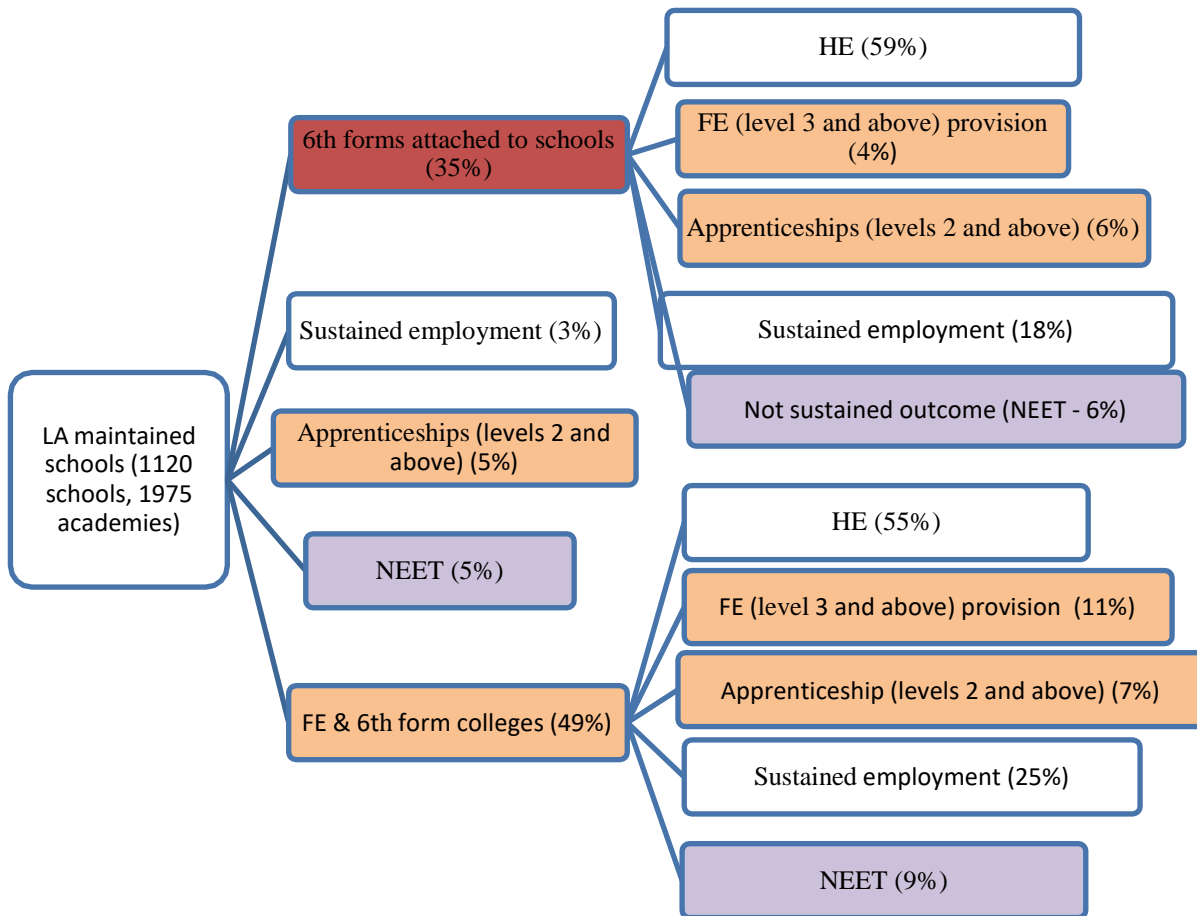
The review’s recommendations included: targeting apprenticeships for people new to the job that require substantial skilled training; require Level 2 Maths and English prior to starting apprenticeship; rationalising qualifications (one per occupation); testing at the end of the apprenticeship; routing funding through employers not provider (notably, Richard recommended funding through tax credits, not an apprenticeship levy).

#### *4.1.2 : How do young people engage with the vocational education and training system?*

During the post war period, apprenticeships were the norm for training males in their mid-teens. The number of apprenticeships peaked in England in the 1960s, with approximately 240,000 such courses pursued per annum. Overall participation declined because of the deindustrialisation of the 1970s, reaching a record low of 53,000 in 1990. The popularity of apprenticeships has increased subsequently, the (Blair-Brown) Labour government of 1997 to 2010 sought to expand the programme and the (Cameron-May) Coalition/Conservative government sought to increase the quality of provision.

A smaller proportion (70% in 2012) of 16 to 19 year olds in England were in education or training compared with effective universal participation elsewhere in Europe (OECD, 2013). Apprenticeships have been much less important a feature of post-16 vocational education in England than in Continental Europe, with typically 10% of the age cohort pursuing such options compared to one third elsewhere; “...for school leavers in England, the overwhelmingly dominant postsecondary qualification route remains a bachelors programme at university.” (OECD, 2013, p.38). Although rates of youth unemployment in the UK are consistently lower (on average) than many other European countries.

Figure 4.1: Transitions through post-16 Education in England



The different vocational and educational pathways for post-16 learners in England are illustrated in the Figure 4.1. Figure 4.1 illustrates the transition from key stage 4 (GCSEs within schools at the age of 16 years) through to key stage 5. Young people completing their key stage exams generally choose between continued academic qualification studied in 6<sup>th</sup> forms attached to secondary schools or they move on to FE Colleges where they might do a mix of ‘academic’ and ‘vocational’ qualifications. Only 5% of young people aged 16-19 move on to formal work-based apprenticeships. Young people are required to stay on in either education or some form of registered training until the age of 18 since 2015. Students in an FE college are more likely to study vocational qualifications.

The Social Market Foundation (2015) summarises the system in England as being characteristic of:

...a total failure of this country to develop a clear higher vocational or technical pathway, leading from high quality apprenticeships into advanced technical training at specialised institutions with close links to industry. (2015, p.4).

Key features of flows:

- Up to 20% of young people aged 16-19 change their form of provision over these two years
- Provision is spatially complicated – with either college-based provision or apprenticeships not being delivered within the local authority area in which the learner is resident

- Vocational qualifications do not prevent young people progressing to higher education with up to 25% of domestic HE applicants having at least one BTEC (a vocational qualification) in their application
- Colleges provide both academic (A levels) and vocational (e.g. BTEC) qualifications

#### 4.1.3 : *Who are the key institutions in the English vocational education and training system?*

It is difficult to conceive of the system of governance of VET in England as being ‘multi-level’. The system is highly centralised, that is, it is planned and provided for at the level of England as a whole. Neither the VET qualifications themselves nor the quality of their provision is regulated at a ‘local’ or ‘regional’ level. Thus, for the purposes of regulating the quality of provision and the quality of the qualifications, there are no ‘multiple’ levels.

In terms of funding there is mostly a direct relationship between the funder (central government for much of vocational training) and the training providers (a variety of for profit and not for profit institutions). There is little scope for partnerships at different territorial levels to influence the general provision of vocational further education. Local (education) authorities have influence only over maintained schools and maintained sixth forms. That is to say, they are responsible for: funding schools and sixth form colleges; admissions; employment of all teaching and non-teaching staff; and maintenance of schools estates and property. They have no influence over the (national) curriculum. However, local authorities do not have funding influence over state-funded (i.e. directly funded by central government) academies which now constitute a majority of education providers. In practice local authorities might only have influence over a third of the sixth form provision (based on the split between local authority managed secondary schools and directly funded academy-based sixth forms). We provide specific figures for our case study localities below.

There are possibilities for multi-agency partnerships in English counties, towns and cities. Local authorities working within their discretionary general competence can form learning partnerships that bring together FE providers, employer groups and groups representing disadvantaged communities. Sometimes these partnerships might also work with the Department of Work and Pensions (DWP) as they rarely focus only on vocational provision for 16-19 year olds but are more likely to work on vocational training for working age adults.

Local Enterprise Partnerships (LEPs) have been working on vocational training in the context of Local Industrial Strategies (see below). Thus, they have a remit that brings together both supply-side interests (FE providers, resident communities) and demand-side interests (employers –both current and future). However, LEPs have no formal influence on mainstream FE spending albeit that they might access funding through project-based programmes. LEPs were the prime facilitators of the 39 area-based reviews of FE provision within their areas (the Boles Review process, see below) because of their claimed relationship with employers. However, it is the County-level local authorities who formally have some level of funding control over education up to the age of 18 in most areas.

Local authorities have a role in monitoring the number of younger people who are not in (sustained) education, employment or training. Other minor roles for local authorities in England include that of being one of the larger employers in their areas (and thus they need to recruit and train staff) and their roles as ‘parental guardian’ to young people in care.

The institutional ‘map’ of VET in England has been the subject of considerable reorganisation during the past decade. In 2010, i.e. prior to the most recent reforms the Department for Education (DfE) was formally responsible for policy and funding for VET schemes for students aged 16 to 18 years in England. It discharged this responsibility through an executive body (formally a ‘Non Departmental Public Body’ [NDPB] an ‘arm’s length’ executive agency of government) the Skills Funding Agency (SFA). The Department for Business Innovation and Skills (BIS) retained responsible for adult learning. The UK Commission for Employment and Skills was an employer led NDPB tasked with the development of Apprenticeship Framework. Its work, developing and approving vocational qualifications, was informed by 19 Sector Skills Councils. The National



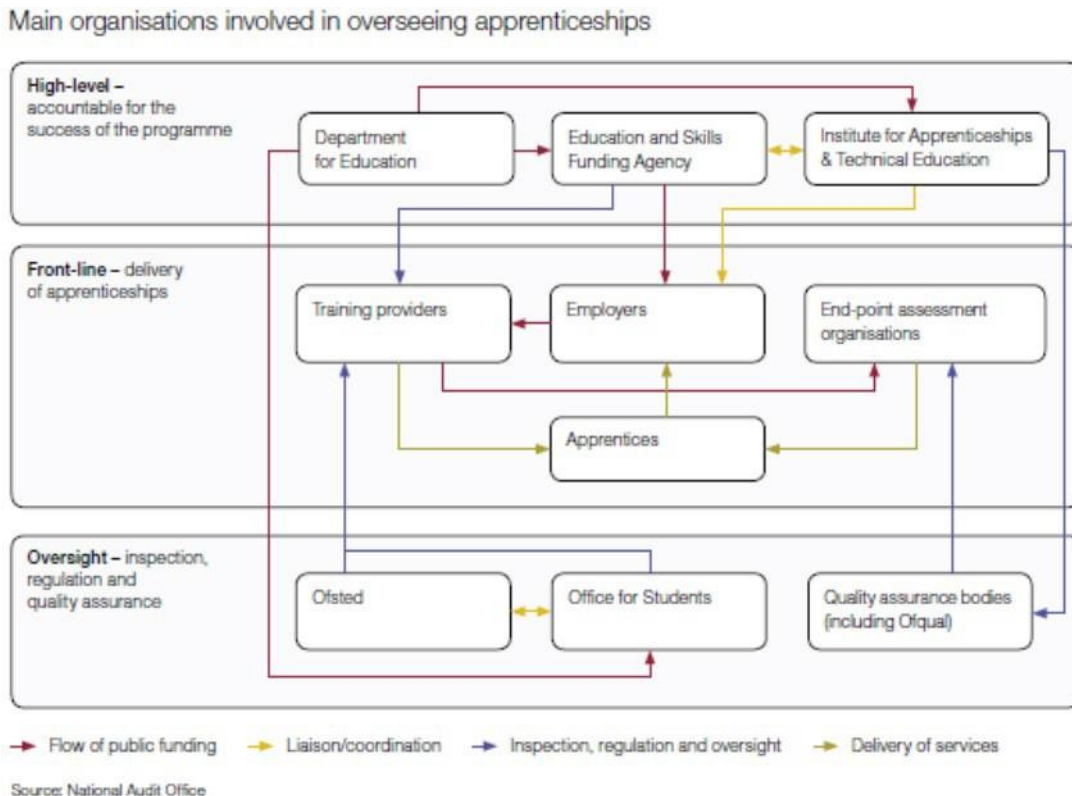
Apprenticeship Service (NAS) was responsible for promoting apprenticeships to potential learners and employers, supporting employers and advertising vacancies.

The Skills Funding Agency allocated funding direct to training providers, either FE colleges or private firms, which supplied “off the job” training to apprenticeships. Typically, DfE funded 100% of costs associated with 16 to 18 year old apprenticeship and BIS funded adult apprenticeships at 50% of full cost.

The traditional providers of VET programmes in England have been the 200 or so Further Education (FE) Colleges. There are an additional 10,000 private training providers although these supplied (mainly) short courses. The FE sector has been described as “...a neglected ‘middle child’ largely invisible to policy makers and commentators educated exclusively at school and university. (OECD 2013, p.43). The apprenticeship programme in England was (and remains) strongly funding led. The FE colleges would buy the right to deliver qualifications from awarding organisations which, themselves, would require accreditation from Ofqual (the NDPB that regulates qualifications and examinations in England). In 2010, there were 180 awarding bodies and some 18,000 accredited qualifications. In short, FE colleges have no power to award qualifications. In effect they must become franchises of the national awarding bodies and – in so doing – reflect the needs of these rather than of local employers. The role of the employer in VET is, thus, displaced by third party provision. The OECD (2013, p.61) notes “The end result is a structure that is rather unique by international standards”. One Dorset LEP official emphasised the perverse effects of the funding system “The way that FE is funded isn’t conducive to collaboration because college need to drive up their numbers, their bums on seats. In order to capture as much of the funding that’s available in their area as possible. So, it’s not in their interest to share with other providers”. (ALMP/VET-BUS3)

The graphic below illustrates the current governance of the apprenticeship system in England. The key differences from the previous structure outlined above are: the Department for Education now has overall responsibility for VET for all age groups; it discharges its role through a NDPB the Skills and Funding Agency (which replaced two separate institutions); it is informed by the Institute for Apprenticeships and Technical Education. VET is delivered by providers (FE colleges, private providers), employers and independent assessment organisations. Providers are assessed by the Ofsted (further education and private provision) and the Office for Students (universities). Qualifications are assessed and approved by Ofqual.

Figure 4.2: Institutional framing of apprenticeships in England



The apprenticeship system in England is fundamentally resource led. The only element of the system that is subject to public regulation is off the job training. In a system in which provision comes from multiple, competing providers, the Levy, which imposes very few obligations on employers, is likely to fuel demand. In the case of Degree Apprenticeships, for example, the OECD (2018, p108) observes Universities are likely to see degree apprenticeships as a new income stream and business opportunity. Given all these incentives and encouragement from government, repaid growth in degree apprenticeships is a certainty.

#### 4.1.4 : Distinguishing features of VET in England

The English system of post school vocational education and training (VET) provision has, from a European perspective, several idiosyncratic characteristics;

- A proliferation of VET providers (mostly Further Education colleges but many private providers), qualifications, and awarding bodies
- A taxpayer funded but market led system with limited employer engagement, dominated by competition between providers but detached from labour market need.
- A predominance of low level (majority of schemes are Level 2, and less than one-year in duration) training.
- A funding system that encourages low quality (Level 2), high volume provision of short duration (typically less than one year).
- VET the ‘poor relation’ of traditional academic pathways to Higher Education. That is, it is considered much less prestigious than the A Levels – university option.
- An on-going process of reform.

## 4.2 Shifts in the last ten years

There have been multiple attempts to reform the apprenticeship system in England during the past decade. In this section, we consider the development of policy (including governance and delivery) in two stages: 1) provision prior to the “Richard Review” of 2012 and 2) provision following the introduction of the Apprenticeship Levy in 2017/8.

The system was (and remains) characterised by a complexity of different qualifications. In 2010, there existed a proliferation of some 170 different apprenticeships, differentiated by occupation and formally classified as “Apprenticeships Frameworks” which specified work based skills (demonstrated by National Vocational Qualifications), theoretical knowledge (Technical Certificate) and transferable skills (Key Skills) (House of Commons, 2015).

The apprenticeship system has been subject to a process of on-going reform designed to improve quantity and quality of provision. These include:

- The Apprenticeships, Skills, Children and Learning Act 2009, which obliged the government to make available apprenticeships to all 16 to 19 year olds. This was abolished in the Education Act 2011, which placed a duty on the government to “ensure that employers participate in apprenticeship training”.
- The government’s Skills Strategy of 2010, which advocated a new emphasis on higher level apprenticeships (Level 2 had been the norm until this date) and announced a new Higher Apprenticeship Fund to deliver 20,000 such schemes by 2015.
- The introduction of an Apprenticeship Grant (2011) which provided a grant of £1,500 for all firms taking on apprentices for the first time. Some 90,000 such payments were made to 2014.
- The government Statement on Apprenticeship Quality which specified that schemes should be of a minimum duration of 12 months, include 280 hours of off the job training, employment for a minimum 30 hours per weeks, and provision for basic numeracy and literacy training (Level 2 Maths and English).

In 2015, the Cameron Government announced a target of 3 million new apprenticeships by 2020. The Welfare Reform and Works Act 2016 committed the government to report on progress in meeting this number. There had, indeed, been a significant increase in new starts (some 500,000 per annum compared to 100,000 in the late 1990s). However, the composition of apprenticeship provision was also changing markedly. The majority of growth was accounted for by older learners. The number of participants over 25 years of age increased from 50,000 in 2009/10 to 200,000 in 2015/6 whereas the number of apprentices under the age of 19 years increased by only 10% during the same period. Thus, apprenticeships were becoming a mode of learning no longer associated with the transition from school to work (OECD, 2018).

The Richard Review (2012), sponsored by the Cameron government and chaired by businessman Doug Richard, is a landmark document that seeks to redefine the nature and scope of apprenticeships in England. These, it argues, “need to be meaningful and relevant to employers”. There is a demonstrable need for training related to employability and upskilling the existing workforce, but these must be the subject of separate provision from apprenticeships.

Richard argues that the apprenticeship brand has become diminished. The terminology had become over-flexible. Normatively, an apprenticeship is, fundamentally, associated with a new job and one that requires a high level of skills. This is not the same as enhancing employability skills or upskilling older workers. If apprenticeships incorporate an increasing proportion of older workers, those already employed, or offers short term training of which little is ‘off the job’, as Richard argues and we demonstrate elsewhere, the apprenticeship brand is, thus, diminished.

In 2017/8 the most popular sectors remained Business Administration and Law (30% of new starts) and Health Public Services and Care (24%).<sup>16</sup>

However, the complexity of the pre Richard system soon began to reproduce itself in a different form. The OECD (2018) note; “1,500 Apprenticeship Standards (the formal classification of schemes, replacing the previous Apprenticeship Frameworks (see above) may emerge, many times more than in comparable countries and increasing the confusion for employers and learners” (ibid, p.85).

The number of training providers has increased significantly since the introduction of the Levy; 2,600 in December 2018, compared to 800 prior to the Levy. FE Colleges are fewer but larger with a more significant share of the market.

There has been a parallel debate on the funding of apprenticeship training in England. The Social Market Foundation (2015) argued that the government’s stated target of 3 million new starts was unrealistic given the resource base at that time. The combination of perverse incentives to providers, low levels of investment on the part of business and the state necessitated a radical change of funding – a hypothecated apprenticeship levy was proposed.

The Social Market Foundation was equally critical of the apprenticeship system that had developed in the previous two decades; “a dysfunctional mismatch between what the government pays for and what the labour market demands. It has also created major vested interests” (ibid, p.5). The key flaws in the system were; payment by results, direct funding of providers (who were responsible for recruitment and delivery); limited investment per trainee (typically £1,000 per annum compared to £9,000 for a degree) and large numbers of short, cheap, easy courses (to spread risk).

All the employer has to do is employ the apprentice ... providers sell apprenticeships to the employers by offering them some additional training that will be free, or offering to provide for free, training that the employer has already willing to pay for. (ibid, p.9)

The Foundation was equally critical of the lack of investment in training by business;

...there is little reason to be optimistic that hundreds of thousands of employers will, once again immediately and voluntarily, sign up to large numbers of new apprenticeships. (ibid, p.13).

This argument is also supported by the OECD (2018)

One other factor driving the introduction of the levy was evidence of a decline in employer funded training, suggesting that employers, if left to themselves, would not do enough to invest in workforce skills. (ibid, p.60).

The Apprenticeship Levy was introduced in May 2017 in response to the recommendations of the Wolf Review (2011). All firms with a pay bill over £3 million (some 19,000 companies, 1.3% of all firms) are liable for a levy of 0.5% on that bill minus an allowance of £15,000. Small and medium sized firms are liable to pay 10% of total training costs, with the government providing the balance. The Levy is collected by HM Revenue and Customs with whom Levy payers have a dedicated account (topped up 10% by government). Firms can draw on this account to purchase training from a supplier from the Register of Apprenticeship Training Providers. The apprentice is recruited and paid directly by the employer. Apprentices under the age of 19 years are eligible for the apprentice rate of the national Minimum Wage (£4.15 per hour) – reflecting their lower relative productivity as an apprentice – rising to full minimum wage rate (£8.72 per hour) for apprentices over 25 years of age. The employer is responsible for choosing the specific Apprenticeship Standard, training provider, assessment organisation and payment for the training element of the apprenticeship is made by drawing down funds, on a monthly basis, from the firm’s digital account. In 2017/8, the Levy raised

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<sup>16</sup> Data on apprenticeship policy sourced from:

National Audit Office (2019), House of Commons Committee of Public Accounts (2019) and House of Commons Library (2019)

some £2.7 billion in total (the average firm contributing £19,000). The fund will allow a doubling of investment in apprenticeships training 2010 to 2020.<sup>17</sup>

The reforms have had a significant impact on apprenticeship training provision. The most significant change is the large fall in absolute numbers of new starts. In 2017/8, some 369,700 learners enrolled on new apprenticeships, 125,000 fewer than the previous year. The causes of this decline are numerous: the perceived complexity of the new system; its lack of flexibility; that SMEs must contribute 10% to overall training costs; the difficulty of the 20% off the job training rule. One interviewee summarised the impact in North Staffordshire, describing the reforms as:

...“disorganised and unpredictable”. “It’s been a bit of a paradox in that the original objective was to increase the number of apprenticeship whereas the immediate impact was to reduce the numbers of new people starting”. Employers find it difficult to understand new system “they haven’t been well briefed and informed”. (ALMP/VET-BUS5)

There has been a marked increase in higher level apprenticeships. In 2017/8, 48,000 (13%) of new starts were at higher level compared to 36,500 (7%) the previous year. In 2016, some 13% of employers offered training at Level 4 or above compared to 45% in 2018. This appears to be a perverse incentive of funding. Prior to the Levy 100% of costs were funded for learners aged 16 to 18 years and 50% for those over 19 years. The latter figure is now 90%. The OECD (2018) argued:

All things being equal, employers might prefer to train adults with relevant work experience rather than young school leavers, as adults require less training and their productivity will be higher from the outset. (ibid, p33).

The targets for widening participation in apprenticeship training are very modest; “...apart from some special measures and targets such as for minority group participation, recent reforms to apprenticeship have not usually taken equity as an explicit objective.” (ibid. p.92). There is a target of 25% of new starts to be from most deprived 10% of areas (as defined by the Index of Multiple Deprivation); some 22.5% was achieved in 2017/8. Of course, local experience differs markedly. An interviewee from WP4 in North Staffordshire estimated that more than 70% of their trainees lived in neighbourhoods within the 20% most deprived areas nationally. The government pays a £600 supplement for all new start apprenticeships in the most deprived 10% of neighbourhoods. The target for new start apprenticeships for the black and minority ethnic community is 11.9%, a figure actually lower than the proportion that groups represents in the overall population 14.9% (HoC, 2019)!

There are concerns that a high proportion of school leavers present with inadequate levels of literacy and numeracy – 29% below Level 2 compared to 9% in the Netherlands - to benefit from apprenticeships. Thus, the OECD (2018) observe...

As well as creating demanding high status apprenticeship qualifications, employers will need to offer apprenticeships to young people with weak basic skills who may not present themselves as the most attractive candidates. (ibid, p.93)

This problem was reiterated by a FE College source in North Staffordshire

I think the young people that come along to our college, we do a very good job in developing employability skills and raising aspiration, but [...] you have got in some of the pockets of areas in Stoke-on-Trent, and especially just off from Newcastle – so the likes of Silverdale – I suppose that’s where you’re alluding to. We are on sort of the maybe where they’ve had four generations before that have never worked or have been in very low-skilled job roles that have got very low levels of maths and English. (ALMP/VET-BUS5)

The levy has been well received in principle – but not in practice – by employers. The British Chambers of Commerce argue “...the system just isn’t working ... it adds to barriers, complexity and

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<sup>17</sup> See sources above

costs of recruiting and training staff.”. Initially, take up of the Levy funds was slow. In 2017/8, contributors used about 9% of available resources (£191 million). However, given the increase in higher level (more expensive) schemes, the budget is projected to be substantially oversubscribed within a short timescale. The average costs of an apprenticeship have doubled to £9,000. Non levy payers have an unlimited source of 95% funded training, levy payers are increasing take up. In 2017/8, the fund (£2 billion) was underspent by some £400 million. However, expenditure is expected to rise to over £3 billion in 2020/1 (House of Commons Committee of Public Accounts, 2019). There have also been concerns expressed about the quality of providers. In 2016/7, one third of providers were rated ‘inadequate’ or ‘require improvement’ by OFSTED and one quarter were sanctioned by DfE. The think tanks REFORM (201) and EDSK (2018) argue that the dilution of the apprenticeships brand has continued apace. On the one hand, current usage includes relatively low skilled occupations; coffee shop work, reception work, basic retail. REFORM argues that 40% of current schemes fail to reach the standards required of the OECD definition of an apprenticeship. Thus, “...employers seem to be rebranding low quality, low skill and often low wage roles as ‘apprenticeships’ instead.” (REFORM 2018, p.19). England remains one of the few countries to offer apprenticeships schemes at Level 2. There exists much deadweight within the system. Low skilled apprenticeships such as shop check out or airline cabin crew account for some £235 million per annum. On the other hand, continuing professional development for high skilled workers and even academic staff account for more than £1 billion of expenditure. EDSK (2018, p3) notes in relation to one scheme run by a university: “...the fact that you need a PhD to be accepted onto this levy funded training course confirms that it bears no relationship.”.

If the word apprenticeship is forced to encompass completing a degree in nuclear engineering as well as entry level training to serve food in a restaurant, to complete basic office administration tasks, then the apprenticeship category ceases to have any meaning at all. (ibid. p.28).

The situation was illustrated by a Further Education sector source in North Staffordshire who argued:

...there has been a significant growth in the number of providers that are entering this market in recent years in apprenticeship provision, and we have some serious concerns about the quality of a lot of those because we don't think they're delivering apprenticeships at all. [...] I don't think the reforms [...] [have] improved that. I think if anything it's allowed a lot of new entrants who don't really understand the rules. Or maybe do understand the rules and therefore are doing their best to circumnavigate them. (ALMP/VET-BUS5)

It is also worth noting that in 2015, the Skills Minister Nick Boles announced a series of reviews of post 16 vocational training provision across 37 local areas in England. These explored the scope for rationalisation and consolidation in the Further Education and Sixth Form sectors in order (it was hoped) to promote greater institutional resilience and specialisation of provision through mergers and collaboration. The review was prompted by concern over the financial viability of FE colleges, in particular, in the context of a declining 16 to 19 year age cohort. The Area Reviews for Stoke and Staffordshire (September 2016), the West of England (November 2016), and Dorset (August 2017) provide us with an insight into the nature and scope of post 16 VET provision and the local issues for each of our case study areas prior to the Richard Review reforms and the adoption of the Apprenticeship Levy.

The reviews provide a ‘snapshot’ of provision in each case study area in the period immediately prior to the adoption of the reforms associated with the Richard Review and the Apprenticeship Levy. It is also important to bear in mind that for each case study area the provision of post 16 vocational training should be situated in the context of the dominant local narrative of each Local Industrial Strategy.

The main changes between 2010-20 can be summarised as follows:

- Increase in the school leaving age to 18 years old

- Cycles of reform around creating a simpler and distinct ‘technical’ education pathway (that employers and learners can understand and value)
- Greater emphasis on the importance of English and Mathematics at key stage 4
- Concerns with the general level of ‘skills’ in the workforce associated with a ‘productivity gap’
- Finding ways to fund an investment in skills and human capital formation during a period of austerity spending
- Institutional reform

### 4.3 Local governance systems

There is little in terms of a substantial governance apparatus for VET at the scale of our case study areas. As we have made clear education policy for 16-19 year olds is either determined at national level (England) or it is determined by national non-governmental bodies. Equally, policy for vocational training is not specifically related only to 16-19 year olds but also incorporates vocational training for working age adults. Local power to act only really extends to building partnerships around the issue of vocational education (as specified in 2014 statutory guidance) and there is no role in defining either the business strategies for providers nor in framing the nature of the qualifications provided.

We have identified the following institutions at sub-national level that have an interest in vocational training:

- Local education authorities have a competence for providing/framing education in their areas – including the provision of education (including vocational education) for younger people between 16 and 19 years old;
- Local authorities have a responsibility for monitoring (counting) the number of young people who are not in employment, education or training (NEETS);
- Training providers have a responsibility for running their business models whereby they recruit sufficient students to; and
- Local Economic Partnerships (LEPs) have an interest in framing employment growth and skills development within their ‘regions’ and this will touch on the workforce more generally as well as on younger adults.

As we have previously identified in COHSMO reports, the collective efficacy of business interests to articulate a ‘business world view’ is weak in general and where present it is quite partial.

#### 4.3.1 *Urban case – Greater Bristol*

Our Bristol case study area focuses primarily on the major metropolitan central area – the City of Bristol. Bristol City Council has the competence for providing education services for its area (it is both a general local authority and a local education authority) but the City Council also forms part of a wider (regional) West of England LEP area. The patterns of local governance reflect the patterns of competence and spatial level.

As a major employment centre Bristol is both the location for vocational education providers as well as being a major location for where work-based employment (either associated with college-based learning or apprenticeships) takes place. Thus Bristol is the location for one major FE College (the City of Bristol College) but it is the location for apprenticeships run by 20 FE colleges (including the City of Bristol College). Within the city there are also 9 academies and 1 Sixth Form College that are mainly dedicated to ‘academic’ progression.

Bristol as a local authority area is unique amongst our case study areas in being a local authority jurisdiction that combines both education and general areas of competence. As such it applied for and was successful in becoming a UNESCO city of learning in 2017 (from a field of 50 applicants of which 17 were awarded the title). As a city authority in the general area of learning (and education) it emphasises the role of partnership and has formed a Learning Partnership that was behind the application to UNESCO and behind subsequent work (such as the post-16 education strategy (published in 2019). Within this context vocational education is one aspect of post-16 education.

The general learning partnership in the city brings together representation from learning providers (school associations, colleges and universities) as well as the local authority. Private sector 'business' interests are nominally represented by the Society of Merchant Venturers<sup>18</sup>. The running of the learning partnership itself is dependent on project based funding within the local authority. For the post-16 education strategy a more focussed project partnership was assembled which involved community organisations, central government (the DWP) and independent training providers as well as on schools and colleges in the area (as well as academic expertise). This demonstrates the social capital of officers within the local authority as well as the capacity of the city authority to successfully compete for project-based funding opportunities as well as the relative capacity of the local authority organisation to run such partnerships.

At the 'regional' level of the Local Enterprise Partnership (LEP) the primary interest in vocational training relates to its interest in economic development (for example in relation to Local Industrial Strategies). But equally when central government is looking for a localised agency to engage in general provision of further education it is to the LEPs that the government turns. Thus LEPs have also facilitated and coordinated reviews initiated by central government as was the case for the Boles Review in 2015-16.

We see this pattern in the case of the West of England. The Local Industrial Strategy for the West of England (2019) articulates a plan for the subregion (we will review the contents of this plan in the next section). The LEP is run by a board including large employers, representation from the constituent local authority areas and from the University of the West of England. It is supported by officers and thus the Employment and Skills Plan was written by LEP officers as directed by the Board.

The format of the area review was prescribed by the Department for Education (central government) but it was delivered and facilitated on the ground by LEP officers. It was a process that involved engaging business interests, the institutional providers of further education in the region (both vocational and 'academic') and of students (consumers) of further education in the region (via the National Union of Students).

In 2019 the UK government announced funding for 'Institutes of Technology'. Weston FE College successfully won the funding (as one of 12 institutes). The Institute concept illustrates the mode of operation for English policy on technology-related skills. The Institute application was made directly

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<sup>18</sup> The origins of the Society of Merchant Venturers can be traced back to the 13<sup>th</sup> Century. According to its website the so "...comprises men and women, prepared to give their time and skills to support the organisation's objectives. It works with the wider community and many of its members play a role in Bristol's commercial life and the institutions within the city. Its objectives are to:

Contribute to the prosperity and well-being of the greater Bristol area through active support of enterprise and commercial and community activity;

Enhance the quality of life for all, particularly for the young, aged and disadvantaged;

Promote learning and the acquisition of skills by supporting education;

Act as effective stewards of the charitable trusts, heritage, ancient buildings and open spaces for which the society is responsible."

However, others claim it is a rather shadowy organisation that exerts undue influence within the city and is not held to account.



by a network of colleges working with key employers. Neither the local authority (North Somerset) nor the West of England LEP are formally named on the bid albeit that they are supportive. But it is the job of the learning provider (the College) to put together the network and to maintain relationships with employers. Vocational training activity is thus about private costs and benefits of investing in qualifications.

#### **4.3.2 Suburban case – North Staffordshire**

Our focus here is on Newcastle under Lyme. The pattern of local 'governance' in Newcastle under Lyme follows a slightly different pattern to that in Bristol. Newcastle-under-Lyme is a district local authority and thus has no formal competence with regards to vocational training (over and above being a major employer itself). The District has however facilitated a partnership with the FE College located in the District in the context of its Inclusive Economic Development Strategy. However, with the principal focus of the strategy on dealing with adult worklessness and labour market exclusion the focus of this partnership would more closely resemble an active labour market programme.

The wider region is covered by the Stoke and Staffordshire LEP that has a similar focus and mode of operation as the West of England LEP (for Bristol see above). Thus, the LEP has a local industrial strategy and facilitates a Skills Advisory Panel. It was also the facilitator of the Area Review of further education in 2015/16.

The district of Newcastle-under-Lyme is the location of one FE college that has campuses both within Newcastle but also in the neighbouring county town of Stafford. There is also FE college provision within Stoke-on-Trent.

#### **4.3.3 The rural case – West Dorset**

In the case of West Dorset, the district as in the case of Newcastle under Lyme does not have a competence in post-16 education and thus it is not surprising that there is no post-16 education strategy. There is however an economic development strategy that has been worked up by three districts working under the auspices of the regional Dorset LEP (the Western Dorset Alliance)

There are no FE Colleges within the District of West Dorset. Dorset has one FE College in the neighbouring district of Weymouth and within the metropolitan area of Bournemouth in the east of the county. There is also an FE college across the border in Yeovil, Somerset. Despite not having a college within the District, the District is the location of apprenticeships from 12 FE colleges illustrating the issue that vocational training is not one that neatly sits within local authority areas.

Overall, what we see is that once again there is no coherent approach to VET with a fragmented landscape of providers who are not integrated into the Local Industrial Strategy. Nor is VET articulated with labour market policies as provided by the national programmes and delivered by the prime providers and their subcontractor. ECEC is not even mentioned in any of the relevant strategy documents.

## **5. Part 2 – Activities and services**

### **5.1 Description**

It has to be stressed again that 'policy-making' for vocational training for the general population is not a competence of local government in England. Local education authorities support and facilitate the work of vocational training delivery agencies (front line bodies) where those bodies are LEA

(Local Education Authority)-supported (many are not) and they channel budgets set and delivered by central government to training providers (who might be run by the LEA although many are not). As described above there a multitude of local level providers who work independently of one another and are in competition with one another because of the finance system. Individual providers (such as FE Colleges) work with relevant local authorities and in some cases organisations (e.g. the health service) to provide training courses but this is done on an individual basis and not in a coordinated manner within either local authority or local education authority areas.

## 5.2 Main changes and innovations introduced in the last ten years

It is difficult to talk in terms of innovation in local policies because of the nature of the delivery system, its fragmented and competitive structure, and the fact LEPs and local authorities have no direct influence over providers. The role of local authorities is at best one of residual guardian for the most disadvantaged young people in their area.

In addressing the issue of ‘localised’ policy and service delivery, there are a number of ways in which we can consider ‘local policy’ in our case study areas in relation to how:

- the issue of vocational training activities are ‘framed’ around ‘place-based problems’
- resources are deployed to engage with vocational training in our areas (i.e. to provide ‘services’);
- the impacts of vocational training are monitored; and
- the ways in which delivery of vocational training are co-ordinated with other forms of policy and service in these areas.

## 5.3 Local Policies

Generally speaking it is difficult to talk in terms of local policies because of the nature of the delivery system, its fragmented and competitive structure, and the fact LEPs and local authorities have no direct influence over providers.

### 5.3.1 Urban case – Greater Bristol

Following the analysis of the economy of the West of England region, the area has a number of existing sectoral strengths; advanced engineering including aerospace, creative and digital industries and financial and business services. Overall, the employment rate is high (79%), as are skills levels (48% educated to Level 4 or above). The Local Industrial Strategy aspires to contribute to the national objective of achieving 2.4% of GDP invested in research and development by 2027. Nonetheless, of the four main strategic priorities, two are relevant to VET: 1) inclusive growth, the subregion has a high proportion of young people (10% of 16 to 17 year old males in Bristol) are not in education, employment or training (NEET); 2) a disparity between skills levels and labour market demand, and a decline in participation in apprenticeships, as a result productivity, gains are held back by slow take up of new technology.

The West of England Employment and Skills Plan (2019) notes there is an increasing demand for high level skills from employers, a skills gap (especially in respect of existing staff and in lower skilled occupations), limited knowledge of and participation in apprenticeship schemes, poor educational attainment in local schools, low levels of participation in higher education. Educational attainment at school is a little below the national average at all levels but significantly below the national average for disadvantaged children. The strategy argues that educational attainment at the age of 16 represent the most important explanatory factor underpinning productivity differentials

nationally; "...young people coming through the education system are the future workforce and young people without qualifications are more likely to be trapped in low skill / low wage employment." (ibid, p.14). There is a clear disjuncture between the highly productive subregional economy, as a whole, and the poor levels of attainment in local schools; "...these findings suggest that West of England's highly skilled workforce has largely been supplied by migration into the area, rather than grown from the indigenous population." (ibid, p.15).

Participation in apprenticeship training has decreased since the introduction of the Apprenticeship Levy. The strategy attributes this decline to lack of awareness on the part of business and learners. It notes that 64% of local employers have never used apprenticeships in their business. The programmes listed in the strategy are, as elsewhere, highly generic: school – business partnerships, careers 'hubs' to raise awareness of vocational options, work experience programmes, outreach projects to promote progression to higher education, targeting NEETS, promoting apprenticeships.

The West of England local (Boles) review charts a similar demographic pathway. It argues, given the poor levels of attainment in local schools, especially in Bristol; "...the need for significant post 16 below Level 3 (both in the classroom and the workplace) for students whose GCSE results do not meet this threshold.". In 2016, there were 49 schools with sixth form provision, of which only 9 were local authority managed. Most of the 9,700 students enrolled were following A Level courses. In addition, there was one Sixth Form College and four FE Colleges. All colleges offer A Level provision, in direct competition with each other. All offer a range of technical and vocational programmes

In 2014/5, 8,670 new start apprenticeships were delivered, the largest provider being City of Bristol College. Subject profiles follow national trends. The most popular subjects were business administration and law and health and social care. The review notes the existence of private providers but no facts and figures on private apprenticeship provision is given. The key areas of change identified by the review were: securing the financial sustainability of City of Bristol College, improved delivery of basic employability skills, increased provision for students with special needs, growing the apprenticeship offer, developing programmes that meet employer requirements, collaborative planning for the FE curriculum.

Ironically the area has on the whole a highly qualified workforce but this is provided by in-migration related to the two universities, the attraction of well qualified individuals to the area because of its industrial structure and the quality of life. However, particularly in Bristol there are serious issues around educational attainment and skills related to the local population, often located in specific areas of the city. The various strategies developed by the West of England Local Enterprise Partnership, the West of England Combined Authority and Bristol City Council all recognise deficiencies in training and the need to 'upskill' sections of the local population in order to take advantage of the city's buoyant economy. But they experience the same problems described above – a multitude of providers and no real way of bringing them together to create a coherent and workable VET strategy.

### **5.3.2 Suburban case – North Staffordshire**

The Stoke on Trent and Staffordshire LEP places particular emphasis on VET, but does not have a real strategy to address the widely recognised problems associated with low skills, poor educational attainment, particularly in Stoke on Trent, and low GDP. Many of these problems relate to the areas industrial history and its inability to break out of the after effects of deindustrialisation – in effect they are stuck in a form of path-dependency. Moreover, while the LEP attempts to work with FE Colleges the evidence present above suggests this is not working. The experiences similar problems caused by the plurality of providers who are competition with one another for income.

The Local Industrial Strategy for Stoke on Trent and Staffordshire (2020) reflects the historic path dependency of a traditional (post) manufacturing subregion. However, the legacy of decades of

deindustrialisation – low overall productivity, low workplace wage levels, skills levels, multiple deprivation – are prominent. The Strategy notes that, since 2004, the proportion of working class adults with high level qualifications has increased from 20.4% to 33.4%. This compares to a national figure of 39.2%. The proportion of local people with very low skills levels (Level 1) is higher (at 19.1%) than nationally (18.4%). These are County wide figures that obscure important differences. The North Staffordshire Conurbation, especially Stoke on Trent and certain communities within Newcastle under Lyme, exhibit even lower levels of skills attainment. There is evidence of a ‘hollowing out’ of the local labour market, as 52% of advertised vacancies are managerial, professional and related occupations (driving demand for higher level skills). There are specific skills gaps in respect of digital programming and analysis. On the other hand, 27.4% of jobs in Stoke on Trent pay below the national living wage (22.9% nationally). Many local people work in sectors vulnerable to automation. It is important to note that post 16 provision is given a higher profile than in Bristol or Dorset.

The Strategy points out:

Many of our businesses are clear that they do not need higher education per se, but in fact see the benefit of recruiting motivated school leavers. This is particularly true in digital and manufacturing sectors where there is value to firms in recruiting to the specific needs of the firm ... The evidence shows that we have more to do to strengthen the links between providers of all kinds and local businesses and learners, so the route through learning to local economic opportunities is clear and visible. (ibid, p.42).

The VET strategy in Staffordshire is, thus, predicated on developing “new pathways into employment and progression” (ibid, p.43). There are specific programmes, with specific targets, cited in the document:

- A ‘skills hub’ to bring together employers and providers. It is hoped to engage 2,160 firms over a three year period.
- Maximising the impact of the Apprenticeship Levy, hoping to create 6,500 apprenticeships over 10 years.
- New project to support schools to engage with business and young people; ‘My Future Here’ seeks to improve school level understanding of the needs of the workplace.
- To promote greater understanding of the world of work by organising work experience placements (four per student) through the Careers and Enterprise Company.

The local Boles review for Staffordshire notes that the number of people in the 16 to 18 year cohort has been in decline, reaching a low point of 34,800 in 2019, but is projected to increase to 44,000 by 2030. It argues that, in the context of poor school level educational attainment, there is “...a continuing need to focus on a range of high quality options for young people who are not yet qualified to progress to level 3 study.” (p.11). In 2016, there were 53 schools with Sixth Form provision, of which only half were local authority managed (the rest being academies). The majority of these schools were graded as ‘good’ or better by Ofsted. The majority of students (8,300) enrolled were on A Level courses. In addition, there was one Sixth Form College (City of Stoke on Trent) and five FE Colleges (Burton and South Derbyshire, Newcastle under Lyme, South Staffordshire, Stafford, Stoke on Trent College). Newcastle College is the only FE College to offer A Level study in addition to vocational education and training. All colleges offer a broad range of courses, including access to HE and basic numeracy and literacy. All have notable links with local employers, sometimes delivering short courses to them. All colleges were graded ‘good’ by Ofsted except Burton (‘requires improvement’) and Stafford (‘inadequate’); neither are within the catchment area of our suburban case study. Stafford and Stoke Colleges have been subject to ‘financial notices of concern’ issued by the Education and Skills Funding Council. In 2014/5, there were 1,500 apprenticeship new starts in Staffordshire delivered by the colleges of which 40% were to learners between 16 and 18 years of age. These were mostly delivered by Newcastle and Stoke Colleges (the two institutions in our

suburban case study locality). In addition to the FE sector, there were three large private sector providers of apprenticeship training in Staffordshire: Babcock Training Limited (700 starts), Learn Direct (375 starts), Project Management (350 starts). The review noted a number of areas for change: securing the position of Stafford and Stoke Colleges, growing apprenticeship provision, aligning provision better with identified skills needs, improving the education attainment of residents, and increasing provision for high needs students.

All of this adds up to a complex and fragmented landscape of VET provision with little or no coordination that might be considered to provide a coherent approach to VET. Nor is VET integrated into the Local Industrial Strategy.

### 5.3.3 Rural case – West Dorset

The situation in West Dorset is similar to the above but is exacerbated by the rural context and associated problems of connectivity, demographic structure, a large number of SMEs who cannot provide sufficient numbers to training organisations for them to justify putting on relevant training courses. In addition the area suffers from a ‘brain drain’ whereby young people with good educational qualifications leave the area to enter higher education and do not return. Furthermore, the seasonal nature of employment (particularly in the tourism and hospitality sectors) has a low-paid, low skilled and seasonal workforce. Moreover, where training courses are available (often in the east of Dorset in Bournemouth/Poole) it is difficult for potential trainees to access them because of a lack of public transport. The LEP, local government and providers are aware of these issues but are ‘relatively powerless’ to address them. For instance bus services in many rural areas are non-existent because local authorities can no longer provide subsidies to the private companies who have run these services in the past and as a result the services are withdrawn.

The Dorset Industrial Strategy (2019) is conspicuous for the near absence of any mention of post school vocational training. This is in spite of the narrative of improving productivity that is one of the key themes of the document. Indeed, the dual objectives of the strategy are: 1) achieve a significant and sustained increase in productivity within environmental limits; and 2) allow all communities to contribute to and benefit from increased prosperity. The strategy emphasises Dorset’s ‘self-contained’ location, its ‘simplified’ governance landscape post-April 2020 local government reorganisation (comprising one LEP and two unitary local authorities), and the emergence of the Bournemouth – Poole area ‘city region’. It advocates a ‘total place’ approach to achieving the stated objectives (although it is unclear what this means in practice). The strategy notes that productivity in Dorset lags behind the national average. There exists an output gap of some £2.5 billion per annum. This is attributed to inadequacies in productivity at the level of the firm rather than a product of industrial structure. The dominant demographic and economic narrative in the document is that of the ageing population locally. This is “Dorset’s grand challenge – Dorset has the oldest population and lowest proportion of under 50s anywhere in the UK” (ibid, p.9). The strategy, thus, advocates a leading role for the County as an exemplar of ‘One Health’ provision – healthy ageing and clean growth – within the UK. People are identified as one of the five ‘pillars’ of productivity. The strategy notes that the key challenge locally is increased demand for replacement labour; that is, replacing workers (and skills) that exit the labour market through retirement. The strategy proposes “...the development of a new demand led skills programme to develop bespoke training, recruitment and progression support that will increase productivity and sustain growth.” (ibid, p.30). However, there is limited substantive detail on how this will be realised. There is no reference to post 16 provision beyond an idea of “...getting into communities to inspire younger generations into great careers.” (p.31).

The Dorset Area (Boles) Review charts a similar demographic pathway; a decline in the number of 16 to 18 year olds to 2019 with a 21% increase to 2030. Levels of education attainment in Dorset are markedly superior to North Staffordshire and (mostly) above the national average. In 2017, there

were 33 schools with sixth form provision, of which only 10 were local authority managed. The majority of these were graded ‘good’ or better by Ofsted and the majority of students (8,400) enrolled on A Level courses. In addition, there were two FE Colleges (Bournemouth and Poole, Weymouth) both of which offer A Levels as well as vocational courses and a specialist agricultural college (Kingston Maurward – which attracts students regionally and nationally) mentioned in the review. All three colleges were graded ‘good’ by Ofsted although Weymouth College has been subject to a Financial Notice of Concern<sup>19</sup> issued by the ESFA. In 2015/6, there were 8,600 new start apprenticeships delivered in the review area. The most popular topics were business administration and law, engineering and manufacturing, and health and social care. The three colleges delivered some 2,900 of these courses, 58% at Level 2 and 48% at Level 3. Six private providers (not named) provided a further 10,500 new start apprenticeships during the review period. The key areas of change identified by the review were: increase the offer at Level 2 – especially Maths and English – and below to improve the vocational prospects of NEETs, improve special needs provision, grow apprenticeship new starts, improve employer – college links, develop higher level skills within the working population.

### 5.3.4 VET Provision in the three case study areas

This section considers the level of VET provision by local authority area in our case study areas. We have established that the capacity of localised actors to promote local policies on VET are limited in the English system. In practice local authorities set out a position on post-16 education if they are local education authorities whilst LEPs offer similar framings of vocational training within the context of their interests in employment and skills in the working age population. Thus this section is mainly about describing levels of provision that happen to be located in our case study areas. It is also about the issues of spatial overspill that result from the mobility of learners, jobs and employment within areas.

Table 5.1: Apprenticeship starts by delivery in each Local Authority District by Provider and Level 2017/18 – Starts for apprentices aged 16-18 years

	Type of Learning									
	Intermediate Apprenticeships					Advanced Apprenticeships				
	Starts delivered to residents		Starts delivered to non-residents			Starts delivered to residents		Starts delivered to non-residents		
	no	%	no	%	no	%	no	%		
Bristol, City of	660	391	59%	269	41%	410	207	50%	203	50%
Dorset (LEA)	550	382	69%	168	31%	330	256	77%	67	20%
West Dorset	120	75	63%	45	37%	60	40	67%	20	33%
Staffordshire (LEA)	1,110	501	45%	609	55%	770	380	49%	390	51%
Newcastle-under-Lyme	150	74	49%	76	51%	130	51	39%	79	61%

Source: (Department for Education)

Table 1 sets out the number of apprenticeship starts by local authority area for the academic year 2017/18. An apprenticeship start records the beginning of an apprenticeship programme and the local

<sup>19</sup> This signals that there are serious concerns over how the college is run and its finances.

authority area records the location of where the apprenticeship takes place. This might not be in the same local authority areas as the formal training provider is located – for example an FE college might be located in a given local education authority area but the organisations that provide the work-based component of apprenticeship learning might be based in another local authority area. Thus the table records the propensity for ‘educational migration’. In the case of Bristol 59% of apprenticeship starts in Bristol for intermediate apprenticeships are made by young people who live in the Bristol LEA area and 41% of those apprenticeships are taken by students living outside of Bristol. Apprenticeships in our rural case study area are more likely to be taken up by young people who are resident in the same local authority district. This appears to be the case both for advanced as well as for intermediate apprenticeships.

Table 5.2: Apprenticeship delivery organisation by location of apprenticeship 2017/18

local authority area where apprenticeship take place	provider type	no of provider types in local authority area	% of upper tier providers	Local Education Authority area in which local authority is located	no of provider types in LEA area
Bristol	General FE and Tertiary College	20	100%	Bristol LEA	20
	Other Public Funded	6	100%		6
	Private Sector Public Funded	157	100%		157
West Dorset	General FE and Tertiary College	12	26%	Dorset LEA	46
	Other Public Funded	4	20%		20
	Private Sector Public Funded	68	25%		267
	Other types of college	4	100%		14
Newcastle under Lyme	General FE and Tertiary College	15	12%	Staffordshire LEA	128
	Other Public Funded	3	10%		30
	Private Sector Public Funded	64	11%		557

Source (Department for Education)

Table 2 gives an indication of the number of apprenticeship providers by local authority district. The table gives the number of providers by type and does not give the number of apprenticeships. The providers are not necessarily located in the local authority area where the apprenticeship is delivered. It is clear that in terms of providers, private sector organisations are the most significant providers of apprenticeship in our area when considering all forms of apprenticeship (for all ages).

Table 5.3: 16-19 Allocations to institutions (by geography of institution) for the 2019 to 2020 academic year (Education and Skill Funding Agency)

local education authority	category of provider	number of providers by category	Total Students	High Needs Students (included in Total Students)	Disadvantage Funding (£'000s) (included in Total Programme Funding)	Total Funding Allocation (£'000s)
Staffordshire LEA	Academy	29	4496	8	561.2	18737.9
	General FE and Tertiary	3	9084	398	4987.9	46397.3
	School Sixth Form	12	1398	0	350.2	5973.6
	other providers	11	929	470	472.1	7254.7
	<b>totals</b>	<b>55</b>	<b>15907</b>	<b>876</b>	<b>6371.4</b>	<b>78363.5</b>
Dorset LEA (pre-2019)	Academy	6	2191	0	230.3	9092.3
	General FE and Tertiary	1	1217	80	667.2	6252.3
	School Sixth Form	8	1515	0	137.8	6195.8
	other providers	5	717	188	406.3	5479.1
	<b>totals</b>	<b>20</b>	<b>5640</b>	<b>268</b>	<b>1441.7</b>	<b>27019.6</b>
Bristol LEA	Academy	9	1805	25	416.0	7919.3
	General FE and Tertiary	1	2808	460	2803.5	16719.0
	School Sixth Form	1	634	0	105.1	2668.0
	other providers	7	2135	54	607.5	9164.9
	<b>totals</b>	<b>9</b>	<b>5577</b>	<b>514</b>	<b>3516.0</b>	<b>28551.9</b>

This table above outlines funding allocations to particular types of education provider. The allocations relate to the academic year 2019/20 and relate to general education provision for students aged between 16 and 19 years. These are not allocations specifically for apprenticeships but would include allocations to institutions for the provision of apprenticeships. This would not include allocations to private sector employers for the provision of apprenticeships for their own organisation. Of these institutional providers, general FE and tertiary colleges are the most significant providers of apprenticeship learning.



### 5.3.5 Similarities and differences among the three case studies

All three areas experience the same problems of a fragmented delivery system and a general inability to join-up the provision of services. However, as described above they are different in terms of the particular problems they face; these are related to a variety of factors such as the rural context (West Dorset), deindustrialisation (North Staffordshire) and poor educational attainment in some areas/neighbourhoods (Greater Bristol). Relevant organisations such as LEPs and local authorities are aware of these issues but lack the resources, powers and capacity to address them in a strategic manner.

Table 5.4: Summary of problems and how they feature in policy documents in the 3 case study areas

	Bristol case study area (urban)	Newcastle-under-Lyme case study area (suburban)	West Dorset case study area (rural)
Evidence of issue framing	There is a post-16 strategy – residual body of young people	Support skills needs of employment and skills agenda at sub-regional level	In collaboration with other districts skills are framed by economic development
Evidence of resource management/service delivery	Partnership time	Staff time to support partnership	No resources indicated in relation to skills
Evidence of monitoring outcomes (for vocational training)	Increase take up of apprenticeships, not being a NEET	No specific indicators for vocational training	Support for careers advice and apprenticeships
Evidence of articulation across policy themes	Evidence of articulation within One City Bristol plan	Embedded in an inclusive growth strategy	Embedded in Western Dorset ED plan

Table 5.5 Summary of problems and how they are addressed in the 3 case study areas

	West of England region	Stoke and Staffordshire region	Dorset and Bournemouth-Poole region
Evidence of issue framing	Embedded in Employment and Skills Plan	Embedded in Employment and Skills Plan	Embedded in Employment and Skills Plan
Evidence of resource management/service delivery	Support for Skill Advisory Panel, facilitation discussion	Support for Skill Advisory Panel, facilitation discussion	Support for Skill Advisory Panel, facilitation discussion
Evidence of monitoring outcomes	Indicators centre on not being a NEET and increasing number of apprenticeships	Indicators centre on not being a NEET and increasing number of apprenticeships	Indicators centre on not being a NEET and increasing number of apprenticeships
Evidence of articulation across policy themes	The employment and skills plan is broader than just vocational training for young people	The employment and skills plan is broader than just vocational training for young people	The employment and skills plan is broader than just vocational training for young people

It is also relevant to point out that the Boles reviews document key themes arising from a consultation process undertaken with Local Enterprise Partnerships, employers, local authorities, training providers and learners. Some of these are location specific but many are shared:

- Respondents in all three areas reported positive collaborative links between local employers and FE Colleges but all emphasised the importance of aligning provision to reflect more closely employers' needs. Interviewees in all case study areas noted the difficulty of articulating employer needs in the context of an economy dominated by SMEs and the problems of working through intermediaries. One Further Education employee noted "Obviously, we work with our local (Staffordshire Chambers), but I can't hand on heart say that they assimilate employers' views and come up with one message or one set message. Same with the Local Enterprise Partnership." (ALMP/VET-BUS5)
- Similarly, there was broad concern that not all young people were 'work ready'. There is strong demand for very basic (below Level 2) training in literacy and numeracy, Maths and English, to compensate for poor attainment at school and to (re)engage those increasing numbers of 16 to 19 year olds characterised as Not in Employment, Education and Training (NEET).
- Conversely, employers reported that there is likely to be an ever higher level of demand for higher skilled workers, Level 3 and 4 provision, in the labour market. The paucity of appropriately skilled workers was identified in each location as a significant obstacle to the realisation of the broad (often sector based) objectives set out in LEP Strategic Economic Plans (and, latterly, Local Industrial Strategies). There is, thus, an imperative to improve awareness and participation rates among employers and learners of advanced and higher level apprenticeships.
- The reviews identified an acute need, on the one hand, to improve attitudes and aspirations of young people whilst, on the other, providing them with appropriate vocational guidance in the

context of a complex and confusing set of post 16 pathways. The role of the Careers and Enterprise Company<sup>20</sup> was, thus, identified as pivotal.

- Respondents in Dorset noted a need to address a number of specifically rural issues, such as quantity and quality of training opportunities available to dispersed, low density populations, and to improve learner mobility through investment in improved transport. This theme was elaborated by a LEP official in Dorset who emphasised the difficulties encountered:

As one interviewee pointed out with reference to an engineering firm setting up in their area:

The type of provision they (engineering firms) need isn't necessarily provided for locally and because of the congestion problems of getting from one side of the conurbation (Bournemouth Poole) to the other, getting students to college is difficult ... there are examples of companies having to send students to Portsmouth and Coventry for specific training which could easily be delivered here, just nobody does. (ALMP/VET-BUS3)

## 6. Part 3 - Priorities and Social Investment Strategy

### 6.1 Diagnosis

Once again as the case study material demonstrates the problems are well known. In the urban case study, based on an analysis of the economy of the West of England region, the area's existing sectoral strengths are clearly identified. However, there is also an awareness of weaknesses that need to be addressed related to VET: first of all the need to develop a form of inclusive growth that addresses the fact that subregion has a high proportion of young people (10% of 16 to 17 year old males in Bristol) not in education, employment or training; and secondly that there is a disparity between skills levels and labour market demand, in part this is related to a decline in participation in apprenticeships. Moreover, there is a problem with educational attainment within the subregion leading to young people leaving school without qualifications and becoming trapped in low skilled and low-paid jobs. The result is that increases in productivity are being held back by the slow take up of new technology.

In the suburban case there is a clear awareness of the area's problems and the potential role of VET in remedying these problems. The difficulty is the absence of a tangible strategy able to tackle the problems that relate to low skills, deficiencies in educational attainment and low GDP. These problems being particularly acute in Stoke on Trent. There is also an acknowledgment that many of the area's problems are rooted in the area's industrial history and the ongoing impacts of deindustrialisation – the area has remained trapped in a form of path-dependency. Furthermore, at a more action orientated level the LEPs attempt to work with FE Colleges to address the VET issue have had limited success.

Similarly in West Dorset there is an appreciation of the problems – relatively low levels of GDP and GVA, a lack of skills and training. Many of them resemble the situation in the suburban case study but they are intensified by the rural context and related deficiencies in connectivity, an aging population and a local economy containing significant numbers of SMEs unable to assemble the numbers required for training organisations to find it profitable to provide relevant training courses. Furthermore, the area has a 'brain drain' with well-educated young people leaving the area to enter

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<sup>20</sup> The Careers & Enterprise Company is the national network set up to inspire and prepare young people for the fast-changing world of work. Its role is to connect schools and colleges, employers and careers programme providers to create high-impact careers opportunities for young people across England

higher education and not returning. In addition part of the local economy is seasonal (notably the tourism and hospitality sectors) which is low-paid with a low skilled and seasonal workforce. The situation is exacerbated by the location of training courses (usually to be found in the east of Dorset in Bournemouth/Poole or outside the county), access for those who wish to take them is difficult because of a lack of public transport. While the LEP, local government and providers recognise the existence of these problems they are ‘relatively powerless’ to address them. Finally the LEP strategy fails to address VET in any manner.

However, in each case study there is no semblance of an SIS approach. The problems with attempting to infer even the indirect presence of such an approach is that this does not take account of the fact that the nature of the system, both its overarching structure and delivery system, works against this. In England, and the UK more generally, we have long had a liberal skills formation system in terms of who provides VET, who funds VET, who controls it and how VET is related to the school system (5-16 years). As Fleckenstein and Lee (2018, p109) point out:

England...does not have a strong track record in VET policy. The failure of VET is typically ascribed to the country’s liberal training regime and, more generally, its liberal political economy...Liberal training regimes are characterised by a great reliance on the market and general education in skills formation. Firms are not greatly committed to initial VET but instead offer some rather firm-specific ‘on-the-job’ training.

For much of the post-war period the state thus had little interest in VET in terms of regulatory intervention and the mobilisation of financial resources. The liberal training regime meant that the onus was on firms to engage in VET. However, firms had little interest in improving the skills of their workforces and thus any engagement in VET. As we have described above more emphasis has been placed on VET since the 2000s, particularly post-2010. Despite this new ‘activism’ Fleckenstein and Lee (2018, p119) conclude “England failed to break with its troubled legacy of VET policy....”. They go on to argue that despite:

...considerable government intervention in the liberal training regime, including the mobilisation of considerable financial resources, [this] did not result in overcoming poor vocational skills in the workforce, as government intervention failed to facilitate coordination mechanisms for greater employer engagement. (ibid, p119).

These problems are deeply rooted in the ‘voluntarist nature’ of the ‘system’. Some have even questioned whether is possible to talk of a system of VET in England, as Keep (2017, p744) argues:

In England, what was a creeping marketization of education, training and skills policy under New Labour and Coalition governments...,became under the Conservative administration a more overt shift towards the organising principle of market or quasi-market ‘spaces’ covering different tiers of education and training provision. As a result, talking about a system in England is now increasingly difficult and potentially redundant.

Thus the fragmentation of the supply and demand system, on the part of firms, combined with the fragmentation of the local governance system makes any attempts to identify some form of human capital approach that might that might indicate the presence of an SIS approach, however tangentially, a fruitless exercise.

Within this wider context differences at local level relate to the local nature of the economy but for the most part local authorities are rolling out a similar model of VET provision across the country

## 6.2 Priorities

Again in the absence of an SIS approach priorities are related to the specific issues in each case study area (described above) and in the case of LEPs largely framed through the lens of the National Industrial Strategy and its emphasis on increasing productivity and GVA that relies heavily on a market driven approach. What we have shown in relation to the three case study areas is that the relevant organisations (such as LEPs and local authorities) lack the powers, resources and capacity to create and implement a framework to address VET in their areas. In a sense they are ‘prisoners’ of a nationally designed and funded marketised system of provision/delivery that mitigates against the creation of a local system of VET provision. So even though there is an awareness of deficiencies in the VET situation in each area there is no effective means of addressing those deficiencies.

## 7. Early Childhood Education and Care (ECEC)

### Executive Summary

The system is market based and there are a large number of providers and government's role has been described as being that of a 'market manager'. The Department for Education provides local authorities with six relevant funding streams that together form the Early Years block of the Dedicated Schools Grant (DSG). Local authorities administer the system in terms of payments for eligible parents – but they cannot influence the funding formulas as these are determined at central level. The system in general and the finance system in particular has been described as 'bewilderingly complex'. The whole system is regulated by a central body – Ofsted – that sets the quality levels providers have to achieve if they are to receive payment

Apart from administering the system the main roles of local authorities are to ensure that there is sufficient provision in the area to meet demand and that providers meet Ofsted standards in order to qualify for payments for the provision of free child care. In the first case if there is a lack of provision in a particular town or neighbourhood local authorities can attempt to persuade providers to step in. In the latter case they support/advise providers in how to meet relevant standards.

In general terms all three case study areas are in the same situation – they administer a centrally controlled and determined system. The differences between them relate more to how they carry out their regulator role vis-à-vis the system as determined by Ofsted and seek to engage with parents and particular deprived communities and 'hard to reach' groups.

### 7. Part 1 - The governance system

#### 7.1 Multilevel institutional setting

Specifically in relation to ECEC in our case study areas the Department for Education provides local authorities with six relevant funding streams that together form the Early Years block of the Dedicated Schools Grant (DSG). The six funding streams are:

- the early years entitlement for disadvantaged two-year olds (for 15-hours care)
- the early years universal entitlement for three- and four-year olds (for 15-hours care)
- the early years additional entitlement for three- and four-year old children of eligible working parents (for an additional 15-hours care)
- supplementary funding for Maintained Nursery Schools (MNS)
- the Early Years Pupil Premium (EYPP)
- the Disability Access Fund (DAF)

Each of these streams have different conditions attached to them but local authorities are required to report all their actual spending commitments on early years services to central government. The figures for early year service since April 2017 have been calculated via the English Early Years National Funding Formula (EYNFF). It is an expectation of Central Government that local authorities will pass on the funding for early years providers and that the local authority will pay for early year's provision at the same flat rate for all providers (including maintained nursery schools) within their area.

Table 1 gives the reported budget allocations for our three case-study local education authorities. The total budget column outlines the headline total figure for the early year’s entitlement for disadvantaged two-year olds by area. This is done through the Early Years Single Funding Formula which allocates funds to local authorities to pay for the enrolment of these children to nurseries. The Table also outlines how each local authority has spent their budget in relation to three types of provider: the private, voluntary and independent sector, to nursery schools (some of which are maintained) and for the provision of nursery classes in primary schools (some of which are maintained). The final column standardises the early year spend by the number of resident two-year olds in the area.

Table 1: Early Years Funding for free childcare for qualifying 2 year olds

local authority (LEA)	Provision by PVI providers (£)	Provision through nursery schools (£)	Provision through nursery classes in primary schools (£)	Total Budget through EYSFF (£)	budget per 2 year old (£)
Bristol, City of	2,745,330	915,110	915,110	4,575,550	780
Dorset (County LEA)	2,168,112		55,386	2,223,498	571
Staffordshire (County LEA)	5,451,825			5,451,825	584

Source: Education and Skills Funding Agency

Notes: PVI is private, voluntary and independent sector

EYSFF is the Early Years Single Funding Formula

Early year’s childcare provision is predominantly made up of ‘childminders’ (people who are paid to look after one or more children they are not related to in a home that is not the child’s) and ‘childcare on non-domestic premises’ (nurseries, pre-schools, holiday clubs and other group-based settings). Tables 2 and 3 outline the number of EYR registered providers and registered places in 2012 and 2018 by provider type in the three case-study areas for children under 5 years. A comparison of the figures suggests that the total number of EYR providers in Provincial England has fallen by 24% between 2012 and 2018 although the number of EYR registered places has only decreased by 2% in the same time period. This is particularly exaggerated in the Staffordshire case study area with a 31% fall in the number of EYR providers and a 16% decrease in the number of EYR registered places.

Table 2. Childcare providers and places for children under 5 years (2012).

	number of EYR registered providers (Dec 2018)						total EYR registered places	places as percentage of resident children under 5 years
	total providers (EYR and non-EYR)	total providers	total EYR childminders	total childcare providers not on domestic	total EYR registered	places		
Provincial								
England	61,002	51628	31249	20210	1,089,639		40%	
Bristol, City of	708	561	394	166	10,708		37%	
Dorset (County LEA)	426	374	197	173	7,592		42%	
Staffordshire (County LEA)	907	831	474	355	18,755		42%	

Source: Ofsted

EYR is the Early Years Register (maintained by Ofsted), LEA is Local Education Authority

Table 3. Childcare providers and places for children under 5 years (2018).

	number of EYR registered providers (Sept 2012)						total EYR registered places	places as percentage of resident children under 5 years
	total providers (EYR and non-EYR)	total providers	total EYR childminders	total childcare providers not on domestic	total EYR registered	places		
Provincial	77,363	68,121	46,128	21,885	1,114,420		41%	
England								
Bristol, City of	766	600	426	173	9,583		34%	
Dorset (County LEA)	582	518	306	211	8,669		45%	
Staffordshire (County LEA)	1,266	1,210	746	463	22,248		49%	



Source: Ofsted

## 7.2 Shifts in the last ten years

In terms of childcare it is important to be aware of the genesis of what is referred to as Early Childhood Education and Care (ECEC) policies in England. It was only in the late 1990s under the New Labour Government that central government began to seriously fund and promote ECEC; previously there was little interest at national level in this policy field. *What is notable is that from the very outset provision of the service was via a market model.*

Through the Childcare Disregard (1994, a tax credit), the British government began to support some parents with the cost of childcare (Campbell-Barr and Nygård, 2014; Evers et al., 2005). The real step change in thinking and policy approach was initiated by the National Child Care Strategy (DfEE, 1998) under the New Labour Government leading to financial changes subsequently introduced by the Treasury in 2004. Together these changed the ‘landscape of childcare’ and laid the foundations for a series of rapid policy developments (Campbell-Barr and Garnham, 2010; Campbell-Barr and Nygård, 2014; Evers et al., 2005).

The central objective of these strategies was to improve the quality, affordability and accessibility of childcare services. To facilitate these changes in 2004 in English central government all children’s services were integrated into the education sector under the purview of the Department for Education. This shift was accompanied by the Every Child Matters strategy in 2004 and the Childcare Act of 2006 (Roberts-Holmes, 2013). It is important to note that this strategy was articulated within the wider strategy to address social exclusion. This included enhanced educational provision for preschool children (e.g. Sure Start) in deprived areas as part of an attempt to improve their life chances later in life (this could be interpreted as an investment in human capital) and to get more women into the labour market. In this sense this may be viewed as an attempt to address what was known as ‘worklessness’, but also as part of an attempt to reduce the role of the welfare state by getting people off welfare and into work (known as welfare to work). This is an approach described by the then Prime Minister Tony Blair as a ‘hand-up, not a hand-out’ and may also be seen as part of a wider active labour market policy.

Initially in policy terms the government sought to address issues of social exclusion by focusing on the expansion of ECEC in specific disadvantaged areas. This was to be achieved by means of an increase in and improvement of child care provision in designated areas (i.e. areas experiencing multiple forms of deprivation). The aim being that children in these poor areas would be given a better start in life because of early learning and thus help ‘bridge the gap’ with children from more affluent backgrounds. Simultaneously enhanced ECEC in these areas would help improve the material conditions of children by enabling their mothers, in particular single mothers, to move into employment. This approach epitomises the ‘twin-track’ approach of all subsequent ECEC policy, although the two ‘tracks’ (the work agenda and the educational agenda) have not always existed in harmony with one another and the balance, in terms of emphasis, between them has varied with the ‘work agenda’ tending to dominate.

In line with what we have described above the strategy government adopted to provide a sufficient supply of ECEC facilities relied on a ‘mixed economy approach’ which overwhelmingly relied on the private sector to provide care facilities. This market approach is embedded in the Child Care Act in 2006 which made it clear that the maintained sector (maintained facilities are provided by the local authorities) was the provider of last resort (Campbell-Barr and Nygård, 2014). Thus parents *access* childcare through a market system. At the same time the national Childcare Strategy sought to stimulate the market by providing demand side funding via a system of tax credits that were allocated

on the basis of a means test. Thus we see a combination of supply and demand measures designed to create a ‘childcare market’. McLean (2014) has described the role of the state vis-à-vis the regulation and financing of the childcare system as being that of a ‘market manager’. By this she means that the state:

...takes a stronger emphasis on the market side of provision through explicit encouragement of private for-profit providers, with the condition of a stronger state in finance and regulation,...(ibid, 123)

One other important point should be noted – *at this point in time the system largely focused on 3-5 year olds with much less of an emphasis on children of two years and under*. Thus since 2010 there has been free childcare provisions for 15 hours a week (school term time only) for three and four year olds and for *deprived* two year olds. Moreover, the ratio of carers per child required for children under two years of age is higher than that for 3-5 year olds thus making it more expensive for providers to offer care for these children. It would appear that the majority of care for children under two years of age is provided by ‘informal arrangements’ using childminders, family and other arrangements making it much more difficult to track.

As the system has developed in subsequent years a clear ‘division of labour’ has become apparent – policy and finance (in terms of what is paid per child in each local authority area) are determined at national level with local authorities administering the system (i.e. they are the entry point through which parents access the available monies while private providers deliver the service). Although it should be noted local authorities have no ‘direct control’ over the providers (more on this below). Moreover, as the system has evolved over time the central policy priority of the government has been to extend the coverage and flexibility of free childcare to increase employment. The thrust of the policy is to direct assistance towards parents in employment. Overall childcare policy is determined at national level but has come to involve two departments – the Department for Education and the Department for Work and Pensions, this dualism symbolises the increased emphasis on employment rather than education.

The provision of free ECEC is separated into three different categories. To receive free childcare for two year olds, parents must receive income support and fulfil certain criteria (see below). The free entitlement of ECEC in the UK started in 2004 with 12 and a half hours per week, and was raised in 2010 to 15 hours per week (term time only). Since September 2014 a targeted entitlement of 15 hours per week for 38 weeks of the year for the 40% most disadvantaged two-year-olds has been in operation. In 2017 under the Childcare Act 2016 government raised the free entitlement from 15 to 30 hours a week for 38 weeks a year. However, the 30 hours entitlement is not universal like the 15 hours provision. The 30 hours free ECEC is only for children with working parents. To be eligible for the later both parents must be working and each earning at least £120 a week (on average) and not more than £100,000 each a year. Parents are able to choose between the different facilities and how many hours they want to use.

Alongside the free entitlements, the government funds substantial childcare subsidies direct to parents. These include: Tax-Free Childcare (government provides 20% support on childcare costs up to £2,000 per year for each child for working families only), Universal Credit (covers up to 85% of childcare costs) and Childcare Vouchers (this scheme is being phased out, following the introduction of Tax-Free Childcare). Despite the government’s rhetoric at targeting the most disadvantaged and those most in need, government policy has been heavily criticized on grounds related to social equity for tying the majority of new schemes to being in work, and insufficiently funding free childcare policies. This includes its newest flagship childcare policy, 30 hours free childcare (2017), which fails to prioritise access for the most disadvantaged families including the unemployed. Others who might not qualify are low-income families in casualised work and/or on zero-hours contracts (foster

children have also been left out of the scheme). A minor element of territorial equalisation may be observed in recent changes in the funding mechanisms for childcare (Early Years National Funding Formula) which includes adjustments to the funding rate to reflect local circumstances by considering the costs of providing childcare in different parts of the country as well as a universal base rate of funding for each child.

If they are to qualify to provide free childcare entitlement providers must register with the Office for Standards in Education, Children's Services and Skills (Ofsted). Ofsted is a non-ministerial department that inspects childcare settings to ensure registered facilities deliver quality education and care (McLean, 2014). For non-state ECEC providers, Ofsted maintains the Early Years Register which contains all non-state ECEC providers (the vast majority being private providers). In order to be included on the register providers have to meet certain legal requirements to operate.

More recently under two-year olds have become eligible for free childcare support, but in order to receive this 'entitlement' certain conditions must be met. Parents or carers who receive any of the following are entitled to funding for 2 year olds:

- Universal Credit (for children with a second birthday up to and including 31 December 2017)
- Universal Credit with an annual net income of less than £15,400 (for children with a second birthday after 31 December 2017)
- Income Support (IS)
- Employment Support Allowance (Income Related) – not Contribution related
- Income-based Job Seekers Allowance (IBJSA) – not Contribution based
- Guaranteed Element of State Pension Credit.
- Support under Part VI of the Immigration and Asylum Act 1999
- Child Tax Credit with an annual taxable income (as assessed by HM Revenue and Customs) of less than £16,190
- Working Tax Credit with an annual taxable income (as assessed by HM Revenue and Customs) of less than £16,190

Children are entitled if any of the following applies to them:

- Children who are 2 and receive Disability Living Allowance
- Children who are 2 and have been adopted, or who have left care through special guardianship or child arrangement orders
- Children who are 2 and have a Statement of Special Educational Needs or Education, Health and Care Plan
- Children who are 2 and are looked after by the local authority

Looking at the previous information on how childcare is finance is should be apparent as McLean (2014, 125) points out that “Public finance for ECEC... is notoriously complex, with several types of funding channelled through a variety of sources.”. A recent report by Coram (2020) has backed this up arguing that:

Most families can get some hours of free or subsidised childcare, but the system is too complicated. In England alone there are seven different ways that families can get support with their childcare costs. Each one of them has different eligibility criteria. While the support that is available is welcomed by many parents, the system is so complicated that parents may miss out on the support they are entitled to. (ibid, p4)

Only providers rated Good or Outstanding by Ofsted can take children that have been awarded funding for 2 year olds. Providers must apply to their local authority in order to take funded 2 year olds.

One other important point that should be noted, is that according to the National Audit Office (2016) pointed out that in 2015 there were 105,000 childcare providers in England. Another point the report makes which is worthy of note is that:

Take-up of free childcare for 2-year-olds is substantially lower and access for some groups remains difficult. Parents of disadvantaged 2-year-olds, of whom there are some 270,000, are less likely to use the free entitlement with only 58% doing so, against a Departmental aspiration for 73% to 77% take-up. (ibid, 6).

A related point made by the same report is that:

The new entitlement for 3- and 4-year-olds could put further implementation of the entitlement for disadvantaged 2-year-olds at risk. In 30 local authorities, fewer than 50% of eligible 2-year-olds were accessing the free entitlement in January 2015, while the Department was still some way off its aspiration for 73% to 77% take-up nationally. Many providers have finite capacity and, in future, may choose to offer more hours to their existing 3- and 4-year-old children rather than take disadvantaged 2-year-olds, who require more staff per child. (ibid, 10)

### 7.3 Local governance systems

Once again the local governance framework is the same as described earlier. However, in terms of the role local authorities play in the system, as we have noted they are an administrative access point in terms of parents gaining access to the system and finance. But they also play a role in ‘regulating’ the local system overseen by Ofsted. In order to assist local authorities in their administration and ‘regulation’ of the local childcare system central government created a framework to help local authorities to support providers. Central to this framework is the work local authorities are expected to do with all providers through what might be described as a ‘quality improvement cycle’. This relates to Ofsted’s rating system. Local authorities are expected to ensure that providers have a good or better Ofsted rating and, although they cannot directly intervene, they can only advise providers on how to meet these standards. Where providers do not have such a rating local authorities are expected to assist/advise relevant providers in improving the quality of their provision in order to achieve the required Ofsted rating. In a sense Ofsted are the primary regulator while local authorities are an ‘adjunct’ at local level, albeit one lacking the powers and resources to do other than ‘encourage’/‘advise’ ‘failing’ providers to improve the quality of their provision if they wish to receive the relevant funding from government.

While local authorities have a duty to ensure the provision of both an adequate supply of and good quality provision of ECEC in their area they have encountered a range of challenges in recent years. These challenges are mostly caused by substantial reductions in their budgets that have made their role of supporting high quality care in their area increasingly difficult. In terms of funding for free early years provision by central Government it has been argued that relatively speaking this has declined in recent years because the prices being charged by providers are rising faster the increase in the rate government are paying per child. Another reason relates to the fact that because some providers are asking for additional payments, above and beyond that they receive through the relevant funding streams, to pay for ‘extras’ (e.g. meals, drinks) for children. A recent report (Coram, 2020) points out that the cost of childcare for children under three has risen above inflation this year. Currently 25 hours of nursery for a child under two costs 5% more than it did a year ago. For a child aged two, it costs 4% more. The report estimates that the average cost of 25 hours of nursery for a child under 2 now stands at £131.61 per week, or £6800 annually which low income families will find very difficult to meet if they rely purely on the funding coming from central government.

At the same time as a result of the major cuts introduced by the Austerity Regime local authorities have been forced to make serious budget cuts which affects their flexibility to invest in local services and to carry out even their statutory roles.

### 7.3.1 Urban case - Greater Bristol

In the Bristol *One City Plan* (2019) under the ‘Learning and Skills Vision’ it is stated that “Parents and carers [should] have access to affordable childcare, giving them the space to develop and learn new skills.” (ibid, p22) and that in the near future the city will “begin city-wide rollout of the affordable childcare and nurseries scheme.” (ibid, p23). This is contained within the ‘Economy Theme’. This suggests childcare is very much viewed in terms of aiding/supporting parents into work – i.e. employability and tackling ‘worklessness’.

Pre-school childcare sits within the Learning City Directorate. In addition the city also has what is described as a *Bristol Early Years Strategic Plan 2018-21*, a rather brief document containing little in the way of detail and focused on general administrative issues. How this relates to the *One City Plan* is not clear. However, it sets out the following objectives:

- To improve outcomes for children and families, particularly the most vulnerable, reduce disadvantage and raise aspiration by strengthening:
  - the quality of early education provision across the early years sector, including seamless transitions to school
  - opportunities for the development of speech, language and communication and Personal, Social and Emotional Development as the foundations for life-long learning
  - genuine partnerships with parents and carers as their child’s first educators to empower and enable a collaborative working with other professionals, including health, social care and the voluntary sector
  - a culture of reflective practice and setting based action research to inform continuous quality improvement.

It then goes on to state that it aims:

- To give every child the best start in life by building resilient communities, raising aspiration and working in partnership to deliver high quality, inclusive services that are accessible, tailored to local needs and make a difference to children, young people and their families by:
  - Improving the quality of early education and childcare across the city to lay the foundations for lifelong learning, raise attainment for all children and close the gap in learning and development between children experiencing multiple challenges and their peers;
  - Strengthening opportunities for integrated working with key partners in Health, Social Care and the Voluntary Sector to make sure that Early Years services are easy to access, inclusive and make sense for families;
  - Promoting engagement with the whole Early Years childcare sector to develop a quality improvement strategy that recognises the experience and expertise of practitioners with a trajectory of excellence in their settings;
  - Securing sufficient, sustainable and inclusive Early Years provision across the sector through prudent management and information sharing with key partners.

The *Bristol Early Years Strategic Plan 2018-21* also acknowledges the need to promote access to the 30 hours free childcare for eligible working parents. Clearly pre-school childcare is part of a wider portfolio and this is likely to have implications for how the system is administered.

Within the city the council has a number of what are termed local Children’s Centres. These centres provide a range of early years and childcare services to local families, all year round. They are usually close to a primary school. The services they provide include:

- day care and early education (under 5 years old)
- family health services including ante-natal and post-natal care

- parenting and family support services
- support for children with additional or special educational needs
- outreach services such as, home visits and community support
- benefits advice

What is clear once again is that childcare sits alongside a number of other ‘services’ and does not exist separately.

In our interview with an Early Years Childcare officer it was made clear they work across a range of providers:

We work with children from birth to 5 and within Bristol there is a real diversity in terms of the range of providers, with 12 maintained schools<sup>21</sup>, 120 PVI (private, voluntary and independent settings) providers and we also have around 400 childminders who sit within that private category of provision, all providers are registered with Ofsted. Plus we have some Nurseries schools with primary classes, reception classes. So there is a huge diversity of early childcare providers. (ECEC-GOV1)

In terms of inequalities across the city in terms of provision/access highlighted the following:

Addressing inequality within the city – the south<sup>22</sup> is an issue – they call it ‘south pressures’, very much a multiagency, we have police there, adult social care children and families academy trust, a very representative group– there will be deprivation funding trying to address that inequality - thinking about how we work across the city, making things equitable, making provision equality across the city –it has made us really stop and think, with the limited resource, rather than spreading it so thinly, we have to make it more equitable, how do we actually address that inequality more intensively and learn from those models. (ECEC-GOV1)

As part of this approach the team are working with communities in these areas:

What can communities bring to the table? Co-construction as key to this; communities know the problems of the area and need to have a voice and work with them as partners, not just a bit of consultation. We are trying to move from consultation to co-construction as a model; using local knowledge into an input for decision making [from communities]. (ECEC-GOV1)

One thing should be apparent from the above is that childcare, in the sense of the terms used in WP5, is situated in a wider framework (related to health, education and the economy), but how the different elements interrelate is not always clear. This will also involve considerable inter-agency cooperation and collaboration – in other words there is some attempt to develop an integrated approach. Moreover, the local authority has undergone a series of internal restructuring processes that have changed how the ECEC team operate, the staff available and their resource base.

In addition the cuts and internal reorganizations have ‘forced’ the team to work in different ways, think differently about how they allocate scarce resources across the city and to engage with local communities in order to ensure there is provision of adequate childcare facilities across the city and that ‘hard to reach groups’ access the free childcare entitlement available to them.

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<sup>21</sup> Maintained schools are funded and controlled by the local education authority. They are different from free schools and academies, which operate. As of September 2014, 87 per cent of primary schools in England were maintained schools. Some of these provide free childcare.

<sup>22</sup> The south of Bristol has long been a disadvantaged area and this has become embedded in terms of poverty, lack of services, connectivity and employment.

### 7.3.2 Suburban case – North Staffordshire

In the suburban case study overall responsibility for the pre-school childcare system lies with Staffordshire County Council. In order to carry out this responsibility in 2017 it produced a document titled ‘*Children’s Story: Joint Strategic Needs Assessment (JSNA)*’ the report’s aim was to bring together information from a range of sources to provide a more detailed overview of young people and families and also the communities they live in. To carry out this task they set up a working group – the JSNA working group. This included representatives from Staffordshire County Council, Stoke-on-Trent Council, representatives from the Office of the Police and Crime Commissioner and voluntary bodies. Once again reflecting the wider framework within which pre-school childcare sits. The Joint Strategic Needs Assessment (JSNA) report notes that while the majority of children and families in Staffordshire and Stoke-on-Trent are what is described as ‘happy and healthy’, across the area as a whole there are inequalities in outcomes and that this relates to particular geographical locations. These outcomes relate to housing, health, environment, educational attainment, well-being, etc. In other words multiple-deprivation. With regard to pre-school childcare the report notes:

Around 76% of eligible two-year-old in Staffordshire took up some funded early education in 2016 which is higher than the national average of 68%; for Stoke-on-Trent the take up rate for two year olds has increased from 58% in 2015 to 64% in 2016, however this rate is below the national average. (p23)

It goes on to point out:

Take-up for three and four-year olds in Staffordshire is also better than the national average with almost all children having a placement. In Stoke-on-Trent take up rates for three and four year olds continue to be lower than the national rates (93% compared to 95% nationally). This is mainly due to lower take-up rates for three year olds (88% compared to 93% nationally). (p23)

Clearly there are differences between the rural/suburban area of Staffordshire and the urban area of Stoke-on-Trent. What the report does not clearly indicate is if there are also geographical concentrations (i.e. areas of multiple deprivation) in Stoke-on-Trent where take up rates for both groups are even lower than the average for the city as a whole. However, there are indications that this may be the case (more on this below).

While the above needs assessment relates to the county as a whole Stoke-on-Trent has carried out additional research of its own. In the ‘*Stoke-on-Trent Childcare Sufficiency Report 2017/18*’ it is argued that as far as the council is aware there is sufficient childcare provision for the city as a whole. It points out that it has worked to increase the number of free childcare places available for two-year-olds including working with partners to encourage take-up of these places and this has resulted in increased take-up at a faster rate than the national and regional levels. However, it acknowledges there are problems with take up rates for three and four year olds and this will require targeted action to improve the take up rate. Although precisely what form this will take is not made clear in the report. Perhaps more significantly the report also points out that:

The take-up of free childcare at ward level is inconsistent, meaning that children in some parts of the city are missing out on free childcare and early education. A reduction in children’s centre outreach capacity means that it may be more difficult to target families in these areas in future. Health visitors will continue to encourage eligible parents to access these places. The local authority will continue to promote free offers to parents in these areas and encourage the set-up of additional childcare provision where needed. (p2)

There is a recognition that these problems are concentrated in a few wards of the city that suffer from multiple deprivation and that in these wards “...parents of younger children may find it difficult to find childcare and also where parents of three year olds may not have access to a free place before they start in a school or academy nursery place.” (p6). Indeed an analysis at ward level of take-up rates for two-year olds shows that: “Take-up rates (in Summer 2017) at ward level range between

44% and 100%.” (p9). The causes appear to be two-fold: a failure of parents to take up the offer of free childcare and insufficiency of provision (or some mixture of the two). Thus there may be an issue on the ‘supply side’ in that childcare providers are not prepared to operate in these wards because the funding associated with free childcare does not cover the full cost of provision and parents are unable to make up the deficit. While on the ‘demand side’ some parents are unaware of the availability of free childcare, the reasons for this are unclear although may be due to the failure to convey this information about the availability to these people and/or related to the ‘additional costs’.

Interestingly the report notes that childminders continue to play a significant, albeit reducing, role in the provision of pre-school childcare. Thus:

Despite the reduction in childminder places, there are now more childminders than ever offering free two, three and four-year-old places. Childminders provide an important part of the flexible, high quality childcare offer in Stoke-on-Trent and the recruitment of childminders will be considered further by the local authority during 2018. (p4)

Another interesting acknowledgement in the report is that “The local authority has limited control over new entrants to the market.” (p5). This illustrates the lack of control a local authority has over the system other than monitoring and assisting/advising providers to ensure they meet Ofsted quality standards.

### 7.3.3 *The rural case – West Dorset*

In West Dorset, in contrast to the other two case study areas, when we conducted the WP4 case study there was a decided team focused on pre-school child care run by the former Dorset County Council (now abolished by the reorganisation). During an interview for WP4 the then coordinator of the team described their operation in the following terms:

I have a team of people who do all of that. In Dorset because of the geography of Dorset, we have worked linked to the Family Partnership zones and localities, so we have been split into six teams, and then we’ve partnered those, so (name) works in a team that covers North and West Dorset... I’ve got a team in Weymouth and Portland,...we specifically set up one team there because of the nature of disadvantage.

However, the coordinator was quite candid when asked how their work related to policy fields such as labour market policy and VET pointing out that the team worked in isolation from these policy fields, nor were they consulted by planners about the child care implications for new housing developments. So while the operations of the child care team may be considered innovative they remain marginalised in terms of other key policy fields (e.g. ALMP and VET), for which their work has obvious implications.

In terms of provision across the area although we were unable to access a ‘Needs Assessment’ (as was available in the Suburban case study area) during our interview the officer confirmed they carry out their own internal assessment and that on the whole there was sufficient provision to meet demand across the area. In the WP4 interview the team leader pointed out there was variation across the area:

So, if you were looking at West [Dorset], for example Weymouth which is the worst [areas for provision]--, ...Melcombe Regis which is one of the poorest areas in Weymouth, ...has an issue in terms of supply, and we need to address that but it’s not gonna be easy, but it is the poorest area in terms of deprivation etc.,

Where such problems are identified the team work with other providers to try and encourage them to step in and fill in the gaps.

In addition the officer noted that some providers were only offering provision of free care with specific conditions attached:

...we know that providers, most of our providers, now are making [extra] charges [for food, drinks, nappies, etc], and therefore parents will have to pay. And we do hear from some providers, and it does tend to be mainly the larger providers, particularly where



they've got more than one provision, where they're setting policies that make it very hard for parents. So, for example, if you want your 30 hours, you can have it, but you can only have it between 7am and 10am.

This highlights one of the problems with a market based system, particularly with regard to private providers – they are profit making organisations and cannot/will not subsidise the parents with regard to 'extras' that are not covered by payments from central government.

Since the reorganization of local government in the County of Dorset the new Dorset Council (within which our West Dorset case study now sits) has reorganized how it operates in order to increase efficiency and effectiveness and save money. The 'pre-school childcare unit' is now part of what is called People with a subgroup called Children, Education and Early Help. Pre-school childcare sits here under the title of the Early Years and Childcare Service. Currently the council is engaged in what it describes as developing a "vision for children, design principles for the whole council and for Children's Services". Thus the future of the Early Years and Childcare Service may possibly be reconsidered as part of this ongoing reorganisation and in the light of any future cuts in central government's financial support to the council.

## **7. Part 2 – Activities and services**

### **7.1 Description**

As we have described above local government operates as an *administrator* of a central determined payment system to which parents apply. The actual service is delivered by a large number of independent service providers – it is a market-based system. The only role for local government, other than to administer payments, is: 1) to assist/advise providers with how to meet Ofsted standards if they wish to qualify for payments; 2) to try and ensure that all parent eligible for free pre-school childcare are aware of their entitlement and help them access it. The way in which the latter task is carried out does vary between our case study areas. In Bristol this has been contracted out to BAND, in North Staffordshire this appears to be an in-house activity, although we could not find any information on this and in West Dorset a dedicated unit is responsible and works with various organisations to publicise information and reach eligible parents. In all three areas ECEC sits within a wider portfolio of tasks.

### **7.2 Main changes and innovations introduced in the last ten years**

The system is nationally determined and delivery system is market-based so there limited space for local innovation on the part of local authorities. The Bristol team has arguably developed new 'innovative' methods to engage with parents, particularly disadvantaged parents and deprived areas, utilising a multi-agency approach. They also support providers to ensure providers meet Ofsted standards. The West Dorset team, in a somewhat different way, has also been 'innovative' in terms of how it operates, particularly in terms of ensuring all parents eligible for free hours take them up and in supporting providers to meet Ofsted standards. This is done by working with the Family Information Service who use their connections with communities and through social media to make parents aware of what is available. In addition the team have their own 'hotline' that parents can access to get advice and information and help with applying for free childcare.

Unfortunately we were unable to obtain information on how these issues are addressed in the suburban case.

### 7.3 Local Policies

With regard to ECEC because of the national nature of the system and the market-based system of delivery there simply are no local policies as such, the local authorities, as already described above, have a support/advisory role vis-à-vis providers. The only local ‘policy’ aspect is how local government discharges its ‘regulatory’/support role with regard to providers.

#### 7.3.1 Urban case – Greater Bristol

The only elements that might be described as a ‘local policy’ is the contracting out of the role of ensuring eligible parents are aware of their entitlements and helping them access the payment system to BAND and the adoption of a ‘multi-agency approach. Although arguably this is more about process rather than policy.

Within the *Bristol Early Years Strategic Plan 2018-21* (described above) the council has what is described as a Childcare Development and Sustainability Service. The overall aim of the service is to improve outcomes for families, children and young people through access to high quality, sustainable and affordable childcare provision. Among the key aims are:

- Increase early years and childcare provision in areas of childcare insufficiency to meet parental needs.
- Support new and existing early years and out-of-school childcare providers in meeting registration, regulatory and legislative requirements.
- Engage providers in networks and partnership working to ensure sufficiency and continuity of provision for families in their locality.
- Ensure providers have robust business plans in place for an affordable and sustainable service.

Between 2012 and 2018 this service was contracted out to the Bristol Association for Neighbourhood Daycare Ltd. (BAND). The role of the contracted provider is to facilitate and support the local childcare market in order to ensure that provision meets the needs of parents with children. The new contract has been awarded to BAND.

Within the city the council has a number of what are termed local Children’s Centres. These centres provide a range of early years and childcare services to local families, all year round. They are usually close to a primary school. The services they provide include:

- day care and early education (under 5 years old)
- family health services including ante-natal and post-natal care
- parenting and family support services
- support for children with additional or special educational needs
- outreach services such as, home visits and community support
- benefits advice

Clearly the local authority has its own needs assessment but we were unable to access such a document. This also shows they work with a range of providers but do not simply process on ensuring adequacy of provision in the sense of numbers of places to provide support and advice. As the interviewee pointed out:

...if any individual provider requires support/advice/training to get to the required standard [required by Ofsted] we can provide tailored support depending on the action plan or we do collaborations with teaching schools who have the specialist leaders of education...For example we have a team from birth to 3 and if there is an issue around the quality of the provision for 2 years a specialist leader will go in to work on pedagogy or early maths or communication language literacy..., etc, that whole range of specialism. (ECEC-GOV1)

Additionally the Early Years team has developed its own approach to ensuring parents in disadvantaged areas and ‘hard to reach groups’ are aware of their entitlements and understand how to take them up. Although again this is about process rather than policy.

Related to above one of the problems was identifying parents who are not taking up their allocation of free childcare hours. One of the ways the team has sought to do this is by working with health care professionals such as health visitors<sup>23</sup>. Thus:

It is knowing who those families are (of disadvantaged 2 years old) the hard to reach, the ones who don’t engage with the services but it is all about information sharing protocols we found over time. We received the live birth data for Bristol and then how working with the GP surgeries and the health visitor teams’ [and] midwives as well, we talk about pre-birth to 5. It is all about information sharing and how we sign up to those protocols. So I am working on this 20 month check, these integrated checks where you are working with the family, the child, the Early years’ practitioners and health visitor all with the child at the heart of it and to assess whether there is an early identification of need is critical. (ECEC-GOV1)

Part of this approach is to ensure such families come into direct contact with people who can provide them with the relevant information about childcare provision:

...the health visitor will bring the child and the family to the children centre for this review so that they are set up with all the resources and observations etc, people available to support and signpost and this will improve the engagement, so it is this integrated model. (ECEC-GOV1)

### **7.3.2 Suburban case – North Staffordshire**

The awareness that in certain areas of Stoke on Trent that take-up of entitlements is low and needs to be addressed might constitute the basis for a local policy. But we were unable to discover how, if at all, this is being done. Most of the documentation we obtained was focused on establishing the factors that impacted on young people as a whole (this includes young people in general not just pre-school children). As far as we could ascertain from the documents available to us in Stoke on Trent this work is carried out by The Children and Young People’s Strategic Partnership. This consists of a number of organisations in the city who work together to improve outcomes for children, young people, parents and carers. It is led by the Children and Young People’s Strategic Partnership Board and includes representation from the city council, schools and academies, health partners, Safeguarding Children Board, the Police and the voluntary and community sector amongst others. But its focus is on young people and their well-being in general. Moreover, its key focus is to reduce child poverty as well as supporting parents. However, we were unable to discover what it was actually doing in general and specifically in relation to pre-school childcare.

### **7.3.3 Rural case – West Dorset**

Here the existence of a unit dedicated to ECEC is different compared to the other two case study areas. But as our interview with members of the relevant unit revealed this appears to be a chance occurrence rather than a deliberate policy choice on the part of the local authority. As in Bristol the

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<sup>23</sup> Health Visitors are qualified, registered nurses with specialist knowledge of community health, child health and health promotion and education. Every family with children under five years of age has a named Health Visitor. They work with families to provide advice and support and to ensure that parents of pre-school-age children have access to the services they need, such as options for early education funding and support on applications and decisions regarding which setting is most appropriate for them. Health visitors work in partnership with other professionals such as social workers, doctors and school nurses to safeguard and protect children,

team have developed their own particular ways of engaging with parents and supporting them to access childcare. Although once again this is arguably more about process rather than policy.

In an interview carried out for WP4 the coordinator of the dedicated unit described the role they play in the following terms:

My role is, obviously I work strategically with colleagues in workforce development, social care, family partnership zones, finance, efficiency funding etc. in terms of we don't do our work in isolation, we work with [the] Family Information Service to ensure parents [know about the service], no good setting up the childcare if parents don't know about it, so we do a lot of work to market to parents, using social media an awful lot now. So, Family Information Service have a great Facebook page, and that's how we've driven up [take-up], we've managed supply of childcare, but we've also driven demand to try and kind of balance that out.

The team also support and advise child care providers on how to meet the required national standards without which they would not be eligible to be part of the relevant national funding streams.

### **7.3.4 Similarities and differences among the three case studies**

In general terms all three cases are in the same situation – local authorities administer a centrally controlled and determined system where delivery overwhelming resides in the hands of private providers – i.e. through a market-based system. In all three cases the local authority carried out their own needs assessment to determine whether or not sufficient child provision was available across their area and if there were particular places where provision was inadequate vis-à-vis demand and/or take-up was low among certain groups. The differences as outlined above relate more to how they carry out their regulatory/support role vis-a-vis the system as determined by Ofsted and how they seek to engage with parents and particular deprived communities and 'hard to reach' groups to ensure they were aware of the existence of free pre-school childcare and how to access it. In terms of the suburban case study we were unable to determine how they did these two things. In the urban case study these roles were contracted out to BAND. Whereas in the rural case study the dedicated preschool team worked with partners, such as the Family Information Service, to disseminate information to parents and provided a service that allowed parents to call a specified phone number in order to help them discover whether or not they were eligible for free childcare and also assisted eligible parents in accessing the online application system. They also worked directly with providers to advise and assist them in meeting Ofsted standards. If there was deemed to be inadequate provision in a particular town/area they would also seek to persuade providers to step in and fill any gaps in provision.

## **7. Part 3 - Priorities and Social Investment Strategy**

Once again we find SIS does not exist at local level and there is no such approach into which ECEC might be integrated. If an SIS approach related to ECEC existed it would not simply be concerned with allowing parents to move into work but also to enhance their skills through access to training (which ECEC payments does not cover) to take on better paid jobs. Moreover as we have repeatedly noted ECEC exists in 'splendid isolation' from ALMP and VET. While those involved in these two policy fields recognised the significance of ECEC they were unable to give any information on how it related to their policy area. This is also indicative of a wider issue – a lack of a clear strategic, integrated and coordinated approach to place-based development.

## 7.1 Diagnosis

The delivery of the local ECEC provision is market-based and occurs through a plurality of providers. Local authorities do need to determine if there is sufficient supply to meet demand, but only in North Staffordshire/Stoke on Trent did we access a specific needs based assessment and this determined there was – the problem here was that in certain deprived areas of Stoke on Trent take up by parents was relatively low compared to other areas. In the other two areas we were informed through interviews that sufficient capacity to meet demand existed and that where there were problems action was being taken to address them, although how was unclear. The issue of none take-up of entitlement by parents was also a priority and was being addressed in rather different ways in the Greater Bristol and West Dorset cases, although we were unable to obtain information about how this was done in the Suburban case. Quality of provision is also an issue. While this is assured through the national Ofsted system of regulation local authorities have the duty to support/advise providers in meeting these standards and all three cases do this in their own ways. On the whole there were not deficiencies in provision in any of our case study areas, although it was acknowledged that there were issues in parts of the areas related to ‘places of multiple deprivation’.

Nor was there any evidence of an SIS approach, however defined, informing thinking on the part of those engaged in ECEC, certainly not in the case of the multitude of providers. While local government’s role was confined to a limited regulatory role (described above) within the national system.

## 7.2 Priorities

If one can talk in terms of priorities then it was to ensure all parents entitled to ECEC were aware of this and where necessary (as described above) to take actions to remedy the situation. In addition assisting/advising providers on how to meet Ofsted standards was another ‘priority’, although this is also a centrally determined role. The other existing priority at local level was to address relatively low levels of take-up of free childcare by parents in ‘places of multiple deprivation’. In the urban and rural case studies we were able, through interviews, to identify the strategies that were adopted to address this issue. However, while in the suburban case study there was an awareness of the problem we were unable to discover how it was being addressed.

## Conclusion

Looking back it *may* be possible to argue that under New Labour governments (1997-2010), influenced by Giddens (1998, chs.4), an embryonic SIS approach did begin to emerge (see Lister, 2003), however, as Lister points out with regard to childcare:

...despite the prioritizing of children, the quality of their childhood risks being overshadowed by a preoccupation with their development as future citizen-workers. At the same time, the poverty of today's citizens of working age is marginalized. Moreover, despite a strong emphasis on the need to integrate economic and social policy, integration has not challenged the traditional subordinate "handmaiden" relationship of the social to the economic. (ibid, p437)

Since 2010 in line with the particular variant of neoliberalism in the UK the emphasis, as pointed out above, has been on the reform of the welfare regime (a UK variant of the 'workfare state') focused on 'worklessness' and claimant populations increasingly defined as 'undeserving'. This has been accompanied by 'punitive' actions and conditionality as exemplified by Universal Credit and the associated labour market programmes discussed above. Moreover, VET has long been 'underfunded' (particularly Further Education Colleges who are key providers), one might even argue marginalized. The driving force has been to remove people from out of work benefits, thereby reducing public expenditure on such benefits, and into work, often low-skilled and low-paid, and onto in-work benefits with the result that increasing numbers of people in-work are in receipt of benefits and are in poverty (see Bailey, 2016).

Furthermore, given the institutional fragmentation between ALMP, VET and ECEC at central government level, allied to the highly centralised nature of decision-making related to these policy fields, there is a lack of political capacity to develop an integrated approach to SIS should the political will to do exist which it does not. At subnational level LEPs and local government also lack the resources, capacity and autonomy to develop a local SIS approach and are obstructed I doing so by the nature of the local delivery systems.

The conclusion is that in contemporary England there is no social investment strategy even in a formal sense let alone in practice and therefore that ALMP, VET and ECEC do not fit into such a strategy. ECEC is often seen as a 'cornerstone' of a SIS and clearly since 2010 more emphasis has been placed on this policy field by governments. However, ECEC essentially sits in a rather ambiguous position between education and employability/worklessness with the latter tending to dominate. One could interpret the aim of ECEE as being to get parents into work and stay there and help them to develop appropriate skills as a human capital element of a social investment strategy. However childcare is essentially structured to help parents remain in the labour market and to facilitate parents entering the labour market. Nor does ECEC cover/support participation in training and/or educational courses which would enable unemployed parents to either participate in training courses or enhance their current and future employability and thereby address worklessness and potentially facilitate social mobility as parents become more skilled. In a coherent SIS approach one might reasonably expect ECEC, ALMP and VET to work together in a mutually supportive manner. Additionally the desire to improve the educational abilities and opportunities of pre-school children from disadvantaged backgrounds could be understood as an attempt to invest in future human capital and improve the future life chances of these children. However, since 2010 this element of ECEC appears to have been 'downgraded'. Nor was there any evidence that childcare was integrated into a wider social investment strategy because one does not exist and those we interviewed involved in VET and labour market activities had nothing to say about ECEC other than that it was important. Our previous research for the WP4 case studies revealed that while many people involved in developing economic growth, training and (re)skilling strategies agreed childcare was important it simply was not articulated with these strategies and existed in 'splendid isolation' something confirmed by those involved in ECEC.

As noted previously (and in WP4 D4.6) local authorities quite simply lack the powers and resources to develop any form of SIS at local level and they are struggling to meet even their statutory responsibilities. Again as has previously been made clear since the 1980s local authorities, and government more generally, have undergone ‘wave after wave’ of privatisation, contracting out and subsequent internal reorganisations designed to cut costs with implications for service delivery and standards. This has been compounded by 10 years of an ‘austerity regime’ and deep cuts in local authority budgets.

In theory LEPs might be able to develop an SIS but they lack the powers, resources and capacity to do this. Their focus is on developing a ‘local’ version of the National Industrial Strategy which, as was made clear in WP4, they have been unable to effectively achieve in our case study areas. Moreover, as was made clear again in WP4, the great majority of interviewees were critical of their LEPs and their performance.

The closest possible example of an SIS approach might be argued to exist in the city of Bristol in terms of its One City Plan and inclusive growth strategy (BCC 2019a and 2019b). However, this would be to confuse an inclusive growth strategy with SIS. Whilst there *may* be potential overlaps between the two this is not necessarily the case. Moreover, Bristol lacks the powers and resources to implement its strategy and can at best only exert indirect influence over the three policy fields. To suggest the One City Plan constitutes an SIS would represent an act of pure artifice.

More specifically with regard to the Work Programme a report by the Equality and Human Rights Commission (2018) argued:

By and large, the evidence suggests the Work Programme has largely sought to support transitions to work through a regime of conditionality and sanctions, and that significant gaps have existed in the provision of personalised support for those furthest away from the labour market. In particular poor outcomes for groups requiring the most specialist support (for example, ESA claimants), as well as evidence of a lack of appropriate support and opportunities facilitated by the Work Programme, suggest some significant reconsideration is required for the upcoming Work and Health Programme. (ibid, p240)

Even on its terms the Work Programme has ‘missed’ key target groups as a result of ‘creaming and parking’. Much the same can be said in relation to the other two policy fields.

As has been made clear VET has been underfunded and neglected for many years and the subject of numerous reviews. It is not integrated into labour market policy at national or local levels and while at national and local levels there is an increased awareness of its significance and deficiencies it does not appear that the latter have been remedied. In part this is due to the fragmented nature of the local delivery system.

Moreover, given the above it is important to bear in mind the general point made by Kazepvo and Ranci (2017) to look at the presence, or absence, of the necessary national preconditions and context for the development of SIS. In the case of the UK generally these are absent and the clear conclusion is that it is not possible to talk in terms of an SIS strategy in the contemporary UK at either central government or subnational level.

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**APPENDIX: New/Additional Interviewees for WP5**

<b>Interview code</b>	<b>Policy Field</b>	<b>Role of interviewee</b>	<b>Locality</b>
<b>ECEC-GOV1</b>	ECEC		Urban
<b>ECEC-GOV2</b>	ECEC	Local government official (municipal level) Local government official (municipal level)	Rural
<b>ALMP/VET-BUS1</b>	ALMP/VET	Local Government official (municipal level)	Urban
<b>ALMP/VET-BUS2</b>	ALMP/VET	Politician	Urban
<b>ALMP/VET-BUS3</b>	ALMP/VET	Local Government Official (municipal level)	Rural
<b>ALMP/VET-BUS4</b>	ALMP/VET	Director of Training Company	Suburban
<b>ALMP/VET-BUS5</b>	ALMP/VET	Member of staff at Further Education College	Suburban





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#### **Abstract:**

The aim of this report is: a) to describe the multilevel governance system concerning the policy fields of labour market, vocational education and training, and childcare in Greece, b) to describe the (possibly innovative) relevant activities and services provided to citizens, as well as c) to assess their effectiveness. The emphasis is given on three different study areas (an urban, a sub-urban and a rural one), which gives a comparative perspective to the research findings.

**Keyword list:** service provision, social policies assessment, labour market, vocational education and training, childcare

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## Abbreviations

ADEDY (in Greek)	Civil Servants' Confederation
DEPPS (in Greek)	Cross Thematic Curriculum Framework for Compulsory Education
DPs	Development Partnerships
EAPs	Economic Adjustment Programmes
EATA (in Greek)	Athens Development & Destination Management Agency
ECEC	Early Childhood Education and Care
EDEAY (in Greek)	Committees of Interdisciplinary Educational Evaluation and Support
EETAA (in Greek)	Hellenic Agency for Local Development and Local Government
ELSTAT	Hellenic Statistical Authority
EOPPEP (in Greek)	National Organization for the Confirmation of Qualifications and Vocational Guidance
EPAL (in Greek)	Vocational Upper Secondary Schools
EPAS (in Greek)	Vocational Schools
ESEE (in Greek)	Hellenic Confederation of Commerce and Entrepreneurship
ESF	European Social Fund
GDP	Gross Domestic Product
GSEE (in Greek)	National Federation of Workers
GSEVEE (in Greek)	Hellenic Confederation of Professionals, Craftsmen and Merchants
ICT	Information and Communication Technologies
IEK (in Greek)	Vocational Training Institutes
IEP (in Greek)	Institute of Educational Policy
KEK (in Greek)	Centers of Vocational Training
KESY (in Greek)	Educational and Counselling Centres
KPA2 (in Greek)	Public Employment Services

KPE (in Greek)	Environmental Education Centres
LGB	Local Government Bodies
LLCs	Lifelong Learning Centers
OAED (in Greek)	Manpower Employment Organization
PEKES (in Greek)	Regional Centres for Educational Planning
SBE (in Greek)	Federation of Industries of Greece
SDEY (in Greek)	School Networks of Educational Support
S.EP.E (in Greek)	Labour Inspectorate Body
SMEAE (in Greek)	Special Education School Units
TopSA (in Greek)	Local Actions Plans for Employment
TOPEKO (in Greek)	Local actions for vulnerable groups
VET	Vocational Education and Training

## Active Labour Market Policies (ALMP)

### Executive Summary

Active labour market policies, either in the form of public employment services, training schemes or subsidies, are government programs that intervene in the labour market to help the unemployed find work. They are also usually a useful tool for every society to boost employment of the most vulnerable groups of people, such as long-term unemployed, women and young unemployed. Historically, the active labour market policies were adopted for the first time in Greece in 1984 with the financial assistance of the European Social Fund (ESF). Until then, labor market interventions in Greece have focused mainly on the financial protection and support of the unemployed. The main active labor market policies concern grant programs for job creation, vocational education and training, demand and supply coupling mechanisms, as well as measures to promote labor market flexibility and entrepreneurship development.

The role of the central government in the labour market policies is very critical in Greece while, on the contrary, the role of the local authorities is limited. In essence, local governments/municipalities are largely unable to adopt and support labour policy activities and actions and as a result, have an insignificant impact on the employment sector. The design of these policies is conducted by the central government and the implementation by the Greek Manpower Employment Organization (OAED) operating under a public entity legal status and supervised by the Ministry of Labour and Social Affairs. The objective of the institution is, among others, to implement the government policy regarding employment and combating unemployment; the enhancement and facilitation of the country's human resources integration into the labour market; unemployment insurance; the promotion of vocational education and training and their connection with employment; the social development of the country's human resources; the provision of housing services and assistance to ameliorate people's living standards. OAED consists of the Head Office (Central Administration), Seven (7) Regional Directorates as well as a network of one hundred and eighteen (118) local Public Employment Services (KPA2). The creation of KPA2 is the most significant initiative of the last decades; they operate as OAED Departments and constitute an organizational innovation that has significantly improved the quality of the services provided to job seekers and businesses since they provide employment services and unemployment insurance services as "one-stop shops".

Although OAED is the main institution for active labor market policies, several other institutions, organizations and trade unions may have an indirect role to the processes. For instance, the role of the Labour Inspectorate Body (S.E.P.E), established in 1999, is to enforce labour legislation in the private and public sectors, to protect the legal rights of the employees and to secure the health, safety and welfare of workers in Greece. Moreover, two big trade union confederations operate in Greece depending on the employment status of the employees they represent: The General Confederation of Greek Workers (GSEE) covers workers who are in private-law employment relationships while Civil Servants' Confederation (ADEDY), established in 1947, covers all workers in the public sector who have the status of the public servant. As far as employers are concerned, their interests are represented by three different national organizations, namely, the Federation of Industries of Greece (SBE), representing industry and big enterprises in general; the Hellenic Confederation of Commerce and Entrepreneurship (ESEE), representing trading concerns; and the Hellenic Confederation of Professionals, Craftsmen & Merchants (GSEVEE), representing the interests of handicraft professionals and small manufacturing enterprises. Last but not least, EOPPEP (National Organization for the Certification of Qualifications and Vocational Guidance) is another organization associated with the Greek labour market; its mission is geared towards linking VET with labour

market needs, upgrading people's occupational qualifications, reinforcing their employment perspectives and strengthening social cohesion.

In general terms, active labour market policies do not focus on specific locations in Greece but specific age groups. However, one significant initiative at the local/regional level was introduced in the late '90s, the "Local Actions Plans for Employment" (TopSA). TopSA, introduced in 1997 and continues today, aiming to create jobs for the unemployed, with the activation and mobilization of local actors (through the Development Ps) throughout the country. TopSA includes actions such as training and education, work-based learning and apprenticeships in private enterprises in Greece or abroad, the preparation of business plans, specialized research and evaluation services for start-ups, support for legal and tax issues, etc. The Local actions for vulnerable groups (TOPEKO) are another significant initiative. The aim of TOPEKO is to contribute towards the integration or reintegration of unemployed belonging to socially vulnerable groups, through a broad set of actions that cover the additional needs of different beneficiaries. TOPEKO is implemented locally by Development Partnerships (DPs), which operate as non-profit organizations, with the participation of public and private actors.

Active labour market policies have been criticized for several reasons. For instance, they have been criticized in terms of difficulties to monitor their implementation, the lack of central planning and coordination, the waste of European resources, the extensive privatization as well as on the grounds that constitute a rather small share of national GDP. All these weaknesses can undermine their main goal to reduce unemployment and social exclusion and promote employment.

The most prominent 'victim' of the recent financial crisis has been Greece; in the last ten years, the real gross domestic product (GDP) shrunk by more than 26%, the unemployment rate dramatically increased while public expenditure was significantly diminished. The crisis had negative effects on the operation of OAED since it had no electronic services nor a comprehensive information system. This resulted in queues and suffering of the unemployed at the Employment Promotion Centers. Moreover, the crisis has hurt OAED's credibility as it failed to provide the unemployed with adequate income support and job opportunities, especially due to low unemployment benefits. This deteriorated due to austerity measures in the period of Memorandums, that is, in the period 2010-2018.

As a consequence of this difficult situation, several changes were made in the last years. OAED developed in 2013-2015 a major reform program called "Re-engineering of OAED's Business Model" which was implemented in 2016-2018. A large number of structural changes were adopted by OAED and the main goal was to upgrade the mediating role of OAED in matching labour supply and demand, as well as its digital and technological functions. More specifically, the main objectives of the Program were the following: improved information and services provided to citizens; better and more effective services for job seekers and employers; and enhanced performance of the organization itself thanks to a better utilization of its human resources and new technologies. In the years before the crisis (that is, 2009), Greece relied mostly on passive labour policies for the unemployed; the active measures were relatively limited and underdeveloped and focused heavily on wage subsidies, start-up incentives and work experience programs. However, this trend changed from 2010 onwards since several new active measures are adopted. The emphasis of the measures are now on maintenance (securing jobs at risk), rather than upon new job creation. Moreover, there has been an increased emphasis on programs aiming at the facilitation of youth in terms of work experience and community service. In general terms, the new philosophy of active employment policies in the period of the economic crisis was the specific targeting of policies to vulnerable groups that are not in employment and the selection of programs towards employment maintenance, creation of new jobs and vocational training.

Comparing the situation in our three case studies, that is urban, sub-urban and rural, the former case appears as the most important provider of employment actions and activities in relation to the other two municipalities. However, this is not a paradox since the Municipality of Athens is the biggest municipality in the country in terms of population and amount of financial resources. As a result, several KPA2 operate in this area while there is one Employment Office for Special Social Groups operating under the municipality and aiming at helping people that come from groups threatened by social exclusion, (e.g. homeless, immigrants, refugees, to enter the labour market. Moreover, there is also a Department of Social Inclusion that monitors the implementation of social entrepreneurship actions and the promotion of social cooperative enterprises for the social reintegration of vulnerable groups and monitors and participates in the debate with other central government organizations and institutions about social entrepreneurship actions. As a result, several important activities have taken place in Athens. The most significant one is probably the design, development, and facilitation of employment promotion and job counseling through the Job Center, founded only a few years ago (i.e. 2017). This center is the first labor market reintegration center for vulnerable social groups created in Greece. It focuses, following international examples, on the activation of individuals from vulnerable social groups (such as unemployed young people, unemployed women, single-parent families, illiterate, long-term unemployed, refugees and immigrants) by enhancing their skills, supporting job-seeking and helping adaptation to the conditions prevailing in the labour market. After two years of operation, it served more than 300 beneficiaries, of whom about 4 out of 10 are actively working.

The Multi-service Municipal Centers provide also services on job instruction. Besides, the Department of Social Solidarity and Health of the municipality of Athens supports and monitors the operation of two Mediation Offices, which provide, inter alia, support services for facilitating labor market reintegration. Last but not least, the Athens Development & Destination Management Agency (EATA) provides a few employment services focusing especially on social entrepreneurship.

In the case of the Municipality of Pallini, the objectives of the central government for labour market and employment are expected to be met at the local level via the “Employment Promotion Centers (KPA2)”, mainly through the support of start-up businesses, innovative ventures, young entrepreneurship, etc., or programs for the recruitment of unemployed into the local businesses. In the municipality, the Directorate for Social Protection, Education and Culture is responsible for the design and implementation of social policy, gender equality policies, the protection and promotion of public health, the promotion of Lifelong Learning, as well as the design and implementation programs of Culture, Sport and Youth. Some actions of this Department are directly or indirectly associated with labour market actions. More specifically, it makes plans, recommendations as well as implements local action plans and initiatives, or participates in similar actions and initiatives to promote and expand employment in the municipality. In parallel, it ensures entrepreneurship and vocational training, it ensures the creation and operation of information mechanisms for unemployed people on job opportunities in the region while it designs, recommends and ensures the implementation of programs and measures aimed at equality between women and men in all fields.

Last but not least, in the Municipality of Marathonas there is a lack of significant local institutions and policies and as a result this case is very different from the above ones. For instance, there are no “Employment Promotion Centres” (KPA2) or “Vocational Schools” (EPAS) in the area. Interestingly, there is also a shortage of institutions and organizations in terms of vocational education and training (for the labour market) since there are no “Lifelong Learning Centers” or other similar establishments. This means that there are not, in essence, local actions for the creation of employment. At best, sometimes, local businesses are convinced by the local public authorities to employ local

citizens who are long unemployed but upgraded their skills through their participation in public programs of vocational education and training. The main reason behind this poor situation is probably the recent economic crisis in conjunction with the fact that the municipality was established almost ten years ago (meaning a shortage of human capital and resources).

As mentioned above, the role of local governments and authorities are not significant; active labour market policies in Greece are designed and implemented by the central government. Although local governments cannot replace the state or businesses in creating employment or OAED in the labor subsidy and cannot design their own labor market policies, they can make some actions. For instance, they can increase employment opportunities via several simple ways such as the creation of alliances and partnerships, the provision of facilities to young entrepreneurs, the dissemination of information and the transfer of good practices from other European cities. Some examples of these types of initiatives can be found in the case of Athens (e.g. The Job Center).

In parallel, both central and local authorities should provide a detailed implementation plan for the upgrading and expansion of active labour market policies. In this context, the increase in financial resources is a necessity. The improvement of a monitoring mechanism to develop local partnerships as well as a more effective matching of vocational education and training with the needs of the labour market are also essential. A significant improvement in the active labour market policies can be achieved via the improvement of their evaluation. Besides, a few other priorities should be considered; for instance, there is a need for: a) policies addressing the structural labour market problems and improving the matching of job seekers with new vacancies, b) a better connection with the needs of the labour market, c) more efforts for the activation of youth and women d) more efforts for the most disadvantaged youth that is early school leavers and individuals who have not been in employment, education or training for a long period of time e) specific policies areas with significant problems especially in the field of early identification of skill needs, quality assurance and management of schemes, guidance and counseling services. However, we should keep in mind that active labour market policies might be not effective in periods of economic crisis when there is a considerable increase in unemployment rates. In these times, the adoption of more active labour market policies could nullify their effects because of the high unemployment and declining investment. This is very critical for Greece since it was the most prominent ‘victim’ of the recent crisis and its unemployment rate dramatically increased. This view can be examined in-depth nowadays as the world enters an unprecedented economic crisis caused by the COVID-19 pandemic and there is sound evidence (according to recent studies such as OECD) that Greece will be again the most prominent ‘victim’ of the depression or at least one of the most prominent. Probably the most pressing priority for the next years is the provision of significant support to the most vulnerable people such as female, the young, immigrants and refugees, in order to alleviate the impact of the crisis. This can be achieved more efficiently if there is a cooperation between central and local authorities.

## **1. Part 1 - The governance system**

In this section, we shed light on the governance system in Greece in relation to active labour market policies. After we describe the multinational setting, we shift our emphasis on the shifts that have been taking place in Greece during the last ten years. Subsequently, we move on presenting and describing active labour market policies in the three case studies under investigation (City of Athens, Municipality of Pallini, and Municipality of Marathonas).

## 1.1 Multilevel institutional setting

The role of the central government in the labour market policies is very critical in Greece. However, this significant role is not without problems; as OECD (2011:24) suggests “Greece’s central administration was plagued with inefficient structures, inadequate access to information and lack of co-ordination”. All these problems are not new and had become a hallmark of the Greek government system long before the recent economic crisis. On the contrary, the role of the local authorities in the labour market policies is small and is limited to specific actions. In essence, local governments/municipalities are largely unable not only to adopt but also to support labour policy activities and actions. To put it differently, local authorities have no impact on the employment sector (Dimoulas 2013).

The design of employment policies in Greece is conducted by the central government and the implementation by the Greek Manpower Employment Organization (OAED). OAED implements most of the active labor market policies for the unemployed in Greece. It operates under the supervision of the Minister of Labour and Social Affairs and it is a legal entity of public law headquartered in Athens ([www.oaed.gr](http://www.oaed.gr)). The objective of the organization is to implement the government policy regarding employment and combating unemployment; the enhancement and facilitation of the country’s human resources integration into the labour market; unemployment insurance; the promotion of vocational education and training and their connection with employment; the social development of the country’s human resources; the provision of housing services and assistance to ameliorate people’s living standards. Furthermore, OAED participates in the implementation of the National Reform Program detailing the specific policies each EU country will implement to boost jobs and growth. Indicatively, regarding the simplification of procedures and the reduction of administrative burden for businesses, a number of measures have been adopted by OAED such as simplification and electronic submission of labour reporting requirements by employers.

More specifically, the operation of OAED is based on the following three pillars (i) promotion to employment; (ii) unemployment insurance and social protection of maternity and family; and (iii) vocational education and training. From this perspective, OAED is the public authority and central body managing: a) Active Labour Market Policies (ALMPs) in order to halt unemployment and promote employment and vocational training for unemployed and employed people. b) Passive Labour Market Policies (PLMPs) regarding measures for unemployment insurance (regular unemployment benefit) and other social protection benefits and allowances (maternity allowance, OAED day nurseries) c) Active Labour Market Policies for initial vocational education combined with on-the-job training (Apprenticeship system).

OAED’s main policy axes can be summarized as follows: 1) Promotion of employment through programs aiming to reduce (a) labour costs (wages and salaries), (b) non-wage labour costs, by subsidizing social security contributions and facilitating the transition to work, with special emphasis on the population groups most severely affected by unemployment, as well as on vulnerable population groups 2) Co-operation with social and local authorities within the framework of local employment programs, in which the local Public Employment Services (KPA2-see next) play a central role 3) Counselling Services 4) Promotion of employees’ and employers’ adaptability in conjunction with employment retention 5) Implementation of the Dual System of Vocational Education and Training (i.e. Apprenticeship) by the OAED Apprenticeship Vocational Education Schools’ (EPAS) 6) Operation of day nurseries 7) Matching labour supply and demand with the support of employment counselors 8) Participation of the EURES network (The European Job Mobility Portal) for matching labour supply and demand at European level 9) Implementation of



measures and dealing with the obligations and pending issues of OEK (Workers' Housing Organization) and OEE (Workers' Fund Organization), which were abolished by Law No. 4144/2013.

OAED consists of the Head Office (Central Administration), Seven (7) Regional Directorates and a network of one hundred and eighteen (118) local Public Employment Services (KPA2). Moreover, OAED has the responsibility of operating several educational institutions [49 Apprenticeship Vocational Education Schools (EPAS), 30 Vocational Training Institutes (IEK), 6 Adult Vocational Training Centres (KEK), 2 Vocational Training Centres for People with Disabilities (KEK-AMEA) and 30 Career Offices (GDEE)] as well as, twenty-five (25) Day Nurseries of the former OEE, which were incorporated into the Regional Directorates as non-independent offices. The Regional Directorates, the local Public Employment Services (or KPA2), as well as the Local Services and the educational institutions of OAED (EPAS, IEK and KEK) are responsible for implementing the decisions made by OAED's Administration.

More specifically, OAED comprises the following seven Regional Directorates: i) Regional Directorate of Attica and Islands ii) Regional Directorate of Central and Western Macedonia iii) Regional Directorate of Eastern Macedonia and Thrace iv) Regional Directorate of Thessaly v) Regional Directorate of Epirus vi) Regional Directorate of the Peloponnese vii) Regional Directorate of Crete. The Regional Directorates supervise the operation of the local units and services falling within their field of competence. Each Regional Directorate comprises nine (9) Departments, apart from the local units and services.

KPA2 is one of the most significant initiatives regarding the local level. KPA2 operate as OAED Departments and constitute an organizational innovation that has significantly improved the quality of the services provided to job seekers and businesses since they provide employment services and unemployment insurance services as "one-stop shops". The operation of the local PES, or KPA2, is supervised and coordinated by the Directorate of Local PES Network Coordination and Development. The Employment Services and Insurance Services formerly operating under OAED at the local level were merged into the KPA2 in order to evolve into one-stop shops. Thanks to KPA2, OAED can serve citizens more efficiently and more promptly, since it can provide the following services in the same place: 1) Personalized approach, employment counseling and job placement (matching of labour supply and demand); 2) Payment of benefits and other social security allowances (passive labour market policies); 3) Implementation and management of programs and Active Labour Market Policies.

Along with the KPA2, there are two (2) Local Services which mainly provide employment insurance services, namely unemployment benefits and allowances. Moreover, there are 6 Employment Offices for Special Social Groups (in Athens, Thessaloniki, Larissa, Volos, Patras, and Heraklion-Crete), aiming to integrate into the labour market population groups at risk of social exclusion: 1) People with disabilities 2) Ex-convicts 3) Ex-drug addicts 4) Young delinquents or people at social risk 5) Other vulnerable social groups.

Although OAED is the main institution implementing most of the active labor market policies, several other institutions, organizations and trade unions may have an indirect role in the processes. One of them is the Labour Inspectorate Body (S.EP.E) which was established in 1999. Its role is to enforce labour legislation in the private and public sectors, to protect the legal rights of the employees and to

secure the health, safety and welfare of workers in Greece.<sup>1</sup> The S.EP.E reports directly to the Minister of Employment and Social Protection and is under the supervision of a Special Secretary, appointed by the Government (art. 28, N.1558/1985). The S.EP.E is composed of the Central Labour Inspectorate, 96 regional Social Labour Inspectorate Offices and 52 regional Technical and Medical Labour Inspectorate Offices. The Central Labour Inspectorate is divided into the Service of Special Inspectors and three Directorates: 1) the Directorate of Programming and Monitoring the Technical and Medical Inspection Offices (or better known in English as Occupational Safety and Health (OSH)), 2) the Directorate of Programming and Monitoring the Social Labour Inspection Offices, and 3) the Directorate of Administration and Technical Support.

Two big trade union confederations operate in Greece depending on the employment status of the employees they represent, The General Confederation of Greek Workers (GSEE) and Civil Servants' Confederation (ADEDY). The former (GSEE) covers workers who are in private-law employment relationships (private- and semi-public-owned companies and ex-public utilities and services). It was created in 1918 to protect the rights and interests of Greek workers and employees and is the highest, tertiary trade union body in the country, in which 157 second-level Trade Unions of workers with dependent employment are represented. With ESF funding, GSEE set up (a few years ago) 13 equality structures at the regional, sectoral and national level. It cooperates with YP.A.K.P and numerous Greek and foreign organizations, presenting problems that employees encounter and assist in resolving them. Moreover, GSEE has established many supporting institutes to help it achieve its goals. INE/GSEE-ADEDY is tasked with the provision of GSEE and ADEDY (see next) of formulated scientific data reports which GSEE and ADEDY use for the scientific validations of their argumentation when dealing with the employers. KE.PE.A is tasked with the provision of information and legal advice to all workers and unemployed people in Greece. A.RIS.TOS is tasked with the tracking and filling of the historical evidence of all worker unions in Greece. KANEP/GSEE is tasked with the support of the policy of GSEE in education and the R&D field.

The latter (ADEDY), established in 1947, covers all workers in the public sector who have the status of the public servant. ADEDY is also a three-level organization with primary-level trade-unions of civil servants forming secondary-level Federations which are members of the tertiary-level Confederation. Today, the organizational configuration of ADEDY includes about 1264 first-level unions that are organized in 52 Federations and represent a total of 240,709 voting members. Both GSEE and ADEDY are the most representative trade unions in Greece, as trade unions that are not affiliated to them are extremely rarely found and practically inexistent (Kretsos, 2011).

As far as employers are concerned, their interests are represented by three different national organizations, namely, the Federation of Industries of Greece (SBE), representing industry and big enterprises in general; the Hellenic Confederation of Commerce and Entrepreneurship (ESEE), which represents trading concerns; and the Hellenic Confederation of Professionals, Craftsmen & Merchants (GSEVEE), representing the interests of handicraft professionals and small manufacturing enterprises.

SBE was established in 1915 and is the main institutional representative of private enterprises. Since its foundation, it has been active in its efforts to promote not only industrial development, but also economic and social progress in Greece. It proposes and contributes to actions aimed at establishing and promoting the competitive advantages of Greece, as well as to the promotion of the overall

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<sup>1</sup> See [https://www.ilo.org/labadmin/info/WCMS\\_115425/lang--en/index.htm](https://www.ilo.org/labadmin/info/WCMS_115425/lang--en/index.htm).

economic development of the region. The main aims of SBE's development strategy have, for many years, has been based on overall regional growth and development, as well as on the industrial development and international competitiveness of Greek industries, and Balkan and Black Sea economic co-operative ventures. Members of the Federation are manufacturing companies and industrial organizations. It also disseminates information and promotes the social responsibility of enterprises and the principles of good governance amongst its members. One of its stated objectives is labour equality. It is interesting to note that according to its Charter of Rights and Obligations, enterprises should serve equal rights and opportunities for all and respect the balance between work and private life. SEV is one of the major social partners that co-signs the National Collective Agreement which promotes, amongst other things, parental rights.

ESEE is a confederate organization representing Greek commerce on both domestic and international levels as well as SMEs at both domestic and international levels. It runs a Gender Equality Office which has developed a helpline to help female merchants and a platform for the exchange of information and good practice. ESEE is one of the major social partners that co-sign the National General Collective Agreement which promotes, amongst other things, parental rights. In 2014 the National Confederation of Hellenic Commerce was renamed the Hellenic Confederation of Commerce and Entrepreneurship with the view to include officially within its scope, SMEs whose activities are not purely commercial. Nowadays, ESEE consists of 14 Federations and 283 Commercial Associations, representing the entire territory of Greece even in small towns.

GSEVEE is a so-called third level, cross-sectoral, employer's organization across Greece, and one of the major social partners that co-sign the National General Collective Agreement. It was founded in 1919 and it constitutes the major and most massive association of Professionals, Craftsmen and Merchants all over the country. GSEVEE is active in promoting and consolidating the professional, economic, cultural and broadly social, interests of small and medium entrepreneurs (SMEs) [Micro (up to 10 employees and  $\leq$  € 2 million turnovers; Small (up to 49 employees and  $\leq$  € 10 million turnovers; Medium-sized (up to 250 employees and  $\leq$  € 50 million turnovers)]. It aims at managing and diffusing knowledge, know-how, technology and carrying out studies and surveys that concern the micro, small and medium-sized enterprises of the so-called secondary and tertiary sectors of the Greek economy (that is manufacture, services, commerce). GSEVEE incorporates: a) 90 federations, out of which 59 local, 30 sectoral and 1 of pensioners; b) 1.100 main unions with 140.000 natural persons (entrepreneurs) registered.

Last but not least, EOPPEP (National Organization for the Certification of Qualifications and Vocational Guidance) is another organization associated with the Greek labour market. This organization, one of the first of the broad public sector in Greece Certified for Excellence, operates under the supervision of the Minister of Education, Research and Religious Affairs and its mission is geared towards linking VET with labour market needs, upgrading people's occupational qualifications, reinforcing their employment perspectives and strengthening social cohesion. EOPPEP's principal fields of activity and responsibility are: Providers and Educational Framework, National Qualifications Framework, Certification of Qualifications, Vocational Guidance and Counseling, and Quality Assurance.

## 1.2 Shifts in the last ten years

The economic crisis of 2008/2009 and the rising unemployment rates had negative effects on the operation of OAED since it had no electronic services and a comprehensive information system. This

resulted in queues and the suffering of the unemployed at the Employment Promotion Centers. Moreover, the crisis has hurt OAED's credibility as it failed to provide the unemployed with adequate income support and job opportunities, especially due to low unemployment benefits. This deteriorated due to austerity measures in the period of Memorandums that is 2010-2018. Thus, these conditions decreased the effectiveness of active employment policies to create new jobs and therefore employment opportunities for the unemployed in the private sector of the economy while the major OAED programs for the period 2010-2014 did not concern the unemployed but the employed people securing their position works.

As a consequence of this situation, several changes were made in the last years. OAED developed in 2013-2015 a major reform program called “Re-engineering of OAED’s Business Model” which was implemented in 2016-2018. The implementation of the program was supervised by a Steering Committee including representatives of the European Commission and several European Public Employment Services (from the United Kingdom, Sweden, Germany, and France). A large number of structural changes were adopted by OAED and the main goal was to upgrade the mediating role of OAED in matching labour supply and demand, as well as its digital and technological functions. More specifically, the main objectives of the Program were the following: improved information and services provided to citizens; better and more effective services for job seekers and employers; enhanced performance of the Organization itself thanks to a better utilization of its human resources and new technologies.

All these objectives were achieved in several ways but the most important is via the efficacy of active labor market policies. A new model of active labour policies was adopted. The new model maintains open employment, training and self-employment programs throughout the year, in which the unemployed are placed according to their needs, their professional goals and their intention to undertake business activities.

The above-mentioned objectives were also achieved with several other ways such as the reorganizing of the local PES or KPA2, redesigning and modernizing the OAED's portal, digitalizing several key administrative procedures for citizens (e-Services), and launching OAED’s Call Center for Citizens and Businesses.

More specifically, the reorganization of the KPA2 consisted of several structural changes based on the establishment of new staff roles. More particularly, a reception desk was created at the KPA2 entrance (reception officer), combined with a citizen self-service desk (equipped with computers to be exclusively used by OAED clients). Furthermore, the role of the Jobseeker Counsellor focuses on the individual jobseeker. Besides, a specially designed online questionnaire (profiling) helps classify the unemployed person into a specific group, so that an Individual Action Plan, fully adapted to his/her needs, can be produced. Emphasizing the importance of employers, the role of the Employer Counsellor was also created, aiming to build stable relations with employers and businesses. Within the same context, a Key Account Unit was established in the OAED Head Office. In close collaboration with the Employer Counsellors, the Key Account Unit aims to increase the number of vacancies notified and to improve the matching of labour supply and demand. Last but not least, the new role of the Middle Manager is responsible for ensuring OAED’s effective organization and operation through guidance, support and innovation promotion.

As far as the portal’s redesign and modernization are concerned, OAED started to provide citizens with various e-services, such as uploading CVs (for jobseekers) and advertising vacancies (for employers), searching for jobs or employees, automatic matching of CVs and vacancies, providing

updates about the progress of requests, applications, and appeals. Moreover, through the communication possibilities, OAED's Portal constitutes an open channel of communication between OAED and citizens.

The development and operation of the previous tool, helped citizens to be served promptly and directly since they can complete several important procedures (such as unemployment card renewal, online applications for benefits/allowances, etc.) online (of E-Services).

Last but not least, the operation of a Call Center contributed to a considerable reduction in the number of visits at the local PES (KPA2) and OAED's Head Office, thus alleviating both the citizens and the Organization's local services. Being the result of developed technological tools and applications, the Call Center has contributed decisively to a better and prompter service delivery for citizens.

Some changes have been also made by SEPE since a new initiative on making labour inspections more efficient and convenient was introduced recently. As complaints can be anonymous and the public has the right to complain with a phone call, a new 4-digit line has been introduced, accessible to every person who requests an inspection in the company that he/she works for. This request is forwarded by the central Directorate to the regional offices respectively and labour inspectors are obliged to inspect it within two days.

## **1.3 Local governance systems**

### **1.3.1 *Urban case***

As mentioned above, the role of the central government in the labour market policies is very significant in Greece while on the other hand, the role of the local authorities is trivial since local governments/municipalities are largely unable not only to adopt but also to support labour policy activities and actions. Not surprisingly, the local system of governance related to employment policies in the Municipality of Athens includes a fair amount of actors. First and foremost, several KPA2 are in operation in the area adopting OAED's policies. In a similar vein, there is one Employment Office for Special Social Groups aiming at helping people that come from groups threatened by social exclusion, to enter the labour market.

Another major player in this field is the municipal Department of Social Inclusion which some of its main goals and actions involve labour market actions. More specifically, this Department monitors the implementation of social entrepreneurship actions and the promotion of social cooperative enterprises for the social reintegration of vulnerable groups while it also monitors and participates in the debate with other central government organizations and institutions about social entrepreneurship actions. Finally, it participates in a wide variety of research programs in the field of social entrepreneurship in collaboration with academic and research institutes and collects data and information in order to operate as an Information Center to other relevant institutions.

The most significant activity of the Department in terms of labour market policies is probably the design, development, and facilitation of employment promotion and job counseling through the Job center. This center was founded only a few years ago (i.e. 2017) and is the most important initiative of recent years. Job center is the first labor market reintegration center for vulnerable social groups created in Greece in collaboration with British American Tobacco Hellas (which provided renovation work for the social housing of the Municipality, within the framework of corporate social

responsibility). This center is staffed by qualified employees and enables the beneficiaries of the municipality to be mobilized and encouraged on the path to job search, integration or reintegration into the work environment and / or to maintain their jobs. In the first years of its operation, 213 citizens used its services; 32% of them found a full-time job, 15% a part-time job, 8% worked for some time, and 45% are in the active job search process. Beneficiaries of the center are from programs and services of the municipality, such as the Social Housing Program, Community Centers, Municipal Medicine Centres, and the "Housing & Reintegration" program. The social workers of the municipality, knowing the individual needs as well as the potential of the beneficiaries, suggest Job center to the beneficiaries. The center occasionally invites businesses for information and cooperation. Companies looking for employees can also be targeted. Besides, the Department of Social Solidarity and Health of the municipality of Athens supports and monitors the operation of two Mediation Offices, which provide, inter alia, support services for facilitating labor market reintegration. These Offices are part of the program "Social Structures for Poverty Alleviation in the Municipality of Athens". At the same time, this Directorate participates as a lead partner in the "Housing and Reintegration" program, which aims, inter alia, to reintegrate 38 families (50 people). Last but not least, the Athens Development & Destination Management Agency (EATA) provides a few employment services focusing especially on social entrepreneurship. One of its main goals is to strengthen local entrepreneurship and local economy competitiveness by improving the city's comparative advantages by strengthening the city as a tourist destination. The municipality of Athens runs since 1995 a specialized Vocational Training Center which participates, mainly, in EU-funded training programs such as the Lifelong Learning programs.

### **1.3.2 Sub-urban case**

The case of the sub-urban case (i.e. the municipality of Pallini) is somewhat different from the urban case; the players in the local governance system are a few but not as many as in the urban case. The objectives of the central government for labour market and employment are expected to be met at the local level via the "Employment Promotion Centers (KPA2)", mainly through the support of start-up businesses, innovative ventures, young entrepreneurship, etc., or programs for the recruitment of unemployed into the local businesses. However, keep in mind that the designation of these actions is conducted by OAED.

In the municipality of Pallini, the Directorate for Social Protection, Education and Culture is responsible for the design and implementation of social policy, gender equality policies, the protection and promotion of public health, the promotion of Lifelong Learning, as well as the design and implementation programs of Culture, Sport and Youth. Some actions of this Department are directly or indirectly associated with labour market actions. More specifically, the Department makes plans, implements local action plans and initiatives, or participates in similar actions and initiatives to promote and expand employment in the municipality. In parallel, it ensures entrepreneurship and vocational training, it ensures the creation and operation of information mechanisms for unemployed people on job opportunities in the region while it designs, recommends and ensures the implementation of programs and measures aimed at equality between women and men in all fields. It is also worth noting that this Department collaborates with the relevant OAED offices and participates in the design and / or implementation of programs for the unemployed and the promotion of employment. Last but not least, it develops specific programs for vulnerable groups of women, developing actions to increase women's participation in employment.

Businesses installed in the study area do not appear to be interconnected through business networks while, as already mentioned, they are not involved in innovative public-private partnerships, mostly

because of reluctance on the part of the public sector. Especially large firms, such as pharmaceutical industries, are well informed about funding opportunities, not only through national but also through EU structural funds. Thus, they are often being integrated into programs subsidizing wages and insurance contributions and gain national or/and European funding for the modernization and expansion of their facilities, development of new products and services through research, innovation, etc. Again, especially large firms are connected to other businesses or – rather – subsidiaries, through their activation not only at the national but also at the European and global level. Overall, large firms based in the study area are quite leading actors in the development of local but also the national economy and, therefore, in the creation of employment. Unfortunately, public authorities do not make use of this leading role of local businesses through public-private partnerships. One rare effort to take advantage of employment opportunities is made by the “Manpower Employment Organization”: unemployed persons are given the possibility to create their profile on a digital platform, which will soon be accessible to employers. Through this platform, the later will be able to seek and hire staff of specific age, educational, geographical and other characteristics, without a prior mediation by public authorities, which normally creates bureaucracy and stands for the waste of time.

### **1.3.3 The rural case**

The local governance system in the area of Marathonas (rural case) can be characterized as extremely poor (as in the other policy areas). The main reason is that local authorities do not appear to play a major role in active labour market policies. For instance, there are no “Employment Promotion Centres” (KPA2) or “Vocational Schools” (EPAS) established in the area. Interestingly, there is also a shortage of institutions and organizations in terms of vocational education and training (for the labour market) since there are no “Lifelong Learning Centers” or other similar establishments. In short, its local governance system can be characterized as very weak and undeveloped. A way to understand the insignificant role of local authorities in the case of the Municipality of Marathon might be to keep in mind that the municipality was established almost ten years ago (Kallikratis Local Government Program) without having relevant facilities. The Municipality was formed by the merging of the pre-existing Municipalities of Nea Makri and Marathonas and the communities of Grammatiko and Varnavas. The recent economic crisis not only did not facilitate but also deteriorated the economic situation as the social policies and welfare mechanisms of the already ‘weak’ welfare state further eroded through extreme austerity. In this period, several rural local governments became the recipients of extreme social problems that they had to urgently face. For the case of Marathonas, a few years later, in 2014, Mayor Elias Psinakis declared the Municipality bankrupt.

## **2. Part 2 – Activities and services**

In this section we shed light on the activities and services in Greece in relation to active labour market policies. After we describe the main general characteristic, we shift our emphasis on the shifts that have been taking place in Greece during the last ten years. Subsequently, we move on presenting and describing active labour market policies in the three case studies under investigation (the City of Athens, Municipality of Pallini, and Municipality of Marathonas).

### **2.1 Description**

One of the main characteristics of the labour market in Greece is the large number of small family businesses; the vast majority of Greek businesses -almost 98%- employ less than 10 workers (Dimoulas, 2013). Most of these enterprises focus on grants or subsidies provided by the State or the

EU; however, usually, they do not have a specific long-term business plan for their efficient and effective utilization (Kouzis at all, 2012). Another additional feature in the labour market is the major role of public employment (more than half a million employees). As far as unemployment is concerned, only one in ten unemployed Greeks receives the unemployment allowance of 360 euro per month which is given for 12 months only. This rate was in the area of 20% ten years ago. Unemployment benefits are restricted to specific types of professions such as seasonal workers in the tourist sector, in constructions, education and Local Authorities and financed from contributions paid from permanent employees in the private sector (Dimoulas 2013). Recent data released by the Greek Labor Agency (OAED) and the Labor Institute of private-sector union (INE/GSEE) suggest that each unemployed remains out of the labor market for more than two and a half years while about 350,000 families have no working member. Moreover, the unemployment rate is still the highest in the EU and long-term unemployment is over 70% of all unemployment.

Active labour market policies, either in the form of public employment services, training schemes or subsidies, are a useful tool for Greece to boost employment of the most vulnerable groups of people, such as long-term unemployed, women and young unemployed. As mentioned above, OAED implements most of the active labor market policies for the unemployed in Greece. In general terms, active labour market policies do not focus on specific locations but specific age groups of the local population hardest hit by the crisis. Historically, the active labour market policies are adopted for the first time in Greece in 1984 with the financial assistance of European Structural Funds and, mostly the European Social Fund. Until then, labor market interventions have focused mainly on the financial protection and support of the unemployed. The main active labor market policies concern grant programs for job creation, vocational education and training, demand and supply coupling mechanisms, as well as measures to promote labor market flexibility and entrepreneurship development.

More specifically, employer grant programs for the creation of new jobs started in 1984 and mainly concern the private sector (in contrast to almost all other EU countries, where similar programs mainly concerned the public and non-profit sectors). Young freelance grant programs began to be implemented in 1986 aiming at creating new jobs through incentives for the unemployed who choose self-employment. The training programs for the unemployed and the workers began to be systematically implemented in 1987 while in 1999 another “Stage Program” was launched to cover jobs in all sectors of the economy. This program was incorporated in 2002 into the Operational Program "Information Society" of the 3rd Community Support Framework. Its main aim was to offer work experience mainly to young graduates (up to 30 years of age) and to people from vulnerable social groups (e.g. female, people with disabilities etc.), in order to facilitate their entry into the labor market.

Two significant initiatives at the local/regional level were introduced in the late '90s, the “Local Actions Plans for Employment” (TopSA) and 'Local Employment Initiatives'. The former program (TopSA) introduced in 1997 and continues today. It falls under the actions of the Operational Program “Human Resources Development” aiming to create jobs for the unemployed, with the activation and mobilization of local actors (through the Development Ps) throughout the country. In particular, the job positions will be created further to the diagnosis of the specific needs of local communities and the enhancement of their development potential. The TopSA includes actions such as training and education, work-based learning and apprenticeships in private enterprises in Greece or abroad, the preparation of business plans, specialized research and evaluation services for start-ups, support for legal and tax issues, etc. The goal of TopSA is that beneficiaries can: establish their own businesses that will benefit from the characteristics of their area, to qualify for other subsidized investment



programs, to develop skills that will meet the identified needs of local firms that will hire them. The Local actions for vulnerable groups (TOPEKO) are the second significant initiative. The aim of TOPEKO is to contribute towards the integration or reintegration of unemployed belonging to socially vulnerable groups (long-term unemployed aged over 45 with low qualifications, people with disabilities, female victims of domestic violence, parent families, immigrants, refugees, asylum seekers, homeless etc.), through a broad set of actions that cover the additional needs of different beneficiaries. The actions aim to mobilize local actors to create jobs and at the same time facilitate a versatile and effective preparation of unemployed beneficiaries to:

a) cover job positions of existing businesses b) start a business that will benefit from the characteristics of their area c) gain qualifications to benefit from other investment programs d) acquire skills that will meet real and identified needs of local businesses that will hire them

TOPEKO is implemented locally by Development Partnerships (DPs), which operate as non-profit organizations, with the participation of public and private actors.

The beneficiaries of active labour policies in the period 1985 -2008 were estimated in the neighborhood of 35.000 people per year representing about 10-12% of total unemployment (Dimoulas 2013) while it is estimated that 25-30% of them remained in employment after the end of the subsidized period (Dimoulas and Michalopoulou, 2008). In the programming period before the economic crisis (2000-2007), active labour policies were based, to a great extent, on European structural funds (especially the European Social Fund) focusing on the unemployed and long-term unemployed, women and people threatened with social exclusion and the upgrading of workers' qualifications and services of the public sector. In this programming period, more than a half-million people benefited regarding employment (and vocational education and training). In the next programming period (2007-2013), the number of people who benefited was greatly increased reaching one million (the cost was € 3.7 billion) (Galata and Chrysakis, 2016). In the last five years, several employment programs were implemented with more than 350,000 beneficiaries in this period.

Active labour market policies have been criticized in terms of the lack of central planning and coordination, the waste of European resources and the extensive privatization; all these weaknesses can undermine their main goal to reduce unemployment and social exclusion and promote employment (Prokou 2011, Galata and Chrysakis 2016). Another major deficiency is associated with the fragmentation of the evaluation of active employment policies and the subsequent difficulties to monitor their implementation (Galata and Chrysakis, 2016). Last but not least, the employment policies in Greece have been criticized on the grounds that absorb a small portion of GDP (about 1%). According to Dimoulas (2013), the benefits absorb about 0.75% of GDP while active labour market measures absorb about 0.25% of GDP. These figures are very low compared to the EU-27 average where employment policies absorb almost 2% of GDP (Galata and Chrysakis 2016).

## **2.2 Main changes and innovations introduced in the last ten years**

The most prominent 'victim' of the recent crisis has been Greece; in the last ten years, the real gross domestic product (GDP) shrunk by more than 26%, the unemployment rate dramatically increased while public expenditure was significantly diminished. These changes had an immediate impact on labour market resulting in a series of significant reforms aiming, primarily, at increasing national competitiveness and accelerating the economic growth process. In essence, all these reforms were not included a consultation process among the involved parts of the labour market but they were characterized by strong State interventionism causing significant demonstrations and strikes.

As far as active labour market policies are concerned, the general pattern has changed. In the years before the crisis (that is 2009), Greece relied mostly on passive labour policies for the unemployed; the active measures were relatively limited and underdeveloped and focused heavily on three types of intervention: wage subsidies, start-up incentives and work experience programs (Karantinos, 2013). However, this trend changed from 2010 onwards since several new active measures are adopted as a result of more significant financial resources. The emphasis of the measures are now on maintenance (securing jobs at risk), rather than upon new job creation (Karantinos, 2013). Moreover, there has been an increased emphasis on programs aiming at the facilitation of youth in terms of work experience and community service (Mourikis 2016); active measures have increasingly targeted the young unemployed in order to recruit unemployed university graduates, strengthening youth entrepreneurship, social work schemes, and various traineeships. As Karantinos (2013) suggests “it is the first time ever that Greece makes an integrated effort to respond to the challenge of tackling the extremely high youth unemployment rate”. Furthermore, the plan signifies a departure from the stock subsidies, aimed at maintaining existing work posts, which were dominant in Greece since 2010. In contrast, the plan seeks to create new jobs rather than prevent dismissals, which is understandable given that the recession is now past its initial stage. In general terms, the new philosophy of active employment policies in the period of the economic crisis was the specific targeting of policies to vulnerable groups (young people, women, long-term unemployed, migrants and other vulnerable groups) that are not in employment and the selection of programs towards employment maintenance, creation of new jobs and vocational training (EEO Group, 2012: 23-25, Galata and Chrysakis 2016).

In general terms, the main shifts that occurred in this period were associated with measures to promote the extension of flexible working and working time management by employers, with measures to facilitate redundancies and parallel measures to reduce access to compensation and the amount of unemployment benefit and with the deregulation of the collective bargaining system and removal of the link between the different collective bargaining agreement levels<sup>2</sup> (Dimoulas 2013).

In the recent years and especially from 2015 onwards, OAED has implemented important programs for job creation, employee retention, work experience acquisition, vocational training (in the private and social sectors of the economy as well as in the public authorities), benefit programs and public sector employment programs (municipalities, regions, etc.) and finally programs for the promotion of self-employment and unemployed entrepreneurship. Many pre-existing OAED programs for groups of unemployed with disabilities have been redesigned to increase their absorption: two for older unemployed, one for subsidized unemployed, one for disabled unemployed, drug abusers, etc. and one for a training program for unemployed graduates.

Most importantly, OAED has designed, in the last years, many new programs that introduce significant innovations, such as the Second Opportunity Program to Promote Entrepreneurship, the Youth Employment Program in the region of Western Macedonia (the region with the highest unemployment rate) as well as a Pilot Program to Promote Youth Entrepreneurship. The principles of (re) planning the OAED's old and new programs were as follows: (a) better targeting, taking into account the needs of specific unemployed groups; (b) improving incentives and reducing disincentives for business participation; (c) quality coupling supply and demand of work, matching

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<sup>2</sup> See also <https://www.etui.org/ReformsWatch/Greece/Labour-market-reforms-in-Greece-background-summary>.

the qualifications of the unemployed with the objects and requirements of the jobs (d) training in subjects corresponding not only to the professional objective of the unemployed but also to the demand for skills by businesses (e) assisting unemployed youth in maturing business ideas and developing a business plan and in the early stages of starting a business (f) adapting programs to the needs of local labor markets; (g) consulting national and local labor and business representatives.

The most significant innovation introduced in the field of active labour market policies in the last years was the pilot combining program (employment, training and entrepreneurship) implemented by OAED in Elefsina, a town north-west of Athens. This program launches a new model of active open-ended employment policies in Greece. It was designed not only based on the characteristics of the unemployed but also the demand for labor from local businesses. The program concerns the unemployed who are i) registered at the OAED register ii) aged 45 and over iii) unemployed at least six months and iv) reside in three municipalities (Mandra, Aspropyrgos and Elefsina). The target group is estimated at 3,000 people. The program includes four parts: i) subsidy for companies and organizations of Social and Solidarity Economy for the recruitment of unemployed ii) subsidy for the unemployed self-employment iii) vocational training for the unemployed and iv) employment in the municipal enterprises of the area. Vocational training activities are combined with five months of practical training. It is worth noting that in the context of vocational training, certification of acquired knowledge and skills is provided.

In addition to this, in 2015, OAED implemented, for a period of six months, the action entitled "Interconnection Voucher with the Labor Market of Unemployed Graduates of Universities and Technological Educational Institute (TEIs)". The action was funded by the Operational Program 'Education and Lifelong Learning' of the NSRF (European Social Fund-E.K.T.). The action aimed to provide 11,018 unemployed in the country, university graduates and TEIs, up to 29 years of age, with continuing vocational training services with a focus on developing horizontal labor market skills, such as curriculum vitae writing, and concepts related to the business environment, as well as ICT skills. Finally, 8,838 beneficiaries activated the voucher, 453 theory departments were created, offered by 119 training providers and 8,160 internship businesses. Two months after the completion of this program, 1,769 beneficiaries of the program (about 20% of the beneficiaries) were no longer unemployed, either because they have already been hired, or because they have started a business.

“With the new design of OAED, great importance is given to the so-called ‘reengineering’, that is, the restart of the organization. We expect great support in services from staff that will focus on both the unemployed and the employers. Moreover, great importance is given to the active labour market policies. Local employment policies are possible to operate in the near future”.  
(Public Authority Actor P4, suburban case)

To support employment policies, almost all major policy areas include active labour policies. For instance, the Development Law, expected to grant 480 million euros until 2022, aims, among others, at increasing employment through the creation of new jobs (with emphasis on the employment of skilled human resources) and ensuring better positioning of the country in the International Division of Labour. Additionally, the "Human Resources Development, Education and Lifelong Learning", with a budget of 2.667 billion (1.933 billion from the ESF and €171 million from the YEI), focuses on increasing employment opportunities for all citizens in all regions (although there is a different funding of the planned actions in each region favoring less developed regions), promoting sustainable employment, supporting reintegration into the labour market and labour mobility and developing social economy and social entrepreneurship through several programs. The Special Managing Authority of the General Secretariat for the Management of European and Other Funds (Ministry of

Labour, Social Insurance and Social Solidarity) is the main organizational body for the Labour Sector while the Special Managing Authority of the Ministry of Education, Research and Religious Affairs is the main organizational body for the Education Sector. Other major labour policies/ programs include the "Rural Development Program" focusing on rural areas (e.g. support of "Young Farmers") and implemented by The Special Managing Authority of the General Secretariat of Agricultural Policy and European Funds Management of the Ministry of Rural Development and Food, the "Competitiveness, Entrepreneurship and Innovation" program focusing on new entrepreneurial initiatives, products and jobs and implanted by the Special Managing Authority of the Special Secretary for ERDF-European Regional Development Fund and CF-Cohesion Fund (Ministry of Economy and Development) as well as the Regional Operational Programs (ROP), implemented by the Special Secretariat for the Management of Sectoral OPs of ERDF and CF (Ministry of Economy and Development) and the 13 Regional authorities of the country. These regional programs focus, among others, on the promotion of skills development and human resources adaptability in the sectors of the regional smart specialization strategy.

In parallel, some significant changes took place at the local level. Local governmental structures were further re-organized in 2010 with the Kallikratis Program. As a result, an important part of the implementation of the labour market policies have been transferred to the new decentralized Administration Authorities; however, no significant extra financial assistance to them was adopted. In this context, several special actions were undertaken in order to support the most vulnerable social groups (long-term unemployed aged over 45 with low qualifications, people with disabilities, female victims of domestic violence, parent families, immigrants, refugees, asylum seekers, homeless etc.). The Local actions for vulnerable groups (TOPEKO) are one of them. The aim of TOPEKO is to contribute towards the integration or reintegration of unemployed belonging to socially vulnerable groups, through a broad set of actions that cover the additional needs of different beneficiaries. Actions aim to mobilize local actors to create jobs and at the same time versatile and effective preparation of unemployed beneficiaries to: cover job positions of existing businesses, start a business that will benefit from the characteristics of their area, gain the qualifications to benefit from other investment programs and to acquire skills that will meet real and identified needs of local businesses that will hire them. TOPEKO is implemented locally by Development Partnerships (DPs), which operate as non-profit organizations, with the participation of public and private actors. The DPs are ruled by the Law 4019/2011 and they are subsidized by the Greek Program of Public Investments (of the central government), exclusively for the implementation of the TOPEKO which they have undertaken. TOPEKO falls under the actions of the Operational Program "Human Resources Development" with a budget of €60,000,000 (ESF: 75%, national funds: 25%).

A similar measure is the Local Actions Plans for Employment (TopSA). The aim of TopSA is to create jobs for the unemployed, with the activation and mobilization of local actors (through the Developmental Partnerships) throughout the country. In particular, the job positions will be created further to the diagnosis of specific needs of local communities and the enhancement of their development potential. The Local Action Plans for Employment fall under the actions of the Operational Program "Human Resources Development" (co-financed by ESF) –Thematic Priority Axis 3- Facilitating Access to Employment with a budget of €80,000,000 (ESF: 75%, national funds: 25%). The policy goal is the creation of new jobs and the support of entrepreneurship at the local level. The TopSA includes actions such as training and education, work-based learning and apprenticeships in private enterprises in Greece or abroad, the preparation of business plans, specialized research and evaluation services for start-ups, support for legal and tax issues, etc. The goal of TopSA is that beneficiaries can: i) establish their own businesses that will benefit from the

characteristics of their area, ii) qualify for other subsidized investment programs ii) develop skills that will meet the identified needs of local firms that will hire them.

Moreover, the Migrant Integration Councils started to operate in each municipality. These are consultative bodies spread across all 325 municipalities. According to the Law 3852/2010 which established them, these Councils are responsible for identifying and investigating and helping local authorities, acquire knowledge on problems encountered by the immigrant population legally residing their municipality in relation to their integration and their contact with public or municipal authorities. The Councils are to propose actions such as counseling services and public events to effectively implement national integration policies, promote a smooth social integration, and overall social cohesion. They also assist migrants in accessing local services and involve them in local structures and policy-making processes. Finally, they promote the employment integration of immigrants, intervene in the local labor market to find work or fight against undeclared work as well as they offer recommendations for the search and placement of foreigners in formal employment

## **2.3 Local Policies**

### **2.3.1 Urban case**

To start with the case of the Municipality of Athens, public authorities have not planned an integrated strategy for labour market policies mainly because of the limited resources and the role of the central government for these types of policies. However, during the last years, the Municipality of Athens implemented a number of interesting programs and actions which, probably for the first time, attempted to help in the job creation.

A recent municipal initiative was the creation of a Job Center in 2017. The Job Center is the first labor market reintegration center for vulnerable social groups such as unemployed young people, unemployed people over 50, unemployed women, single parent families, illiterate, long-term unemployed, former or current prison prisoners, juvenile offenders, people with linguistic or cultural specificities refugees and immigrants. It focuses, following international examples, on the activation of individuals from vulnerable social groups by enhancing their skills, supporting job-seeking and helping adaptation to the conditions prevailing in the labour market. After two years of operation, it served more than 300 beneficiaries, of whom about 4 out of 10 are actively working.

There are other actions or actions by the Municipality of Athens to support citizens in their quest for employment. The municipality, in the context of social policy, provides employment services and implements information and advisory actions on a social entrepreneurship of the Athens Development & Tourism Promotion Society (EATA). One program, with a larger impact on the actual city space (SynAthina is on the webpage), is “POLIS squared”, a project funded by the Municipality of Athens and run by “Athens Development and Destination Management Agency-EATA”. The program provides small financial grants (6.000 to 12.000 euros) to local businesses, residents and formal or informal civil society groups to realize their own small-scale interventions in the city’s public space. Overall, 14 businesses and collaborative schemes have been funded (phase 1) in order to reuse abandoned stores and to form two small clusters. These businesses and collaborative schemes provide tourist and cultural services, which, interestingly, have a strong spatial reference to urban space, incorporating symbolic and other facets of Athens (for instance, one business creates role-playing games that incorporate urban settings in their “scenarios”). Regarding residents, most proposals come from local collective initiatives that had already some activity in the past. In the Municipality of Athens, there are several co-operative initiatives of various types and various organizational

principles as well as a significant number of social and solidarity-based economy businesses (KALO). However, as stressed by one community actor:

“These initiatives only can flourish in prosperous economies. They are not the answer in times of crisis”. (Community Actor A3, urban case)

Furthermore, the City of Athens seeks to contribute to job creation through the promotion of entrepreneurship. The main bulk of the funding of municipal actions in this direction comes from the EU (for an exception, see an action promoting social entrepreneurship funded jointly by the City of Athens with the private network Athens Partnership). The establishment of business start-up incubators and accelerators, such as InnovAthens is part of this strategy of the promotion of entrepreneurship (City of Athens, 2017, p. 185). InnovAthens is an innovation and entrepreneurship hub that supports youth entrepreneurship. It brings together the Technopolis SA, a municipally-owned cultural private agency, with six associations of innovative and export-oriented businesses in new technologies (mobile applications, semi-conducts, biotechnology, space technology, open-source software), which represent a total of about 300 businesses. InnovAthens aims at transferring know-how from established new technologies businesses to young entrepreneurs through various tools (conferences info point, a contest for innovative young entrepreneurs, a business accelerator, exhibitions and festivals). InnovAthens is funded by EU Structural Funds (budget of 2 million euros) as part of the “Project Athens” and by private sponsors.

The Social Services Department of the City of Athens has participated in a number of EU-funded programs fostering social entrepreneurship of vulnerable social groups (women, immigrants) as a means to struggle against unemployment and to promote re-integration in society. Social entrepreneurship is expected to transform disadvantaged persons from “simple objects of assistance” into “producers and generators of value for themselves and others” (City of Athens 2017, p. 186). Regarding the programs and actions that concern social entrepreneurship, the most significant case is that of the rehabilitation of the public marketplace in the central neighborhood of Kypseli, a neighborhood in the northern part of the city of Athens. This project is a case of municipality-led mobilization of private actors, both for-profit businesses and non-profit organizations. The marketplace, located at the center of this once upper-class and currently rather “downgraded” neighborhood, was for years abandoned and then informally managed by citizen groups close to left-leaning political organizations. Following a deliberation with the residents of the area (where the participation was low, according to Community Actor A8, urban case), the City of Athens launched in 2015 a call for proposals on the rehabilitation and management of the marketplace. The main goal was the Market to become a lever for the regeneration of the local economy, which will attract a new audience and will bring interest, products and services to the locals and entrepreneurs, while offering new experiences to the Athenians. In 2016 the Municipality of Athens renovated the Municipal Market of Kypseli, so that the building could be reused in the most beneficial way for the society, within a bigger plan of re-utilizing all available resources of the city, promoting at the same time, culture, innovation, creative entrepreneurship, while upgrading the quality of life in the local community. The Municipal Market of Kypseli, an open space for the locals, now organizes and hosts educational and cultural activities, as well as social enterprises, based on the agenda of development, social creativity and participation.

### **2.3.2 Sub-urban case**

Compared to the case of the Municipality of Athens, in the case of the Municipality of Pallini (suburban study area), the involvement of local authorities in the design and implementation of public

employment policies is significantly weaker. The main actions are provided by the “Employment Promotion Centers” (KPA2) and the “Vocational Schools” (EPAS). For instance, “Programs for Employment Promotion” subsidize (part of) the salary and insurance of employees so that employers are encouraged to employ additional staff. Second, they also support young professionals to initiate their own business, both by subsidizing (part of) the initial capital investment and by providing professional business consultancy. Last, they provide unemployed persons with unemployment allowances (which is not considered to be an active labour market policy) and, at the same time, provide them with socio-psychological and professional counseling. In sum, as stressed by a public authority actor:

“There are no specialized programs at local or regional level. There were specialized local programs aimed at so-called ‘unemployment pockets’ several years ago (e.g. in the regions of Achaia, Larissa). For instance, Pallini faces specific, special problems, so we should adapt our active labour market policies to the employment programs. Unfortunately, this has not happened. We do not focus on local problems and as a result we do not solve them”. (Public Authority Actor P4, suburban case)

The Development Law and the Sectoral Operational Programs (especially, the OP “Competitiveness, Entrepreneurship and Innovation” and the OP “Human Resources Development, Education and Lifelong Learning”) also play an important role in these policies. They may be policies formulated at the national level but beneficiaries (both households and businesses) act locally.

Moreover, local business associations are invited to provide the “Manpower Employment Organization” with information and statistics about the (quantitative and qualitative) needs of the local labour market, such as needs in specific skills of human resources. In the same vein, the local “Employment Promotion Center” organizes information meetings, where local professional associations are called to present information and statistics about the local labour market and human capital that place-based active labour market policies should take into account. Such information and statistics significantly contribute to the design of place-based labour market policies implemented by the central administration, employment programs provided by the local “Employment Promotion Centers”, as well as educational, training and lifelong learning programs provided by the municipal authorities and the local “Vocational Schools”. But, “civic participation” in the design of active labour market policies (a substantial dimension of “territorial cohesion”) is limited to the “information meetings”. In other respects, even the staff of the local “Employment Promotion Centers” is rarely invited to provide its knowledge and experience on local needs and, thus, active labour market policies are finally being designed at the central level (top-down approach). However, the provision of such information and statistics constitutes a very basic involvement of business actors in the processes of policymaking and presents nothing impressively innovative. One exceptional and significant effort to identify and make use of “local needs” and “local opportunities” is recently made by the “Manpower Employment Organization”: unemployed persons are given the possibility to create their profile on a digital platform, which will soon be accessible to employers. Through this platform, the later will be able to seek and hire staff according to its age, specific skills, place of living and other characteristics, without a prior mediation by other authorities, which normally creates bureaucracy and stands for a waste of time. In this way, the platform creates a significant “local knowledge”, which may lead to an effective use of the “local human capital” and the “local comparative advantages”, towards “smart specialization” and “smart growth” (substantial dimensions of “territorial cohesion”).

### 2.3.3 *Rural case*

The case of the rural case (i.e. the municipality of Marathonas) is very different from the above cases mainly because the local authorities do not play a major role in active labour market policies. As mentioned before, there are no “Employment Promotion Centres” (KPA2) or “Vocational Schools” (EPAS) established in the area. Interestingly, there is also a shortage of institutions and organizations in terms of vocational education and training (for the labour market) since there are no “Lifelong Learning Centers” or other similar establishments. This means that there not, in essence, local actions for the creation of employment. At best, sometimes, local businesses are also convinced by the local public authorities or individuals (such as mayors) to employ local citizens who are long unemployed but upgraded their skills through their participation in public programs of vocational education and training. The main reason behind the shortage of policies is the recent economic crisis in conjunction with the fact that the municipality was established almost ten years ago meaning a shortage of human capital and resources.

### 2.3.4 **Similarities and differences among the three case studies**

A first major remark from the above-mentioned analysis is that the role of local authorities (as is evident from our three case studies) in terms of labour market policies is illegible and insignificant. This is also clear from the analysis of the previous section. There is a shortage of important local policies in job creation. The recent major administrative reform “Kallikratis Plan 2010” does not seem to facilitate local authorities to adopt active labour market policies. After the “Kallikratis Plan 2010”, that is, the reform that sharply reduced the number of the country’s municipalities and increased their territory and responsibilities, no significant changes have seen. The main aim of this reform was the creation of bigger municipalities since they can provide services and policies more effectively. However, the quality of services remains poor while no significant policies have been adopted mainly because no additional financial resources have been given. In general terms, active labour market policies do not focus on specific locations but specific groups of people. On the other hand, however, the levels of the actions and activities provided by the local authorities in the three different cases highly vary. Comparing our three case studies, the case of Athens appears, again, as the most important provider more local initiatives and actions related to labour market policies in relation to the other two municipalities. On the other hand, the rural case (i.e. Marathonas) appears as the weakest case since there is a total lack of local actions. Last but not least, a general remark is again that the collaboration between public and private authorities is very weak.

Before concluding (in the following section 3), one Table below sums up the main characteristics of the main local action plans for employment in Greece and few Figures illustrate, in a comparative way, the expenditure on Active Labour Market Policies in Greece and other European countries during the 2000s and 2010s.

It is shown that Greece is significantly behind other European countries concerning the expenditures related to the active labour market policies. This is shown both by Figure 1 presenting the expenditure on labour market services as a share of GDP (active and passive measures) and by Figures 2 and 3 presenting the expenditure of active labour market policies (both as a share of GDP and in expenditure per person wanting to work). In general terms, although the rate of unemployment is the highest in the EU, the total spending on labour market policies is one of the lowest, especially for the active labour market policies which cover about the  $\frac{3}{4}$  of the total funding (about 0.2-0.3% of the GDP for the active policies and 0.5-0.7% for the passive measures).

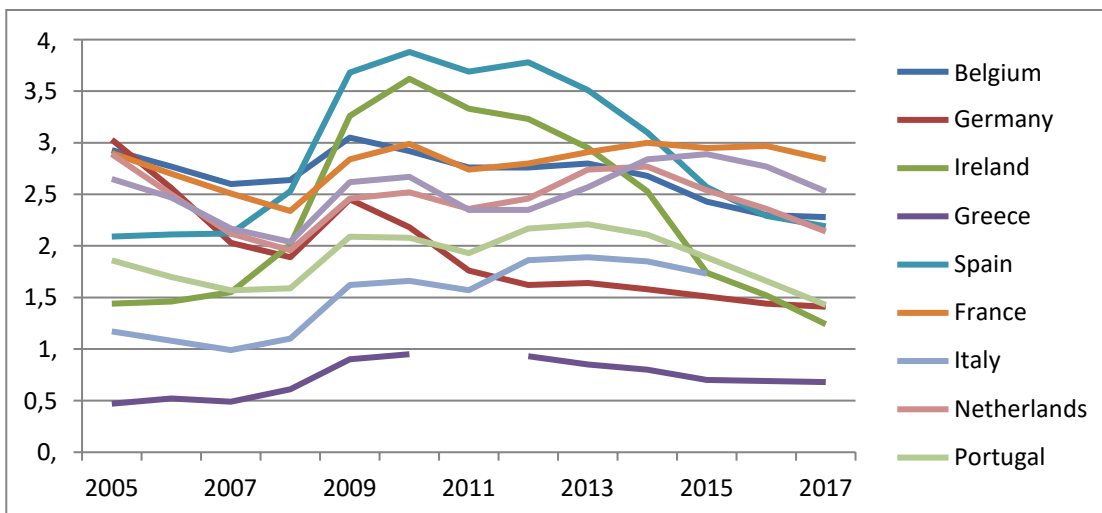


**Table 1.** Main Local Action Plans for Employment in Greece, Main characteristics

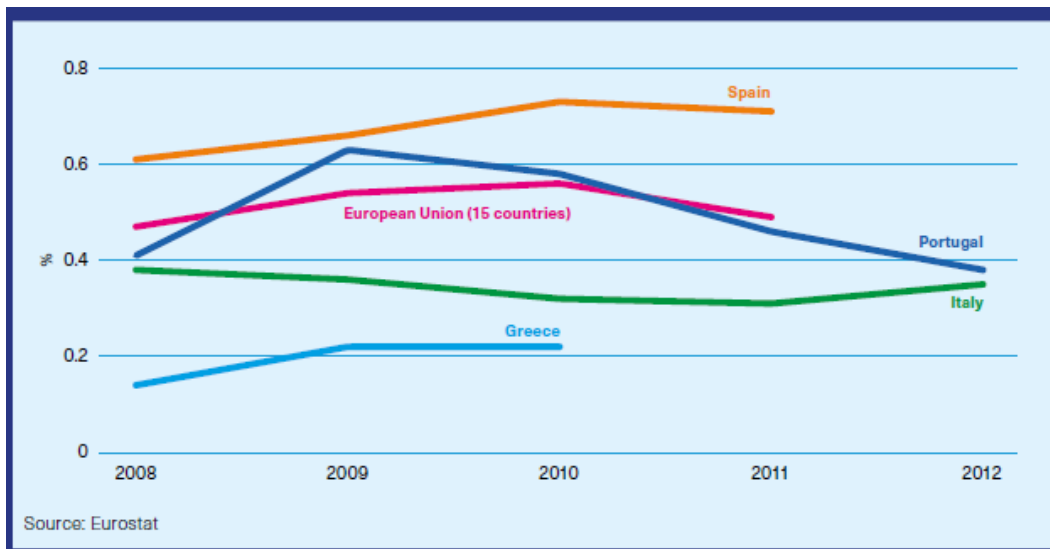
	<b>Policy area</b>	<b>Policy goal</b>	<b>Funding</b>	<b>Intended beneficiaries</b>
Local Action Plans (TOPSA)  Time span (2014-2015)	The aim of Local Actions Plans for Employment (TopSA) is to create jobs for the unemployed, with the activation and mobilization of local actors (through the Developmental Partnerships) throughout the country. In particular, the job positions will be created further to the diagnosis of specific needs of local communities and the enhancement of their development potential. The Local Action Plans for Employment fall under the actions of the Operational Programme “Human Resources Development” (co-financed by ESF) – Thematic Priority Axis 3- Facilitating Access to Employment.	The policy goal is the creation of new jobs and the support of entrepreneurship at the local level. The TopSA include actions such as training and education, work based learning and apprenticeships in private enterprises in Greece or abroad, the preparation of business plans, specialised research and evaluation services for start-ups, support for legal and tax issues, etc. The goal of TopSA is that beneficiaries are able to: - establish their own businesses that will benefit from the characteristics of their area - qualify for other subsidised investment programs - develop skills that will meet the identified needs of local firms that will hire them.	Operational Program “Human Resources Development” 2007-2013: €80.000.000,00 (ESF: 75%, national funds: 25%)	30,000 individuals with a special focus on young scientists and low-income individuals employed in agriculture.
Local actions for vulnerable groups (TOPEKO)  Time span (2007-2013)	The Primary Objective of the development strategy of the Operational Programme “Human Resources Development 2007-2013” is the utilisation of all human resources as a moving force for the country’s growth and the reinforcement of social cohesion through actions that aim to activate socially vulnerable groups with specific support, networking, consultancy, training and counselling activities.	The aim of the Local actions for vulnerable groups (TOPEKO) is to contribute towards the integration or re-integration of unemployed people belonging to socially vulnerable groups, through a broad set of actions that cover additional needs of different beneficiaries with a special emphasis on their employment or entrepreneurial perspectives. The actions aim to mobilise local actors to create jobs and at the same time facilitate a versatile and effective preparation of unemployed beneficiaries to: - cover job positions of existing businesses - start a business that will benefit from the characteristics of their area	Operational Program “Human Resources Development” 2007-2013: €60,000,000 (ESF: 75%, national funds: 25%).	12.000 individuals participated. The right to participate belonging to the socially vulnerable groups below: - Long-term unemployed aged over 45 with low qualifications - People with Disabilities - Female victims of domestic violence - Trafficking victims - Parent families - Immigrants, refugees - People with religious and cultural differences in poverty/risk of poverty

		<ul style="list-style-type: none"> <li>- gain qualifications to benefit from other investment programs</li> <li>- acquire skills that will meet real and identified needs of local businesses that will hire them</li> </ul>	<ul style="list-style-type: none"> <li>- Asylum seekers</li> <li>- Released prisoners</li> <li>- Former drug users</li> <li>- Seropositive</li> <li>- Homeless</li> <li>- People in poverty/risk of poverty</li> <li>- People subject to discrimination based on sexual orientation and/or gender identity</li> </ul>
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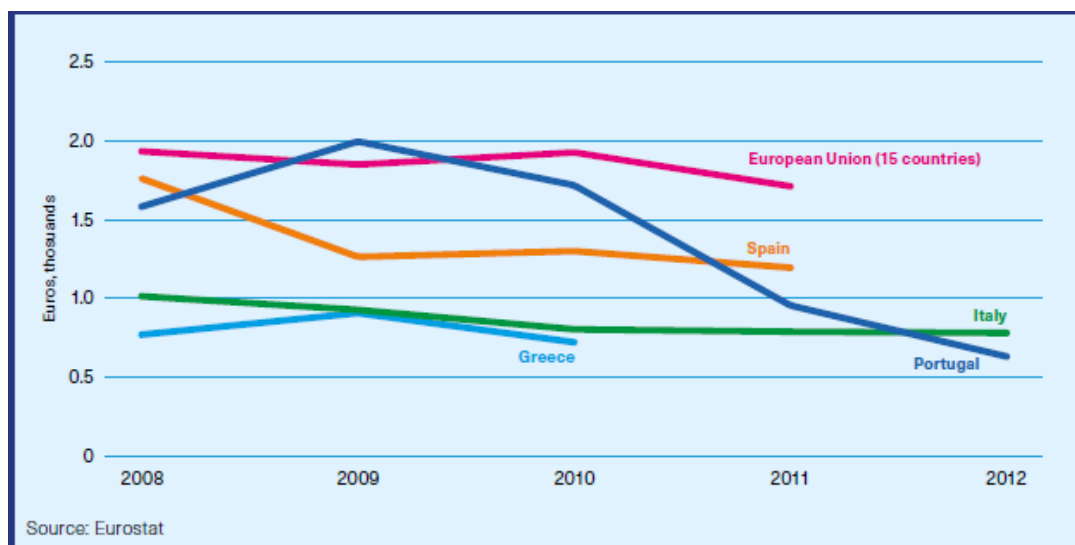
**Figure 1.** Expenditure on labour market services in selected countries, active and passive measures (% of GDP)



Data Source: Eurostat, LMP database. Authors' elaboration.

**Figure 2.** Expenditure on active labour market policies in selected countries (% of GDP)

Source: Moutos (2015)

**Figure 3.** Expenditure on active labour market policies in selected countries in PPS per person wanting to work (in euros)

Source: Moutos (2015)

### 3. Part 3 - Priorities and Social Investment Strategy

#### 3.1 Diagnosis

As is evident from the aforementioned discussion, the role of the central government in the labour market policies is very critical in Greece. On the contrary, the role of local governments and authorities are not significant; local governments/municipalities are largely unable not only to adopt but also to support labour policy activities and actions. In essence, the design and implementation of active labour market policies in Greece are inextricably linked to European and national policies. The design is conducted by the central government and the implementation by the Greek Manpower Employment Organization (OAED) which implements most of the active labor market policies for the unemployed in Greece.

As far as active labour policies are concerned, they are adopted for the first time in Greece in 1984 with the financial assistance of European Structural Funds and, mostly the European Social Fund. Until then, labor market interventions have focused mainly on the financial protection and support of the unemployed. In the years before the crisis, Greece relied mostly on passive labour policies for the unemployed; the active measures were relatively limited and underdeveloped and focused heavily on three types of intervention: wage subsidies, start-up incentives and work experience programs. The problems identified in the design, implementation and management of active labour policies as well as the problems raised by the recent economic crisis made necessary to redesign these policies from 2010 onwards. The crisis, as well as the austerity measures of this period, resulted in significant reforms affecting employment protection, the level of wage and social security.

The emphasis of the new measures is now on maintenance (securing jobs at risk), rather than upon new job creation. Moreover, in this period, for the first time, Greece made an integrated effort to cope with extremely high youth unemployment rates adopting programs aiming at the facilitation of youth in terms of work experience and community service. The new philosophy of active employment policies in the period of the economic crisis was the specific targeting of policies to vulnerable groups that are not in employment and the selection of programs towards employment maintenance, creation of new jobs and vocational training (EEO Group, 2012: 23-25, Galata and Chrysakis 2016).

However, despite these important and necessary reforms, Greece has been a laggard concerning the development and implementation of active labour market policies. For instance, Portugal, an economy with a similar social, demographic and especially economic profile to that of Greece, spend, in the period 1999-2015, on average €434 million per year on training alone, amounting to roughly three and a half times Greece's annual average of €121 million over the same period while in the period 2009-2010, there was a considerable reduction in the labour market training (about 90%) in Greece even though unemployment raised (Kenned 2018); on the contrary, governments spending increased.

In general terms, as several studies have shown (e.g. Prokou 2011, Galata and Chrysakis 2016), the most important problems of active labour market policies are probably the lack of central planning and coordination, the waste of European resources, the extensive privatization, the fragmentation of the evaluation of the policies as well as the small share of national GDP. Moreover, Greece is suffering from poor policy implementation. As Galata and Chrysakis (2016: 24) suggest there are several endogenous weaknesses in the implementation of these policies which are related "with the lack of a long-term, coherent and well-coordinated design of policy interventions in correspondence to the labour needs, the absence of a quality framework and accreditation of skills, as well as the

deficiency to ensure the effective use of resources and the sustainability of initiatives” (Galata and Chrysakis 2016: 24). All these problems undermine their main goal to reduce unemployment and social exclusion and promote employment.

Several studies (see for instance Galata and Chrysakis 2016) have studied the efficacy of active labour market policies. Although the findings are controversial, several studies are suggesting the inefficacy of them and their inability to mitigate the immediate effects of the crisis and boost employment.

### 3.2 Priorities

As mentioned above, the role of local governments and authorities are not significant; active labour market policies in Greece are designed and implemented by the central government. In any case, local governments cannot replace the state or businesses in creating employment or OAED in the labor subsidy. Local governments also cannot design their own labor market policies. They can, however, increase employment opportunities via several simple ways such as the creation of alliances and partnerships, the provision of facilities to young entrepreneurs, the dissemination of information and the transfer of good practices from other European cities (see also Mourikis 2016).

In parallel, both central and local authorities have to provide a detailed implementation plan for the upgrading and expansion of active labour market policies. In this context, the increase in financial resources is a necessity. Several studies (see for example Galata and Chrysakis 2016) suggest that the amounts given to active labour market policies are very low, especially compared to the passive ones which cover about the  $\frac{3}{4}$  of the total budget.

The improvement of a monitoring mechanism to develop local partnerships as well as a more effective matching of vocational education and training with the needs of the labour market are also essential (Galata and Chrysakis 2016). A significant improvement in the active labour market policies can be achieved via the improvement of their evaluation. Typically, the evaluations do not shed light on policymaking on the design of new policies and on what works and why since they focus on the implementation or measuring of success of adopted policies (Galata and Chrysakis 2016). In addition to this, an operational system for the on-going internal evaluation of ALMPs schemes is not yet in place (Chrysakis, 2012). Some of the main conclusions of previous studies are (Galata and Chrysakis 2016:18): a) there is little connection with the needs of the labour market; A better connection should be achieved b) there is the need for policies addressing the structural labour market problems and improve the matching of job seekers with new vacancies c) much more efforts are needed for the activation of youth and women; for youth, a few significant efforts have been made in the last a couple of years. d) Many more efforts are needed for the most disadvantaged youth that is early school leavers and individuals who have not been in employment, education or training for a long period of time. e) Specific policies are needed at areas with significant problems especially in the field of early identification of skill needs, quality assurance and management of schemes, guidance and counseling services.

However, we should keep in mind that active labour market policies might be not effective in a period of economic crisis where unemployment rates increase dramatically. As Pontusson (2005:128) argues «During employment crises, when there are very few jobs to be had, active labor market measures tend to lose their distinctive quality and to evolve into a passive income support for the unemployed under a different label. In short, active labor policy does not by itself constitute an ‘employment strategy’, and, beyond a certain point, the payoffs of government spending on active labor market policy are likely to diminish”. In other words, the adoption of more active labour market policies

could nullify their effects because of the high unemployment and declining investment. This is very critical for Greece since it was the most prominent ‘victim’ of the recent crisis and its unemployment rate dramatically increased. This view can be examined in-depth nowadays as the world *enters* an unprecedented economic *crisis* caused by the COVID-19 pandemic and there is sound evidence that Greece will be again the most prominent ‘victim’ of the depression or at least one of the most prominent (IMF, 2020). Probably the most pressing priority for the next years is the provision of significant support to the most vulnerable. The pandemic crisis will possibly worsen inequality greatly affecting the most vulnerable groups of society, as a few recent studies have shown (OECD, 2020). This can be achieved more efficiently if there is a cooperation between central and local authorities.

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# Vocational Education and Training (VET)

## Executive Summary

Vocational education and training, aiming at the upgrading of human resources, the smooth transition from school to employment, the increase of employability of the labour force, as well as tackling inequalities and promoting inclusion, has played a major role in Greece since the 1990s. In relation to upper secondary VET education, which is the main focus of this report, funding comes from national resources and more particularly from the Ministry of Education and Religious Affairs. In relation to adult VET education, the funding comes to a great extent from European sources. More to the point, the biggest part of funding originates from the European Social Fund (ESF). In the case of Greece, during the years of the unprecedented economic crisis, many legislative efforts for the expansion of the system of vocational education and training (VET) have taken place, without necessarily being implemented in their entirety.

During the last decades, school VET had little appeal for youngsters and their families as it has been associated with manual labour jobs and lower socio-economic status. On the other hand, academic skills in Greece have been linked with higher wages, socio-economic status and office jobs. One could go as far as to argue that those trends continue up to an extent even today, with young people and their families perceiving vocational education and training as a low-status choice (last resort). Nevertheless, the scheme of apprenticeship that has been introduced since 2016 appears to be very popular among students that have taken a VET pathway. It is interesting that these negative and stereotypical ideas about VET (possibly) continue today irrespectively of successive governmental plans to present vocational education and training as a valuable alternative to general education with more chances of employability. More interestingly, these specific negative visions of VET continue although statistics show that unemployment is higher in jobs that demand academic skills than those linked with technical and vocational qualifications. In this respect, within the framework of Greek society, vocational education and training remains a second choice for the majority of Greek families and their descendants.

In Greece, VET usually attracts students with low academic performance mainly originating from more disadvantaged economic backgrounds. In short, VET in Greece had problems in attracting young people (students) and present itself as a viable alternative to university education. Nevertheless, it is possible that the introduction of the scheme of apprenticeship in 2016 might have given some extra attractiveness to VET. However, it is very early to come to any conclusions as the popularity of the scheme among VET students does not necessarily translate into wider attractiveness of VET to the total student population.

During the last ten years, Greece has experienced an unprecedented economic and social crisis. This crisis has led to the rise in inequality along with a decline in the social provision of services and social protection in general. As a result, unemployment during the years of the crisis has more than doubled in Greece. However, it has to be noted that even before the crisis Greece had one of the highest poverty rates in the European Union. Nevertheless, the crisis has increased poverty in the local population and as result phenomena of social exclusion and marginalization have been augmented. By and large, those that are in more danger of poverty (higher poverty risk) are the low-skilled workers compared to the rest (medium to high skilled ones).

Since 2012, many successive governments have introduced a number of measures in order to fight youth unemployment, create a better transition from the school classroom to employment and



promote the creation of new jobs. Naturally, these measures included the strengthening of vocational training and education (VET services) and the development of apprenticeship as a way of entering the job market. More concretely, in relation to VET, there have been many laws and numerous amendments trying to regulate the relevant policy landscape in Greece. Early on, Law 3191/2003 tried to link the national system of VET with the creation of new employment, Law 3369/2005 attempted to systematize lifelong learning. Law 4186/2013 attempted to further develop the existing lifelong learning infrastructures. By and large, this continuous legislative activity and law provision was part of European Union's post-2000 emphasis on the creation of a competitive Europe capable of meeting the new challenges of a knowledge-based society. On national level, all relevant laws and legislative activity were based on the recognition that Greece needed VET education and lifelong learning for its economy. In short, the valuable role that VET can play in the national economy has been widely recognized in Greece during the last ten years.

As argued above, the funding for adult VET, has been based to a great extent on European structural funds and especially the European Social Fund (ESF). During the last programming period (2014-2020), several major policies included measures related to adult vocational education such as the program "Human Resources Development, Education and Lifelong Learning", which aims at the creation of educational opportunities for all citizens in all regions. The "Rural Development Programme" focuses on the upgrade of the human capital and reinforcement of the entrepreneurial culture in rural areas (e.g. knowledge transfer and information actions, advisory services and farm management services). Additionally, the "Competitiveness, Entrepreneurship and Innovation" program aims at the improvement of the adaptability of enterprises and employees to the requirements of the new economic environment.

Before we move any further, it has to be noted that school VET policy is totally centralized and decisions taken at the central government level spread out to all other levels. To be more concrete, upper secondary school VET provision in Greece takes place through EPAL (Vocational upper secondary schools). These are major providers of VET in relation to post-compulsory school education. In 2018, there were 400 EPAL schools in Greece employing 10.950 teachers. These schools that work in close cooperation with the Ministry of Education and the Manpower Employment Association (OAED) provide vocational education to students that do not want to follow a general education and instead take a vocational training path. Apart from EPAL schools, there are also the EPAs (Vocational schools) that again work closely with the Manpower Employment Association (OAED) with the aim of training and re-training students/individuals by providing them with skills in order to seek employment and fight unemployment.

Apart from the EPAL and EPAs educational establishments that are the major providers of school VET education, there are other ways that adult VET is provided in Greece. These other pathways involve the Lifelong Learning centers (LLCs) that are set up at the level of municipalities. The Ministry of Education and Religious Affairs is responsible for safeguarding quality, evaluating education standards and monitoring LLCs' operation. In the running of LLCs, and in sharp contrast to school VET provision, the central government has given away some authority to regional administrations for the design, implementation and running of such establishments. More to the point, in order to decentralize actions in this area (Law 3879/2010) administrative bodies have been set up by the Greek regional administrations to manage the national lifelong learning network. Each region draws up its own program, which includes investments, vocational training actions or program, and more generally actions implementing public policy on lifelong learning in the region. The municipalities set up LLCs or mobilize the network of lifelong learning bodies in their region. Most municipalities have set up LLCs, which provide a variety of vocational training programs. Many

times, businesses in the area and other types of enterprises work closely together with LLCs in order to direct vocational training to existing labor needs, but also, to create closer links between the learning centers and their human resources departments.

As we said before, the main focus of this part of the report are EPAL and EPAs educational establishments that provide a pathway from school to labor market employment. Nevertheless, a big part of VET provision in Greece has also to do with adult education and the existence of private (or in a few cases semi-private) Centers of Vocational Training (KEK) that become licensed by the National Organization for the Certification of Qualifications and Vocational Guidance (EOPPEP). As a matter of fact, these centers are massive providers of adult VET in Greece while funding mostly comes from the EU and more particularly the European Social Fund (ESF). The aims of these Centers is to upgrade the skills and retrain (mostly unemployed) people in order to strengthen their chances of finding (and holding) a job. Apart from being licensed by EOPPEP, they are also supervised by the Manpower Employment Association (OAED) in order to follow general employment trends and set of skills sought after in the job market. The monitoring of these Centers by EOPPEP is a very close one and involves a number of mechanisms and procedures.

By trying to compare the provision of VET services across the three case studies under investigation, a number of comments can be made. First and foremost, the Municipality of Athens appears as the most important provider of VET services in relation to the other two municipalities. Of course, this is well expected as the Municipality of Athens is the biggest municipality in the country with the highest number of residents and the biggest amount of resources. Following such lines, the Municipality of Athens appears to have a number (6) of EPAL schools functioning within its area. At the same time, it has also set up a Vocational Training Center (LLCs) for adult education. There is also an Office for Gender Equality that offers educational programs in adult vocational training for people who want to re-enter the job market. These programs are designed and implemented by the Developmental Company of the Municipality of Athens (AEDA) and pay particular attention to the promotion of the attendance of the female population of the city.

However, in the city of Athens there is also a very big number of private (and a few semi-private) Vocational Centers that offer their adult VET services to people in need of training and re-training. Nevertheless, these providers can not offer upper secondary qualifications. More to the point, within the municipality of Athens there is the biggest bulk of adult VET services offered not only in relation to the other two cases, but most importantly, to the rest of the country. Although, the Municipality appears to play a significant role, most importantly, the private (and the few semi-private) Vocational Centers that have sprung in the city of Athens are the majors providers of adult VET services. Accordingly, for the city of Athens, it becomes apparent that private (and the few semi-private) Vocational Centers are the bulk providers of adult VET services irrespectively of the active involvement of the municipality in the provision of such services. Following on from this, someone might argue that because of this really big number of existing private (and the few semi-private) Vocational Centers, adult VET service provision in the city of Athens has been mostly privatised. Probably, this is not an overstatement. Especially, during the years of the crisis, with the Municipality of Athens focusing all its energy and resources to very basic needs (like food canteens and shelters for homeless), the provision of adult VET services has been almost abandoned. In such a situation, private Vocational Centers filled this gap and led to an almost unofficial privatization of adult VET services in the city of Athens. On the other hand, the privatization of adult VET services is in clear opposition to the scholl VET services that are solely public and run by the relevant Ministry. However, the number of VET schools (EPAL) in the country (400) and the number of EPAL schools in the city of Athens (6) can be characterised as small. Furthremore, somebody would expect that the

number of EPAL schools in the center of the city, taking into account its population, would be much bigger.

In the case of the Municipality of Pallini, we could argue something different. From our analysis, it becomes apparent that there is not an EPAL school in Pallini, but only, a local EPAs school (Vocational School) run by the Manpower Association and with a small student population. As a result, one could argue that local VET school needs are not cover efficiently within the area. In relation to the VET education of adults, the municipality has set up a local Lifelong Learning Center in close cooperation with the Ministry of Education and the National Foundation of Youth and Lifelong Learning. In the local municipal Lifelong Learning Center, a number of programs are offered. The municipality in its running of the local Lifelong Learning Center has asked for the assistance of local businesses and enterprises. This is interesting because it is a step towards involving local businesses too. This is a step towards the right direction. However, more needs to be done. On the other hand, in Pallini there is a private Center of Vocational Training (KEK) named as Master KEK. It is a small center that offers adult vocational training to unemployed people of the broader area, but also, continuous vocational education programs for employees of private companies and organizations. From all the above, it becomes apparent that firstly there is not even one EPAL school in the area. Furthermore, the main provider of VET services has been the public sector (Municipality of Pallini, OAED that runs the local EPAS school) than the private sector. Following on from this, one could argue that the biggest bulk of VET services have been offered in Pallini by public institutions. Nevertheless, the local Center of Vocational (Adult) Training of the municipality has not offered any programs during the last three years. In this sense, the only adult VET services that have been offered during the last three years were by the local private Vocational Center. In this respect, we can see again that in the case of the Municipality of Pallini there is a de-facto privatization of adult VET services at least during the last three years. The local Center will start again offering programs in 2020 and thus breaking this private sector monopoly on adult Vet services. Last but not least, another thing that we should take on board is that there is no school VET provision in the form of EPAL in the area.

Last but not least, in the Municipality of Marathonas there is total lack of school or adult VET service provision from the part of public authorities/ organizations. In the Municipality of Marathonas, there is not a local EPAL and/or EPAS school or a local Lifelong Learning Center. In this sense, there is an absolute lack of provision of any VET services by public bodies. This is in clear contrast with both the cases of the City of Athens and the Municipality of Pallini. On the other hand, there is a small private Vocational Center (2 Euronet College) that implements vocational training programs for (adult) unemployed people coming from the broader area (Marathonas, Rafina, Nea Makri etc.). Following from these, one could argue that in the Municipality of Marathonas the provision of adult VET services is clearly a private business while school VET services do not exist at all.

To sum up, in terms of the provision of upper secondary school services only the Municipality of Athens has 6 EPAL schools. This is definitely a small number of educational establishments for the population size of the municipality. The fact that the Municipality of Athens has only six EPAL schools is not promising at all as the population of the municipality is more than 0.6 m people and somebody would expect a bigger number of educational establishments within the area. The other two areas do not have EPAL schools and only the Municipality of Pallini has one EPAs school. Subsequently, an important finding is that in all areas either the number of EPAL educational establishments in relation to population size is small, or school VET services are not offered at all. These findings are important as they give away an image of upper secondary VET school education as a non-widely or non-existent service in all areas. By all accounts, the school VET provision

remains a public business as all educational establishments are exclusively run by the Ministry of Education and Religious Affairs.

In terms of the provision of adult VET, in the City of Athens the privately offered VET services outnumber the public ones. In Pallini, although the Municipality has set up a local Lifelong Learning Center and has been the main VET provider, this center has not offered any programs for the last three years leading to a de facto monopoly of private sector in the provision of adult VET services. In the case of Marathonas there is a very small amount of adult Vet services offered by a private provider. The distance in the provision of adult VET services between the city of Athens and the Municipality of Marathonas is huge (as expected). However, a de facto dominance of the private sector appears in all cases (especially during the last years 2017-2020).

VET services are part of the social investment strategy of the country that aims to facilitate the transition of young people from school to employment and to train and re-train adult individuals in order to enter or re-enter the job market. Especially, during the years of the economic crisis, the provision of adult VET services in Greece became more problematic with fewer funds directed from public sectors bodies towards the provision of such services. These developments created more challenges in the already limited provision of adult VET services in Greece. Although the public sector bodies were less inclined to use funds for the provision of adult VET services, as they thought that more essential needs had to be covered first in an environment of an unprecedented economic crisis, private providers continued to offer such services funded mostly through EU funds.

From all the above analysis, some issues come to the fore. First and foremost, in relation to school VET education it appears that the services provided in the areas under examination are either not enough or non-existent. This is a major finding for this report. In relation to school VET, all decisions are taken at the central government's level. The Ministry of Education and Religious Affairs is responsible for the provision of school VET services while most funding comes from national sources. Traditionally, school VET in Greece had problems attracting young people as it was considered as a second-best choice in relation to university education. In 2016, the Ministry of Education and Religious Affairs introduced the scheme of the apprenticeship year that proved very popular and successful. More importantly, the Ministry of Education and Religious Affairs in 2019 secured some extra funding from EU sources in order to promote and strengthen school VET in the country. The Ministry of Education has announced a major revamp of the school VET system with extra funding of 24 m Euros coming from EU funds (ESPA). This new revamp has as its aims to promote and strengthen school VET education in Greece through employing more teachers, bettering infrastructural facilities and expanding successful schemes like the apprenticeship year. These are positive signs and we hope that in the future school VET education will be promoted and most importantly become better funded. This revamp program is called *A new start for EPAL* and we hope that it will achieve its ambitious objectives. The outcomes of these efforts cannot be evaluated yet as it is clearly too early. Nevertheless, the central government appears lately determined to take the extra steps in order to popularize school VET in Greece and promote the smoother integration of students from the classrooms to the job market. Time will show.

Secondly, in all cases, it becomes apparent that the provision of adult VET services is mostly dependent on private providers. In the case of the city of Athens, although the Municipality had been active, during the last three years there were not offered any programs resulting in the private sector dominating the field. The same goes for the Municipality of Pallini too. In the case of Marathonas, the only provider is a private Vocational Training Center while the Municipality does not offer any programs. From all these cases, it becomes apparent that the provision of adult VET has been (recently at least) dominated by private sector providers. Because of the crisis, the public sector has retrieved

from the provision of adult VET services and has given space to private entities to fill these gaps. This is not necessarily a bad thing, However, what is needed is for the private sector providers to be closely monitored and their programs evaluated by public bodies (EOPPEP). However, the monitoring and evaluation of VET programs by EOPPEP has to be rigorous if we want the provision of adult VET services to be of high standards.

## **4. Part 1 - The governance system**

Vocational education and training, aiming at the upgrading of human resources, easier transition from school to employment and increasing employability of the labour force, as well as tackling inequalities and promoting inclusion, has played a major role in Greece since the 1990s. In the case of EPAL and EPAs educational establishment the biggest part of the funding comes from resources of the Ministry of Education and Religious Matters. Recently, the Ministry of Education and Religious Affairs got some European Funding (ESPA) in order to revamp the school VET system. In the case of adult VET, the funding has come to a great extent from European sources. More to the point, the biggest part of the funding has originated from the European Social Fund (ESF). In the case of Greece, during the years of the unprecedented economic crisis, many efforts for the expansion of the system of vocational education and training (VET) have taken place at least at a legislative/rhetoric level.

### **4.1 Multilevel institutional setting**

Secondary education in Greece includes two tiers of programs: compulsory and non-compulsory secondary education programs. Firstly, compulsory secondary education is provided by gymnasia (lower secondary schools) and it lasts for 3 years. Secondly, non-compulsory secondary education is split between general education offered by 'lykeia' (upper secondary schools) with 3 years of attendance and vocational education provided by EPAL (vocational upper secondary schools) with 3 years of attendance. When it comes to post-secondary education, EPAL also provide a post-secondary study cycle that is named as 'apprenticeship class' and became implemented in 2016 (Cedefop 2014).

When a student graduates from lower secondary education she/he has completed compulsory schooling and then can choose if to continue in general or vocational education. If she/he chooses to go along the way of general education, she/he will attend a general upper secondary school (GEL) for the three years. It has to be noted, that there are also evening schools (GEL) for students who work. Generally speaking, students enter upper secondary school at the age of fifteen and graduate at the age of eighteen. During the first year of their studies, the school program is of a general nature. Nevertheless, in the second and third year, students attend both general education and special orientation classes. The students, who graduate from general upper secondary schools, can take part in the national examinations for admission into tertiary education establishments. This is the formal and mainstream way to reach tertiary education.

According to Law 4186/2001 that regulates secondary education, students have the following alternatives instead of attending the general upper secondary school system. Firstly, they can follow a vocational education pathway, for the second cycle of secondary education, by attending a vocational upper secondary school. According to Law 4186/2013, vocational education is provided by the vocational upper secondary school (EPAL). These schools are founded exclusively by the Ministry of Education and Religious Affairs and they can be either day or evening schools. It has to be mentioned that VET school education in Greece is very centralized and all curricula of such

educational establishments are designed by the Ministry. They are organized by sector, group and/or specialty. In most sectors, two or more specialties are offered. The established sectors are: information science, mechanical engineering, electrical engineering/electronics/automation, construction, environment and natural resources, administration and economics, agronomy-food technology and nutrition, merchant marine etc.

These programs involve a three-year program of study and can be extended by an additional ‘apprenticeship year’. The ‘apprenticeship year’ is optional and is open to those who have completed the three-year upper secondary education. Students, by attending an extra ‘apprenticeship year’, follow the Manpower Employment Organization’s (the National Body fighting unemployment, OAED) learning principle that includes learning at school and at the workplace too. The apprenticeship year is organized and supervised by both OAED and the vocational upper secondary school that the student has attended; it is a shared responsibility between the two (Cedefop 2014). As a matter of fact, the ‘apprenticeship year’ lasts for 9 months and combines theoretical and laboratory workshop and sessions at school with practical training in companies and organizations. The scheme became implemented for the first time in 2016 through two pilot programs in Athens and Thessaloniki. Since then, the scheme has been mainstreamed and it is offered all around the country. The students that take part in this apprenticeship scheme are not paid by the companies/ organizations that are trained at.

Alternatively, students can follow vocational training outside the formal education system by attending vocational training schools (EPAs). In Greece, the Manpower Employment Organization (OAED) is responsible for operating 51 Vocational Education Schools (EPAs), aiming to educate students by means of the Apprenticeship system (apprenticeship year) and facilitate their subsequent integration into the labour market. Every year more than 10,000 students attend those kinds of schools. Additionally, OAED has established and operated 30 Vocational Education Career Offices that further enhance the institution of Apprenticeship linking vocational education to the labour market. The Vocational Training Schools (EPAs), provide initial vocational training to those who have completed compulsory education. The programs that they offer are of three years’ duration. Nevertheless, students who are over 20 or employed, can attend evening vocational training schools for a four year period. However, the last year of the three-year EPAS program is apprenticeship. During the ‘apprenticeship year’, workplace learning (28 hours/week) is combined with workshops and seminars. During this time, the tasks involved are governed by a contract between OAED and the employer where the student works. OAED provides incentives to companies to hire the trainee after completion of her/his apprenticeship (Cedefop 2018).

VET can also take place in post-secondary VET schools (IEK) (see for instance Zarifis 2003). These public and private institutions provide initial vocational training for graduates of upper secondary schools, but also, to those who have completed an EPAs program. The idea is to help their integration into the labor market. These post-secondary VET schools are open to EPAL graduates, graduates of general upper secondary school, graduates of lower secondary school and foreign nationals. These programs of study last for five semesters. They also include a practical training or apprenticeship element. Each IEK can specialize on a particular sector or offer training in several sectors. Students who complete all the semesters are awarded an attestation of vocational training. This attestation entitles them to take part in the vocational training certification examinations and if successful acquire an upper secondary VET certificate (Cedefop 2014).

Vocational programs can also be offered at tertiary level by higher professional schools. Usually, these programs require at least two years of study. However, they can be as long as five. In most cases they include a period of practical training in the workplace. In some cases admission to these schools

is contingent upon passing the general examinations for admission to higher education programs, while others require special admission examinations (such as university-level schools of dance, theatre). These higher professional schools operate under the supervision of the competent ministries (Ministry of Tourism, Ministry of Culture, etc.). Additionally, colleges can also offer VET programs. These VET programs offered by Colleges are outside the framework of formal education and training. Nevertheless, the diplomas, degrees, certificates that they award can be recognized by national authorities as professionally equivalent to higher education titles awarded in the formal Greek education system. At the same time, VET programs can also be provided by universities. An outstanding example of this is the Hellenic Open University that offers a wide range of VET in a number of sectors.

To continue, adult vocational education is provided by Lifelong Learning Centers (LLCs) in Greece (EAEA 2011). The Ministry of Education is responsible for safeguarding quality, evaluating education standards and monitoring LLCs operation. The adult VET services provided by LLCs are more decentralized than in the case of EPAL and EPAs (school education). To decentralize actions in this area administrative bodies have been set up by the Greek regional administrations to manage the national lifelong learning network. Each region can draw up its own program. The municipalities can set up LLCs or mobilize the network of lifelong learning bodies in their region. Most municipalities have set up LLCs, which provide a variety of adult vocational training programs.

At an enterprise level, a fair number of companies seem to provide their own organized forms of adult training programs for their employees through seminars and other type of programs. In-house training is usually funded through OAED. These training programs do not necessarily lead to upper secondary qualifications. These programs are organized in close cooperation with OAED that sets all regulations and standards that have to be followed. Simultaneously, civil society associations can implement adult VET programs for their members and other groups of citizens. For instance, the National Federation of Workers (GSEE) implements vocational training programs aimed at workers in the private sector, the unemployed etc. The Hellenic Confederation of Professionals, Craftsmen and Merchants (GSEVEE) implements adult training programs relating to tourism occupations, environmental management and basic technical vocational education skills, addressed to employers, self-employed persons, workers in every sector of the economy, and also the unemployed (Cedefop 2014).

The Greek State is supportive towards the provision of adult VET services. Through a series of regulatory, financial and other incentives is addressing individuals, businesses and VET providers to offer such services. Law 3879/2010 establishes incentives for the development of lifelong learning and updating of the knowledge, skills and abilities of the country's workforce. On the other hand, the main incentives used by the Greek State to encourage young people to attend adult VET programs are of a regulatory and financial nature.

## **4.2 Shifts in the last ten years**

During the last ten years, Greece has experienced an unprecedented economic and social crisis. This crisis has led to the rise in inequality along with a decline in the social provision of services and social protection in general. As a result, unemployment during these years of the crisis has more than doubled in Greece. However, it has to be noted that even before the crisis Greece had one of the highest poverty rates in the European Union. Nevertheless, the crisis has increased poverty in the local population and as result phenomena of social exclusion and marginalization have been augmented.

In 2011, the National Organization for the Certification of Qualifications and Vocational Guidance (EOPPEP) was created. The organization operates under the supervision of the Minister of Education, Research and Religious Affairs and its offices are in Athens. The reason behind the creation of the National Organization for the Certification of Qualifications and Vocational Guidance (EOPPEP) was to address the pressing need of creating and maintaining a holistic and interrelated policy framework for the development of lifelong learning and the certification of qualifications in Greece. The main goal of the Organization is geared towards linking Vocational education and training with labor market needs, upgrading people's occupational qualifications, reinforcing their employment perspectives and strengthening social cohesion. EOPPEP develops and implements comprehensive national systems for the accreditation of non-formal and informal learning and provides scientific and technical support in designing and implementing the vocational guidance national policy, as well as the provision of such services in Greece.

Furthermore, EOPPEP accredits and licenses providers of non-formal education encompassing initial and continuing vocational training upon legislated criteria for infrastructure and curricula, as well as enacted specifications for the organization and operation of the provider, employed staff and provided services. Additionally, EOPPEP licenses Private Vocational Training Institutes (IEK), which provide services of initial vocational training in a broad range of specialties, aiming at the integration and reintegration of people into the labor market, their professional mobility and development, as well as their personal development. Additionally, EOPPEP accredits Vocational Training Centers (KEK), which provide services of continuing vocational education with the aim of complementing, updating and/or upgrading knowledge, skills and competencies of the labor force. Last but not least, EOPPEP accredits Special Centers, which provide comprehensive services of training and support to social vulnerable groups and especially, to people with disabilities and ex-drug addicts, aiming at their social and professional integration.

Since 2012, many successive governments have introduced a number of measures in order to fight youth unemployment and promote the creation of new jobs in the labor market. Naturally, these measures included the strengthening of vocational training and education and the development of apprenticeship as a way of entering the job market. More concretely, in relation to school VET there have been many laws and numerous amendments trying to regulate the relevant policy landscape in Greece. By and large, this continuous legislative activity and law provision was part of European Union's post-2000 emphasis on the creation of a competitive Europe capable of meeting the new challenges of a knowledge-based society. It was part of EU efforts to create a more knowledgeable and skilled workforce. On national level, these laws and legislative activity was based on the recognition of the fact that Greece needed lifelong learning for its economy. In short, the valuable role that VET can play in the economy has been widely recognized in Greece during the last ten years.

According to Law 4186/2013, the objectives of vocational education provided by EPAL (vocational upper secondary schools) is to provide high quality education, prepare young people to join the European civil society, provide integrated vocational skills and competences that can facilitate students' access to the labor market etc. It is interesting that according to the Law general and vocational school education have many similar goals and aims (Cedefop 2014).

At the same time, Law 4186/2013 attempted to restructure secondary – including vocational – education. The law came into effect in September 2013. It attempted to connect the VET school system to the economy and the job market and regulate the lifelong learning field. More concretely, the law promoted efforts to increase the work-based element within school VET with the introduction of the apprenticeship year (implemented in 2016) and to strengthen the labor market relevance of VET qualifications. The law attempted to open the VET school system to the economy and the job



market by allowing specialties to be tailored to national and regional needs, following recommendations from ministries, regional administrations and social partners. Nevertheless, the major issues facing the Greek VET system appear to persist. Among others, there are need for closer links between VET services and the economy, a more vigorous involvement of the social partners, a sense of consensus in relation to vocational training, decentralization and greater school autonomy etc. More importantly, the major issue that remains is how to make school VET more attractive to more young people in the country (Cedefop 2014).

Furthermore, according to the ministerial decision 26412/16-02-2017, the objectives of VET became redefined. According to it, the objectives of vocational education and training are to encourage the development of skills and problem-solving techniques in work environment, develop skills according to the national qualifications framework, promote lifelong learning, facilitate the formation of professional identities, cultivate a spirit of co-operation, put emphasis on matters of hygiene and security etc. More to the point, the Ministry of Education approved a framework of assessing quality for vocational education and training. The goal was to assure standards of quality in vocational education and training. From the very beginning, the law on lifelong learning (Law 3369/2010) sets quality standards for lifelong learning by instituting a requirement of teacher and trainer competence and professional development for teachers and trainers in adult education and stipulating continuous monitoring and evaluation of the national lifelong learning network. Specifically, it demands that providers of lifelong learning services that are funded from public funds must be evaluated with regard to the realisation of the objects set out in their learning programme and subsequently receive subsidies based on their effectiveness of their provided services. It also provides for the establishment of a system for the professional development and evaluation of the trainers and staff involved in non-formal education and teachers in ‘second chance’ schools. However, this framework of assessing quality for vocational education and training, does not apply to school provided education (EPAL and EPAs), as these educational establishments are under the close monitoring of the Ministry of Education, but to providers of adult education.

### 4.3 Local governance systems

In this part of the report, we provide information on how VET services are provided in the three sub-cases under investigation. Generally speaking, EPAL (vocational upper secondary schools) are the only providers of VET services in relation to post-compulsory education. These schools that work in close cooperation with the Ministry of Education and the Manpower Association (OAED) provide vocational education to students that do not want to follow a general education and instead they want to follow a vocational training path. Apart from EPAL schools, there are also the EPAs (Vocational schools) that again work closely with the Manpower Employment Association (OAED) with the aim of training students and providing them with new skills in order to seek employment and fight unemployment.

On the other hand, adult VET has different ways to be provided like the Lifelong learning centers (LLCs). The Ministry of Education is responsible for safeguarding quality, evaluating education standards and monitoring LLCs operation. To decentralize actions in this area (Law 3879/2010) administrative bodies have been set up by the Greek regional administrations to manage the national lifelong learning network. Each region draws up its own program, which includes investments, vocational training actions or program, and more generally actions implementing public policy on lifelong learning in the region. The municipalities can set up LLCs or mobilize the network of lifelong learning bodies in their region. Most municipalities have set up LLCs, which provide a variety of general adult vocational training programs.

The most numerous adult VET providers, are private (and some semi-private) Centers of Vocational Training (KEK) that become licensed by the National Organization for the Certification of Qualifications and Vocational Guidance (EOPPEP). These Centers are massive providers of adult VET services in Greece while funding for their programs mostly comes from European Union instruments and more particularly the European Social Fund (ESF). These centres apart from being licensed by EOPPEP are also supervised by the Manpower Employment Association in order to follow general employment trends and skills sought after in the job market. The kind of courses that are provided in these Centers vary and can have many different forms. During the last years, one of the main directions of these kinds of programs has been related to the acquisition of IT skills and other digital competences in order to make it easier for people attending such courses to enter the job market. By and large, the content of such programs is very extended and can lead to the acquisition of a number of different skills (digital, commercial, marketing, financial, technical etc.). Usually, the successful completion of such programs leads to the acquisition of certificates of attendance or even to more specialized certification that can help individuals along the road to employment. However, the certification process varies from program to program and is related to a number of factors (hours of attendance, level of competence, type of provider etc.).

### **4.3.1 Urban case**

The economy of the city of Athens is very dynamic and forms part of the broader Athenian economy. The economy of the metropolitan city of Athens is very big and contributes to almost 40% of the country's GDP. The main part of the city of Athens' economy is based on services with small scale manufacturing also present but in a much smaller extent. Another very important part of the Athenian economy (centre of Athens) has to do with tourism and other related services. Construction (refurbishment) and real estate is also a significant part of this economy. There are not any explicit links between the economy of the city of Athens and VET provision. Nevertheless, most of the adult VET programs that aim to foster digital competences for the service industries are based in the centre of the city. At the same time, a significant part of the service economy is based at the centre, too. Nevertheless, the connection is loose and should not lead to any premature conclusions.

The local system of governance for the provision of VET in the Municipality of Athens includes a fair amount of actors. The major player in the provision of school VET is the Ministry of Education. The Ministry runs a number of upper secondary vocational schools within the Municipality of Athens. More to the point, there are six upper secondary vocational schools operating within the municipality. The Ministry is responsible for the design and the implementation of curricula and programs of study. Secondly, in relation to the provision of adult VET, there is the Municipality of Athens that since 1995 has created a Vocational Training Center that offers VET services by mostly using EU funds. The Municipality of Athens works in close relationship with the Manpower Employment Association (OAED) in order to provide adult VET services. Furthermore, there is the Office for Gender Equality in the Municipality of Athens that also offers educational programs in adult vocational training by paying particular attention to the inclusion of the female population in such programs. A more recent municipal initiative was the creation of a Job Center in 2017. From the above, it becomes apparent that the Municipality of Athens is a significant player in the provision of adult VET services within the local governance system of Athens.

However, the biggest adult VET providers within the Municipality of Athens are private (and semi-private) Centers of Vocational Training (KEK) that exist within the municipality. These providers are mostly funded by EU funds, particularly from the European Social Fund (ESF) and provide adult VET mostly to unemployed people. By and large, these providers offer the biggest number of

programs and attract the higher number of attendees as they provide the biggest bulk of adult VET services in the city of Athens. Many providers have created links between them, but also, with other public (and semi-public) organizations in order to cover needs in the labor market and to be able to offer particular and high in demand vocational training and education.

### **4.3.2 Sub-urban case**

The economy of the Municipality of Pallini is mostly based on commerce and services. Before the economic crisis that hit Greece, the construction sector was very dynamic in this particular part of Attica. Apart from commerce and services, there is also production taking place in the area with a significant presence of some dynamic companies that produce in the fields of pharmaceuticals and technology. Nevertheless, there is not any specific relation between the local economy and the VET provision in the area. Lately, they have been some efforts to direct adult VET services towards the needs of local companies without any particularly successful results.

The players in the local governance system of Pallini in terms of provision of vocational education and training are a few. To start with, the Manpower Employment Association (OAED) is locally involved in the provision of VET as it runs a Vocational School (EPAs) in close cooperation with the Ministry of Education. Secondly, the department of Social Protection, Education and Culture is responsible for vocational adult education and training in the municipality. Following these lines, a Lifelong Learning Center has been set up working closely with the Ministry of Education and the National Foundation of Youth and Lifelong Learning. Again, these programs are mostly funded by the European Social Fund (ESF). At the same time, in the running of the local Learning Center, the “Manpower Employment Organization (OAED)” plays a role too. The Organization frequently asks local professional associations and employers to present information about the local labour market and related needs. In this sense, within the local governance system of Pallini a lot of players are involved. The municipality, the Ministry, the Manpower Employment Organization (OAED), local businesses/ employers etc. Another player within the local governance system of Pallini, is a private Center of Vocational Training (KEK) named as Master KEK. The center offer vocational training to unemployed people of the broader area, but also, continuous vocational education programs for employees of private companies and organizations.

Finally, local businesses are also involved in the provision of adult VET services. Local businesses are often convinced by local public authorities to employ local citizens who are long unemployed and upgraded their skills through public programs of vocational education and training. Broadly speaking, there is an urgent need for local business players to play a bigger role and to open their doors to people that have been trained and re-trained through local adult VET programs.

### **4.3.3 The rural case**

To start with, it should be mentioned that Marathon is one of the most important agricultural areas of the country and the place where most of the agricultural products that they are consumed in the city of Athens, are produced. This becomes apparent from the fact that the dominant branch of professional activity in the area is “Crop and animal production, hunting and related service activities” since more than 20% of employees are engaged in this economic activity. Accordingly, Marathonas is an agricultural area with the biggest part of the economy depending on agricultural production based on migrant labour. Apart from agriculture, there is also some other economic activities like construction and commerce. By and large, there is not any existing link between the local economy and the provision of VET services. It is interesting that although Marathonas is such an important

agricultural area, there not any VET programs for educating producers or labourers in relevant techniques or in order to gain new skills.

The local governance system in the area of Marathonas can be characterized as extremely poor. Firstly, the Ministry of Education and the Manpower Employment Association are not present in the area as there are no EPAL or EPAs schools in the area. Secondly, the Municipality does not appear to play any role in the provision of adult VET services as there is no local “Lifelong Learning Centers” or other similar establishments. The only adult Vet provider in the area, and thus the only player in the local governance system of the area, is a private ‘Lifelong Learning Centre’ (2 Euronet College) that implements vocational training programs for unemployed people originating from the broader area. As there are not any significant adult VET providers operating within the Municipality of Marathonas one could argue that the local governance system is very weak or undeveloped.

## **5. Part 2 – Activities and services**

### **5.1 Description**

The level of participation in the education system in Greece can be characterized as pretty high. To give an example, during the year 2012, more than 30% of those belonging to the age group 30 to 34, had gone through tertiary education. In sharp contrast to this, participation in school VET has been low in the country. Generally speaking, one could argue that the Greek society during the last decades has been characterized by a strong demand for general education and university degrees and a low demand for school VET services. It has been a society with an intense focus on tertiary education and the acquisition of academic skills. As a result, school VET had continuously little appeal for youngsters and their families as it has been associated with manual labor and lower socio-economic status. On the other hand, academic skills in Greece have been traditionally linked with higher wages, socio-economic status and office jobs. One could go as far as to argue that those trends continue up to a degree even today, with young people and their families perceiving vocational education and training as a low-status resort or choice. Within the framework of Greek society, school VET remains a second choice for most Greek families and their descendants.

A crucial aspect of the non- attractiveness of school VET in Greece has to do with occupational rights. In Greece, attendance of school VET programs does not necessarily lead to the acquisition of related occupational rights and certificates while occupational rights in Greece are linked with certain levels of salaries. For example, while the construction sector grew considerably during the years before the economic crisis, school ET programs have experienced low levels of participation. This is partly because there are no established occupational rights for technicians with low or intermediate level qualifications attending VET. In most case, occupations rights are not secured as needs are met by workers trained on the job. More has to be done to connect school VET with the acquisition of occupational rights; this is definitely a measure that can increase the attractiveness of school VET to young people (Cedefop 2017).

In terms of statistics (see the table beneath), the population of students attending EPAL and EPAs upper secondary schools has declined since 2009. As it appears, from 2009 to 2013, the student population was increasing quickly. However, since 2013 the student population attending these kinds of schools have been shrinking. There is no easy explanation for such a phenomenon especially during the years of the economic crisis. Maybe, the crisis led a number of students willing to follow a VET direction to quit and alternatively seek any form of employment.

Generally speaking, 70% of the student population follow the mainstream educational path (General Education) while almost a 30% takes a vocational education pathway. In terms of gender, male students seem to prefer VET upper secondary schools in comparison to female ones (65% of male attendance in EPAL and EPAs schools during the year 2017-2018). However, what is particularly interesting is that since its mainstream implementation around the country, the VET scheme of the ‘apprenticeship year’ has been exploded. During the first year of its country-wide implementation, 1.175 students attended this particular educational/ training experiment. During the following year (2017-2018), the number of attendees increased to 3,453 people or a 194% increase. From this particular statistic, it can be argued that there is a very strong demand for the ‘apprenticeship year’ with the scheme being very successful and strengthening school VET education in Greece.

<b>YEAR</b>	<b>Number of students in EPAL and EPAs</b>
2009-10	108.010
2010-11	110.771
2011-12	121.008
2012-13	123.989
2013-14	109.917
2014-15	101.761
2015-16	98.772
2016-17	98.568
2017-18	97.452

*Source: Ministry of Education and Religious Affairs*

## **5.2 Main changes and innovations introduced in the last ten years**

As argued above, during the last ten years, Greece has experienced an unprecedented economic and social crisis. This crisis led to the rise in inequality along with a decline in the social provision of services. Unemployment during these years of the crisis more than doubled in Greece. However, the crisis has increased poverty in the local population and as result phenomena of social exclusion and marginalization have been augmented.

The main challenges and innovations during the last ten years are basically the same as in the national level. We will refer to recent changes in the school VET system further down the report. In terms of the provision of adult services, it is worth mentioning that the two municipalities with Lifelong Learning Centers (Municipality of Athens and Municipality of Pallini) did not offer programs during the last three years (2017-2020). This is interesting as someone would expect that during the years of the economic crisis, the municipalities would try to offer adult VET services for the re-training of individuals and groups in order to re-enter the job market. However, in both case, adult VET services were not offered from 2017 to 2020 while both municipalities will restart the provision of services in 2020. This is telling of the effects of the crisis into the provision of adult VET services in Greece. As it is widely known by now, the fiscal crisis in Greece led to the implementation of a very austere regime in relation to funding at all levels of government. As the central government was reducing its annual budget, in order to create fiscal surpluses to be able to convince its creditors that would be able to pay back its loans, this reduction in spending reached municipalities too. As the municipalities,

had less money to spent while at the same time had essential needs to cover, the provision of adult VET services became a victim of the crisis. Many municipalities cut down or suspended their VET provisions as they appeared non-essential. This of course was in contradiction with central governments prioritizing that since 2013 had put adult and school VET at the forefront of fighting unemployment and developing the economy.

## **5.3 Local Policies**

In this part of the report, we shed light on the provision of VET services at local level. More concretely, we attempt to describe the provision of relevant services and activities in relation to the Municipality of Athens, Municipality of Pallini and Municipality of Marathonas.

### **5.3.1 Urban case**

In the Municipality of Athens, there are a number of Vocational upper secondary schools (EPAL). More concretely, within the Municipality of Athens, there are seven EPAL schools. These schools are the following: 1<sup>st</sup> EPAL school of Athens, 2<sup>nd</sup> EPAL school of Athens, 3<sup>rd</sup> EPAL school of Athens, 4<sup>th</sup> EPAL school of Athens, 6<sup>th</sup> EPAL school of Athens, 9<sup>th</sup> EPAL school of Athens, 10<sup>th</sup> EPAL school of Athens. Most of these schools offer educational programs in the areas of: mechanical engineering, electric engineering, business, IT, health, environment, shipping etc. Nevertheless, within the Municipality of Athens, there is not a single EPAs school. This is a problem as EPAs schools are the basic providers of apprenticeships and thus the non existence of such schools signifies that there not many such positions offered in the municipality of Athens.

In relation the provision of adult VET services, the City of Athens presents typical characteristics of workfare and supply-side policies. They thus emphasize the improvement of workforce's skills and the promotion of entrepreneurship as means to combat unemployment. The City of Athens runs since 1995 a specialized 'Vocational Training Center' which offers mainly EU-funded training programs. The Vocational Training Center will offer programs again this year (2020) after a three years break. The Center works in close cooperation with the Ministry of Education and offer totally free of charge programs to people irrespectively of their age and/or level of education. It aims to offer programs of continuing learning to people working in the Municipality, in the Prefecture of Attika and residents of the municipality. It also runs specialized courses that focus on the education and re-training of long term unemployed people. The programs specialize in the fields of: environment, health, culture, education, economy, IT, tourism, agriculture etc.

Furthermore, in the Municipality of Athens there is an Office for Gender Equality that offers educational programs in vocational training for re-entering the job market. These programs are designed and implemented by the Developmental Company of the Municipality of Athens (AEDA) and pay particular attention to the promotion of the attendance of the female population of the city. Additionally, these programs are also focusing on attracting particular disadvantaged groups of women like single-mothers, migrant women, long term unemployed, women with disabilities etc.). The main aim is to prepare these women through the upgrading of their skills to enter the job market and hold to their jobs in a long-term way..

Additionally, within the Municipality of Athens, there is a very big number of private (and semi-private) Centers of Vocational Training (KEK) that offer adult VET services. More than 3 dozen private Centers exist within the Municipality of Athens. The most established ones are the following:

EK METRON, KEK AKMI, AKMON, DELTA, KEK DIASTASI, KEK PYXIDA, KEK EUROTRAINING, NEA GNOSI, KEK EKKA, EUROMATHISIS, DIMITRA etc.

Some of these Vocational Centers are run by professional organizations (SEV-Employers Association of Greece), but also, public organizations (LAIKO hospital, National Center of Social Solidarity EKKA). Nevertheless, the biggest bulk of these centers are private entities that provide vocational training seminars and programs for profit usually funded by the EU. As it has argued above, the main bulk of the programs that these entities provide to adult populations in the capital and the country more generally, have to do with the acquisition of digital skills and competences. The vast majority of these programs are tailored made in order to re-educate people that have lost their employment to re-enter the job market and specifically the wider service sector. This does not mean that there is not a variety of programs offered by these centers. However, most of them put digital education at its front. These kinds of programs are also directed towards the idea of a knowledge economy and our era's digital transformation.

### **5.3.2 Sub-urban case**

In the Municipality of Pallini, there is not a single vocational upper secondary school (EPAL) but there is a day general upper secondary school and an evening one. The nearest vocational upper secondary school (EPAL) is in Rafina that is around 15 km away. Nevertheless, Pallini has an EPAs (Vocational School) school that offers specialization in the areas of hair-dressing, beautician studies, plumbing etc. This school is under the monitoring of the OAED and is part of its vocational education program. Nevertheless, the school was not open during the year 2019-2020.

The provision of adult vocational education and training in the suburban case of Pallini involves a number of services, providers and programs. According to interviews with local policy actors the much sought after reduction of socio-economic inequalities and the promotion of social integration/cohesion can be facilitated through equal access to adult VET services like lifelong learning, the improvement of skills and the (re)integration into the labor market. The department of Social Protection, Education and Culture of the Municipality of Pallini is responsible for vocational adult education. It is in charge of the local Lifelong Learning Center in close cooperation with the Ministry of Education and the National Foundation of Youth and Lifelong Learning. In the local municipal Lifelong Learning Center, a number of programs are offered to people that might be interested. On an annual basis, adult citizens (unemployed or not) can follow a series of thematic classes that cover a wide range of professional specializations and, thus, improve their skills or help them acquire new ones and obtain a job, ameliorate or change their current occupational status etc. The aim is the activation of people and groups towards the goals of economic and social development, active participation of local citizens and economic and employment growth. Last but not least, these vocational education and training programs were not offered for the last three years (2017-2020) and now they have started to be offered again.

According to one local municipal officers that works in the department of Education and Lifelong Learning of the Municipality of Pallini:

“Right now we are in the process to decide which course will take place this year (2020), the Mayor has to decide which courses will go through and be offered. Up until 2013-14, many programmes were offered locally. Programs have not been offered since 2014. Now we are deciding which ones to offer”. (Public Authority Actor P1, suburban case)

Later on in the interview it was also mentioned that:

“During this period that we did not offer any programs, what we did as a Municipality was that we offered a learning English program for young unemployed people from the area, the main prerequisite was to be young and without a job. However, more people than the actual places came around so we had to put into place income criteria as well”. (Public Authority Actor P1, suburban case)

In relation to the question of how programmes are designed and subsequently offered, another local officer stressed the following:

“We always try to find interesting and new ideas about VET programs, to see if what we have in our minds has been implemented somewhere else and how it has been done. Nevertheless, we always design by having local needs in mind. What is missing locally? At the same time, we try to get information from outside, to gain new ideas that we can transfer here in order to cover local needs. For instance, if there is bee keeping in the area will try to offer a relevant program, we will try to cover this need”. (VETGOV2)

Although a significant number of large and successful companies of pharmaceuticals are located in the area and could potentially hire local residents, no relevant classes have been offered to this day in the local Lifelong Learning Center. However, it is noteworthy that both the Municipality of Pallini and the “Manpower Employment Organization (OAED)” are making efforts to adjust their “Lifelong Learning Programs” to local needs through “information meetings”, where local professional associations and employers are called to present statistics about the local labour market and existing human capital. For instance, local business associations are invited to provide the “Manpower Employment Organization” with information and statistics about the (quantitative and qualitative) needs of the local labor market, such as needs in specific skills of human resources. In the same vein, the local ‘Employment Promotion Center’ organizes information meetings, where local professional associations present information and statistics about the local labor market and human capital needs. At the same time, in Pallini there is a private Center of Vocational Training (KEK) named as Master KEK. The company has 14 such centers in Greece including the one in Pallini. The center offers vocational training to unemployed people of the broader area, but also, continuous vocational education programs for employees of private companies and organizations.

Local business actors are also involved in the provision of VET services. Private tutoring schools provide their services for free to children of poor families or grant scholarships and money prizes to top performing trainees in the local “Lifelong Learning Programs”. Local businesses are often convinced by local public authorities to employ local citizens who are long unemployed and upgraded their skills through public programs of vocational education and training. However, there is a greater need for interconnection between public authorities and local business actors, beyond the usual information meetings on employment and subsidy programs or business consultancy. There is also need for interconnection and collaboration between business actors themselves. Although certain business actors take interesting and quite innovative initiatives (for their own business), they rarely collaborate to develop common (entrepreneurial) actions.

### **5.3.3 Rural case**

In Marathonas, they are not any “Vocational Schools” (EPAs) established in the area. In terms of Vocational Upper Secondary Schools (EPAL) the closest is in Rafina that is at least 25 km away. So



students that want to follow vocational upper secondary education have to travel to and from school almost 50 km per day. However, in the Municipality of Marathonas, there is a general upper secondary school (in Greek: Lykeio). In this particular school, there have been organized seminars of professional orientation for students with experts from the wider field.

Generally speaking, in the case of Marathonas, adult VET services are not offered in any significant extent. Many local people argued that VET services were a luxury as many essential social services were missing from the area. For many people, the situation during the last years was getting worse as more and more social services and amenities were gradually disappearing. Following such lines, a business actor from the area, argued that:

“The biggest problem of Marathonas (the town of Marathonas) is that it does not have a police station now. It does not have a municipal doctor as many municipal facilities are closing down. There are not any sport facilities for the kids for free; everything is private so you have to pay for everything”. (Business Actor M5, rural case)

In a very similar way, another business actor from the town of Marathonas stated that:

“I think that the health issue is a big thing. There is not a police station in the town now, so you have many robberies now. There are not many amenities for the children here either. There not any sport facilities”. (Business Actor M11, rural case)

Another way of perceiving problems related to the lack of social services became linked to the fact that many social services that could not be provided locally could be found far-away. However, this distance from social service providers was a problem for vulnerable people that did not have the money or the information to leave the area and reach these services. In this sense, the lack of social service provision at local level became linked with issues of vulnerability. But let us hear a public authority actor, who works at the Municipality’s social services department, speaking her mind up:

“I think that the biggest problem is access to social services, especially for vulnerable people. For instance, if you have to take your medical exams and you have a little bit of money you can go and do it, but vulnerable people have problems with that. Many social services are far away, so distance becomes a factor, especially for vulnerable people, distance is a problem, we have to think of the problem of distance in relation to vulnerable people (Public Authority Actor M8, rural case).

Such a conceptualization of local problems probably also relates to the provision of school VET as the area does not have its own school but students have to commute to Rafina everyday to access these services. Thus, vulnerable students face more obstacles in order to do so. All in all, it became apparent, that in an environment where essential services are missing the non-existence of school VET provision is not the first priority.

In relation to adult VET, there are no “Lifelong Learning Centers” or other similar establishments. There is a private ‘Center of Vocational Training’ (2 Euronet College) that implements adult VET for unemployed people coming from the broader area (Marathonas, Rafina, Nea Makri etc.). These programs have duration of 120 hours in total and they are focusing on the following sectors: agriculture, business, marketing, logistics, trade, tourism, environment, energy. As part of the programs, the attendees are eligible to seek apprenticeship to local businesses for a 500 hours period. In some case, these apprenticeships can lead to further employment in the same businesses.

Maybe a way to understand this lack of adult VET services in the case of the Municipality of Marathon, is to consider the following scenario. As the unprecedented economic crisis, through the passage of time, evolved into a humanitarian crisis for certain segments (economically disadvantaged) of the population, social policies and welfare mechanisms of the already ‘weak’ Greek Welfare State became further eroded through extreme austerity. In such an environment, local governments became the recipients of extreme social problems that they had to urgently face. In such a depressing socio-economic context, many municipalities, and the Municipality of Marathon too, focused their resources on combating the extreme effects of the economic crisis (poverty) instead of promoting vocational education and training programs. This explanation can be part of the specificity of the Greek case and the effects of the severe economic crisis on the provision of adult VET services.

#### **5.3.4 Similarities and differences among the three case studies**

By trying to compare the provision of VET services across the three case studies under investigation, a number of comments can be made. First and foremost, the Municipality of Athens appears as the most important provider of VET services in relation to the other two municipalities. Of course, this is well expected as the Municipality of Athens is the biggest municipality in the country with the highest number of residents and the biggest amount of resources. Following such lines, the Municipality of Athens appears to have a number (6) of EPAL schools functioning and running within its area. At the same time, it has also set up a Vocational Training Center (LLCs) for adult education. There is also an Office for Gender Equality that offers educational programs in adult vocational training for people who want to re-enter the job market. These programs are designed and implemented by the Developmental Company of the Municipality of Athens (AEDA) and pay particular attention to the promotion of the attendance of the female population of the city.

However, in the city of Athens there is also a very big number of private (and a few semi-private) Vocational Centers that offer their adult VET services to people in need of training and re-training. Nevertheless, these providers can not offer upper secondary qualifications. More to the point, within the municipality of Athens there is the biggest bulk of adult VET services offered not only in relation to the other two cases, but most importantly, to the rest of the country. Although, the Municipality appears to play a significant role, most importantly, the private (and the few semi-private) Vocational Centers that have sprung in the city of Athens are the majors providers of adult VET services. Accordingly, for the city of Athens, it becomes apparent that private (and the few semi-private) Vocational Centers are the bulk providers of adult VET services irrespectively of the active involvement of the municipality in the provision of such services. Following on from this, someone might argue that because of this really big number of existing private (and the few semi-private) Vocational Centers, adult VET service provision in the city of Athens has been mostly privatised. Probably, this is not an overstatement. Especially, during the years of the crisis, with the Municipality of Athens focusing all its energy and resources to very basic needs (like food canteens and shelters for homeless), the provision of adult VET services has been almost abandoned. In such a situation, private Vocational Centers filled this gap and led to an almost unofficial privatization of adult VET services in the city of Athens. On the other hand, the privatization of adult VET services is in clear opposition to the scholl VET services that are solely public and run by the relevant Ministry. However, the number of VET schools (EPAL) in the country (400) and the number of EPAL schools in the city of Athens (6) can be characterised as small. Furthremore, somebody would expect that the number of EPAL schools in the center of the city, taking into account its population, would be much bigger.

In the case of the Municipality of Pallini, we could argue something different. From our analysis, it becomes apparent that there is not an EPAL school in Pallini, but only, a local EPAs school (Vocational School) run by the Manpower Association and with a small student population. As a result, one could argue that local VET school needs are not cover efficiently within the area. In relation to the VET education of adults, the municipality has set up a local Lifelong Learning Center in close cooperation with the Ministry of Education and the National Foundation of Youth and Lifelong Learning. In the local municipal Lifelong Learning Center, a number of programs are offered. The municipality in its running of the local Lifelong Learning Center has asked for the assistance of local businesses and enterprises. This is interesting because it is a step towards involving local businesses too. This is a step towards the right direction. However, more needs to be done. On the other hand, in Pallini there is a private Center of Vocational Training (KEK) named as Master KEK. It is a small center that offers adult vocational training to unemployed people of the broader area, but also, continuous vocational education programs for employees of private companies and organizations. From all the above, it becomes apparent that firstly there is not even one EPAL school in the area. Furthermore, the main provider of VET services has been the public sector (Municipality of Pallini, OAED that runs the local EPAS school) than the private sector. Following on from this, one could argue that the biggest bulk of VET services have been offered in Pallini by public institutions. Nevertheless, the local Center of Vocational (Adult) Training of the municipality has not offered any programs during the last three years. In this sense, the only adult VET services that have been offered during the last three years were by the local private Vocational Center. In this respect, we can see again that in the case of the Municipality of Pallini there is a de-facto privatization of adult VET services at least during the last three years. The local Center will start again offering programs in 2020 and thus breaking this private sector monopoly on adult Vet services. Last but not least, another thing that we should take on board is that there is not a single school VET provision in the form of EPAL in the area.

Last but not least, in the Municipality of Marathonas there is total lack of school or adult VET service provision from the part of public authorities/ organizations. In the Municipality of Marathonas, there is not a local EPAL and/or EPAS school or a local Lifelong Learning Center. In this sense, there is an absolute lack of provision of any VET services by public bodies. This is in clear contrast with both the cases of the City of Athens and the Municipality of Pallini. On the other hand, there is a small private Vocational Center (2 Euronet College) that implements vocational training programs for (adult) unemployed people coming from the broader area (Marathonas, Rafina, Nea Makri etc.). Following from these, one could argue that in the Municipality of Marathonas the provision of adult VET services is clearly a private business while school VET services do not exist at all.

To sum up, in terms of the provision of upper secondary school services only the Municipality of Athens has 6 EPAL schools. This is definitely a small number of educational establishments for the population size of the municipality. The fact that the Municipality of Athens has only six EPAL schools is not promising at all as the population of the municipality is more than 0.6 m people and somebody would expect a bigger number of educational establishments within the area. The other two areas do not have EPAL schools and only the Municipality of Pallini has one EPAs school. Subsequently, an important finding is that in all areas either the number of EPAL educational establishments in relation to population size is small, or school VET services are not offered at all. These findings are important as they give away an image of upper secondary VET school education as a non-widely or non-existent service in all areas. By all accounts, the school VET provision remains a public business as all educational establishments are exclusively run by the Ministry of Education and Religious Affairs.

In terms of the provision of adult VET, in the City of Athens the privately offered VET services outnumber the public ones. In Pallini, although the Municipality has set up a local Lifelong Learning Center and has been the main VET provider, this center has not offered any programs for the last three years leading to a de facto monopoly of private sector in the provision of adult VET services. In the case of Marathonas there is a very small amount of adult Vet services offered by a private provider. The distance in the provision of adult VET services between the city of Athens and the Municipality of Marathonas is huge (as expected). However, a de facto dominance of the private sector appears in all cases (especially during the last years 2017-2020).

The following Table gathers the few and fragmentary relevant data presented in this part of the report:

**Table 2.** Main data about Vocational Education and Training (VET), Greece

	Athens	Pallini	Marathon	Greece
number of EPAL AND EPAs schools	6	1	0	450
number of Lifelong Learning Centers (public municipal entities)	1	1	0	-
number of Vocational Training Centers (private and semi private)	36	1	1	between 100 and 140
number of students in EPAL and EPAs	-	0	0	97,452 (year 2017-2018)
number of students in General upper secondary schools (genika lykeia)	-	-	-	290,354 (year 2017- 2018)

## 6. Part 3 - Priorities and Social Investment Strategy

In this part of the report, we try to shed some light on the priorities and challenges of the existing system of VET in Greece and more particularly in relation to the three areas under investigation. VET is part of the social investment strategy of the country and aims to train (and re-train) students/individuals in order to enter (or re-enter) the job market.

In relation to school VET, all decisions are taken at the central government's level. The Ministry of Education and Religious Affairs is responsible for the provision of school VET services while most funding comes from national sources. Traditionally, school VET in Greece had problems attracting young people as it was considered as a second-best choice in relation to university education. In 2016, the Ministry of Education and Religious Affairs introduced the scheme of apprenticeship that proved very popular and successful. More importantly, the Ministry of Education and Religious Affairs in 2019 secured some extra funding from EU sources in order to promote and strengthen school VET in the country. The outcomes of these efforts cannot be evaluated yet as it is clearly too early. Nevertheless, the central government appears lately determined to take extra steps in order to popularize school VET in Greece by promoting the smoother integration of students from the classroom to the job market. Time will show.

To continue, the fiscal crisis in Greece led to the implementation of a very austere regime in relation to funding at all levels of government that influenced adult VET services too. As the central government was reducing its annual budget, in order to create fiscal surpluses to be able to convince its creditors that would be able to pay back its loans, this reduction in spending reached municipalities

as well. As the municipalities, had less money to spend while at the same time very serious needs that had to do people's survival, the provision of adult VET services became a victim of the crisis. Many municipalities cut down or suspended their adult VET provisions as they appeared non-essential. This of course was a contradiction with central government's priorities that since 2013 had put adult VET on the forefront of fighting unemployment and developing the economy. This is a telling sign of the existing contradictions between the objectives of the central and municipal government(s) that manifest the lack of policy coherence in Greece. Although public sector bodies were less inclined to use funds for the provision of adult VET, private providers continued to offer such services funded mostly through EU funds. But let us see in more detail these developments.

## 6.1 Diagnosis

As it has been mentioned, traditionally, school VET had little appeal for youngsters and their families as it has been associated with manual labour jobs and lower socio-economic status. On the other hand, academic skills in Greece have been linked with higher wages, socio-economic status and office jobs. One could go as far as to argue that those trends continue up to an extent even today, with young people and their families perceiving school based vocational education and training as a low-status choice (last resort). It has to be noted that school VET policy is totally centralized and decisions taken at the central government level spread out to all other levels. To be more concrete, upper secondary school VET provision in Greece takes place through EPAL (Vocational upper secondary schools). These are the major providers of VET in relation to post-compulsory school education. In 2018, there were 400 EPAL schools in Greece employing 10.950 teachers. Generally speaking, 70% of the student population follow the mainstream educational path (General Education) while almost a 30% takes a vocational education pathway. In terms of gender, male students seem to prefer VET upper secondary schools in comparison to female ones (65% of male attendance in EPAL and EPAs schools during the year 2017-2018).

What is particularly interesting is that since its mainstream implementation around the country, the VET scheme of the 'apprenticeship year' has been exploded. During the first year of its country-wide implementation, 1.175 students attended this particular educational/ training experiment. During the following year (2017-2018), the number of attendees increased to 3,453 people or a 194% increase. From this particular statistic, it can be argued that there is a very strong demand for the 'apprenticeship year' with the scheme being very successful and strengthening school VET education in Greece. To sum up, in Greece, VET usually attracted students with low academic performance mainly originating from more disadvantaged economic backgrounds as VET in Greece had problems in presenting itself as a viable alternative to university education. Nevertheless, it is possible that the introduction of the scheme of apprenticeship might have given some extra attractiveness to VET. However, it is very early to come to any conclusions as the popularity of the scheme among VET students does not necessarily translate into wider attractiveness of VET to the total student population.

Alternatively, always in relation to school VET, students can follow vocational training outside the formal education system by attending vocational training schools (EPAs). In Greece, the Manpower Employment Organization (OAED) is responsible for operating 51 Vocational Education Schools (EPAs), aiming to educate students by means of the Apprenticeship system (apprenticeship year) and facilitate their subsequent integration into the labour market. Every year more than 10,000 students attend those kinds of schools. Additionally, OAED has established and operated 30 Vocational Education Career Offices that further enhance the institution of Apprenticeship linking vocational education to the labour market. The Vocational Training Schools (EPAs) provide initial vocational training to those who have completed compulsory education. The programs that they offer are of three

years' duration. Nevertheless, students who are over 20 or employed, can attend evening vocational training schools for a four year period. However, the last year of the three-year EPAS program is apprenticeship. During the 'apprenticeship year', workplace learning (28 hours/week) is combined with workshops and seminars. During this time, the tasks involved are governed by a contract between OAED and the employer where the student works. OAED provides incentives to companies to hire the trainee after completion of her/his apprenticeship (Cedefop 2018).

Lately, significant funding to strengthen the operation and role of Vocational High Schools (EPAL) was provided by the Ministry of Education. In 2019, a total upgrade of vocational education was launched in order to strengthen teaching with additional staff, upgrade laboratory equipment and the renewal of books, with a time horizon of two years. At the same time, the new EPAL school will include five new specializations and an increase in apprenticeship positions for graduates. The scheme of apprenticeship during 2018 involved more than 3,000 EPAL graduates working in private companies, or in public bodies, for a period of nine months with full employment rights (salary, insurance, pensionable time). Participation is voluntary and at the end, the graduates after certification exams receive the license to practice, while there are already cases of students who became hired in the company that they trained. From 2020, five new specialties will be added to the apprenticeship class, reaching a total of 21, out of the 35 offered by EPAL, which will be covered in their entirety.

In terms of implementation, in September 2019, the program was launched in nine pilot schools, and for which the Ministry of Education secured funding amounting to 24 million euros for the next two years, with a goal of reaching 52 million by 2023. This is an important investment in VET and manifests a change in attitude towards it by the Ministry. The program provides, among other things, psychologists in schools, supportive teaching on mathematics and language for the first grade, with two teachers in each departments to help students with cognitive problems, funding for upgrading the equipment of the laboratories etc. The renewal of the programs and books has already been launched, in collaboration with the Institute of Educational Policy, so that in the next two years more than 300 existing book titles can be replaced new ones. The main idea is to boost vocational education and to make EPAL equal to the general upper secondary education.

In terms of adult VET, instead of focusing on the national level we shall alternatively focus on the level of the three municipalities under investigation. To start with, the Municipality of Athens is a significant provider of VET within the city of Athens. It has set up its own Vocational Training Center and through other pathways offers training and re-training to people and special groups that are in need. Nevertheless, during the last three years of the crisis (2017-2020), the city's Vocational Training Center did not offer any programs at all. The center will reopen again and offer its services in 2020. Additionally, in the city of Athens it appears that they have been set up more than three dozens of private (and few semi-private) Vocational Centers that offer their services to the populations of the city. In the case, of the semi-private Vocational Centers these have been created by public bodies (hospitals, universities) as semi-private entities in order to provide VET services while enjoying the flexibility that private forms of companies enjoy. Following on from this, someone might argue that because of this really big number of existing private (and semi-private) Vocational Centers, adult VET service provision in the city of Athens has been mostly privatised. Probably, this is not an overstatement. Especially, in the years of the crisis, with the Municipality of Athens focusing all its energy and resources to very basic needs (like food canteens and shelters for homeless), the provision of adult VET services has been almost abandoned. In a situation like this, private Vocational Centers came to fill this gap and led to an almost unofficial privatization of adult VET services in the city of Athens.

In the case of Pallini, as we have seen, the Municipality has been the main provider of adult VET services through the local Vocational Training Center. This Center works in cooperation with local businesses/ enterprises in the designing and implementation of programs. However, in this case too, the Center has not offered any programs during the last three years (2017-2020). In this sense, during the last three years the Municipality has not provided any adult VET services and the only adult VET services provided have been offered by a local private Vocational Center. In this respect, we see again that in the case of the Municipality of Pallini there is a de-facto privatization of adult VET services at least during the last years that the Municipality has stopped offered VET. The local Center will start again offering programs in 2020 and thus breaking this private sector's monopoly on Vet services.

In the case of Marathonas, there is a total lack of provision of adult Vet services by public authorities. The Municipality has not set up a local Vocational Training Center and as a result no adult VET services are offered publicly. The only provider of adult VET services in the area is a small private Vocational Center that tries to cover local needs. In short, in the case of Marathonas, the provision of adult VET services is a private business as it is dominated by a single private provider. More has to be done, in order for adult VET services to be offered by more providers (either public or private).

## 6.2 Priorities

From the above analysis, a series of issues comes to the fore. First and foremost, in relation to school VET, all decisions are taken at the central government's level. The Ministry of Education and Religious Affairs is responsible for the provision of school VET services while most funding comes from national sources. Traditionally, school VET in Greece had problems attracting young people as it was considered as a second-best choice in relation to university education. In 2016, the Ministry of Education and Religious Affairs introduced the scheme of apprenticeship that proved very popular and successful. More importantly, the Ministry of Education and Religious Affairs in 2019 secured extra funding from EU sources in order to promote and strengthen school VET in the country. The outcomes of these efforts cannot be evaluated yet as it is clearly too early. Nevertheless, the central government appears lately determined to take extra steps in order to popularize school VET in Greece by promoting the smoother integration of students from the classroom to the job market. In short, school VET in Greece is public led and new initiatives have come up recently in order to promote its role within the educational landscape.

Secondly, from the examination of all cases, it becomes apparent that the provision of adult VET services is mostly dependent on private providers. In the case of the city of Athens, although the Municipality had been active, during the last three years there have not been offered any programs for adults resulting in the private sector dominating the field. The same goes for the Municipality of Pallini too. In the case of Marathonas, the only provider is a private Vocational Training Center while the Municipality does not offer any adult programs at all. From all cases, it becomes apparent that the provision of adult VET has been recently at least dominated by private sector providers. Because of the crisis, the public sector has retrieved from the provision of adult VET services and has given space to private entities to fill these gaps. This is not necessarily a bad thing. However, what is needed is for the private sector providers to be closely monitored and their programs evaluated by public bodies (EOPPEP). The monitoring and evaluation of adult VET programs by EOPPEP has to be rigorous if we want the provision of adult VET services to be of high standards in Greece.

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# Early Childhood Education and Care (ECEC)

## 7. Part 1 - The governance system

### 7.1 Multilevel institutional setting

#### *Early Childhood Education and Care (ECEC) in Greece: Organizational set-up*

In the case of Greece, services of Early Childhood Education and Care (ECEC) are provided primarily by public but also by private actors, in three different types of education and care centres hosting infants and children of different age groups.<sup>3</sup>

In the public sector, infants and children are hosted by: a) education and care centres for infants (**crèches**) and b) education and care centres for children (**nurseries**) within the competence of Municipalities, as well as c) education and care centres for (older) children (**kindergartens**) within the competence of the Ministry of Education and Religious Affairs. In the private sector, infants and children are hosted by: a) profit- or non-profit-making crèches and nurseries, as well as b) part-time and integrated crèches and nurseries, under the supervision of Municipalities.

The organisation and the operation of the municipal (public) crèches and nurseries are governed by the “Standard Regulation of Operation for Municipal Infant and Child Care Centres”, while the organisation and the operation of private crèches and nurseries are governed by the “ Ministerial Decision D22/11828/293/2017”. As for kindergartens, their organisation and their operation are governed by the framework Law 1566/1985.

**Crèches** accommodate infants from the age of 2 months, subject to certain conditions (otherwise, they accept infants from the age of 6 months), up to the age of 4.

**Nurseries** accommodate children from the age of 2.5 to the age of 4, when compulsory education begins.

**Kindergartens** (pre-primary schools) accommodate children from the age of 4 up to the age of 6, when the primary education begins.

As already mentioned, the organisation and the operation of crèches and nurseries are supervised by the municipal authorities (at the local level), while the organisation and the operation of kindergartens are supervised by the Ministry of Education and Religious Affairs (at the national level).

The attendance at public crèches and nurseries is optional and may require board fees on a monthly basis, depending on the economic status of the family. On the contrary, the attendance at kindergartens (pre-primary schools) is –since 2018– compulsory and always free of charge.

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<sup>3</sup> For all information provided here about the Greek system of Early Childhood Education and Care, see Eurydice (2020) *National Education Systems. Greece*, [https://eacea.ec.europa.eu/national-policies/eurydice/content/greece\\_en](https://eacea.ec.europa.eu/national-policies/eurydice/content/greece_en).

### Early Childhood Education and Care (ECEC) in Greece: Coverage

First and foremost, concerning the extent to which Early Childhood Education and Care (ECEC) is covered in Greece, it is not known how many crèches and nurseries are operating countrywide and how many infants and children are being hosted. The Hellenic Statistical Authority (ELSTAT) begun to register the existing crèches and nurseries only in 2014 and there are no published data yet on their exact number or other characteristics. Given that crèches and nurseries in Greece are “decentralized” (falling under the competence of Municipalities), there is also no other institution that could provide the overall picture. At best, certain Municipalities may have registered the number of crèches and nurseries falling under their competence, without necessarily having published the relevant data.

The only available registry, which gives us just a general idea about the number of crèches and nurseries operating in Greece, is provided by the Hellenic Agency for Local Development and Local Government (EETAA), that is, the public agency responsible for the implementation of the Act “Harmonization of Family and Professional Life” funded through the “Partnership Agreement for Development Framework 2014-2020” and, more precisely, by the Sectoral Operational Program “Human Resources Development, Education and Life Long Learning”.<sup>4</sup> This registry includes only the number of public and private crèches and nurseries that take part in Programs funded by the European Union (such as the above-mentioned Act) and raise up to 1,139 for the year 2015. According to empirical estimates, the actual number of public and private crèches and nurseries in Greece must be approximately 20% higher, thus reaching about 1,370.<sup>5</sup>

Living aside the fact that the exact number of crèches and nurseries operating in Greece is not known and taking the only registry (provided by the Hellenic Agency for Local Development and Local Government-EETAA) as well as the empirical estimates into account, one concludes that crèches and nurseries in Greece are extremely few. According to the available data and –again– some rough empirical calculations, it is estimated that there are approximately 120,000 places for infants and children countrywide. According to the last national Census, infants and children aged between 1 and 4 years are more than the double and raise up to almost 300,000. Thus, far more than half of all the eligible infants and children (almost 180,000) stay out of crèches and nurseries.

Concerning the kindergartens in Greece, the situation is quite different. First and foremost, we know their exact number. According to the latest data provided by the Hellenic Statistical Authority (ELSTAT), 5,687 kindergartens were operating countrywide at the beginning of the school year 2014-2015, of which 5,084 (89.4%) are public. As already mentioned, kindergartens belong to the so-called “pre-primary education”, which is compulsory and free of charge, and, thus, no child is excluded.

As shown in the diagram below, since 2006, there has been a remarkable increase in the number of both public and private kindergartens in Greece. In fact, during the period 2006-2010, one can number 392 new kindergartens, being public in their majority. But, the remarkable trend of increase of kindergartens was cut off after 2010, primarily because of the crisis (that led several public kindergartens to be merged) but also because of major demographic changes in many areas of Greece.

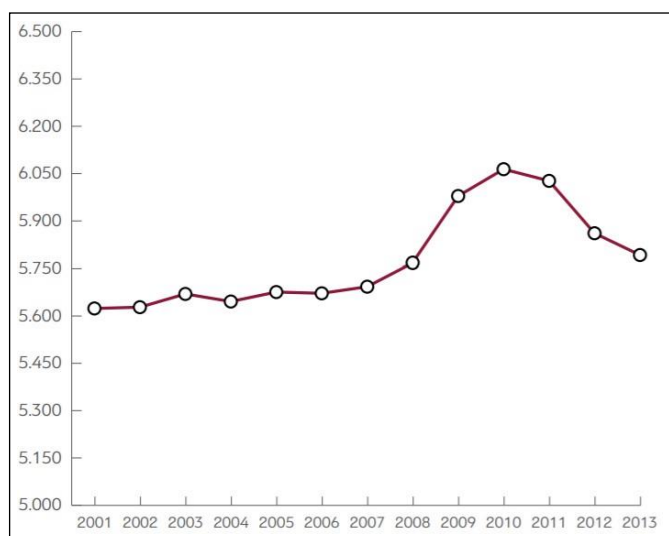
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<sup>4</sup> The purpose and the way in which the Act “Harmonization of Family and Professional Life” is being implemented in Greece is explained in detail in the Section 4.1.

<sup>5</sup> Useful data and estimates provided in this report, as well as certain analytical remarks, conclusions and suggestions concerning the Early Childhood Education and Care (ECEC) in Greece have been drawn by the thorough study and report: Nikolaidis I. (2017) *Why Greece has to invest in Early Childhood Education and care?*, Athens: DiaNEOsis (Research and Policy Institute) (in Greek).

Infants and children aged between 0 and 5 years constituted 5.9% of the total population back in 2013. By 2030, this percentage is expected to be lower by 10.3%, thus reaching 5.3%.

**Diagram 1.** Number of (public and private) kindergartens, Greece, 2001-2013



Source: Nikolaidis (2017)

Data: Hellenic Statistical Authority (ELSTAT)

### Early Childhood Education and Care (ECEC) in Greece: Organization and Operation

- Crèches and Nurseries:

First of all, both public and private crèches and nurseries have to satisfy multiple objectives:

- Offer comprehensive pre-school care, following the most up-to-date scientific developments,
- Support children in developing physically, mentally, emotionally and socially in a holistic manner,
- Eliminate any discrepancies arising from families' cultural, economic and educational level,
- Raise parents' awareness in modern pedagogy and psychology issues,
- Help pre-school children in their smooth transition from family to school environment, and
- Offer daily nutrition and care to children adhering to health and safety rules.

In terms of capacity, public crèches may host up to 12 infants, being attended by two childcare core practitioners and one assistant, while public nurseries may host up to 25 children, being attended by one childcare core practitioner and one assistant, and in any case with the pedagogical personnel provided thereof. No special provision in legislation exists regarding the prohibition or obligation of the above-mentioned staff to stay with the same group or class for several years.

As far as the private settings providing Early Childhood Education and Care are concerned, there is a differentiation regarding the number of infants and children hosted, taking into account the proper

and sustainable functioning of each setting (see the Ministerial Decision D22/11828/293/2017). The number of infants and children hosted should not be smaller than a) 10 infants in the case of crèches (with one childcare core practitioner and one assistant per 8 infants), b) 15 children in the case of nurseries (with one childcare core practitioner and one assistant per 25 children), c) 6 infants and 15 children in the case of mixed crèches and nurseries, and d) 6 infants and/or 15 children in the case of part-time settings for infants and/or children. Regarding the above-mentioned settings, enrolment may exceed their initial (maximum) capacity by 10%. The initial (maximum) capacity is calculated in a quite complex way, taking into account the surface of the interior space, the surface of the yard and several other standards of the facilities, as defined by the above-mentioned Ministerial Decision.

As defined in the “Standard Regulation of Operation for Municipal Infant and Child Care Centres”, the operation of crèches and nurseries begins on 1 September and ends on 31 July of the following year (Monday to Friday). In other words, crèches and nurseries operate around 220 days per year. In areas where employment of working mothers reaches its peak in the summer period (e.g. in tourist areas), crèches and nurseries may operate during August and discontinue their operation for a month in June or July. On a daily basis, crèches and nurseries open at 7.00 am during the winter schedule and at 6.45 am during the summer schedule and close at 16.00 pm. It is possible that working hours are extended by the competent Municipality Council’s decision, provided that the required personnel is available.

Concerning the private crèches and nurseries, they have the obligation to carry out daily schedules aimed at the children’s care, entertainment and education, which should be supervised by the state’s competent authorities for their pedagogical content (see the Ministerial Decision D22/11828/293/2017).

- Kindergartens (pre-primary schools):

Kindergartens’ (pre-primary school's) purpose, as stipulated in the framework Law 1566/1985, is to help children develop physically, emotionally, mentally and socially. In particular, they have to help children:

- a) Develop their senses and organize their actions, motor and mental ones,
- b) Enrich and organize their experiences from the physical and social environment and acquire the skill to differentiate the relations and their interactions therein,
- c) Develop the ability to comprehend and express themselves with symbols and particularly in the fields of language, mathematics and aesthetics,
- d) Forge interpersonal relations boosting their gradual and harmonious social inclusion, and
- e) Develop initiatives freely and effortlessly in an organized environment and adjust in the two-way relation between an individual and a group.

To be eligible for enrolment in public kindergartens (pre-primary schools), children must be at a legally specified age, that is, they must have reached the minimum age of 4. Every public kindergarten belongs to a specific school region and the preschoolers attending have to reside within its boundaries. In municipalities or municipal communities where more than one kindergartens operate, the boundaries of the school region are delimited by the competent director of the primary education directorate. Preschoolers may be enrolled in a different area, other than the one of their place of residence, if: a) they are siblings of students attending the same or a co-located kindergarten

or a co-located primary school, b) the number of preschoolers attending the kindergarten of the school region exceeds the number of preschoolers that the specific kindergarten can accommodate. According to Presidential Decree 79/2017, the admission requirements are: a) proof of permanent address, b) health booklet of the pupil or any other documentation that proves that the pupil has received the recommended vaccinations, c) personal health assessment paper, and d) birth certificate.

So that all children have access to public kindergartens, the Ministry of Education and Religious Affairs ensures that public kindergartens exist countrywide, even in the most remote regions (which is a difficult task, since Greece has a particular geographical morphology dominated by mountainous regions and many islands rendering accessibility difficult). According to Joint Ministerial Decision 50025/19-09-2018, regional authorities are responsible for the free transport of pre-primary (and primary) school education pupils residing at a distance greater than 1.2 kilometers from the school unit.

Attendance in kindergartens (pre-primary schools) lasts two years. Kindergartens host children of two different age groups: a) the first age group includes children who, on 31 December of the year of enrolment, have reached the age of 4 (attendance from the age of 4 is expected to gradually become compulsory countrywide) and b) the second age group includes children who, on 31 December of the year of enrolment, have reached the age of 5 years (attendance from the age of 5 is already compulsory). According to the Presidential Decree 79/2017, kindergartens must accept all applicants. If the number of children exceeds 22 per class, there are two options: a) additional classes are created, if there is the logistical infrastructure and with the agreement of the three-member committee of the directorate of primary education, b) a lottery is conducted between all children, so as to choose 22 students per class. The rest of the children are distributed, according to a decision by the school teachers' board. The latter considers the age, gender and special educational needs of the pupils. The aim is to achieve an equal distribution of pupils in classes. Pupils not being selected are allocated to co-located kindergartens based on their place of residence. Children who are siblings of students attending the same or a co-located kindergarten or primary school are excluded from the above procedure. Kindergartens can operate with one (at least) or more than one teachers per class. The permanent position of the teachers of kindergarten is determined on the basis of the ratio of children to teachers.

The organization of public kindergartens' (as well as of primary schools') time schedule is determined at central level. The school year (the whole school year, including holiday periods) for both public and private kindergartens (and primary schools) starts on 1 September and ends on 31 August of the following year. The teaching year (when teachers are present at kindergarten/school) starts on 1 September and ends on 21 June of the following year, while lessons (when children/students are present at kindergarten/school) start on 11 September and end on 15 June of the following year. During the school year, there are two breaks of 2 weeks each –during Christmas and Easter–, as well as the summer break of about two months. Overall, the teaching days in kindergartens (and primary schools) amount to 170 days per year (Monday to Friday).

The so-called single “all-day kindergarten” includes an all-day optional programme, besides the compulsory programme. The following conditions apply: a) in kindergartens with one teacher per class, the minimum number for the operation of the all-day programme is 5 pupils, b) in kindergartens with two teachers per class, the minimum number for the operation of the all-day programme is 10 pupils, and c) in kindergartens with 3 teachers and above, the minimum number for the operation of the all-day programme is 14 pupils. As already mentioned, public kindergartens operate from Monday to Friday. Compulsory teaching hours are from 8:30 to 13:00. For non-compulsory all-day

programmes, the timetable is extended to 16:00. Parents of pupils who attend the non-compulsory all-day programme (13:00-16:00) have the option to apply for early arrival classes as well (from 07:45 to 8:30). The minimum number of pupils for setting up an early class is 5. In accordance with relevant provisions, weekly teaching timetables are drawn up in the first 10 days of September by the head of the kindergarten together with the school teachers' board.

Children with disabilities and special educational needs are generally encouraged to attend “regular” kindergartens, but “special education” kindergartens also exist. So, children with disabilities and special educational needs may attend kindergartens of special education and training until they are 7 years old. The Presidential Decree 301/1996 established a general “Special Education Detailed Curriculum” framework. However, depending on the special educational needs of pupils, special education school units (SMEAE in Greek) may use the tailored detailed curriculum of general education or even a mixed system of the two above. The Ministerial Decision 85317/Δ3/29-05-2019 defines the timetable of special education kindergartens. This includes organised inter-disciplinary and experiential activities, individualized educational programmes, free or structured play and breakfast. The aim here is the development of the communicative, cognitive, social and emotional skills of pupils. The compulsory timetable of special education kindergartens comprises 25 teaching hours per week. However, under specific preconditions, all special education kindergartens may operate all day, similarly to the “all-day kindergarten” mentioned above.

## 7.2 Shifts in the last ten years

Although it did not take place during the last ten years, it is important to highlight a relatively recent reform concerning the decentralization of competences in the policy area of Early Childhood Education and Care. So, since 2002, the establishment, the organization and the operation of public crèches and nurseries are governed by the municipal authorities, i.e. at the local level. Attendance at public crèches and nurseries is optional, while they may apply fees for the provided services after a decision of the respective Municipality and in accordance with the parents' income. Before 2002, the competence belonged to the central administration and, more precisely, to the Ministry of Education and Religious Affairs. Today, the Ministry of Education and Religious Affairs is responsible for the establishment, the organization and the operation of only the public kindergartens (pre-primary schools), where attendance is compulsory and free of charges, and –of course– for the rest (higher) levels of education.

Another reform, which –again– did not take place during the last ten years but is essential for Early Childhood Education and Care, is the establishment of the so-called (and already mentioned) “all-day kindergarten”.<sup>6</sup> The “all-day kindergarten” was established in the late 1990s, according to the Law 2525/1997. This new institution offers an all-day optional programme (from 13:00 to 16:00), following the compulsory programme (from 8:30 to 13:00). Moreover, parents of children who attend the all-day optional programme (13:00-16:00) have the option to apply for early arrival classes as well (from 07:45 to 8:30). The establishment of the “all-day kindergarten” followed the major changes in family conditions that took place during previous decades, such as the massive entry of women into the labour market, the transition from the extended to the nuclear family and the increase of single-parent families and single mothers. Additionally, the establishment of the “all-day

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<sup>6</sup> For further details, see Sakka A., Stramarkou A., Tzamaspisvili M. (2015), *The early childhood education in Greece and the preparation for coexistence with disadvantaged social groups*, Patras: Technological Educational Institute of Western Greece (in Greek).

kindergarten” aimed to satisfy the educational needs of children who belong to disadvantaged social groups (such as children of poor families, children of immigrants, Roma children etc.) and have difficulty in adapting to and assimilating the knowledge provided in kindergarten. The ”all-day kindergarten” is expected to reduce inequalities that children from disadvantaged families tolerate, through the appropriate educational programmes that strengthen their ability of being integrated into the everyday life in kindergarten and provide them with the same experiences as the experiences of children from advantaged families.

In 2016, the government announced the operation of the "Single All-Day Kindergarten" countrywide, which is a significant recent reform.<sup>7</sup> This new (single) type of kindergarten abolishes the existence of two different types of kindergartens ("regular" and "all-day" kindergartens) and, thus, all children attend the same (single) kindergarten unit. Before that, children attending the "regular" kindergarten (compulsory programme) were separated from children attending the "all-day kindergarten" (optional extended programme), which meant the separation of children of disadvantaged families from the rest. The new "Single All-Day Kindergarten" offers equal chances of education and care to all children and reduces inequalities that used to exist within the same kindergarten unit (which used to operate through two different types of kindergarten and through two different curricula). Now, the distribution of children takes place according to their gender, their age and their particular educational needs, while before the distribution of children used to take place according to the need of their parents for a "regular" (compulsory programme) or an "all-day" unit (optional extended programme).

Last, the most recent and major reform in the policy area of Early Childhood Education and Care concerns the establishment of the two-year compulsory attendance at kindergarten. According to the Law 4521/2018, compulsory attendance at kindergarten becomes a two-year period, starting at the age of 4 (and lasts until the age of 6, when primary school begins), while before it used to be only a one-year period, starting at the age of 5. The aim here is to meet social needs of children starting from a younger age, as well as to provide countervailing measures on unequal opportunities that the different social environments of children provide. After the enactment of the new Law, the two-year attendance at kindergarten would become gradually compulsory in all municipalities of Greece, over the span of 3 years, starting from the school year 2018-2019. Actually, the implementation of the new Law started during the school year 2018-2019 in 184 municipalities of the country (see Ministerial decision 66981/D1/27-4-2018), while it is expected to be fully implemented (in all kindergartens countrywide) until the school year 2020-2021. During the current school year (2019-2020) the new Law would be implemented in 114 additional municipalities (overall, in 298 out of the 325 municipalities in Greece). However, few days before the beginning of the school year, 13 municipalities (including the Municipality of Marathon, which is the rural study area in the COHSMO research project in the case of Greece) were excluded from the implementation of the new Law (see Joint Ministerial Decision 127860/D1/13-8-19). This was because, according to the Joint Ministerial Decision, these 13 local municipal authorities proved to be unable to solve the long-existing problems concerning the (inappropriate) facilities and the (insufficient) educational staff in kindergartens. But, while the Joint Ministerial Decision shifts the blame onto the inaction of municipal authorities, one should highlight that the new Law provided for the extension of the compulsory attendance at kindergarten without providing for any necessary measure concerning the (insufficient) funding, the (inappropriate) facilities or/and the (insufficient) educational staff. Besides, as already mentioned, the public authority which is responsible for the establishment, the organisation and the operation of

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<sup>7</sup> For further details, see Ministry of Education and Religious Affairs (2016) *Kindergarten*, <https://www.minedu.gov.gr/nipiagwgeio/mathites-nip/23389-11-09-16-poes-allages-tha-synantisoun-kata-ti-nea-sxoliki-xronia-oi-mathites-se-protovathmia-kai-defterovathmia-2> (in Greek).

kindergartens countrywide are not the municipal authorities (at the local level) but the Ministry of Education and Religious Affairs (at the central level). Apparently, if the compulsory attendance to kindergartens is not finally extended for all children from the age of 4, many families will have to resort to the private sector.

### 7.3 Local governance systems

As already mentioned, public crèches and nurseries operate countrywide under the responsibility and supervision of the local public administration, that is, of the municipal authorities. In terms of legislation, the operation of public crèches and nurseries is governed by the “Standard Regulation of Operation for Municipal Infant and Child Care Centres”.

The provisions of the “Standard Regulation of Operation for Municipal Infant and Child Care Centres” constitute the minimum requirements, while each Municipal Council decides on the regulation of the municipal crèches and nurseries under its authority.

Municipal crèches and nurseries are managed by the Board of Directors, whose members are: a) city or community councilors, b) representatives of children’s parents and c) employees’ representatives.

According to the “Standard Regulation of Operation for Municipal Infant and Child Care Centres”, infants and children enrolled at municipal crèches and nurseries come primarily from the respective Municipality, not excluding the case of children living in the immediate vicinity and if their enrollment is possible due to vacancies or due to acute social needs of their parents. The last cases are justified in the decision of the Board of Directors of the specific crèche or nursery.

Infants and children may be transported to the municipal crèches and nurseries, provided that the latter provide their own means of transport and abide by the rules of safety. Especially for infants, transfer may be assigned to a special escort or to members of the pedagogical staff, in rotation. The cost of transportation is determined by the Board of Directors of the municipal crèche or nursery and may be covered by an additional contribution of parents, depending on their financial ability, irrespective from the normal parental contribution (fee).

The most important problem faced by municipal authorities is the fact that the capacity of crèches and nurseries (in facilities and in pedagogical staff) is not sufficient so that all infants and children are hosted. Normally, municipal authorities use to record the number of infants and children who can be hosted and the number of those who cannot, but such data are not published and, thus, are not available.

Thus, upon enrolment, the municipal authorities have to make a selection and, more precisely, have to prioritize certain categories of children (such as working parents' children, children coming from economically weak families, double or single orphans, children of single mothers, divorced or separated parents, children with physical or mental disabilities, children of multi-member families etc.). The selection criteria of hosted infants and children as well as their priority points may be specified by the Municipality Council of the relevant crèche and nursery, following its reasoned opinion. In case parents’ application for their children’s admission to a municipal crèche or nursery is rejected, they have the right to appeal against decisions on their priority points, based on specific procedures defined at the local (municipal) level.

In addition, apparently for households that can afford it, there are private crèches and nurseries (profit- or non-profit-making), as well as part-time and integrated crèches and nurseries.



### 7.3.1 *Urban case*

In general, the governance system of Early Childhood Education and Care is the same for all Municipalities in Greece as already described above. However, each Municipality may design and implement a slightly differentiated –sometimes in an essential way– organization chart. Changes in the organization chart usually take place after municipal elections, especially in the case that the new Mayor originates from a different political party than his predecessor.<sup>8</sup>

In the case of the Municipality of Athens, after the last Municipal Elections in May 2019 and the election of a new Mayor (who originates from the right-wing political party and replaced the former Mayor originating from the central-left political spectrum), there is no longer a distinct “Deputy Mayor for Children”. The new chart of Deputy Mayors includes a “Deputy Mayor for Health and Education”, entrusted with much more responsibilities than particularly the responsibility of childhood education and care. Among other responsibilities, the Deputy Mayor for Health and Education is also responsible for the supervision of the Directorate of Childhood, Education and Lifelong Learning. Apparently, this change marks a lower emphasis placed on (Early) Childhood Education and Care, which is no more the object of a special and distinct political attention.<sup>9</sup>

Contrary to other Municipalities in Greece, the Municipality of Athens hosts a distinct institution named “Municipal Nursery” and operating since 1859. The “Municipal Nursery” was initially founded to take care of abandoned infants and children while, since the 1980s, it takes care of the operation of Athens’ municipal crèches and nurseries. Today, under the supervision of the “Municipal Nursery”, there are 71 crèches and nurseries operating in the Municipality of Athens, in all seven different Municipal Communities. The “Municipal Nursery” of Athens hosts the largest network of crèches and nurseries in Greece and the Balkans, and one of the most important in the whole Europe, capable of hosting about 4,700 infants and children (1,309 infants and 3,391 children).

As for the public kindergartens operating in the Municipality of Athens, they are supervised by the Directorate of School Care, which is entrusted with common responsibilities, such as the restoration of existing school facilities and the construction of new school buildings, the transfer of students with special educational needs from home to school and back to home, hiring school guards and school crossing attendants, organizing educational programs, providing for children’s summer camps etc. It is noteworthy that the Directorate of School Care of the Municipality of Athens is also responsible for the creation of “Parent Schools”. This is a long-existing innovative free program, in various but not every Municipality in Greece, which aims to educate and support mothers and fathers in the complex role of parenting as shaped under the current socio-economic conditions. The program is aimed at parents of children of all ages, regardless of ethnic origin, age and education, future parents, parents of persons with special educational needs, educators, older adults and vulnerable social groups. The relevant programs are developed by specialized scientists (psychologists, doctors, social workers etc.) and provide parents, family and school environment with knowledge, experience and

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<sup>8</sup> The last Municipal Elections in Greece took place in May 2019, after most of the interviews that this report is based on were conducted. In the case of the Municipality of Pallini (suburban study area), the former Mayor was reelected, originating from the social-democratic party. But, in the case of the Municipality of Athens (urban study area) and in the case of the Municipality of Marathon (rural study area), the last Municipal Elections led to a political change: in Athens, the new Mayor originates from the right-wing political party (Nea Dimokratia) and replaced the former Mayor originating from the central-left political spectrum, while in Marathon the new Mayor was an independent candidate similarly to his predecessor.

<sup>9</sup> Information provided here about the way in which the municipal authorities design and implement their own organization chart is drawn by the official websites of each Municipality.

opportunities for reflection around a large number of critical issues, such as domestic violence, child sexual abuse, bullying, safe use of internet etc.

### **7.3.2 Sub-urban case**

In the case of the Municipality of Pallini, the governance system concerning the Early Childhood Education and Care is not very different from that presented in the case of the Municipality of Athens. There is again a Deputy Mayor entrusted with plenty responsibilities (not exclusively or/and emphatically with childhood education and care) and, more precisely, with responsibilities for issues of education and school facilities, lifelong learning, gender equality, delinquency prevention, care of stray animals and public transports. Among all these responsibilities, this Deputy Mayor is responsible for the supervision of the Directorate of Social Protection and Culture, which includes a distinct Department of Education. The Department of Education is entrusted with common responsibilities, similarly to the Directorate of School Care in the case of the Municipality of Athens, including the creation of the already mentioned “Parent Schools”.

It is noteworthy that in the case of the Municipality of Pallini, there is a distinct Organization for Early Childhood Education and Care and for Welfare, which is responsible especially for crèches and nurseries on the one hand, and elderly care centres on the other. Under the supervision of the Organization for Early Childhood and Care and for Welfare, there are 7 crèches and nurseries, dispersed quite evenly in the Municipality of Pallini but not sufficient to host all infants and children of the area as stressed and explained below.

### **7.3.3 The rural case**

Again, in the case of the Municipality of Marathon, the governance system concerning the Early Childhood Education and Care has no significant differences from that presented in the case of the Municipality of Athens and Pallini. One “Deputy Mayor for Education and Social Cohesion” is charged of –among many other responsibilities– the supervision of the distinct Department of Social Protection, Education and Sports, while a Legal Person governed by public law named “Tetrapolis” takes particular care of crèches and nurseries. Under the supervision of “Tetrapolis”, there are 2 crèches and 4 nurseries, dispersed quite evenly in the Municipality of Marathon but –again– not sufficient to host all infants and children of the area as stressed and explained below.

## **8. Part 2 – Activities and services**

### **8.1 Description**

As already implied, the activities and services designed for and provided by the Early Childhood Education and Care units (crèches, nurseries and kindergartens) have to deal with inequalities across social and geographical divisions. Among the objectives of crèches, nurseries and kindergartens are the balancing of differences that derive from the different cultural, economic and educational background of parents, to aid children in their transition from family to school and to provide daily nutrition and care. The relevant activities and services are designed and provided via two basic categories of tools:

a) the provision of daily school programs, including the activities described below, and

b) the provision of various forms of monetary or other support to families with children, also described above.

### Crèches and Nurseries

To start with activities provided by crèches and nurseries on a daily basis, the implemented daily schedule is flexible and varies in terms of the learning activities and the time devoted to each of them. The daily schedule is, in general, drawn up in accordance with the “Standard Regulation of Operation for Municipal Infant and Child Care Centres” but it is also based on the relevant “Rules of Operation” of each different crèche or nursery, while the pedagogical staff enjoys relative autonomy in their implementation. Of course, basic points in daily schedule (such as the time of arrival and departure of children, eating times, break times and the rest periods of time) are common in all crèches and nurseries.

Overall, the daily schedule of activities applicable to crèches and nurseries aims to:

- a) achieve the socialization and smooth interaction of children among them,
- b) strengthen their development progress, and
- c) establish an environment of freedom and security ensuring their harmonious psychosomatic development.

The educators’ goal is to give children the ability to concentrate, have self-motivation, confidence in themselves and their abilities, following the most modern teaching methods.

First, in both crèches and nurseries, the daily schedule includes hours dedicated to individualized programmes, focused on child development, free activities and hours for meals and rest. Concerning especially infants in crèches, the individualized programmes are organized aiming at the infant’s emotional, mental, motion and social development assisting it in acquiring its autonomy. As regards children in nurseries, the educators urge and encourage them to engage in team games and group activities in the symbolic “pedagogical corners of activities” and in the “corners of knowledge” in the classroom and the yard, as well as to get involved with building and constructing or other educational material.

More precisely, concerning the provided activities, the daily schedule in crèches and nurseries includes psychomotor activities, music-movement-rhythmic activities, exercises to raise spatial awareness, workshops of painting, masking, puppetry, dramatic play, water, clay, gardening, cooking, ecological experimentation and other pedagogical activities of the same nature. Moreover, there are certain activities that are not necessarily provided but are strongly encouraged, that is, pre-reading, pre-writing and pre-numbering.

Last, especially in nurseries, after the departure of early leaving infants and children, quiet activities follow, such as listening to music, narrating a fairy tale, fiction, singing, reading a book, speech-based games and games to develop children’s perceptual ability, pantomime and improvisation.

### Kindergartens (pre-primary schools)

In pre-primary (as well as in primary) education, curricula are drawn up by the Institute of Educational Policy (IEP). The latter is responsible for delivering opinions or recommendations on issues related to pre-primary (and primary) education programs, school textbooks and other teaching

material. The curricula are implemented at all pre-primary (and primary) schools across the country. The current pre-primary (and primary) education National Curricula are modeled on the basis of the “Cross Thematic Curriculum Framework for Compulsory Education” (DEPPS) (see Ministerial Decisions 21072b/C2/28-2-2003 and 21072a/C2/28-2-2003). The cross-thematic approach defines the structure of teaching. It aims at a balanced horizontal and vertical distribution of educational material and promotes cognitive subjects interconnection, as well as comprehensive analysis of key concepts. In addition, the innovative “Flexible Zone of Interdisciplinary and Creative Activities” is part of DEPPS. According to the Law 4547/2018, the support structure of school units and educational work moved towards an interactive and dynamic relationship between the school and the existing support structures mentioned below. The institution of “School Advisors” is abolished. Their responsibilities are now carried over to the “Educational Coordinators” (see Ministerial Decision 158733/CD4/27-09-2018). Educational goals, pedagogical practices, types of exams and formative assessment are formed by school units and groups of schools with the cooperation of the existing support structures, that is, the Educational and Counselling Centres (KESY), the Environmental Education Centres (KPE) and the Regional Centres for Educational Planning (PEKES).

The “Cross Thematic Curriculum Framework for pre-primary schools (kindergartens)” and the relevant “National Curriculum” determine the guidelines for the design and development of activities in language, mathematics, environmental study, creation and expression, and ICT. These programmes are not considered distinct teaching subjects. They offer guidelines for the implementation of activities, developmentally suitable and effective for all children. Therefore, in kindergartens, subjects are not distinguished into compulsory and optional. There is no specific syllabus, as in primary and secondary education. These programmes aim to provide all-round children development with regard to their physical, emotional, social and cognitive skills. Programmes are designed around themes that trigger the children's interest while using pedagogical practices. Thematic and project-based learning are key components of the programmes implemented. Emphasis is placed upon the interdisciplinary and holistic approach to knowledge, as well as making use of children's curiosity and ideas for conducting the learning process. The so-called today “Single All-Day Kindergarten” provides first the mainstream compulsory programme for all children, which lasts from 8:30 to 13:00, concerns all classes and is developed in 22.5 teaching hours per week. Then, it provides the non-compulsory all-day programme, which lasts from 13.00 to 16:00 and may include also early arrival classes (from 07:45 to 08:30) if parents apply for them and is developed in 15 up to almost 19 teaching hours per week.

### *Funding*

The economic resources of public crèches, nurseries and kindergartens are:

- a) grants and any other benefits granted by the State or any Agency, Legal or Natural Person either to the Legal Person of the crèche, nursery or kindergarten or through the Local Government Bodies (LGB) on their behalf,
- b) the annual ordinary grant and any special grant of the relevant Local Government Body (LGB),
- c) all kinds of offerings, donations, legacies and bequests, and
- d) property or any other kind of proceeds.

Especially the cost for the salaries of pedagogical staff employed at the municipal crèches and nurseries is covered by the Ministry of Interior Affairs through the Municipalities by means of

monthly regular grants. For the purposes of allocating such grants, the minimum operating cost of a Local Government Body (LGB) is taken into consideration, as well as other criteria, such as demographic and geographical ones. With regard to the operating expenses (expenses for building maintenance, heating costs, etc.), the relevant amounts of money are allocated by various sources (usually by the central administration) and they are need-based. To give few examples, for the year 2019, the Ministry of Education, Research and Religious Affairs allocated 4 million and 85 thousand euros from the Public Investments Program of its budget for supporting the building infrastructure of two-year pre-primary education (kindergartens). The amount is at the disposal of 26 different municipal authorities. At the same time, for the reconstruction of school buildings and schoolyards, there is an allocated funding of 2 million 84 thousand euros from the Public Investments Program of the Ministry of Interior Affairs. The relevant acts are part of the Program: “Filodimos II”. Last but not least, infrastructure projects such as the construction of new buildings or the provision of the necessary equipment are also financed by Regional Operational Programs implemented by the relevant Interim Managing Authorities.

Leaving aside the attendance at kindergarten, which is compulsory and totally free of charge for all children in Greece, public (municipal) crèches and nurseries may apply fees for the provided activities and services after a decision of the respective Municipality and in accordance with the parents’ income. As already mentioned, this is because the capacity of crèches and nurseries (in facilities and in pedagogical staff) is not always sufficient so that all infants and children are hosted. Thus, with the number of applicants usually being bigger than the available places, a point system is used by the municipal authorities in order to select the parents (and their infants or/and children) who are going to have access to crèches or/and nurseries for free.

With regard to the selection of the benefiting parents (and their infants or/and children), family, working and economic criteria are taken into account, which are determined following consultation between the Ministry of Labour, Social Insurance and Social Solidarity and the Central Union of Municipalities of Greece. The relevant act is implemented by the Hellenic Agency for Local Development and Local Government (EETAA). Apparently, infants and children who are being prioritized to be selected for free access to crèches and nurseries are working parents' children (depending on their income), children coming from economically weak families, double or single orphans, children of single mothers, divorced or separated parents, children with physical or mental disabilities, children of multi-member families etc. The selection criteria of freely hosted infants and children as well as their priority points may be specified by the Municipal Council of the relevant crèche and nursery, following its reasoned opinion.

As far as it concerns families of infants or/and children who are not selected to attend a municipal crèche or nursery for free and have to resort to a private crèche or nursery (because of the lack of available places in the public ones), they are offered a subsidy (again under specific criteria) so that they can afford the relevant fees. This subsidy is funded through the “Partnership Agreement for Development Framework 2014-2020” and, more precisely, by the Sectoral Operational Program “Human Resources Development, Education and Life Long Learning” and the Act “Harmonization of Family and Professional Life”. The beneficiary of the program is the Ministry of Interior Affairs and the call addresses crèches and nurseries, as well as centres for the creative occupation of children with disabilities. The program provides education and care places to infants and children in corresponding units. The aim of the act is, by providing education and care services for infants and children, to facilitate access to employment for the benefiting mothers and to have their family and professional lives harmonized.

Last, beyond the subsidy for the registration fees to a (public or private) crèche or nursery, other support measures provided to families and especially mothers are: a) maternity leave for eight weeks before and nine weeks after childbirth fully paid by employers (nine-month periods of maternity or/and paternity leave are stipulated in the public sector), b) special maternity leave for six months paid the basic salary by the Manpower Employment Organization (OAED), c) unpaid maternity or/and paternity leaves, d) specific work regulations for young mothers such as the right to leave work one or two hours earlier, and e) family allowances for each child and an additional allowance after the third child, inversely proportional to income. Family allowances belong to the responsibilities of the central government and, in recent years, they have been an issue of intense negotiations in the context of the Economic Adjustment Programmes (EAPs) for Greece.

## 8.2 Main changes and innovations introduced in the last ten years

Reforms that took place during the last ten years concerning the Early Childhood Education and Care have already been mentioned in detail and they are summed up here with a greater emphasis on the internal operation of early childhood units, their curricula and the activities and services that they provide.

A) Since the school year 2018-2019, compulsory attendance at kindergarten has been extended into a two-year period, starting at the age of 4 (and lasting until the age of 6, when primary school begins), while before it used to be only a one-year period, starting at the age of 5.

B) Since the school year 2016-2017, the two different types of kindergartens (the “regular” kindergartens offering a compulsory programme and the “all-day” kindergartens offering the optional extended programme) attended by different groups of children, have been merged into one “Single All-Day Kindergarten” attended by one single group of children (those who attend the compulsory programme along with those who attend also the optional extended one).

This important reform introduced a new revised and enriched teaching programme on an expanded daily timetable. The aim is to waive the variety of schools and to provide common subject modules in all kindergartens of the country. Hence, all children have equal opportunities in education. Especially the optional extended programme aims at the full preparation of children to enter primary school. It also meets the needs of the working parents and reduces the family’s financial burden. Parents do not need to search for extra educational services beyond the school environment. Overall, it strengthens the role of the state’s concern with the aim to reduce educational and social discrimination.

To reinforce the “Single All-Day Kindergarten”, a new package of educational and support material has been developed with multiple recipients (parents, pedagogical staff and children). It includes both printed and electronic material. Seminars have been organized for education executives on this new educational material and new curriculum. The entire kindergarten (pre-primary school) work programme promotes autonomy of children in order to learn how to co-exist and co-operate, capitalizing on their knowledge and skills associated with different cognitive fields. Teachers create the appropriate conditions for ensuring learning incentives and prerequisites for all children in an attractive, safe, friendly and stimuli-rich environment. In other words, the teachers provide help, co-operate, intervene and facilitate the entire learning process. The main means in order to meet these objectives (set by the “National Curricula for pre-school education”) are: images, data reconstructions, exploration, educational games, practice exercises, case studies, open activities and research activities. Within the context of school activities, teachers also undertake actions pertaining

to environmental education, health education, culture and arts. The above emphasize the empirical, interdisciplinary and team approach to knowledge, so as to help pupils develop their social skills and critical thinking, while encouraging schools to open up to society. The relevant educational material is available free of charge.

C) One last major reform, introduced by the Law 4547/2018, concerns support provided to kindergartens, which moved towards a more dynamic and interactive relationship (between kindergartens and support structures). Until the school year 2017-2018, the scientific and pedagogical support and guidance to kindergartens' staff were provided by "School Advisors". The new Law 4547/2018 replaced the institution of "School Advisors" with that of "Coordinators of Educational Work" and established new support structures for educational work, that is, the Educational and Counselling Support Centres (KESY), the Environmental Education Centres (KPE), the Regional Centres for Educational Planning (PEKES), the School Networks of Educational Support (SDEY) and the Committees of Interdisciplinary Educational Evaluation and Support (EDEAY). Educational goals, pedagogical practices, types of assessment and formative assessment are shaped by kindergartens with the cooperation of the above-mentioned support structures. Additionally, kindergartens adjust their needs according to their annual planning of educational work and ask for help. The relevant support structures respond efficiently and, at the same time, promote reforms within their regional structure of planning and within support from the directorates of education. The curriculum of kindergartens and the relevant educational support material are designed under the supervision of the Institute of Educational Policy (IEP) and are approved by the Ministry of Education and Religious Affairs. The pedagogical staff employed in kindergartens is also supported in its work by the guidelines in the pre-primary school "National Curriculum" (see Ministerial Decision 21072b/C2/28-2-2003), as well as by the "Teacher's guide - Educational Plans - Creative Learning Environments (2005)". The latter offer to pedagogical staff a basis for theoretical and methodological support and a bank of ideas with direct examples of learning activities.

## **8.3 Local Policies**

The very common activities and services provided by crèches, nurseries and kindergartens in all Municipalities in Greece, as well as the very common problems being faced by public (central and local) authorities have been already mentioned. Below, the emphasis is given on any more innovative activity and service provided by crèches, nurseries or/and kindergartens at the local level, as well as at any more precise problem being faced by local public authorities, as stressed by relevant literature and (policy) documents but also as stressed by certain interviewed public actors.

### **8.3.1 Urban case**

Concerning activities and services provided for Early Childhood Education and Care, it is already mentioned that there are 71 crèches and nurseries operating in the Municipality of Athens, capable of hosting about 4,700 infants and children. Furthermore, the Municipality of Athens hosts 80 open-air playgrounds dispersed in all 7 Municipal Communities for outdoor entertainment of infants and children, several cultural and multifunctional centres for creative activities and educational programs, as well as a large network of sports facilities for physical exercise. Recently, the Municipality of Athens constructed the first open-air playground designed especially for infants and children with physical disabilities, thus adding a significant activity to those offered at the municipal children's summer camps that are open to children with disabilities every weekend and to other everyday support services provided by the "Office for the Disabled". Last, the Municipality of Athens provides financial and social support to children in need, through various municipal or private support centres

that offer free meals and basic goods, shelter, educational and creative activities, socio-psychological consulting etc.

To mention a more innovative service provided by the Municipality of Athens in the field of (Early) Childhood Education and Care, since 2015, a new program named “Athens Open Schools” has grown popular within the local community. Through this program, school premises are open to the local society, turning into meeting places and centres of action. Neighbours are invited to take part in recreational, cultural, educational, and sports activities suitable for people of all ages, including infants and children. During the week, schools remain open with security from the final ring of the school bell until 9:30 pm and during the weekends, from 10:00 am to 08:00 pm.

“When designing the Open Schools program, we had two main things in mind: the need to convert school buildings into creative meeting points for the citizens of the local communities, as well as the importance of providing a space where one can acquire knowledge, pursue creativity and where innovation and dialogue bloom. A year later, we are truly proud to see that the school environment contributes to a more interesting daily life for the citizens of Athens”.  
(former Mayor of Athens, source: [www.athensopenschools.gr](http://www.athensopenschools.gr))

The activities available at “Athens Open Schools” are proposed by individuals or legal entities (freelancers, organizations, institutions, museums etc.) and are then selected through a specific evaluation process. The list of activities is regularly updated and enriched to meet the interests and needs of each local community. The program is taking place in 14 different schools, in various neighbourhoods of Athens.

The “Athens Open Schools” program was initiated by the Municipality of Athens and run thanks to the founding donation of the Stavros Niarchos Foundation, the donation of John S. Latsis Public Benefit Foundation and the coordination of “Athens Partnership”. The “Athens Partnership” is a non-profit organization that leverages government resources and secures cross-sector support for public priorities in Athens. The launch of “Athens Partnership” was championed by the (former) Mayor of Athens back in 2015, with a founding grant from the Stavros Niarchos Foundation. The organization was designed to develop projects with local government and a network of partners to effectively target needs, identify gaps and maximize resources. By leveraging both public and private resources, “Athens Partnership” works to pilot programs and support successful efforts. Once funding is secured, “Athens Partnership” works with municipal agencies as well as community partners.

It is noteworthy that after the election of the current Mayor of Athens (originating from the right-wing political party) back in May 2019, the unique innovative program “Athens Open Schools” was suspended.

It is also important to highlight three major issues concerning Early Childhood Education and Care (in Athens but also in the rest Municipalities of Greece), three major problems, solutions and suggestions, as stressed by the former Deputy Mayor for Children and former President of the “Municipal Nursery” of Athens.

The first major issue, which was recently dealt with in the case of Athens, concerns the number of crèches or/and nurseries and the number of infants or/and children co-located within one and only (small and inappropriate) building, as well as the cost to the public authorities, which had to be streamlined.



“Public crèches and nurseries used to be dispersed in many small rented buildings, which – often – were already or were becoming inappropriate. So, normally, they should be closed down. But, since nobody would take the (political) responsibility and decision to close down a crèche or a nursery, in fact they were not closed down but transferred. As a result, the “3rd Municipal nursery”, for instance, was transferred and co-located with the “5th Municipal nursery”, then also the 2nd and the 21st and so on. [...] In this way, we ended up having, within one and only small building, 5 co-located crèches or/and nurseries, with 5 different Supervisors for (only) 40 infants or/and children. [...] At this point, there was an imperative need for rationalization and streamlining. We couldn't keep having so many crèches or/and nurseries for a number of infants or/and children that was under the minimum. [...] We had, for example, nurseries operating with less than 12 children. Meanwhile, there is always a certain number of children who stay at home because they are ill. So, most of the time, certain nurseries would operate with 7-8 children and, at the same time, with 5 staff members: two teachers [...] one cleaning lady, one school guard and one Supervisor. This made public crèches and nurseries of Athens extremely expensive. When I took over, back in 2011, each infant or child used to cost to the Municipality 12,000 euros per year”. (Public Authority Actor C8, urban case)

The second major issue, which –again– was recently dealt with in the case of Athens, concerns the criteria for the selections of infants and children who are going to occupy available places in public crèches and nurseries, and occupy them for free. It is already mentioned that the number of available places in public crèches and nurseries is not sufficient so that all infants and children are hosted, while the municipal authorities may apply fees for the provided activities and services. The criteria for the selection of the benefited parents and their infants or/and children had to be precise and, more importantly, just and meritocratic.

“The other big problem that existed back then and doesn't exist anymore, and I'm quite proud of this, was the way in which infants and children were selected to occupy a place in public crèches and nurseries. [...] There used to be one Committee for each Municipal Community, consisting of the President of the Foundation, the President of the Municipal Community, the delegated Councilor, the Councilor of the Administrative Board of the “Municipal Nursery” and the Head of the crèche or nursery. So, these people had the applications and had to decide which infants and children were going to be selected. [...] The selection was often, and to a certain extent, not just and meritocratic. [...] Today, parents fill in the application, which can be made electronically at home while there is also the possibility that someone arrives and gets help at the competent Office [...] all Committees, Groups, Sub-Groups etc. have been abolished [...] the selection is being made according to certain criteria and through a points system [...] if there is any objection to the criteria, to the points system, there is an objection procedure [...] and, of course, no one can intervene”. (Public Authority Actor C8, urban case)

The third and last major issue, which is not at all yet dealt with in the case of Athens (or any other Municipality in Greece), concerns the possibility for more extended and flexible (in hours) Early Childhood Education and Care. This would facilitate family life for households where parents work during times that public (and private) crèches and nurseries are closed, that is, after 16:00 pm (at latest).

“There is no flexibility [...] there is no alternative for parents who work during afternoon or night time. These parents, if they do not have someone to leave their child with, they cannot work. I am talking about doctors, nurses, staff like that. Obviously, not every crèche and nursery can operate 24 hours a day and it shouldn't. But, in every city, through a good record of the needs of the population, solutions can be given. [...] in certain European countries and in

America, in Canada anyway, they have the so-called “nannies”. They call them “nouristes” in France. [...] They are women who may not have a child or, let’s say, they are unemployed, they have a relevant degree etc. and they own a place that is nice [...] and can host and take care of 3-4 children [...] All relevant scientific studies have shown that children who spend their first years in a more family-friendly environment have a better development than children who spend their first years in an institutionalized environment, whatever it is”. (Public Authority Actor C8, urban case)

### 8.3.2 *Sub-urban case*

In the case of the Municipality of Pallini, as already mentioned above, there are 7 crèches and nurseries, dispersed quite evenly in geographical terms but not always (not every school year) sufficient to host all infants and children. One distinct “Organization for Early Childhood and Care and for Welafre” is entrusted with the responsibility for the operation of public crèches and nurseries, along with the responsibility to provide educational programs and creative activities for children of all ages, for children with physical or/and mental disabilities and their parents. At the same time, another distinct “Public-Benefit Non-Profit Corporation for Sports, Culture and the Environment” supervises the operation of the municipal open-air playgrounds, 3 cultural centres and 5 sports complexes, providing entertainment, cultural and physical activities for children of all ages. Last, the local “Centre for Creative Work for the Disabled” deals with the need of children and young people with disabilities for socialization and social integration.

Contrary to the case of the Municipality of Athens (and the program “Athens Open School” described above), in the case of the Municipality of Pallini, there is no innovative initiatives designed and implemented by the competent institutions. They struggle to face the very fundamental problems, first and foremost the maintenance of facilities and the availability of pedagogical staff, but also the possibility of all infants and children to have access to crèches and nurseries. Infants and (pre-school) children are systematically recorded, the capacity of public crèches and nurseries as well, so that public authorities apply for and gain the necessary structural funds to subsidize families forced to seek private childcare. As already stressed, concerning the access to public crèches and nurseries, priority is given to infants and children of households most in need, such as poor households, single-parent households, households where both parents work and households with disabled parents. The rest, according to social criteria, are subsidized by structural funds to access private crèches and nurseries (where subsidized households raise up to 70%).

“Crèches and nurseries present many particularities and problems. Children's food, the heating and the restoration of the buildings, pedagogical staff... There is a serious problem with the available staff, which –due to the austerity measures– is not sufficient. Similarly to the entire public sector. But, we take care anyway. I think our crèches and nurseries are in a very good condition, which is why many parents from different municipalities (who got the subsidy), prefer to send their children here. [...] Since the available places in crèches and nurseries are not sufficient, as there has been an increase in local population during the recent years, we give priority to infants and children whose both parents work. [...] Other criteria are: parents’ income, single-parent families, single mothers, orphans...”. (Public Authority Actor P2, suburban case)

To face the serious lack of pedagogical staff, especially in the case of Early Childhood Education and Care, voluntary “civic engagement” and “participation” is not really an option. This is because, for the operation of crèches and nurseries, there is need for highly-specialized, authorized and trusted

professionals. Thus, civil society (NGOs, citizens' groups, volunteer networks etc.) have not much to offer in the specific and “sensible” field of Early Childhood Education and Care.

“It is not forbidden that someone comes to work voluntarily. [...] But, volunteerism usually takes place in other fields. It is valuable for the operation of the municipal Social Grocery Store or the Social Drugstore. In the municipal health clinics as well, there are volunteer doctors. But, the case of crèches and nurseries is a particular case. It is not easy for a volunteer to get access to a crèche or a nursery. Because we are talking about taking care of infants and children here. [...] However, there are interns working in our crèches and nurseries. They are graduates of relevant schools and they are practicing for a certain period of time”. (Public Authority Actor P2, suburban case)

### **8.3.3 Rural case**

Compared to the Municipality of Athens and the Municipality of Pallini, the Municipality of Marathon faces the most serious problems concerning Early Childhood Education and Care, in fact the most serious lack of relevant services and activities. As already mentioned, there are 2 crèches and 4 nurseries operating in the Municipality of Marathon, apparently for a much smaller number of permanent residents than in Athens or in Pallini but, still, not sufficient for all infants and children. On top of that, during the current school year (2019-2020), the Municipality of Marathon is one of the 13 Municipalities in Greece that have been excluded from the implementation of the new Law, according to which the compulsory (and free of charge) attendance at kindergarten becomes a two-year period, starting at the age of 4 (and lasts until the age of 6, when primary school begins), while before it used to be only a one-year period, starting at the age of 5.

Apart from the Legal Person governed by public law named “Tetrapolis”, which is entrusted with the responsibility for the operation of the existing public crèches and nurseries, there is no other distinct institution for childcare. There is only a special foundation named “Pammakaristos”, a non-profit, charitable foundation providing disabled children and young people with “special education” and welfare services. It is noteworthy that, for many years, the “Pamakaristos” foundation, in cooperation with the local municipal authorities, used to run and manage a nursery school. But, for strictly fiscal reasons, this nursery had to close down. This created a serious disappointment within the local community and even some frictions with the municipal authorities.

The serious lack of childcare (educational, cultural and sports) facilities, services and activities in the Municipality of Marathon was very emphatically stressed by most of the interviewed permanent residents and professionals in the area.

I think that, since I was a child, there are always the same problems here. Problems of not adequate schooling and clear lack of cultural amenities in the area. Although so many new residents installed here, nothing has really changed since my childhood. (Business Actor M14, rural case)

The city of Marathon does not even have a police station now. It does not have a municipal doctor and many municipal facilities are closing down. There are not any free sports facilities for our children; everything is private and, thus, you have to pay for everything. (Business Actor M5, rural case)

### 8.3.4 Similarities and differences among the three case studies

To sum up, as far as it concerns the Early Childhood Education and Care, it is now understood that all three studied Municipalities (and most of the Municipalities countrywide) are faced with very fundamental and –more or less– common problems. Municipal authorities struggle to deal with the maintenance of facilities and the construction of new ones, the insufficiency in pedagogical staff, the need for even more extended operating hours and, most importantly, the possibility of all infants and children to have access to crèches and nurseries either for free or through subsidized fees. Priority is given to infants and children of households most in need (such as poor households, single-parent households, households where both parents work and households with disabled parents) and the rest, again according to social criteria, are subsidized by structural funds that the municipal authorities have to apply for and manage to gain.

The Municipality of Athens (urban study area) and the Municipality of Pallini (suburban study area) offer a variety of services and activities to infants and children beyond those offered by public crèches and nurseries. These services and activities include open-air playgrounds for outdoor entertainment, summer camps, cultural and multifunctional centres for creative activities and educational programs, sports facilities for physical exercise, as well as welfare services and psychosociological support to children and their parents with serious financial difficulties, disabilities etc. Such services and activities are never absolutely sufficient or at the best level of quality but, in the case of Athens and Pallini, they are quite widely provided. On the contrary, in the case of the Municipality of Marathon (rural study area), there is a serious lack of such services and activities, as commonly admitted by most of the interviewed residents and professionals of the area. On top of that, as already mentioned, during the current school year (2019-2020), the Municipality of Marathon is one of the 13 Municipalities in Greece that have been excluded from the implementation of the new Law, according to which the compulsory (and free of charge) attendance at kindergarten becomes a two-year period, starting at the age of 4 (while before it used to be only a one-year period, starting at the age of 5). Thus, services and activities provided for children are further decreased.

None of the studied Municipalities has any particular or/and innovative initiative to present, with the exception of certain –successful– efforts on behalf of the Municipality of Athens urban study area). So, recently, as already mentioned, the Municipality of Athens constructed the first open-air playground designed especially for infants and children with physical disabilities, thus adding a significant activity to those offered at the municipal children’s summer camps (that are open to children with disabilities every weekend) and to other everyday support services provided by the “Office for the Disabled”. Moreover, back in 2015, the Municipality of Athens launched an innovative program named “Athens Open Schools”. Through this program, school premises are open to the local society, turning into meeting places and centres of action. Neighbours are invited to take part in recreational, cultural, educational, and sports activities suitable for people of all ages, including infants and children. During the week, schools remain open with security from the final ring of the school bell until 9:30 pm and during the weekends, from 10:00 am to 08:00 pm. Although it grew popular within the local community, after the election of the current Mayor of Athens (originating from the right-wing political party) back in May 2019, the unique innovative program “Athens Open Schools” was suspended.

To close with one equally serious, again fundamental and common problem, it is stressed here that there is lack of even the more basic data concerning the extent to which Early Childhood Education and Care is covered in Greece. In fact, it is not known how many crèches and nurseries are operating countrywide and how many infants and children are being hosted, while information on funding is

not widely published and accessible. It is already explained that the Hellenic Statistical Authority (ELSTAT) begun to register the existing crèches and nurseries only in 2014 and there are no published data yet on their exact number or other characteristics. Given that crèches and nurseries in Greece are “decentralized” (falling under the competence of Municipalities), there is also no other institution that could provide the overall picture. At best, certain Municipalities may have registered the number of crèches and nurseries falling under their competence, without necessarily having published the relevant data.

The following Table gathers the few and fragmentary relevant data presented in this report:

**Table 3.** Main data about Early Childhood Education and Care (ECEC), Greece

	<b>Athens</b>	<b>Pallini</b>	<b>Marathon</b>	<b>Greece</b>
number of public crèches and nurseries	71	7	6 (2 crèches, 4 nurseries)	-
number of public and private crèches and nurseries that take part in Programs funded by the European Union	-	-	-	1,139 (year 2015)
number of public and private crèches and nurseries	-	-	-	about 1,370 (empirical estimate)
number of public and private kindergartens	-	-	-	5,687 (year 2014-2015)
number of public kindergartens	-	-	-	5,084
number of infants and children hosted in public crèches and nurseries	4,700 1,309 infants 3,391 children	-	-	about 120,000 (empirical estimate) <sup>10</sup>
funding for building infrastructure of kindergartens	-	-	-	4,085,000 euros at the disposal of 26 different municipal authorities (2019, Public Investments Program, Ministry of Education, Research and Religious Affairs)
funding for the reconstruction of school buildings and schoolyards	-	-	-	2,084,000 euros (2019, Public Investments Program, Ministry of Interior Affairs)

<sup>10</sup> According to the last national Census, infants and children aged between 1 and 4 years are more than the double and raise up to almost 300,000. Thus, far more than half of all the eligible infants and children (almost 180,000) stay out of crèches and nurseries.

## 9. Part 3 - Priorities and Social Investment Strategy

In this section, instead of repeating the fundamental and –more or less– common problems faced by all three studied Municipalities (and most of the Municipalities countrywide), we proceed to an overall diagnosis of problems observed around the Early Childhood Education and Care in Greece, as well as to certain relevant priorities that have to be set in the whole country.<sup>11</sup>

### 9.1 Diagnosis

There are only few issues which competing political forces and ideologies may come to terms with. During the last few years, in many countries, Early Childhood Education and Care, that is, education of infants and children under the age of 6, seems to be one such issues. Until recently, the development of children during the first years of their lives was considered to fall under the responsibility of their parents, while most of the already existing structures used to take care of just their guarding. However, this has changed dramatically. Scientific research has shown that the early years of life are extremely important for children's development and that their enrolment in educational structures has multiple and spectacular benefits for their development, as well as positive effects on family policy, the fight against inequalities, social cohesion and economic development.

In the case of Greece, reforms in education concern primarily reforms in secondary or higher education. Of course, all levels of education face serious problems. But, investing in pre-school education is not just a necessary but, according to many experts, the best investment that a state can make in general.

Nevertheless, the percentage of infants and children who have access to pre-school education in Greece is lower than in other European countries, pre-school education institutions (crèches, nurseries and kindergartens) operate independently (from the rest education levels), uncoordinatedly and very differently comparing the one to the other, they do not follow a central curriculum with guidelines for teachers, while there is no effective evaluation procedures for neither for teachers nor for structures. Thus, pre-school education constitutes a missed opportunity for the Greek educational system, which ignores a number of tried and tested international practices and ultimately fails to invest in one of the most obvious and necessary political options available.

In Greece, pre-school education is taking place in kindergartens, where attendance is compulsory (and free of charge) for all children aged 4 to 6 years. In Greece, pre-school education is not conceived and organized as a single level of the educational process, which would start even from the age of 2 or 3 (thus including also the crèches and nurseries) and would reach the age of 6 when children go to primary school.

Although pre-school and early childhood education institutions (i.e. kindergartens along with crèches and nurseries) cover similar needs of children, their parents and the state, they operate (in the case of Greece) as distinct parallel worlds. They do not come in contact with each other, they are not supervised by a common body. Crèches and nurseries, even today, are outside the Greek educational system, falling under the responsibility and supervision of the municipal authorities and the Ministry

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<sup>11</sup> The overall diagnosis and the suggested priorities concerning Early Childhood Education and Care in Greece are drawn by the thorough study and report: Nikolaidis I. (2017) *Why Greece has to invest in Early Childhood Education and care?*, Athens: DiaNEOsis (Research and Policy Institute) (in Greek).

of the Interior. Their organizational structure, their philosophy, their way of governing, and even the training of their staff are completely different from those in the case of kindergartens.

It is commonly admitted that the holistic approach of the pre-school education, from 0 to 6 years, has better educational, social and economic benefits compared to ‘divided’ systems such as the Greek one. However, the Greek system remains divided. (President of the Greek Association of Teachers in Crèches and Nurseries, source: Nikolaidis, 2017)

Why is this division still happening in the case of Greece? The causes relate to commonly known weaknesses of the Greek public administration: to the weak adaptation to international trends and to conflicts between narrow interests to the detriment of the common good. The fact that crèches and nurseries are not considered part of the educational system also reflects the approach of the regulatory framework that defines their operation.

The orientation of crèches and nurseries is unclear and it would be difficult to talk about a structures approach or/and philosophy. [...] In fact, they are places for children to be kept and socialized, but also for working parents to be alleviated. (former Head of the Training Department of the Pedagogical Institute, source: Nikolaidis, 2017).

However, perhaps precisely because crèches and nurseries are outside the educational system, they are the only educational institutions benefited from the applied voucher system. Every year since 2009, using structural funds, the parents of about 80,000 children (more than half of those who are hosted in crèches and nurseries) receive a subsidy. Beneficiary parents can redeem their voucher instead of paying for fees at any contracted crèche or nursery they choose, public or private. Unfortunately, as already stressed, there are no data available concerning this voucher system in order to study the characteristics of the preferred crèches and nurseries.

Even when the Greek institutional framework is in line with good international practices, its implementation is not ideal. The enactment of the compulsory attendance at kindergartens and the increase in the number of kindergartens units that this caused came a few years before the big cuts of public expenditure in education. The overconcentration of children in densely populated areas and the poor material and technical infrastructure of local kindergartens, due to lack of financial resources, are documented in a number of relevant studies and publications. Moreover, as public kindergartens decrease (by 1.8% in the period 2010-2013), the private ones increase (by 24.6% in the same period).

In Greece, the network of kindergartens has been expanded for reasons that were correct. [...] However, the infrastructure is not sufficient. Even the already existing infrastructure is being challenged by the economic crisis. (former Head of the Training Department of the Pedagogical Institute, source: Nikolaidis, 2017)

In addition to the insufficiency of the kindergartens’ infrastructure, the freezing of teachers’ recruitment due to the economic crisis has significantly added to the current problematic conditions. According to data provided by the Hellenic Statistical Authority (ELSTAT), in 2013, 10.9% of employed teachers were not permanent but contracted staff. They were paid by structural funds and the Public Investments Program, occupying posts of lower income and high insecurity compared to their permanent colleagues.

Crèches and nurseries on the one hand and kindergartens on the other constitute educational institutions that serve similar purposes. In addition, until very recently, before attendance at kindergarten became compulsory, the ages of children enrolled in early childhood and pre-primary

education were often the same. But, why has no one managed to unify these educational institutions? On the one hand, almost nobody really tried. The only known attempt to unify crèches and nurseries with kindergartens was made back in 1985, through the enactment of the Law 1566. The law provided for the creation of “childcare centres” where crèches, nurseries and kindergartens would be co-located. The operation of “childcare centres” would fall under the responsibility of the Ministry of Education by the school year 1987-1988. The division between institutions was maintained (see distinct governance system) while the co-location was slightly implemented.

The representatives of the pedagogical staff, especially the representatives of kindergarten teachers, were strongly opposed to such a possible development. Although this was not foreseen immediately, they considered it possible that in the future their salary and their administrative status would be equalized with those of the staff in crèches and nurseries that, until then, was not considered as “pedagogical staff” but as employees of the Ministry of Health. It is assumed that reactions have undermined the then-political leadership's determination. In this way, ever since, one possible reform remained inactive.

## 9.2 Priorities

Early childhood (crèches and nurseries) and pre-school (kindergartens) education is now clearly emerging as a leading subject in educational, social, and developmental policy. In Greece, the landscape remains blurred and the development of early childhood and pre-school education remains an untapped opportunity. There is great need to upgrade the Greek early childhood and pre-school education system, and its organic integration into the country's educational system. Taking into account the arguments made by relevant experts and certain “good practices” implemented in other countries, one can conclude that there are some obvious steps that need to be taken:

- Unify early childhood and pre-school educational structures in one single organizational body, which will be responsible for the operation and evaluation of crèches, nurseries and kindergartens at the same time, as is the case in many countries worldwide.
- Crèches, nurseries and kindergartens should acquire an official educational character and one single curriculum should be drafted with specific educational directions for all ages of early childhood and pre-school education.
- Consider reducing the age threshold for compulsory education to 3 years. In any case, as many children as possible should be hosted by education and care structures and a welfare policy should be designed to ensure that all children in the country –and especially those from the poorest families– have access to pre-school treatment of high quality.

The very important field of Early Childhood Education and Care in Greece suffers in many ways. There are numerous reforms that could be made at all levels of education so that pupils, who are tomorrow's workforce, do not continue to lag behind. It seems that the choice is relatively easy and, in any case, obvious: investing in pre-school education is one of the most effective investment that a state could proceed to and, in this sense, it should be an immediate priority.

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## Appendix – List of interviewees

Interview code	Policy field	Role of the interviewee	Locality
<b>Public Authority Actor P1</b>	VET	Head of the Department of Education, Lifelong Learning, Culture and Sports of the Municipality of Pallini	SUBURBAN
<b>Public Authority Actor P2</b>	ECEC	Head of the administrative board of the “Organization for Early Childhood and Care and for Welafre” and City Councilor	SUBURBAN
<b>Public Authority Actor P4</b>	ALMP	Head of the “Employment Promotion Center” (KPA2) of the “Manpower Employment Organization” (OAED) in the Municipality of Pallini	SUBURBAN

<b>Public Authority Actor P7</b>	VET	Head of Social Policy Department of Municipality of Pallini	SUBURBAN
<b>Public Authority Actor M8</b>	VET	Social worker at the Municipality of Marathonas	RURAL
<b>Public Authority Actor C8</b>	ECEC	former Deputy Mayor for Children and former President of the “Municipal Nursery” of Athens	URBAN
<b>Business Actor M5</b>	VET+ECEC	Head of the the Department of Social Services of the Municipality of Marathonas	RURAL
<b>Business Actor M11</b>	VET	Owner of private school in the Municipality of Marathonas	RURAL
<b>Business Actor M14</b>	ECEC	Owner of a local business selling honey and natural cosmetics at the Municipality of Marathonas	RURAL
<b>Community Actor A3</b>	ALMP	Design Lead and Member of the Social Cooperative Enterprise (KOINSEP) “Action Plus” + Head of the “Association of the Social and Solidarity- based Economy Enterprises (KALO) of the region of Attica”	URBAN

<b>Community Actor A8</b>	ALMP	Community and Programming Lead of the "Impact Hub Athens" (a "community of entrepreneurship and innovation for the development of sustainable entrepreneurial solutions with social impact")	URBAN
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**Project no.:** 727058

**Project full title:** **Inequality, urbanization and Territorial Cohesion: Developing the European Social Model of economic growth and democratic capacity**

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#### **Abstract:**

The report describes three policy fields:

- **Active Labour Market Policies** implemented in Poland basing on the data collected within the COHSMO project in three case study localities: Gdańsk (the city of county status), Pruszcz Gdański (a suburban locality composed of two administrative units of municipal level) and Debrzno (a peripheral, rural locality). All 3 case studies are located within the Pomerania region. As the ALMP is not a municipal task in Poland (except the cities of the county status), the study refers to the local implementation of the ALMP national framework as well as some indirect tools and instruments oriented on local labour market.

- The governance system of **VET** in Poland, with a special focus on the changes brought by the most recent (and on-going) education system reform. It also provides a more detailed description of VET in three localities in Poland that were studied in the COHSMO project. During the fieldwork, we attempted to find out to what extent the SI paradigm is present in the policies implemented locally. We compare the organization and performance of VET in three localities and their role in the growth policies. The report is based on the official statistics, sectoral reports, budgets of local government units, and the analysis of the formal regulations and strategic documents addressing VET policy, as well as in-depth interviews with local authorities, bureaucrats and activists.
- **ECEC** services in Poland in terms of legal arrangements, multilevel governance and financial flows between European, national and subnational tiers. In more detail the paper analyses provision of child care services for children aged 0-3 y.o. in three case localities: metropolitan (Gdańsk), suburban (Pruszcz Gdański) and rural (Debrzno). National discourse and implementation strategies are confronted with the assumptions of Social Investment paradigm.

**Keyword list:**

ALMP, VET, ECEC, Social Investment Strategy.

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## Abbreviations

ALMP – Active Labour Market Policies

BPO – Business Process Outsourcing

ECEC – Early Childhood Education and Care

ERDF – European Regional Development Fund

ESF – European Social Fund

EU – European Union

ICT – Information and communications technology

LG(s) – local government(s)

ISCED – International Standard Classification of Education

NEETs - not in employment, education or training

OECD – Organization for Economic Cooperation and Development

OHP – Ochotniczy Hufiec Pracy

OP – Operational Programme

PGR – Państwowe Gospodarstwo Rolne (eng. State Collective Farm)

PiS – Prawo i Sprawiedliwość (Law and Justice)

PUP – Powiatowy Urząd Pracy (eng. County Labour Office)

RDS – Rada Dialogu Społecznego (eng. Social Dialogue Council)

SI – Social Investment

VET – Vocational Education and training

WBL – Work-based learning

WUP - Wojewódzki Urząd Pracy (eng. Regional Labour Office)

y.o. – years old

ZUS – Zakład Ubezpieczeń Społecznych (eng. Social Insurance Company)

## Introduction

The report summarizes governance systems of ALMP, VET and ECEC in Poland and describes local implementations of the respective policy fields in three selected case localities. The three policies are essential in Social Investment approach which as a counterbalance for neoliberal discourse aims to envision welfare state expenditure as a productive factor, which through its policies reduces future dangers and mitigates effects of temporal shocks such as economy crises or life stage transitions. In short Social Investment strategies help to build *stocks*, facilitate *flows* and provide *buffers* when needed. Economic safety is built on enhancing human capital (early education, vocational training, long-life learning), policies enabling to re-enter labour market (ALMP, child care services) and finally benefits and allowances to secure income protection and economic stabilization.

The report is comprised of three chapters dedicated to the selected policy fields. Each chapter consists of (i) a description of national legislation defining and impacting the delivery of services and multilevel institutional settings, (ii) an empirical part presenting policy implementation in three case localities located in the Pomerania region and already investigated in WP4:

- **Gdańsk (urban case)**, with population exceeding 400,000 which is a central city of the metropolitan area and the sixth largest city in Poland;
- **Pruszcz Gdański (suburban case)** a suburban town, directly neighbouring Gdańsk.
- **Debrzno (rural case)** - a peripherally located municipality (over 100 km from the central agglomeration of the region, on the edge of the region). It is a municipality consisting of a town Debrzno and more than a dozen small villages around the town.

The empirical evidence consists of 22 semi-structured individual interviews carried out for WP4 deliverables, as well as some additional interviews conducted specifically to explore the themes of WP5. In addition a comprehensive desk research provided statistical data depicting the coverage and quality of the investigated services and its dynamics in time.

The reception and implementation of SIS varies from country to country (Cantillon & Van Lancker, 2015; Kazepov & Ranci, 2017). This report presents the Polish experiences. When reading the report it is important to bear in mind the specific economic and administrative context of our analyses:

First, ECEC is the only investigated policy which is under municipal jurisdiction. ALMP and VET are supervised by upper-tier authorities (county level), therefore our case localities (which are municipalities) are recipients rather than creators of these policies. Gdańsk as a city with county status is an exception which can be easily seen in the scope of its strategic documents and undertaken interventions.

Second, the consequences of the 2008 crisis for Polish economy were rather mild, especially as compared to other European countries. Austerity measures and dilemmas they entail – very important from the perspective of the western countries were hardly present. Also the situation on the labour market remained favourable with ever decreasing unemployment rate which transformed the role of Employment Offices.

Third, the last 5 years have brought a change on the political scene. The new government formed by Law and Justice introduced *inter alia* reforms of educational system, retirement system and a social transfer programme (so called *Family 500+*) which impacted the investigated policy fields.

# Active Labour Market Policies (ALMP)

## Executive Summary

The main goal of active labour market policies (ALMPs) is to increase the employment opportunities for job seekers and to improve matching between jobs (vacancies) and workers (i.e. the unemployed). (European Semester 2017).

First of all, we should keep in mind, that in the Polish context the labour market policies are not a municipal task. It is a responsibility of the county level. But still, “given the fact that obligatory expenses account for a very large proportion of all Labour Fund spending (some 90%), the county self-governing bodies are left with very few possibilities as regards deciding how the money passed on to them is used” (Eurofound, 2017). Thus, in this report the ALMP are understood in a broader sense, not only as a formally delegated task, but also as the scope of diverse actions feasible at the local level and by the local administration.

The report illustrates the scope and scale of public labour policies, especially Active Labour Market Policies implemented in Poland basing on the data collected within the COHSMO project in three case study localities: Gdańsk (the city of county status), Pruszcz Gdański (a suburban locality composed of two administrative units of municipal level) and Debrzno (a peripheral, rural locality). All 3 case studies are located within the Pomerania region.

As the ALMP is not a municipal task in Poland (except the cities of the county status), the study refers to the local implementation of the ALMP national framework as well as some indirect tools and instruments oriented on local labour market. The study has revealed a relatively modest scope of local labour market policies. We observed a mixture of neoliberal and bureaucratic etatist approach. First, the strategic planning within ALMP is rather weak, in some cases inexistent. Second, neither the residents nor local companies seem to expect broadly designed labour policies from the local authorities. The favourable economic situation and fast growth even within relatively poor and peripheral regions allows to decrease the scope of both, passive and active labour policy measures.

Part I of this report refers to the subnational (municipal, county and regional) institutional constellation keeping in mind this marginal scope of LGs’ competences in this thematic area. It also specifies the economic context of labour policies in Poland and in the region.

Part II puts emphasis on specific territorially adapted approaches to the ALMP shaping in localities covered by the case studies. However, this stage of analysis was relatively complex, because: 1) a big part of relatively marginal ALMP tasks are subordinated to the region, thus, they create a similar background for all case municipalities; 2) there is one Labour Office serving the city of Gdańsk, both municipalities of Pruszcz Gdański and 6 other municipalities of the same county. The (above) local policies are analysed from the perspective of SI paradigm: whether and how they intend to reflect the objectives of strengthening stocks of human capital, provide buffers and facilitate flows within the labour market.

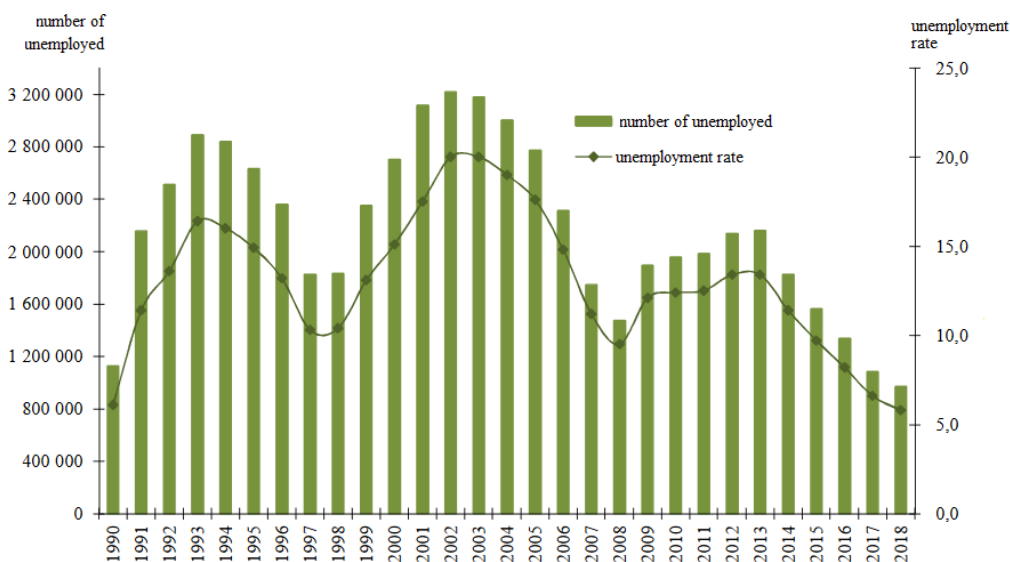
# 1 Part - 1 The governance system

## 1.1 Multilevel institutional setting

Poland's joining the European Union has opened new job markets for Polish people in many countries of the Community and has led to reducing the size of unemployment in Poland. In 2004 the number of unemployed persons reached 3 millions and in 2008 it decreased to 1,47 million persons. The unemployment rate fell by almost 10 percentage points and reached the level of 9.5%. Unfortunately, due to the economic crisis which began in the United States in 2007 and reached Europe in 2008, the number of unemployed started to rise again. At the end of 2009, the number of unemployed persons reached 1,892,680 with an 11.9% unemployment rate and four years later the number of unemployed stood at 2,157,883 and the unemployment rate grew to 13.4% (the maximum of the last decade). Since 2015 it had been constantly decreasing, with national average about 5% (see Fig. 1).

Due to the positive changes in the Polish labour market the disparity between Poland and the EU average is decreasing in terms of the key economic indicators. The employment rate in Poland also continues to grow, and the growth rate is much faster than in the rest of the EU. In 2015, the employment rate of people of working age amounted to 62.9% and was 2.7 percentage points lower than in the EU, while in 2018 it was only 1.2 percentage points lower (67.4% vs. 68.6%). In 2018, Poland exceeded the target set in the Europe 2020 Strategy for the employment rate in the 20-64 age group - it amounted to 72.2% in comparison to the target of 71% for 2020 (Wiśniewski, Maksim 2017).

**Fig 1. Unemployment rate and number of unemployed since the economic transformation in Poland (1990-2018)**



### 1.1.1 Institutional framework: division of responsibility among different administrative levels

Labour market policies are centrally coordinated by the Ministry of Family, Labour and Social Policy, but they are implemented at lower administrative levels. Ministry is responsible for national strategic planning, legislative framework and financial management (through the management of Labour

Fund). The main legal act regulating Polish field of labour market policies is “Act on employment promotion and labour market institutions”.

16 Regional Labour Offices (WUP – Wojewódzki Urząd Pracy) are subordinated to regional governments (regional level – NUTS 2). They are responsible for numerous tasks regarding labour market policies assigned to the regional government – e.g. strategic planning and coordination of regional labour market policies, keeping the register of employment agencies or mitigating the problems associated with the planned collective redundancies. WUPs are also responsible for the management of EU funds aimed at labour market policies (especially under Regional Operational Programmes) and provide substantive support for 340 County Labour Offices (PUPs - Powiatowe Urzędy Pracy)<sup>1</sup>.

County Labour Offices, working under counties’ governments, are main institutions in the area of implementation of labour market policies in Poland. They are responsible for registering unemployed people, provision of unemployment benefits, dissemination of job offers, aiding employers in recruiting candidates for vacancies and implementing all types of active labour market policy instruments described in the “Act of employment...”. At the same time, implementation of the labour market policy is one of the main counties’ task, especially taking into account their current spending (about 20%). Labour market policies are not as much important among the scope of task of the regional level. WUPs are subordinated to regional marshals (head of regional government elected by the regional council), while PUPs are working under command of county governments. WUPs and PUPs are independent from each other and at the same time both follow the policies elaborated by the Ministry. However, PUPs are main beneficiaries of financial grants offered by WUPs.

The regional and county organizational structures are supported by different types of actors dealing with labour market issues. These are:

1. Employment Agencies and Temporary Work Agencies – private companies which are certified by regional authorities. They recruit, provide career counselling and vocational guidance, provide services for companies hiring temporary employees; (official registry: <http://stor.praca.gov.pl/portal/#/kraz>)
2. Voluntary Labour Corps (Ochotnicze Hufce Pracy - OHP) - with central headquarters and 16 regional headquarters, these institutions are responsible for providing help and support to Polish youth (15-24 years old) who are in danger of social exclusion – particularly school’s dropouts, unemployed or NEETs ([www.ohp.pl](http://www.ohp.pl))
3. Institutions of social dialogue (employers’ organizations, unemployed organisations, NGOs). The most important are county labour market councils –advisory boards which are organized on each governance level. Labour market offices cooperate with other institutions responsible for labour market policies.
4. Training centres – public and non-public organisations offering professional education and training (operation not as regular schools) (official registry: <http://stor.praca.gov.pl/portal/#/ris>)
5. Institutions for local partnership – diverse local initiatives conducting projects oriented (directly or indirectly) on labour market (e.g. Local Action Groups)

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<sup>1</sup> The number of offices is lower than total number of districts – 380, because certain PUPs operate on the areas of several districts and create local branches.

6. Other units such as: local information centres, academic and school career centres.

The number of institutions of different type is specified in the table 1.

**Table 1: The size and structure of local labour services**

	Public labour offices		Private labour agencies	Voluntary Labour Corps (OHPs)											Training centres	
	regional	county		OHP Centres		Centres for Professional	Centres for Educations and	Mobile Centres for Vocational	Youth CVareer Centres	Youth Labour Offices	Vocational Training Centres	District Youth Vocational	Centres for Training and Care	Labour Corps		Youth Centre for Career and
POLAND	48	340	8 986	16	7	4	49	49	152	49	1	20	40	166	1	11 974
Pomerania region	2	21	619	1	0	0	2	1	10	2	0	1	2	9	0	962
Człuchowski county	0	1	4	0	0	0	0	0	1	0	0	0	1	0	0	20
Debrzno	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
Gdański county	0	0	19	0	0	0	0	0	1	0	0	0	0	0	0	39
Pruszcz Gd. - urban	0	0	7	0	0	0	0	0	1	0	0	0	0	0	0	21
Pruszcz Gd. - rural	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gdańsk	1	1	219	1	0	0	1	1	0	1	0	0	0	1	0	311

Source: own elaboration

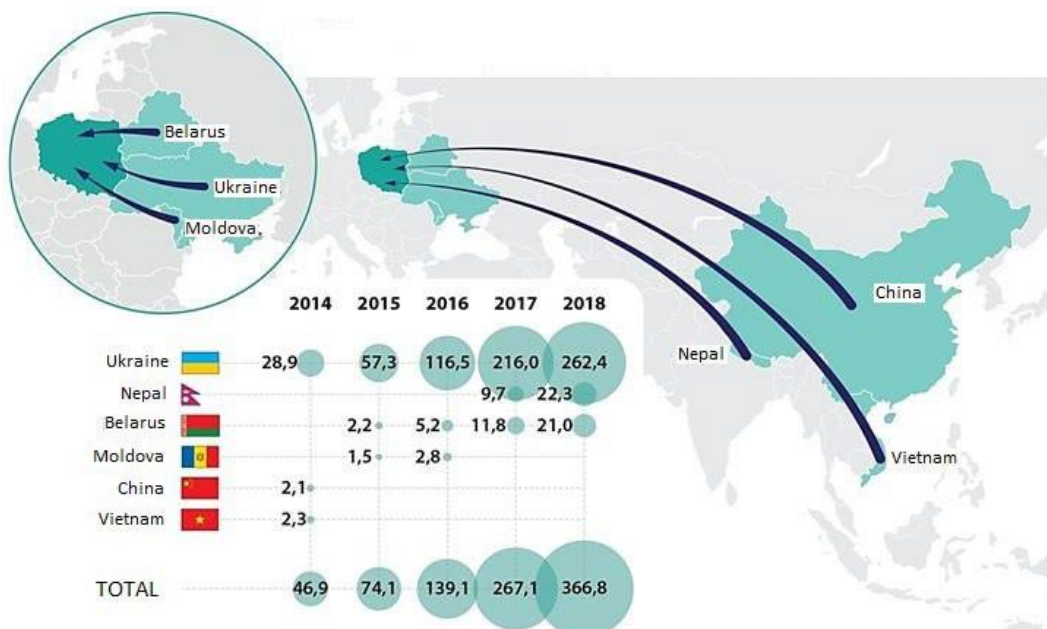
### 1.1.2. Main challenges

Interregional labour market disparities are strongly visible in Poland. Western regions of Poland are characterized by lower unemployment level than eastern ones; urbanized regions are generally in better situation than rural areas; biggest cities are characterized by rising labour demand and lowest unemployment level (Bogumil 2009). The regional disparities in labour market situation significantly changed over time. In 2005 the most difficult labour market situation was characteristic for regions which used to have high share of state agricultural farms (PGRs) that collapsed in early 1990s – warmińsko-mazurskie in the east and lubuskie, zachodniopomorskie in the west. The newest data published by Ministry of Family, Labour and Social Policy for 2018 on the territorial patterns of unemployment in Poland indicate persistent and deep spatial disparities between regions and within them. The difference between region with the lowest unemployment rate (wielkopolskie – 3,2%) and the highest one (warmińsko-mazurskie – 10,4%) was 7,2 p.p. The Pomerania region is in relatively good situation in this context – the unemployment rate is only 4,9%. However, within the region, there are still strong differences: from 1,8% in Sopot up to 13,2% in nowodworski country (the north-eastern part of the region).

Low unemployment rate, deficit of labour forces and constantly increasing salaries resulted in relatively dynamic increase of immigration (see Fig. 2). According to the OECD data (2019) Poland with its 1,1 million labour migrants was the world's top temporary labour migration destination in 2017, surpassing even the United States (!). Despite this huge migrant flow, the country is missing clearly defined immigration policy. Local government is not involved in this process at all and has no tools to conduct the immigration policy. The foreigner has to obtain a work permit in order to perform work in Poland. Such document is issued on a request of employer by the regional governor (Pol. wojewoda). The procedure lasts approximately 2-3 months. The work permit constitutes a basis to obtain working visa in the country of foreigner's residence. The foreigner cannot work in Poland longer than 6 months in a period of 12 consecutive months.

**Fig 2. Labour migrants' countries of origin in 2014-2018**

number of labour permits issued for 3 most numerous nationalities (in thousands)



Source: [www.nik.pl](http://www.nik.pl)

Taking all these challenges into account, we may conclude that in comparison to the experiences of the 1990s and early 2000s, reduction of unemployment is not among the priorities of national, regional or local government. Even in the rural municipality of Debrzno we could observe a reverse phenomenon: a fear that local market would not be able to provide sufficient number of employees to the newly located firms. These observations were frequently confirmed by the interviewees. Furthermore, relatively low priority of labour market policies are accompanied with strong neoliberal discourse tangible at all sub-national administrative levels. Many respondents were declaring their role as simply “not to interrupt” the market and business development paths.

### 1.1.3 National financing and EU grants

Since 1990, labour market policies in Poland are equipped with special financing mechanism based on the Labour Fund (see Figure 3). It is a state-operated dedicated fund administered by the Ministry of Family, Labour and Social Policy. It is mainly financed by social insurance contributions paid by employers for every employee holding a job contract, but it is also subsidized from the national budget. Assets gathered in the fund are used to finance unemployment benefits, pre-retirement allowances and all forms of active labour market policies implemented by regional and county labour offices. However, the operational costs of the labour offices are covered by regional and county governments. In 2015 total labour market policies' expenditures in Poland were equal to EUR 3,14 bn (EUROSTAT). Approximately 23% of this amount was spent on supported employment, 20% on out of work income maintenance and support, 18% for employment incentives, 17% for early retirement, 10% for labour market services, 7% for start-up incentives and 3% for training and direct job creation. The overall expenditure on labour market policies in Poland is relatively low – in 2015 it was 0,73% of GDP. In 2007-2013 OP Human Capital was the main source of projects taking place in the area of labour market policies – it's I Priority Axis “Employment and Social Integration” under Action 1.1 System Support to Labour Market Institutions. It was specifically oriented at improving service standards of Public Employment Services in Poland (total allocation EUR 112,9 million). Submeasure 1.3.3 was designed to support projects of vocational activation and social integration projects conducted by Voluntary Labour Corps (OHPs) – its budget was EUR 50 million.

The financing mechanism based on the Labour Fund doesn't leave much discretion for County Labour Offices (PUPs) actions, “given the fact that obligatory expenses account for a very large proportion of all Labour Fund spending (some 90%), the county self-governing bodies are left with very few possibilities as regards deciding how the money passed on to them is used” (Eurofound, 2017).

Priority VI “The labour market open for all”, budget EUR 2,26 bn (distributed regionally as a part of the OP regional component), was aiming to provide support for registered unemployed and job seekers. Action 6.1.3 of OP Human Capital consumed 12% of all funds allocated for this operational programme. District Labour Offices, beneficiaries of this project, used these additional funds to cover expenses related to the implementation of their standard labour market policy instruments which were in shortage due to limited assets gathered in Labour Fund (Dorożyński, 2012).

In 2014-2020, The Operational Programme Knowledge Education Development 2014-2020 (Program Operacyjny Wiedza Edukacja Rozwój - POWER) is the main source of EU funds supporting labour market policies. The total allocation for POWER equals to EUR 7,4 bn. Among many other goals, POWER should lead to increase in institutional efficiency of public employment services and improvement of the quality of their services. Under Programmes' priority axis I “Young people on the labour market” (EUR 1,8 bn) support is directed to young unemployed people. Its'



second priority axis ‘Effective public policies for labour market, economy and education’ (EUR 0,8 bn) aims at the support for the implementation of reforms of systems and structures in selected areas of public policies, particularly labour market policies. Apart from the National Operational Programmes, regions formulate their Regional Operational Programmes covering infrastructure investment, R&D and other region-specific priorities and tools regarding labour market policies.

The indirect equalization effect of labour market policies is related to the common financing sources (Labour Fund and EU funds), universal legal grounds and related policy instruments. The direct territorial equalization policy is related to preferred access to grants in the most disadvantaged regions (especially eastern Poland). The labour market expenditures per unemployed person are indeed higher in these regions. However, existing data suggests that labour market interventions were the most effective ‘in well-developed regions with stable labour market conditions and high investment attractiveness’(Cicha-Nazarczuk, 2015).

Another important financial aspect of the Polish labour market is its minimal wage set by the Governemnt. Since 1 January 2020 it is set as 2600 PLN (ca. 600 EUR). In 10 years period (since 2014) it increased about 100% (in January 2014 it was 1317 PLN). In the public debate the minimal wage is frequently raised as one of the most important factors shaping the market – much more important than any local or regional labour policy tools.

## 1.2 Shifts in the last ten years

The most important centrally imposed reforms include:

- 1) Major reform, proposed in 2012 and introduced 2 years later, brought significant changes in the area of labour market policies in Poland:
  - a. First, up to 2% of Labour Funds assets is allocated according to effectiveness and efficiency of labour offices’ operations,
  - b. Unemployed are profiled according to their individual labour market situation – profiles are used for more accurate targeting of labour market policy instruments,
  - c. Active labour market services might be contracted (on the regional level) to other, specialized institutions (e.g. NGOs). The new law widened the scope of active labour market policy instruments available for labour offices,
  - d. The reform introduced new role for County Labour Offices’ employees – client advisors who should be responsible for the whole process of services provided to a single client (unemployed or employer),
  - e. Special sub-fund – National Training Fund – was created within Labour Fund. It is aimed to support lifelong learning and development of employee’s skills.
- 2) In 2014, EU Youth Guarantee was implemented to Polish legal framework. New policy measures were introduced: training vouchers – repayment of training or education costs (*bony szkoleniowe*), traineeship and employment vouchers (*bony stażowe oraz zatrudnieniowe*) – refunds for employers who accept trainees or hire unemployed who did the traineeship, the settlement voucher (*bon na zasiedlenie*) – policy instrument aiming at increase of workers’ spatial mobility - reimbursement of costs related to a change of settlement due to starting a new job.
- 3) In 2015, the Social Dialogue Council (RDS – Rada Dialogu Społecznego) was established. It replaced similar social dialogue institution. The new body is acting on the national level and

has the right to a legislative initiative. On the regional level Voivodship Social Dialogue Councils (*Wojewódzkie Rady Dialogu Społecznego*) were created.

- 4) In 2016, new regulations regarding temporary contracts came into force. The new law introduced the limit of consecutive to fixed-term contracts to three (with total period no longer than 3 months of trial period and 33 months on temporary contracts).
- 5) In 2018 – prohibition of categorization of unemployed in three profiles based on the jobseekers' distance from labour market differing in terms of the offer, see section 2.1 (Żebrowski 2019).

## 1.3 Local governance systems

### 1.3.1 Urban case

As we mentioned before, ALMP is a regional and county task. In several cases the labour offices located in biggest cities provide this kind of services also to the residents of neighbouring county(-ies). This is also the case of Gdańsk, where the Labour Office serves the citizens of Gdańsk and of the Gdański county (in legal terms - a separate administrative unit) on the basis of an agreement. Thus, the structure illustrated in this part describes also the institutional context of the suburban case (part 3.3.2). However, Gdańsk city supplement the Labour Office policy with other instruments financed through the municipal budget.

Gdańsk and its metropolitan area attract people from less-developed regions as a big labour market. The labour policies are in consequent addressed not only to the citizens of the city or to the residents of the neighbouring county, but it is designed to attract people from the whole country (mostly two neighbouring regions: *warmińsko-mazurskie* and *kujawsko-pomorskie*) and from abroad as well. The city itself is characterized by very low and decreasing unemployment rate (see table 2). Thus, the Labour Office have reoriented its policy from “fight against unemployment” towards “an agency supporting employment” (GD\_PUB\_06). Previously their clients were people seeking for job. Today they serve mostly business clients looking for employees. This evolution took place over last 5 years. Problems observed several years ago, such as high unemployment rate and poverty have almost disappeared. The financial situation of poor families has improved with 500+ programme (financial support for families with 2 or more children introduced by central government in 2016), however poor and dysfunctional families still need public assistance. Despite generally low unemployment rate, there is still a problem with long-term unemployment and people intentionally remaining away from the labour market (GD\_PUB\_06, local official). Another process that is important from this perspective is ageing population. This gives space for many NGOs active in senioral policy and professional activation of senior citizens on the labour market.

Obviously, the business sector has a huge influence of local labour market in many dimensions. At the same time, it is difficult to indicate individual business partners especially important for local authorities. For example, the business sector (especially the IT industry, e.g. Amazon, Intel) cooperates with universities in order to adjust academic education to the needs of the companies. There are patronage groups that headhunt young talents. Big companies are rather in contact with the Investors Service Centre than public labour institutions. The Gdańsk Labour Office has also established a unit called Job Office (with no Polish translation) in the newly constructed Olivia Business Centre addressed to high-skilled professionals and young talents.

However, public labour market institutions concentrate rather on low and medium qualified job seekers. Nowadays, one might observe rather a deficit of employees and candidates for craftsmen. This deficit is to large extent filled by employees from Ukraine. Gdańsk Labour Office actively recruits people not only in Poland but also abroad (in Ukraine, Moldova, Russia etc.). Over last years the city of Gdańsk has established an information office for job seekers in Lviv (Ukraine). They have also created a Unit for Foreigners' Service in the city hall (but not within the Labour Office). However, the reorientation of the local labour policies is clearly visible even in the building of the Labour Office: most of announcement and form templates are also available in Ukrainian/Russian and English. At the end of 2019 the office had several thousands of jobs offers (GD\_PUB\_05). In this context the Gdańsk Labour Office starts to play a role of private HR agency, “a labour force supplier” (GD\_PUB\_06) – the only difference is that its services are free of charge.

Local ALMP policies are conducted in territorially universal way: the Labour Office does not collect the data on territorial differentiation of the labour market and unemployment territorial distribution. Reversely – the whole metropolitan area, despite the competition among major cities in many dimensions – is treated as one single labour market: “in terms of economy we are de facto one organism” (GD\_BUS\_12). The monitoring data published by the Labour Office concentrates on job seekers background (age and education structure etc.), and not on the scope and structure of provided services. This data can only be found in financial reports (see table 2). Officials working with ALMP issues point out that the national funding together with the scope of support created through the European grants, does not leave much space for autonomous local policies (GD\_PUB\_06).

**Table 2. Gdańsk Labour Office expenses in 2010-2018**

Type of spending	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Unemployment benefit</b>	27 917 166	26 092 272	29 875 976	32 949 956	26 722 134	22 934 648	19 179 758	17 678 131	15 413 858
<b>Activisation allowances</b>	730 677	790 379	833 699	956 046	909 287	844 839	832 335	771 613	792 349
<b>Interships, placements</b>	7 497 700	3 917 938	4 465 467	7 390 609	9 244 851	7 343 965	6 799 025	5 191 088	4 449 119
<b>Training</b>	2 582 406	1 345 583	1 301 853	956 046	909 287	933 549	971 072	831 532	771 086
<b>Others</b>	787 638	372 368	174 763	532 315	342 079	1 742	1 155	0	0
<b>Total</b>	39 515 588	32 518 540	36 651 758	42 784 971	38 127 638	32 058 743	27 783 346	24 472 365	21 426 413

Source: Gdańsk Labour Office Financial Reports 2010-2018.

### 1.3.2 Suburban case

Both – the urban and rural municipalities of Pruszcz Gdański – in terms of ALMP work within the Gdańsk Labour Office. There is no specific local policy in this area. Another reason for low involvement of local stakeholders in ALMP is the fact, that Pruszcz Gdański had been chosen for location of the LPP logistics centre where many residents of Pruszcz and neighbouring municipalities

are employed. The decision had been made by the company management without lobbying or involvement of the local authorities. Thus, one may say that local labour market develops in a neoliberal way: without any specific local policy support. It is worth mentioning that nowadays the LPP, the main local employer, declares the problem of deficit of stable workforce (PG\_BUS\_62).

The metropolitan character of local labour market was also emphasized during the interviews: local businessmen were referring to the decisive role of national and regional (metropolitan) conditions created to the local labour market. Some interviewees were sceptical towards the Labour Office placements offer: trainees send to work by the office are often oriented on maintaining their social benefits, but not on vocational mobilisation.

Local partnerships designed to fight against unemployment (Local Action Group) are not active in terms of labour market policy (PG\_COM\_37). They are rather grant-oriented entities with no broader influence on local economics.

### 1.3.3 The rural case

Municipal authorities of a relatively poor rural municipality of Debrzno are more active on the ground of labour market policy than their colleagues from Pruszcz Gdański. Peripheral location within both - the region and the county, together with a narrow scope of the county labour office policy seem to unlock local potential in labour market stimulation. Once again, we observe local adaptation of neoliberal thinking. This time the deficit of above-local policies induced bottom-up initiatives. At the beginning these initiatives were mostly oriented on fight against unemployment, nowadays they are rather aimed on diversification and stimulation of local entrepreneurship.

Definitely the most important actor in local governance labour market constellation is the Association for Development of the Town and the Municipality of Debrzno cooperating closely and effectively with local authorities. In what concerns the labour market, it is sometimes difficult to distinguish the authors of specific initiative, because the cooperation is so close. These initiatives are:

- Social economy initiative supported through EU regional grants for 2014-2020 (DE\_COM\_48)
- Business support – low cost renting of business spaces, support in grant acquisition,
- initiative to create a business incubator and a so called Special Economic Zone (area with lower national taxes for entrepreneurs),
- Local tourism cooperation initiatives (see D4.3),
- Job counseling, legal consultations, training, language courses (DE\_COM\_44)

Local business sector is not very well developed, it is mostly composed of small and micro firms. It does not leave much space for a broadly designed cooperation in terms of vocational training and placements.

The Człuchowski Country Labour Office seem to conduct a purely administrative, not strategic policy. The county does not prepare any kind of medium or long term labour policy strategy, even keeping in mind that it is still one of the most important tasks of the county in financial terms. Similarly, the regional level policy is not visible or appreciated, despite the role of the region in EU grants management. Public governance among administrative levels is mostly seen as exchange of information and flow of funds. Municipal government plays the role of a client of the county labour office (receives funds to organize public works) rather than a partner (DE\_PUB\_49). Residents also

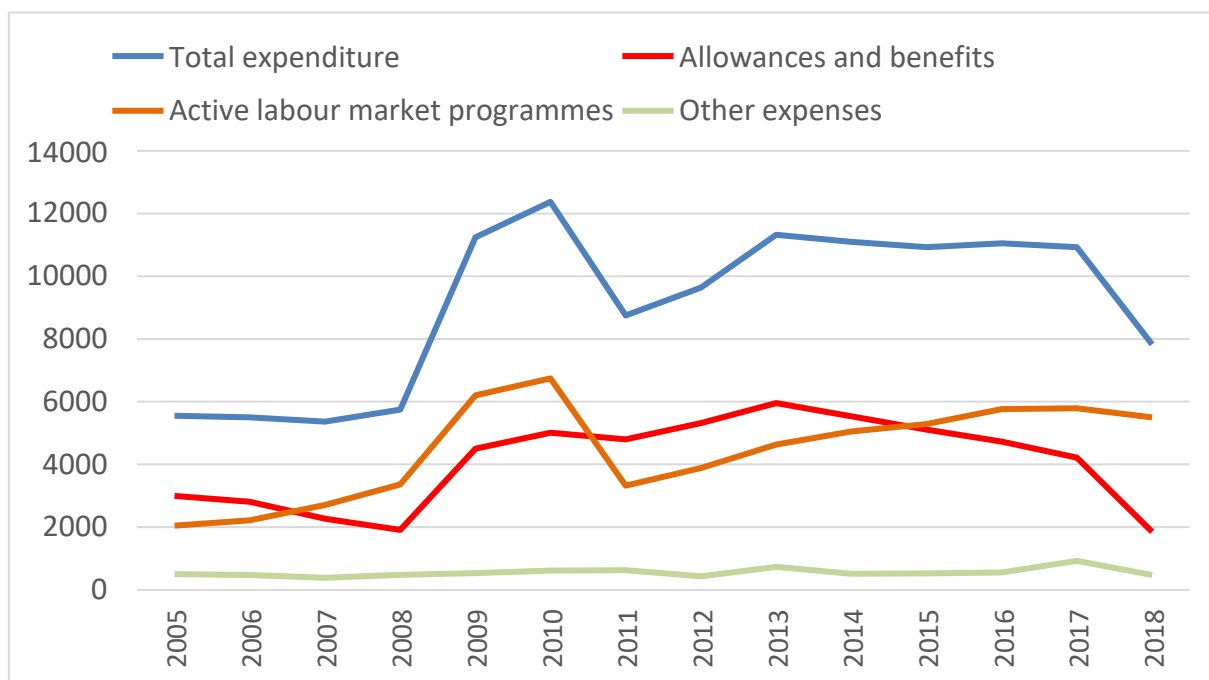
seem not to expect specific actions related to ALMP, but rather well development infrastructure and public service offer (especially public transportation to work places – DE\_COM\_56). Despite all mentioned economic initiatives, many interviewees share a relatively pessimistic image of the municipality („people just don't want to work” (DE\_BUS\_55, 59). Some local official claim fear of lack of labour forces to be offered for new investors.

## 2 Part 2 – activities and services

### 2.1 Description

According to National Employment programme for 2012-2014 since the mid-1990s various types of passive labor market policies have prevailed in Poland. Gradually, however, changes were introduced within the existing labor market management system, limiting the role of passive policies in favor of active labor market policies. As a result, while in 2004 expenditure on unemployment benefits (passive forms) constituted over 79% of expenditure under the Labor Fund, in 2007 the amount of expenditure incurred on active labour market policies exceeded the amount of expenditure under the Fund incurred on passive forms. This trend remains more or less stable till nowadays (with a short reverse of the trend in 2011-13 in result of the crisis).

**Figure 3. Expenditures from the Labour Fund in Poland (in millions PLN)**



Source: own elaboration of the basis of the data provided by the Ministry for Family, Labour and Social Services.

The labour market policy instruments impact both, the supply and demand sides of the labour market. More specifically supply-oriented instruments include placements, training courses, and vocational training. The demand-oriented instruments include subsidised employment which takes the following forms: intervention works, public works, small public works, means for adults' engaging in a business activity and for the creation of a work place for an unemployed person assigned by a labour office. The rest of the instruments support both, the supply and the demand side. These are: financing the cost of travel to the employer that submits the job offer, financing the cost of accommodation in the work place paid to a person who was sent by a district job centre to undertake employment, co-financing of the furnishing of a work place, of starting a business activity, of the costs of consultations and counselling, reimbursing the costs borne for social insurance contributions paid related to the

employment of an unemployed person and financing unemployment prevention additional allowances. (Wiśniewski, Maksim 2017)

The number of people covered by ALMPs is illustrated in the Table 3.

**Table 3. Number of unemployed persons engaged in main labour market programmes in Poland in the years 2005-2015 (in thousands)**

Year	Training	Intervention works	Public works	Placements	Start-ups	Furnishing and providing additional equipment to a work-stand	Total
2010	182,4	43,2	74,6	299,3	77	44,6	788,7
2011	53,8	28,5	22,8	110,5	26,1	10,7	302
2012	80,6	31,8	30,4	176,7	39,4	22,5	428,3
2013	84,9	33,9	32,5	194,1	45,1	23,6	414,3
2014	78,5	31,1	32,6	219,7	50	30,2	442,2
2015	74,8	53,2	35,6	240,4	47,3	33,0	484,3
2016	53,3	40,6	36,7	239,8	44,6	24,0	510,8
2017	50,4	43,1	36,1	235,6	42,4	25,5	485,1
2018	38,7	37,9	27,1	165,6	37,5	18,1	343,7

Source: Ministry for Labour, Family and Social Policy after: Wiśniewski, Maksim 2017.

The most “classical” task of public labour institutions are placements. They are organised on an employer’s premises and are intended to enable unemployed persons to gain experience and acquire skills indispensable to undertake employment. This is especially important for graduates who lack work experience. At present, however, placements are assigned to all unemployed persons with special focus on target groups under 30 and above 50 y.o.. Placements are regulated by contracts concluded between the county governor and the employer and follow the programme agreed upon. Remuneration is covered by the county and is equal to about 120% of the unemployment benefit. Refunds of costs incurred by employers for creating work places for assigned unemployed persons within the adult vocational preparation programme functions as an incentive to employers. Another incentive to employers is a bonus to be paid out for each month of the vocational training, providing the unemployed person passes the final examination. The cost of the examination is also reimbursed from the Labour Fund. Other – but less popular – forms of labour market programmes are:

- intervention works. This instrument is mostly designed for unemployed people in danger of social exclusion. They are employed for low qualified works (street cleaning, care of greenery) for simple jobs and remunerated by the county.

- Furnishing and providing additional equipment to a work-stand (eg. buying or adapting equipment of a computer for an employer who declares hiring additional worker; instrument designed mostly for job seekers with disabilities).

For many years in Poland the Labour Offices were using the categorization of their clients according to so called “profiles” as follows:

- The profile I included independent and active unemployed persons, who had to use job placement in the first place (help in finding employment).
- Profile II was addressed to the less independent unemployed, it requires more intensive support from the labor office (all forms of assistance may be used for this group of labor offices).
- Profile III, in turn, was addressed to the unemployed furthest away from the labor market, threatened with social exclusion (more social benefits, less vocational training mechanisms, involvement in intervention works).

In 2018 the Constitutional Court prohibited the division of the offer according to the three profiles (Żebrowski 2019) in result of the sentence of the Constitutional Court saying that it breaks the rule of equal treatment.

The priority of the labour market in regional documents of Pomerania region in the analysed period was and still is high. The mostly discussed problems to be solved are: local and regional education profiles inadequate to the needs of local labour market and social exclusion of specific groups (seniors, people with disabilities). The key solution for these problems are higher integration of labour market and social policy at all administrative levels and among them (closer institutional cooperation and flow of information) and very general policy direction formulated as “creation of favourable conditions to assure access to public services enabling re-activation on the labour market”.

## **2.2 Main changes and innovations introduced in the last ten years**

Dynamic and surprising scale of changes of the national and local labour markets resulted in relatively fast reorientation of ALMPs adapted locally. Main changes can be identified as follows:

- 1) Fast decrease in unemployment rate in all three localities (see table 4)
- 2) Deficit of labour force resulting in high immigration (mostly from Ukraine and other Eastern European countries) without broader immigration policy framework
- 3) Constant decrease in scale and amount of passive labour market instruments (see figure 3)
- 4) More attention paid to policy addressed for people in risk of exclusion (senior citizen, people with disabilities) seen as a potential to be unlocked
- 5) Intensification of plans to coordinate better the social and unemployment policy (it is not implemented yet).



**Table 4: Main changes on the local labour market in 3the three localities**

year	Number of registered unemployed in case localities		Share of unemployed in total population of the case localities (%)		Unemployment rate in case localities (%)	
	2010	2018	2010	2018	2010	2018
POLSKA	1954706	968888	5,07	2,52	12,4	5,8
Pomerania	104694	46082	4,60	1,97	12,3	4,9
Człuchowski county	5132	1883	8,90	3,34	24,7	9,8
Debrzno	1014	366	10,81	4,03	na	na
Gdański county	2521	1718	2,56	1,48	7,8	4,1
Pruszcz Gd - urban	653	414	2,36	1,34	na	na
Pruszcz Gd - rural	506	423	2,39	1,40	na	na
Gdańsk	10874	6552	2,36	1,40	5,4	2,6

Source: BDL.

Taking into account the narrow scope of local competencies regarding labour policy and the lack of its national strategic framework, we may identify several local innovations going beyond the standard administrative labour services provision. These are:

1) In Gdańsk county (Gdańsk & Pruszcz Gdański):

- a. individualization and separation of the offer addressed to different types of job seekers (youth, senior citizens, long-term unemployed) and different demand type (low, medium and high-qualified); units with different target groups are located in different city areas (Olivia Business Centre, old city centre, local information points); however the offer is still integrated (Gdańsk)
- b. The bureau of the Gdańsk Labour County in Lviv allowing to attract labour force from Ukraine
- c. Inclusion of migrant labour forces flow in local development strategies

2) In Debrzno:

- a. Ambitious and multiannual planning oriented to modification of the local labour market structure (from military services to multisectorial local business)
- b. Active inter-sectorial cooperation according to the governance model.

## 2.3 Local policies

### 2.3.1 Urban case

The Gdańsk Labour Office does not formulate long-term strategies, however there are short-term goals for the upcoming years formulated in the programme for 2020-2021. Currently, the main goal of the Gdańsk Labour Office is to take measures to increase the employment rate in Gdańsk by offering support for employers in new workplace creation and optimizing existing jobs. In order to achieve this goal, the office plans to organise 140 job stocks and 800 internships within next two years. Furthermore, vocational activation of seniors is planned. The office facilitates also the process of entrusting work to foreigners and conducts programmes under the National Training Fund – a tool for people already employed to develop their skills and competences (about 6,000 persons per year). The program places great emphasis on the professional activation of the unemployed, as well as supporting the youngest residents of the metropolis. The County Labour Office has enriched its offer with the Talent Development Center (CRT). A modern consulting and coaching point is located in the Olivia Business Center. CRT consists of three dedicated zones: Career Academy (for residents, including employed persons), Personal Development Zone (for people registered in PUP in Gdańsk) and Youth Land of Talents (for students, parents and teachers). The main task of CRT is cooperation with the education sector, both with elementary, middle and high schools, as well as universities (2\_GD\_COM\_12).

In 2020-2021 the labour office plans to organize two consecutive editions of the Metropolitan Job Fair (a two day long event for employers and job seekers) and four projects co-financed by the European Union. Two of them will be addressed to people above 30 y.o., two more to the unemployed who are under 30 years of age and Gdańsk residents in a particularly difficult situation on the labour market. It is also planned to include organizing group classes on the local labour market for students, as well as providing individual advices for pupils and their parents to help them to shape their education and career. The city also organises a separate Festival for Senior Citizens Job and Activity.

Some of the proposed solutions are also aimed at re-introduction of people to the labour market, for example to enable young mothers to return to work after a maternity leave, while Senior Work is to re-activate the oldest inhabitants of the metropolis.

### 2.3.2 Suburban case

The sub-urban municipalities do not conduct any kind of ALMP apart from the services delivered by the Gdańsk Labour Office described in 4.3.1. We can only deduce local policies from more general strategic documents, i.a. local development strategies.

In the urban part of Pruszcz Gdański, the development strategy does not pay attention to labour market issues. It is the shortest part of the document. If the labour market is discussed at all, it appears in the context of fight against social exclusion (women, people with disabilities as a labour market potential to be unlocked).

The strategy of rural Pruszcz Gdański indicated “a modern labour market” as a second strategic goal. However, the action plan for this goal covers mostly the Gdańsk Labour Office scope of tasks (job placement, training, business support) and social policy (activation of people with disabilities). Also in Pruszcz, we observe the problem of mobilising long-term unemployed who are not interested in leaving the social benefits system, but it is rather marginal (PG\_PUB\_13).

Pruszcz is commonly perceived as a great business location (especially for small and medium-sized firms) not only because of its metropolitan location but also thank to a favorable position of particular investors in relation to local authorities (individual service at the municipality hall) in comparison to Gdańsk (PG\_BUS\_62). Some interviewees highly appreciated the regional policy oriented not directly of labour market but on economic stimulation in general (e.g. a networking visit ich China organized by the regional government) (PG\_BUS\_63).

### 2.3.3 Rural case

In case of Debrzno the official statistics based on registered unemployment do not reflect the actual labour supply. The long-term unemployed and workers with very low qualifications account for a large proportion of the registered number. Some of the local entrepreneurs have already resorted to the nation-wide solution of employing Ukrainians. Nevertheless, the problem remains casting a shadow over a successful acquisition of a new investor for the Special Economic Zone in a village of Cierznie. The reaction of the local government to the problems on the labour market is twofold. On one hand efforts are still being made in order to activate professionally the unemployed (e.g. by founding a social cooperative). On the other hand, the municipality concentrates on invigorating the local economy. The Association for Development of the Town and the Municipality of Debrzno simultaneously runs a town-based business incubator (one of its very first initiatives) and till 2012 carried out 46 vocational courses, 194 soft skill courses and trained more than 5000 people. Their most recent initiative is the Social Economy Support Centre as well as a plan to construct apartments for the future employers (most probably coming from Ukraine).

What is striking, it that the Człuchowski county development strategy does not pay much attention to the labour market issues. It concentrates rather on the human capital development through VET services.

### 2.3.4 Similarities and differences among the three case studies

**Table 5: Summary of the local approach to ALMP: local specificities**

	Gdańsk	Pruszcz Gdański	Debrzno
<b>Regional context</b>	Universal (not territory-specific) regional offer EU grants as an important stimulus for innovative ALMP lack of clear labour market policy framework liberal discourse		
<b>County context</b>	Territorial coordination (Gdańsk + the neighboring county) metropolitan scale of the labour market, no one thinks in smaller territorial scales Weak (but present!) consultation and cooperation public-private structures		No clear labour market strategy, purely administrative approach labour market is not strongly emphasized in county development strategy

	Attempts to adapt of the training offer to the needs of local companies		
	Strong private labour market		
	Rather administrative approach		
<b>Local ALMP characteristics</b>	Specific short term labour market strategy	Benefiting from metropolitan location	Effective inter-sectorial cooperation
	pan-European scale in labour force acquisition	Neoliberal discourse	Strongly (and with success) rely of local bottom-up initiatives
	considering future effects of labour market policies (e.g. migration flows)	Weak strong separation of business and local politics	
	marketization of public policies (labour office operating as HR agency)	Mostly traditional tools (placements)	
		Business operates in scale larger than metropolitan	

### 3 Priorities and social investment strategy

#### 3.1 Diagnosis

In the context of social investment priorities, we may formulate several conclusions:

1. Municipal governments, except of the cities of the county status, are not responsible for ALMP in Poland. It is a county, regional and national task. They can only shape it through indirect policy mechanisms. At the same time, the counties responsible for this task are the weakest among the three levels in political and financial terms. Thus, the ALMP becomes practically a “semi-orphan task”
2. The national policy framework is rather weak. As the unemployment problem has almost disappeared in many region, the labour policy is not in the focus of national policy. Neoliberal approach dominates the discourse. One of more important instruments of the national labour market policy is the minimal wage setting.
3. The ALMP strategic planning is very weak and short-term, if not absent. In most cases and at most levels labour policies are treated in responsive, purely administrative way.
4. These deficits are broadly accepted by key policy actors except those responsible directly for labour market policy. They expect more tools, funds and broader policy scope. All other actors such as businessmen or societal organisations representatives seem to accept the marginal involvement of public actors in active labour policy shaping.
5. Despite that, labour policy and the scope of tools implemented by public labour institutions tend towards an increase of more active forms of support, despite the general trend to decrease

the scale of public labour instruments (see Fig. 3). This is also because the demand for passive forms of support has shrunk dynamically because of fast economic growth. All this resulted in a visible shift in public labour policy: it became more market-oriented and had broadened its scope of actions (seeking labour force abroad, opening separate office for corporate clients in the newly constructed business district).

6. NGOs and private companies (certified Employment Agencies, Temporary Employment Agencies) are visible actors in the field of labour market policies, but the role of public employment services remains important especially for low and medium qualified job seekers.
7. Evaluation, monitoring and information channels are not sufficiently effective:
  - We observe difficulties in collecting the data of ALMP services and scale at all levels,
  - Another problem is weak coordination between business sector needs and ALMP / VET planning.

## 3.2 Priorities

Thus, what is the position of ALMP in local government political agenda in Poland on the basis of the three case studies? On the one hand, the scope of direct competencies is relatively narrow. In all three localities we observe local adaptations of neoliberal discourse. There are very few strategic documents concerning labour policy at the local level or regional. The only document directly discussing this topic is a short-term plan for 2020-21 prepared by the city of Gdańsk. There are no medium- or long-term planning documents on ALMP. The counties responsible for the labour policy operate according to a purely administrative, bureaucratic logic. In case of Gdańsk and the surrounding county the neoliberal approach reveals in high trust in market mechanisms. Because of low and decreasing unemployment rate public labour institutions operate more like HR agencies providing labour force for the companies-clients. Municipalities located within the metropolitan are benefitting of this favorable situation and are not expected to be more active in the framework of the labour market policy. In Debrzno, the neoliberal approach is implemented differently. Peripheral location together with defavorable economic situation after the transition resulted in an effective bottom-up self-mobilisation. But once again, local government does not play a key role in the process; it is rather local association with some public financial (also regional) and organizational support.

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# Vocational and Educational Training (VET)

## Executive Summary

The Social Investment (SI) approach stresses the role of vocational education and training (VET) which aim is to increase the *stock* of human capital and facilitate the *flow* into the labor market. Among the main contextual preconditions necessary for SI policies to work effectively, Kazepov and Ranci (2017) indicate the structural connection and interdependence of education system and labor market, assuring proper economic returns from education. VET is located exactly at this nexus: education and training as “a capacitating intervention” aims at preparing the individuals to face social risks rather than compensating them when the risk occurs (Morel et al. 2012). VET system also plays a crucial role as a part of active labor market policies (ALMP) providing the opportunities for requalification – yet, this role will be treated marginally in this report as ALMP are discussed in a separate study.

As the literature review documents, VET systems differ considerably in terms of their institutional characteristics and are embedded in the specific demographic, socio-economic conditions of the national, regional and local environment. The main assumption stemming from the literature review is that the expected positive results of SI can be observed in those cases where there are complementarities among policy fields (e.g. education and labour market), institutions, structural background and the agency of leaders and local communities. This report attempts to assess whether these complementarities exist in three cases studied in Poland.

The report is based on the official statistics provided by the Statistics Poland (National Statistical Office), Ministry of Education and its subsidiary agencies, sectoral reports, budgets of local government units, and the analysis of the formal regulations and strategic documents addressing VET policy. It is important to observe that in Poland VET is relatively well described by the official data; simultaneously, there are not many policy documents reflecting on the strategic goals and development in this field, particularly at the subnational levels. Apart from the written sources, the report uses the in-depth interviews with local authorities, bureaucrats and activists collected during the fieldwork in three localities (Gdańsk, Pruszcz Gdański, Debrzno) in 2018 and 2019, supplemented by the additional interviews with regional policy-makers. Unfortunately, the localized data on vocational education enrolment rates are unavailable. The precise data presenting the flows of vocational schools’ graduates into the labour market are also unavailable. The Ministry of Education established a project the aim of which is to prepare a tool for monitoring the further careers of secondary school graduates basing on the registry data.

Part 1 of the report describes the governance system of VET in Poland, with a special focus on the changes brought by the most recent (and on-going) education system reform.

Part 2 provides a more detailed description of VET in three localities in Poland that were studied in our project. During the fieldwork, we attempted to find out to what extent the SI paradigm is present

in the policies implemented locally. We compare the organization and performance of VET in three localities and their role in the growth policies.

Poland is an example of the internal labour market, where access to jobs is segmented according to companies' strategies, relying less on formal qualifications and more on in-house recruitment. Polish VET regime is a mixture of statist and liberal types. Vocational education for youth is predominantly state-owned and subsidized from the public funds. VET in Poland has three governance levels: (1) central/national (with the leading role of the Ministry of Education), (2) regional (with responsibilities split between regional delegates of the national administration and regional governments) and (3) subregional/local – counties (powiaty), including the largest cities with county status. Other municipalities, the lowest tier of subnational government, do not have direct responsibility over any upper secondary schools. The city of Gdańsk is the only locality with autonomous capacity and resources to implement VET policies. Nevertheless, funding from the state subsidies granted to counties is usually insufficient to cover all the costs of upper secondary education.

For at least two decades after the transition, vocational education was underfinanced and had a negative opinion among parents, school graduates, teachers, and – to a large extent – also among employers. The graduates of basic vocational schools were poorly equipped in the required skills, the graduates of technical schools frequently opted for further tertiary education. For these reasons, the usefulness of VET as a tool of the Social Investment Strategy became limited.

The entire education system in Poland is heavily affected by the educational reform which has commenced in 2017 and should be completed by 2023. For that reason, VET sector is undergoing profound changes. Despite the criticism of the entire reform, it seems that there is a broad agreement that its component targeting VET is leading in a good direction: the broader promotion of the dual programs and requirement of cooperation between local employers and schools.

VET is relatively a low politicized policy field and to a large extent marginalized among other policies at the county level. Local political agendas we monitored in 2019 during the fieldwork do not incorporate vocational education as a main strategic challenge for the development of the localities. The most complex VET policy is implemented in Gdańsk, where we observed not only network arrangements, involving business and social partners, but also successful bundling of the VET policy with the labour market policy.

Changes are induced by the EU structural funds, distributed by the regional government with counties as the main beneficiaries. The first effects of these projects are visible in Gdańsk and Pruszcz Gdański, but it is too early to assess whether they enhance the potential of VET to serve as a SIS tool. There are signs of direct involvement of employers' associations and craftsmen in the vocational education (particularly in Gdańsk and Pruszcz Gdański). Post-secondary schools (predominantly private) target mainly adult learners and usually offer preparation in low-cost programs.



## 4. Part - 1 The governance system

### 4.1 Multilevel institutional setting

Poland is an example of the internal labour market, where access to jobs is segmented according to companies' strategies, relying less on formal qualifications and more on in-house recruitment and professional experience of applicants. According to the typology proposed by Busemeyer and Trampusch (2012), Polish Vocational Education and Training (VET) regime is a mixture of statist and liberal types. VET is considered an important part of the compulsory education system (education is compulsory below the age of 18) provided predominantly by state, the state is also subsidizing the adult education – these are features of the statist regime. Yet, at the same time employers remain cautious about the recognition of qualifications and many of them prefer the in-house training in various professions; it corresponds to the regulations of the labour market – formal vocational qualifications are not required in the vast majority of professions; finally, the role of market provision is significant in the adult training sector – these are features of the liberal regime. VET provision in Poland is mainly school-based (vast majority of schools is public, private schools are obliged to follow the national curricula); yet, there are many examples of dual learning schemes, based on the apprenticeship and partnerships between schools and employers. While the apprenticeship is a traditional form of training which has been existing as a part of the system for decades, the schools-companies partnerships have been still developing, but their role is limited in comparison to the well-known examples of Germany or Austria. The VET system in Poland is very diversified (in terms of organizational forms and training tracks available), yet quite rigidly regulated in the national legislation (the main role is played by the Law on Education System, *Ustawa o systemie oświaty*). This means that the observed regional differentiation stems rather from the differences in the school network, traditions and attractiveness of particular schools, but not the differences in the adopted institutional models of vocational education.

The main types of vocational schools (described in more detail in Section 4.1 of this report) are currently: first-stage and second-stage sectoral schools, technical vocational schools, special job training schools, and upper secondary vocational schools (mainly for adults).

VET in Poland has three governance levels: (1) central/national (with the leading role of the Ministry of Education), (2) regional (with responsibilities split between regional delegates of the national administration and regional governments) and (3) subregional/local – counties (*powiaty*), including the largest cities with county status (*miasta na prawach powiatu*) which combine prerogatives of municipalities and counties. Other municipalities, the lowest tier of subnational government, do not have responsibility over any upper secondary schools.

At the national level the Ministry of Education plays the role of the main regulator and coordinator of the whole policy field. It decides about the system structure – organizational forms of vocational education, qualifications and formal certificates available, as well as the mechanisms of financing which are based on the transfers from the central budget to counties, i.e. educational subsidies (*subwencja oświatowa*). The Ministry of Education oversees and monitors the system with the

assistance of school superintendents (*kuratorzy oświaty*) and their offices (see below), as well as specialized centres and institutes of educational research (ORE, IBE). The Central Examination Board is responsible for the organization of external examinations at the end of each educational stage.

The adult participation in continuing VET is coordinated by the Ministry of Family, Labour and Social Policy as it is considered to be a part of the active labour market policies (ALMP) and financed from the Labour Fund. Other ministers responsible for particular occupations are supporting the Ministry of Education, particularly in relation to the qualification frameworks. They also control and finance a narrow group of specialized schools in the country (e.g. the Ministry of Environment is responsible for the “forestry vocational schools”). The Ministry of Justice supervises vocational schools in prisons and juvenile detention centres. The Ministry of Science and Higher Education is responsible for higher (tertiary) vocational education that is based mainly on the vocational high schools (*wyższe szkoły zawodowe*) – this level is beyond the scope of this report.

In each of 16 regions the Minister of Education nominates the school superintendent who is responsible for the implementation of the country’s educational policy, oversight over all schools, external examinations and cooperation with municipalities and counties organizing public schooling system. The superintendents serve as the agents of central government and may influence local governments’ educational policies, including the design of the local school network. They also have a say in the nominations of school principals.

The role of elected regional governments is very limited in VET sector. Regional authorities are able to express the opinion over the strategic policy documents related to vocational education in the region. They also control and finance several specialized vocational schools (for lower medical personnel, for youth with special education needs). The indirect impact of regional authorities on the sector of VET might be visible through the distribution of the EU funds. VET institutions are beneficiaries of the projects funded by the regional operational programs targeting regional labour markets (these programs, financed by the EU cohesion funds, are governed mainly by the regional-level governments).

The subregional (county) level is the lowest tier of government directly responsible for the maintenance of the vast majority of VET institutions (ca. 90%). While municipalities in Poland are responsible for the elementary schools (since mid-1990s), the counties, since their establishment in 1999, control and finance most of the secondary schools, including vocational schools. In case of the cities of county status (*miasto na prawach powiatu*), the city administers both elementary and secondary education. While counties are considered the weakest level of subnational government in terms of their prerogatives and financial autonomy, their budgets are regularly fuelled from the central-level budget transfers. A significant part of these subsidies is dedicated to the secondary education and is calculated in accordance to a quite complex algorithm covering the most relevant cost-generating factors. Counties establish, abolish or restructure vocational schools, decide over their profiles, admission limits, etc. They are also responsible for the continuing education centres (for life-long learning and external vocational examinations) and practical training centres, which usually offer a specialized infrastructure (workshops, laboratories, staff) used by several vocational schools. The

counties are also formally responsible for the local labour market policies, which enables policy coordination between the sector of VET and ALMP. This is particularly important for the continuous education and courses dedicated for the unemployed adults. However, in practice VET is not considered as a strategic policy field, the counties' discretion over ALMP is also limited, so these policy fields are still rarely bundled.

Most of the public expenditures on VET is transferred via county budgets. Public schools dominate among upper secondary schools, less than 10% of schools are ran by NGOs (including the employers' associations) and private companies; non-public schools are also partially subsidized from the public funds. On the other hand, the private sector dominates among post-secondary schools, as most of them offer paid vocational courses on the educational market, many of them concentrate on a low-cost programs which do not require expensive training infrastructure. Vocational training of adults is sometimes subsidized by the labour market offices (as part of the ALMP) or by the employers.

The OECD educational indicators for 2016 (i.e. before the introduction of the education reform) demonstrate that one year of the upper secondary vocational training in Poland costs 7863 USD (PPP adjusted), while one year of the upper secondary general training – 6158 USD (we omit here the discussion on the drawbacks of the OECD methodology). In 2010, the difference in spending between vocational and general programs was negligible, and in favor of general training programs. Thus, quite recently Poland represented an unusual case of country spending a bit more on the general programs than on vocational ones. It demonstrates the scale of VET underfinancing in the last decade, as in the majority of countries vocational programs are much more expensive. This trend has been reversed in the recent decade – the vocational education received more attention and more generous funding, both in absolute terms and in relation to the general secondary training. Nonetheless, it should be noticed that generally the expenditures on secondary education in Poland are still relatively low – not only in comparison to the countries of Western Europe, but also to the Visegrad countries: the Czech Republic and Hungary (spending in Slovakia is similar to Poland; OECD.Stat 2020).

## 4.2 Shifts in the last ten years

The education system in Poland is relatively well decentralized, as the local governments (municipalities and counties) are responsible for the organization of local school network, while the national government is responsible for the school curricula and pedagogical supervision. Schools are financed mainly by the subsidies from the national budget (divided algorithmically), however, for many years local authorities, particularly municipalities, have been signalling that the subsidies do not cover even the current expenditures for education. This deficit is gradually increasing (Herczyński and Siwińska-Gorzelać 2016), which raises tensions between national and subnational authorities. Subnational governments claim that this situation violates the principle of subsidiarity while national governments argue that local authorities, having their own revenues at their disposal, should invest more resources in education, sharing this task with the national government. All in all, publicly financed vocational schools are financed by a mix of central and local funds.

The most recent important organizational shift in Polish education system was introduced in September 2017, among many controversies and protests. The reform promoted by the PiS (Law and Justice) government should be finalized in the school year of 2022/23. Apart from the reform of the school curricula, the current reform reverses the structural changes introduced by the previous 1998 education reform by: (a) restructuring the six-year primary education into eight years, (b) phasing out the lower secondary school (*gimnazjum*), (c) extending the **general upper secondary school** (*liceum ogólnokształcące*, four instead of three years) and the **technical upper secondary school** (*technikum*, five instead of four), (d) and introducing **first-stage sectoral vocational schools** (*szkoły branżowe pierwszego stopnia*) in place of basic vocational schools (*zasadnicze szkoły zawodowe*). The reform required a profound restructuring of the local school networks in a very short time and without additional financing, which was criticized by the subnational governments arguing that they were left with the actual “costs of the reform.”

In September 2019, new regulations concerning VET (mainly school-based) came into effect, including more flexible arrangements for introducing new occupations, new system of vocational examinations, compulsory training in companies for VET teachers, new core curriculum for VET and new classification of occupations, harmonized with the EU framework. The reform obliged the Ministry of Education to prepare regular forecasts of the demand for employees, and formally related this forecast with the financial incentives for counties and vocational schools. The regional governments and regional labour market offices were granted a consultative role in the preparation of such prognoses. Nonetheless, the tools used to prepare the prognosis (surveys among employers, Delphi panels) are imperfect. It is too early to assess the impact of the new regulation, particularly local impacts, yet it seems that the Ministry of Education still has the most decisive influence on the structure of financial incentives for the VET system.

It is worth noticing that in Spring 2019, simultaneously with the implementation of the reform, teachers’ trade unions organized a general strike and demanded salary raises, as in the last decade the financial situation of teachers in Poland, already poor, has been gradually deteriorating in comparison to other professional groups. Eventually teachers ended strike without reaching the agreement with the government. The government decided to raise the salaries, yet less than teachers demanded. Quite paradoxically, the strike was supported by most of the local authorities. Many local politicians, mostly the mayors of the largest municipalities, blamed the central government for not having secured sufficient funding not only for the necessary restructuring of the school network but also for the increased current expenditures on education.

### 4.3 Local governance systems

In the COHSMO project, we selected municipalities, not counties, as our cases to investigate. However, as it was explained in the previous section, in Poland counties, not municipalities, are responsible for the local VET policies. For that reason, our case studies display some limitations. Only Gdańsk, as a city of county status, combines the functions of a municipality and a county. Municipalities of Pruszcz Gdański (rural and urban) are located in the Gdańsk suburban county

(powiat gdański) – its authorities are responsible for the vocational education in the area (excluding the city of Gdańsk). Debrzno municipality is located in Człuchów county, yet some students attend secondary schools located in other neighbouring counties.

It is worth noticing that the catchment areas of the vocational school frequently extend beyond the administrative borders of a county. The same caveat applies to local labour markets, particularly in the metropolitan areas. While there are signs of institutionalized cooperation between neighbouring counties in various sectors, VET policies are still coordinated in a rather loose manner. In the Pomeranian region the coordinating role in this field has been recently played by the EU funds (Regional Operational Program 2014-2020) distributed by the regional government. The regional strategic program called “Active Pomeranians” has a component addressed precisely to the VET institutions. Its aim is to “create the network of vocational schools supporting the sub-regional and regional labour markets” through the infrastructural investments (development of the workshops and laboratories in vocational schools) combined with training. In fact, the regional government has no power to modify the network of vocational schools in the region (this is counties’ prerogative) and there is a strong political pressure on dividing the EU funds as equally as possible between counties. Despite these limitations, the program granted the regional government certain influence on the profiles of vocational schools (e.g. they should match regional “smart specializations” determined in the regional development strategy, they should take into account the analyses of the regional administration describing the current situation on the local labour markets, schools should enter into partnerships with companies located in the region, etc.). In the end, most of the counties located in the Pomeranian region can be found among the beneficiaries of the program – it applies also to the cases analysed in our fieldwork.

#### **4.3.1 Urban case: Gdańsk**

The provision of VET in the city of Gdańsk is coordinated by the city administration headed by the mayor. The unit responsible for vocational education works within the Department of Social Development, which is supervised by one of the deputy mayors. The city’s educational policy is formulated by this department, it drafts most of the sectoral strategic documents and local legislation that is subsequently discussed in the City Council (and its Educational Committee). The city administration plays an important role in nominating and supervising the school principals. It controls day-to-day functioning of all the public vocational schools and (to a much lesser extent) the non-public schools. Within this hierarchical mode of governance, some traces of network governance are observable.

Between 2007 and 2018, the Gdańsk Education Council (*Gdańska Rada Oświatowa*) was functioning as a consultative body, appointed by the City Council. This unique forum gathered the representatives of city administration, various educational institutions (including the owners of non-public schools), regional administration, NGOs, parents and employers’ organizations. The presence of the latter assured a linkage between the local economy and the educational sector. The council discussed and

consulted the local legislation affecting the educational sector. Quite surprisingly, the Council was not nominated by the most recent City Council (elected in November 2018).

The offer of vocational education in Gdańsk (and broader Gdańsk metropolitan area) is diversified, related to a large extent to the structure of local/regional economy. Several vocational schools offer unique (in a regional scale) programs related to the marine industry (vessel construction specialist, boatbuilder, mechanic, navigator, forwarder, marine logistician). There are also schools specialized in the tourist/hospitality sector (waiter, cook, hotelier, tourist guide), IT (electrician, automatic, computer specialist) and various personal services (gardener, hairdresser, tailor, photographer).

Our fieldwork, along with the analysis of policy documents, confirmed that Gdańsk is formulating its educational policy much more consciously, adopting a broader strategic view than observed in the remaining two cases studied. The city administration is able to involve various stakeholders in the process of designing and implementing educational policy. The city also attempts to relate VET policies with other fields: childcare, ALMP and local development. When it comes the VET sector, Gdańsk promotes this branch of secondary education. Since 2014 the city-owned Center for Vocational and Continuous Training organizes “The Week of the Professional”, a kind of educational fair for the graduates of elementary and lower secondary schools. In 2016, the local labour market office (also the agency of city administration) established The Center for Talents’ Development (*Centrum Rozwoju Talentów*) which mission is closely related to the VET sector:

*“The main task of the Center is to cooperate with the educational sector: elementary, secondary, postsecondary schools and universities. It is not by accident that the Center is opened in the Olivia Business Centre office park, which attracts dozens of new employers. Exactly here, in a close contact with companies, we can see that even a very well organized recruitment process fails if there are no proper candidates”* [<https://kfp.pl/kfp-otwarcie-centrum-rozwoju-talentow>]

The city administration actively cooperates with the employers (more on this topic in Section 4.3.1. of this report).

### **4.3.2 Suburban case: Pruszcz Gdański**

VET policy in the Gdańsk county (composed of mostly suburban municipalities) is coordinated by the county administration located in Pruszcz Gdański. The unit responsible for vocational education is a part of the Social Affairs Department in the county office. It supervises all secondary schools, including vocational schools located in Pruszcz Gdański urban municipality and in a village Rusocin (Pruszcz Gdański rural municipality). Nonetheless, neither of the municipality focuses on VET in their strategic documents, their authorities are not influencing directly the activity of the county in this field. VET facilities are not perceived as the endogenous resources by the municipal governments. The most recent annual report developed by the County Board does not monitor the performance and changes in this field. It only mentions the project funded by the Regional Operational Program which targets local VET institutions.

Our research documents that the vocational schools located in the studied area inherited a very traditional profiles, focused on the gardening (Pruszcz Gdański) and agriculture (Rusocin) which have been gradually transformed in partnership with the companies representing new prospective branches in the local economy, e.g. logistics. Several larger companies entered partnerships with vocational schools, incentivized by the requirements of the project funded from the Regional Operational Program. There are no signs of institutionalized cooperation between employers and the county administration. In fact, the requirement of cooperation between the companies and VET institutions could be easily fulfilled by a “façade” partnerships (existing mainly on paper). However, the institutionalized partnerships occur locally and their scope and strength are heavily dependent on the proactive attitudes of school principals.

In this case, the size of the VET sector is much smaller in comparison to neighboring Gdańsk (more details in Section 4.3.2.), Gdańsk is also sufficiently close (reachable in less than 30 minutes) to make its secondary education market accessible for the youth living in the suburban area.

### **4.3.3 The rural case: Debrzno**

Debrzno is located in Człuchów county. The town of Człuchów, located less than 20 km from Debrzno and accessible by the public transport (bus), is the subregional center of secondary education. It is also the administrative center, with county administration (responsible for VET), cultural institutions, and labor market office. There is no typical secondary vocational school in Debrzno – the only vocational school for youth with special education needs is located in the Special Educational Center in Debrzno. According to our respondents, the primary schools’ graduates from Debrzno usually continue their education in Człuchów, sometimes in Chojnice (34 km), the capital of neighboring county, or in much more distant Gdańsk (about 200 km), the regional capital (in such case, students attend boarding schools).

In 2018, there were 13 upper secondary vocational schools in the whole county. Local VET policy is coordinated by the county administration. A special external institution was established to supervise upper secondary schools, along with sport and cultural facilities owned by the county (*Powiatowy Ośrodek Edukacji, Kultury, Sportu i Turystyki*). Yet, it plays purely administrative function. The VET sector is dominated by the public institutions - there is only one private post-secondary vocational school serving adult learners. Apart from the partnerships between the private companies and vocational schools in Człuchów, there are no traces of institutionalized cooperation between the employers and county government.

VET appears in the county development strategy – the amelioration of the VET quality is one of the goals within the strategic area “Development of human capital”. In contrast, VET does not appear in the policy documents and interviews conducted at the municipal level in Debrzno. The topic of vocational courses is marginally present in the context of ALMP and the activity of local NGOs targeted on the unemployed.

## 5 Part 2 – Activities and services

### 5.1 Description

Vocational education in Poland is provided at upper secondary and postsecondary levels, mainly within the school-based programs. Tertiary vocational schools are of rather marginal significance and are usually considered an element of higher education system. Most of the upper secondary programs combine general and vocational education. The main goal of VET policies is to provide skilled labor force. According to the legislation “the aim of vocational training in sectoral schools is the learners’ preparation for the professional work and active functioning on the changing labor market” (Ministry of Education).

The entire education system in Poland is heavily affected by the educational reform which has commenced in 2017 and should be completed by 2023 – the structural change in VET system follows phasing out the lower secondary schools (*gimnazja*) and re-introducing the 8-year (instead of 6-year) primary schools (more on the reform in Section 4.2). In fact, vocational education has become one of the priorities of the reform and, more generally, of the educational policy. For many years since the transition, vocational education has been in decline. Its bad popular image in the society accompanied by the uncoordinated development of the upper secondary schools offering general education, unprecedented increase of the higher education sector, turbulent economic transition reshaping regional labor markets – all of these factors contributed to the difficulties facing VET institutions: negative selection of students and teachers, mismatch between the profiles of the schools and local demand, problems with professional equipment.

Upper secondary vocational programs are currently offered in:

- three-year sectoral schools (*szkoły branżowe I stopnia*, ISCED 353), for the graduates of elementary schools (15/16 y.o.), around 60% of the learners participate in a special form of a practical training in companies as remunerated juvenile workers (*pracownicy młodociani*). The sectoral schools lead to a vocational qualifications diploma for a single-qualification occupation (after passing the State vocational examination); this type of schools replaced former basic vocational schools (*zasadnicze szkoły zawodowe*). Graduates of sectoral schools are able to continue their education in two-year second-stage sectoral schools (*szkoły branżowe II stopnia*, ISCED 354), giving access to tertiary education (yet, the significance of this new type of school, introduced recently, seems to be limited)
- five-year upper secondary technical schools (*technika*, ISCED 354), also for the graduates of elementary schools, combining vocational and general education, and giving access to tertiary education after passing the maturity exam (*matura*); technical schools lead to a vocational qualifications diploma for occupations consisting of two qualifications (after passing the State vocational examination); this category includes also specialized art schools leading to vocational qualifications



- three-year special job training schools (ISCED 243) and work preparation classes for learners with special education needs

At post-secondary non-tertiary level, vocational education is offered by post-secondary vocational schools (*szkoły policealne*, ISCED 453), targeted at the graduates of upper secondary schools (typically 19-21/18-20 years old, but usually learners are older; max. 2.5 years duration), these schools certify vocational qualifications in certain occupations and – in contrast to other vocational schools – are predominantly non-public, ran by private companies and NGOs.

Adult learning and continuing VET, also for the unemployed broadening their qualifications, is offered by the continuing education centers (*centra kształcenia ustawicznego*), practical training centers (*centra kształcenia praktycznego*) and professional development centers (*centra rozwoju zawodowego*). Since 2016, the legislation gives more possibilities for the certification of vocational qualifications offered by training companies and non-formal education institutions.

Vocational training in several craft professions can also be organised by an employer (craftman affiliated in the local chamber of craftsmen) and it is based on a work contract subsidized by the state. This educational path, with long traditions in Poland, is terminated with a journeyman's examination (*egzamin czeladniczy*), recognized as an equivalent of the secondary vocational education. The examination is organized by the local/regional chamber of craftsmen; the candidates should complete the elementary education, the apprenticeship in the company affiliated in the chamber (the employer should be a certified craftsman and is obliged to offer training and a limited working time), and a dedicated theoretical course (usually organized by regular vocational schools).

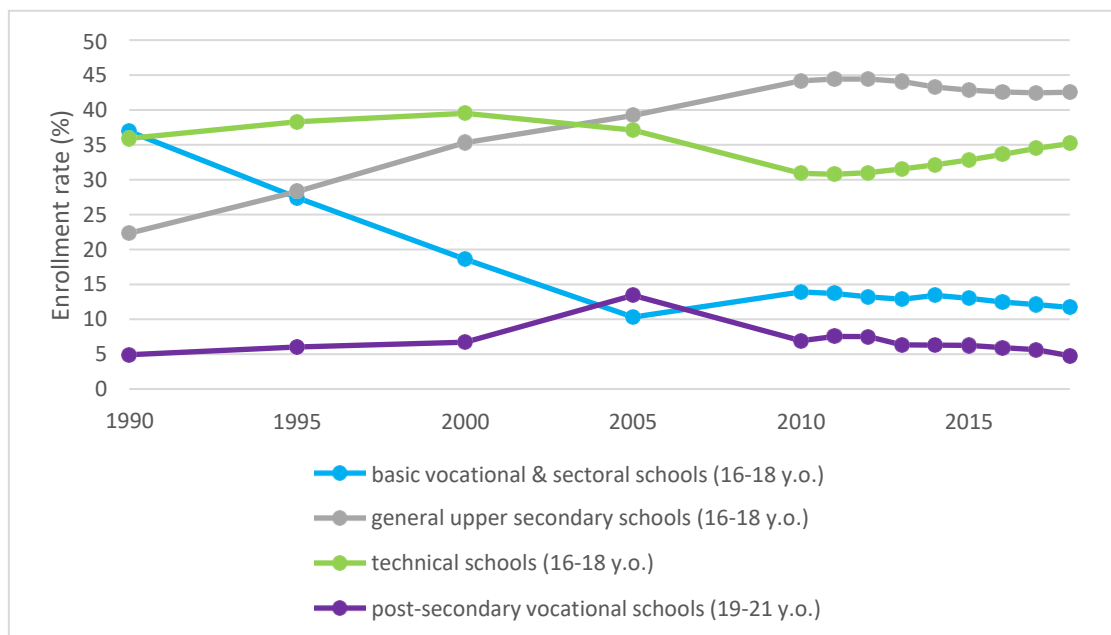
Vocational education for young people lacking a lower secondary education, usually coming from the most vulnerable social milieus, is provided by the Voluntary Labour Corps (*Ochotnicze Hufce Pracy, OHP*), supervised by the Ministry of Family, Labor and Social Policy. The main goal of OHPs is to limit the share of early leavers from education and training. This share is currently much lower than the EU average (in 2017 – 5,1% of population aged 18-24 in Poland, and 10,6% in the EU; Chłoń-Domińczak et al. 2019: 13-14)

Generally, a vocational path is accessible after completing primary school, i.e. usually at the age of 15 (this age was lowered from 16 by the recent education reform). The admission to an upper secondary program depends on the pupils' results (external examination finalizing the elementary education and school certificates). The pupils without elementary education are able to continue the vocational education in the Voluntary Labor Corps (*ochotnicze hufce pracy*). There are also vocational schools for pupils with diagnosed special educational needs. As a principle, VET schools offer work-based learning (WBL) which takes place either in school workshops or in the external facilities: continuing education centres, practical training centres, or as an in-company training. For example, in sectoral schools the work-based learning should constitute at least 60% of time devoted to vocational education. "On the job training" (traineeship at an employer's premises) is mandatory for vocational upper secondary and post-secondary programs (Chłoń-Domińczak et al. 2019: 21).

In fact, the system of vocational education in Poland is very diverse, offering various educational paths, bridging programs and possibilities to combine school training with work. Yet, one of the main challenges is the unfavourable popular image of VET in comparison to the general and academic education. For a long time, basic vocational schools (currently “sectoral schools”) were treated as of worse quality, negative selection of learners and teachers was observed and the results of external examinations confirmed that the development of learners’ competences, particularly general competences, is inefficient (Lis and Miazga 2016). According to the results of PISA (Programme for International Student Assessment) and PIAAC (The Programme for the International Assessment of Adult Competencies), the cognitive skills level of VET students, especially in basic vocational programs, was significantly lower (Federowicz 2011). At the same time, technical secondary schools were frequently treated as preparatory programs for further tertiary education, equivalent to the general secondary schools.

In 2018/19 school year there were 505,6 thousand students in technical vocational schools, 146,2 thousand students in first stage sectoral schools and marginal 10,5 thousand in special job-training schools (Statistics Poland, tab. 6). In comparison, general secondary schools enrolled 470,3 thousand students. Currently, ca. 60% of students are enrolled in VET programs – this share dropped from 78% during the last three decades due to the dynamic expansion of the general upper secondary education (Chłoń-Domińczak et al. 2019: 7, fig. 4.). This process, along with the unfavourable demographic trends (continuous decline in the number of students since 2000) caused the profound shrinkage of the VET sector. This trend has been slightly reversed in the last decade. Nonetheless, even excluding post-secondary schools, still a majority of elementary schools’ graduates choose VET.

**Fig. 4. Enrollment rates in the basic forms of vocational schools (general upper secondary schools plotted for comparison)**



Source: (Chłoń-Domińczak et al. 2019: 7, Statistics Poland)

**Table 6. The VET institutions in Poland, 2018/19**

	<b>Number of schools countrywide</b>	<b>Students (thousands)</b>	<b>Share of public schools</b>	<b>Share of students in public schools</b>
Sectoral schools (szkoły branżowe)	1578	146,2	89%	92%
Technical secondary schools (technika)	1879	505,6	90%	96%
Special job training schools	522	10,5	88%	93%
Post-secondary schools (szkoły policealne)	1977 (322)*	218,4 (22,4)*	19% (23%)*	14% (24%)*
<i>General upper secondary schools (licea)**</i>	<i>3717 (2248)*</i>	<i>(474,5)*</i>	<i>62% (79%)*</i>	<i>(94%)*</i>

\*) in parentheses the values excluding schools for adults, \*\*) for the purpose of comparison with VET institutions, 2017/18

Sources: Statistics Poland

## 5.2 Main changes and innovations introduced in the last ten years

The main challenge for the VET sector in Poland has been related to the gradual decrease in the popularity of vocational education in the 1990s, related to the collapse of traditional industries, overgrowth of the general upper secondary education and private universities (the value traditionally attached to higher education increased the number of students, yet many new universities did not assure proper quality and necessary relation to the labour market demands). The vocational path, particularly in basic vocational schools, was treated as a dead-end of the educational system. The employment rate among recent graduates (up to one year after leaving education) of basic vocational schools was consistently lower than among the graduates of technical vocational schools and post-secondary vocational schools (Chłoń-Domińczak 2019: 25). Path dependencies combined with the profound transformation of Polish economy influenced the speed of transformation of the VET sector – new professions appeared slowly in the school offers and usually did not follow the changing market needs.

The situation started to change after the accession to the EU in 2005. Firstly, the massive wave of emigration changed the demand for labor, particularly in the technical professions and personal services. At the same time, the market has been saturated with the tertiary graduates. Secondly, the stream of the EU cohesion funds allowed to invest in the vocational education and offer new curricula. Contrary to many EU countries, in the recent decade Poland did not experience high unemployment among the youngest cohort.

The most important changes have been described in Section 3.2. of this report.

## 5.3 Local Policies

In this section, we focus on the description of services provided by the VET sector and the differentiation of local policies in this field. According to the theoretical framework of our project, localities represent the places where institutional and contextual features come to play giving rise to different degrees of complementarities.

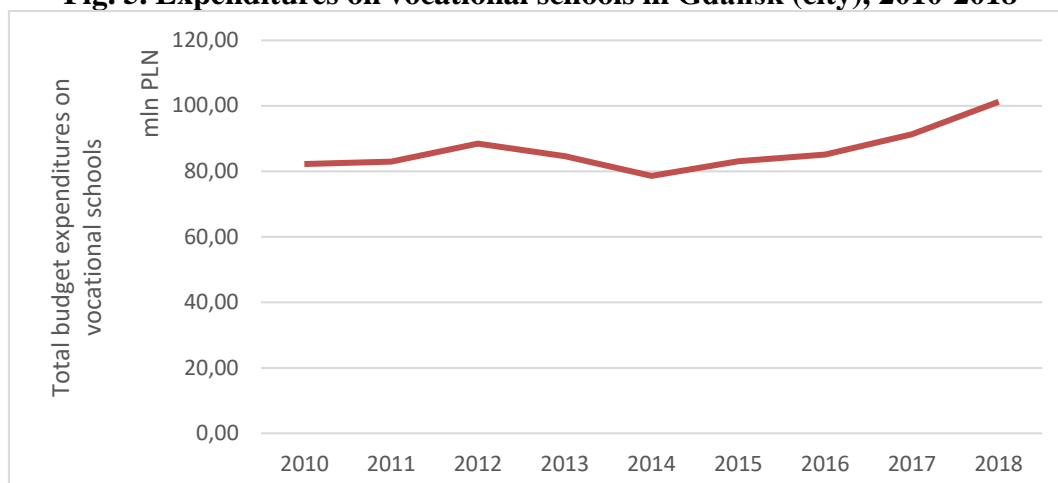
### 5.3.1 Urban case

Gdańsk, as a large city of county status, represents the most complex case among the three studied localities. This is also the only case where one may identify strategic coordination of VET and ALM policies, involving different stakeholders. Education and social capital are enumerated among top developmental challenges in the city's main strategic document Gdańsk 2030 Plus. The official policy documents identify the lack of labor force adequate to the market needs as the main problem requiring intervention (more details included in the report D4.5). Yet, this policy narrative focuses mainly on the higher education.

**Table 7. VET institutions in Gdańsk**

	sectoral schools		upper secondary technical schools		post-secondary vocational schools	
	schools	pupils	schools	pupils	schools	pupils
Public	13	912	13	4929	6	196
non-public	1	158	2	954	52	6061

In 2019, nearly 7 thousand learners attended upper secondary vocational schools (tab. 6); these numbers include youth commuting from the neighboring municipalities, yet it is difficult to estimate the share of commuters among all learners. There were 15 upper secondary technical schools (*technika*) and 14 sectoral schools. Apart from this VET infrastructure in Gdańsk consists of two Continuous and Vocational Education Centers (*Centrum Kształcenia Zawodowego i Ustawicznego*) and Vocational Training Center (*Zakład Doskonalenia Zawodowego*). The public (county) expenditures on vocational education haven been gradually increasing since 2014. In 2018 they exceeded 100 million PLN (fig. 5). In 2018, the city spent 101,3 million PLN (23,6 mln EUR) on vocational education, just above 3% of the total budget (however, it is incomparable with other localities investigated in COHSMO project, as Gdańsk performs more functions and therefore has larger budget).

**Fig. 5. Expenditures on vocational schools in Gdańsk (city), 2010-2018**

Overall, the popularity of vocational education in Gdańsk is rather low in comparison to neighboring counties. The general upper secondary schools, similar to other large cities in Poland, still attract more candidates:

*“I think it is (...) a specificity of living in a large city which offers a lot of jobs in offices, administration and so on. It is also parents’ mentality – all the time we approach our children as if we perfectly knew what exactly they should do in their lives (...) we influence their choices. But real life demonstrates that a good profession gives much better position than the academic formation, often obsolete in the market” [GD\_BUS\_11]*

Gdańsk, as every large city, academic and industrial center, has a very well-developed and diverse network of secondary schools, including vocational schools related to the marine, energy and mechanical industry, as well as hospitality services – a vast majority of them are public, financed by the city. Usually sectoral schools and technical vocational schools are located in the same building and share the workshop spaces. The size and professionalization of city administration makes it possible to have a separate unit responsible for the vocational education and development of this field. Yet, the main strategic documents when describing the prospects of labour market and education focuses more on the tertiary education, high-skilled professions and research, as the prerequisites for the development of the metropolitan functions.

VET policy in Gdańsk, similarly to other cases investigated in COHSMO, is to a large extent framed by the rules imposed by the national government. The city redistributes the educational subsidy from the central budget, giving certain discretion for the school principals on how to develop the infrastructure for training. At the same time, the school network is “inherited” (i.e. the training profiles were established many years ago when the structure of local economy was different) and to a large extent path-dependent. It takes time to introduce the adjustments in the educational offer at the secondary level. At the same time, post-secondary education is to large extent private and the market of post-secondary courses is relatively competitive.

More proactive actions are based on the external funding. Gdańsk has been implementing two EU-funded projects under the common label “Gdańsk – the city of professionals”. They offer a comprehensive set of actions improving VET in accordance with the vision presented in the general strategy. The first project, worth 65,6 mln PLN (15,3 mln EUR) aimed at the development of infrastructure in the vocational schools located in Gdańsk, the second, worth 13 mln PLN (3 mln EUR) focused on the “soft” investment in the competences of learners and teachers in 14 vocational schools. The courses comprise various skills (welding, driving, computer and machines programming, English or German technical language etc.). Both projects are financed by the Regional Operational Program 2014-2020, administered by the regional authorities. Both projects follow the guidelines set by the regional program and focus on the schools and qualifications matching the so-called “smart specializations” of the Pomeranian region. However, it is too early to assess the results of these undertakings.

During the fieldwork, we identified in Gdańsk interesting mechanisms of cooperation in VET provision between the local authorities and employers. A decade ago, the chambers of crafts functioning in Gdańsk founded their own schools in cooperation with city administration (technical vocational school and sectoral school, previously basic vocational school). It functions similarly to the public schools ran by the city government, with the same rules of access and national curricula. This is a rare example of a successful vocational school that is not run by the county government. It is also an example of a dual system promotion through “outsourcing” of the vocational education to the organization of employers.

**„The dual system is based on the chambers of crafts and the employers affiliated in chambers (...) This is probably the most efficient model of education, well-embedded in Germany - the case which we jealously look at (...) Nowadays, these schools have their own brand on the education market. The employability of our graduates reaches 98%. We try to monitor on our own the professional paths of our graduates and this research gives us such a result (...) If possible, we try to react to the demands of employers. The employers decide about the profiles and professions we teach in our schools. Simultaneously, they offer their assistance, apprenticeships (...) Our youth enrolled in this dual system passes the exams in the chamber of crafts, this is their additional advantage (...) this certificate helps them to get the job, also abroad” [GD\_BUS\_11]**

### **5.3.2 Suburban case**

Each of the investigated municipalities of Pruszcz Gdański (urban and rural) hosts one VET institution (schools in Pruszcz Gdański and Rusocin). Yet, they are administered by the county government (the county administration, separate from the municipal one, is also located in Pruszcz Gdański).

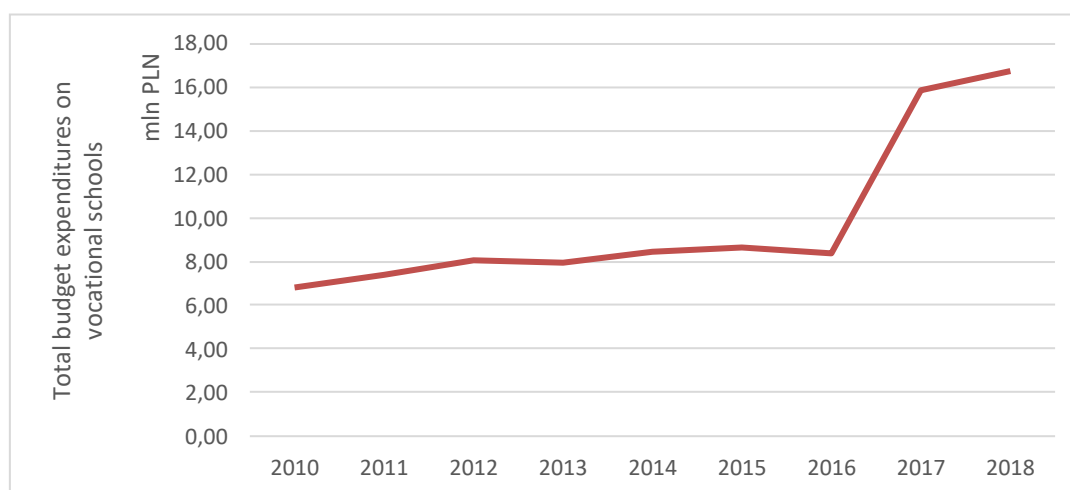
In 2018, the county spent almost 17 million PLN on vocational education – which is more than 70% of all expenditures on education, and ca. 17% of all county expenditures. This amount includes externally funded projects increasing the attractiveness of local vocational schools and investments. In comparison to 2016 and earlier period, the expenditures almost doubled, parallel to the visible growth in the number of enrolled students, particularly in the technical vocational schools.

The prevalence of vocational schools over general upper secondary schools (*licea*) in the investigated locality reflects the structure of school network in the metropolitan area. It is related to the fact that many local school graduates commute to the general upper secondary schools located in Gdańsk. The school located in Pruszcz Gdański (combined sectoral school and upper technical school) is much more popular and, thus, economically viable. The most recent annual report of the county administration notices that in 2018 the state subsidy was insufficient to cover all the costs of vocational schools functioning, yet the county budget co-paid 20% to the school in Pruszcz Gdański and 48% to the school in Rusocin (*Raport o stanie powiatu gdańskiego 2018*: 23).

**Table 8. VET institutions in Pruszcz Gdański**

	sectoral schools		upper secondary technical schools		post-secondary vocational schools	
	schools	pupils	schools	pupils	schools	pupils
public	1	95	1	263	1	33
non-public	0	0	0	0	2	113

**Fig. 6. Expenditures on vocational schools in Gdańsk county, 2010-2018**



Similarly to Gdańsk, also in Pruszcz Gdański, the VET sector is modernized by the external funding (the EU structural funds). Two joint projects with a total budget of 5.6 million PLN (1.3 million EUR), financed from the Regional Operational Program, are targeting the VET sector in the county. Apart from the development of the infrastructure (new workshops in vocational schools), the goal is to change the profiles of local vocational schools – from more traditional professions related to agriculture to the professions required by the new branches of (sub)regional economy: BPO (business process outsourcing), logistics, ICT and electronics. Apart from the new curricula for the 3-year and 4-year upper secondary programs, the project aims to offer shorter vocational courses, as a part of a continuous education. The schools in Pruszcz Gdański and Rusocin also entered into partnerships with the local employers.

It seems that the school in Pruszcz Gdański have made profit of the project to a larger extent than the school in Rusocin, most likely due to the more proactive leadership of the school principal. The

former school established partnerships with the most prominent employers functioning on the local market (Geoban, Flex Flextronics, Raben, Poczta Polska). This difference corresponds to the pre-existing difference in the attractiveness of these schools, despite the fact that they are located in the same county. A member of the municipal administration notices also the involvement of the municipal government (urban municipality of Pruszcz Gdański):

*„They [Rusocin] have no one to teach there, the schools are empty (...) we [in Pruszcz Gdański] organize the meetings with employers, as a local administration, we ask them about the school curricula they need (...) Yet, nowadays young people do not want to attend vocational schools, technical schools, everyone wants to go to the general secondary school, three years of studies and all of them want to work in offices... It is too easy to get to the general school and it is too easy to get to the university, study whatever, wherever, just for studying” [2PG\_PUB\_13]*

### 5.3.3 Rural case

In 2019, 573 students attended technical schools in the entire county of Człuchów, 169 attended sectoral schools and 75 – basic vocational schools (phasing out from the system). In the municipality of Debrzno, there was only one sectoral school for the youth with special educational needs, located in the Special Educational Center. It was attended by 33 learners. The county expenditures on vocational education (schools, including special, and continuous learning centres) have been relatively stable in the recent years (fig. 7), around 9 million PLN. In 2020 budget they account for approximately 11% of the total county expenditures. The Człuchów county is also a beneficiary of the Regional Operational Program 2014-2020 – two projects targeting VET institutions have been implemented with a total budget of 3.7 million PLN (1.1 million EUR).

At the municipal level, there are no traces of the localized VET policy. This policy field is not a responsibility of the municipal government and it is not represented in the strategic policy documents developed at the municipal level. More focus on the continuous training and vocational courses for adults is placed by the most vital local NGO based in Debrzno (Stowarzyszenie na rzecz Rozwoju Miasta i Gminy Debrzno) – it is argued that this activity, by-passing public education system and public support for the unemployed, helped the local community to strive the difficult post-transitional period in the 1990s. At the county level, VET is well-incorporated into local policy, yet it seems quite uncontroversial.

There is one sectoral school (previously basic vocational school) located in Debrzno, functioning as a part of the Special Educational Center – for youngsters with special education needs living in the Centre. Its significance for the local labour market is limited -- it is rather a resocialization facility. Yet, the centre is a partner for the local administration in several educational and cultural projects. There is also a partnership with the social housing department in Debrzno:

*“We have an agreement. The boys [pupils from the ceneer], as a part of their professional training, renovate social housing (apartments) for the elderly. We have another agreement with a company which provides the necessary equipment, paints, etc. The boys have the opportunity to practice and learn something useful” [DE\_PUB\_41]*



The lack of secondary school was sometimes mentioned by the interviewees as one of the limitations for the local development:

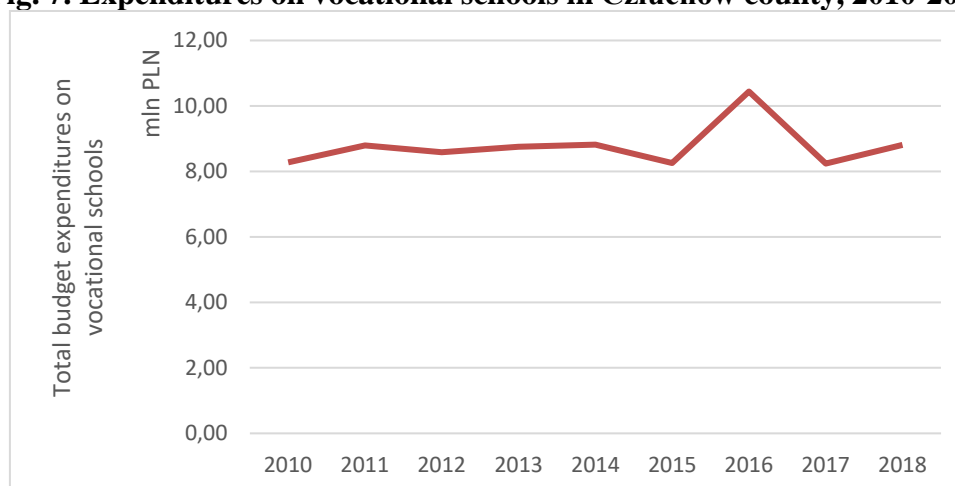
*“The next problem is lack of secondary school, preferably technical, in Debrzno. We could keep the youth here, otherwise they need to commute to their schools (...) A technical school is needed, one useful for our [companies], as we frequently meet entrepreneurs and they say that there are no qualified employees on the market. (...) It would be really significant, as we have sufficient amount of people with master’s degrees, now we need employees with vocational education who could really work. In-company training is not sufficient, the employers train a guy, but if there are no other ties [like school], the guy will go and the problem remains” [DE\_PUB\_45]*

Nonetheless, the problems of depopulation and “brain-drainage” in Debrzno have more complex background. The educational ambitions move young people out of the peripheries to the urban centres and usually they remain there, even if they are employed below their qualifications. Simultaneously, secondary schools located in the Człuchów county have quite a diverse educational offer with some signs of coordination with the largest local employers. For example, Agrobusiness Schools (Zespół Szkół Agrobiznesu) in Człuchów offers programs co-sponsored by two large companies: one co-sponsored by Goodvalley Agro (Polish-Danish farming joint venture) and the other – by Hortulus (a large gardening company).

**Table 9. VET institutions in the municipality of Debrzno**

	sectoral schools		upper secondary technical schools		post-secondary vocational schools	
	schools	pupils	schools	pupils	schools	pupils
public	1	33	0	0	0	0
non-public	0	0	0	0	0	0

**Fig. 7. Expenditures on vocational schools in Człuchów county, 2010-2018**



## 6 Priorities and Social Investment Strategy

### 6.1 Diagnosis

The empirical material gathered during the fieldwork, as well as desk research and policy analysis, allow us to formulate the following observations:

- (1) For at least two decades after the transition, vocational education was underfinanced and had a negative opinion (related to the quality of the training provided) among parents, school graduates, teachers, and – to a large extent – also among employers; vocational schools, particularly basic, attracted gradually less and less students; additionally, the school curricula and other regulations determined at the central level did not match the changing social and economic situation in Poland. All these processes augmented socio-economic segregation, with basic vocational schools enrolling many candidates with low socio-economic background, previous educational problems, and various addictions. The graduates of basic vocational schools were poorly equipped in the required skills, the graduates of technical schools frequently opted for further tertiary education. The representatives of the business sector in the studied localities complained about a poor supply of employees (this is also related to a huge emigration wave after the accession to the EU – see the report on ALMP in Poland for further details). At the same time vocational schools have problems with a poor supply of the school graduates to the VET sector. For these reasons, the usefulness of VET as a tool of the Social Investment Strategy became limited. This general national trend was also clearly visible in our localities. Sectoral schools usually offer more places than the number of candidates, while technical schools are much more diversified in terms of the popularity among candidates (in Gdańsk, the most popular programs in technical schools have similar number of candidates per one place as the most popular general schools).
- (2) Currently, VET sector is undergoing profound changes, related to the educational reform. Despite the criticism of the entire reform, it seems that there is a broad agreement that its component targeting VET is leading in a good direction: the broader promotion of the dual programs and requirement of cooperation between local employers and schools. Still, the At the same time, changes are induced by the EU structural funds, distributed by the regional government; the Regional Operational Program of the Pomeranian Region 2014-2020 reserves 90 million EUR (including national co-funding) for the projects related to vocational education – counties are its main beneficiaries. The first effects of these projects are visible in Gdańsk and Pruszcz Gdański, but it is too early to assess whether they enhance the potential of VET to serve as a SIS tool. There is no precise data on the popularity and effectiveness of the dual programs. Dual programs based on the comprehensive agreements between the companies and schools are still rare in Poland; yet, at the same time, it might be estimated that ca. 15% of pupils in vocational schools (sectoral and technical) are involved in practical training entirely in the companies (Kabaj 2012).

- (3) Funding from the state subsidy granted to counties is usually insufficient to cover all the costs of upper secondary education, even with recently introduced preferential treatment for the vocational schools; this situation may lead to the territorial disproportions on the level of financing; more affluent counties can invest more in their schools.
- (4) The accessibility of VET seems to be less problematic than the accessibility of elementary education or childcare services as learners are able to commute for longer distances and the catchment areas of VET institutions is usually broader than the administrative borders of the county. The problems with accessibility arise once the public transport is less developed – in this respect Debrzno is in much worse situation than Gdańsk or Pruszcz Gdański.
- (5) Vocational education for youth is predominantly state-owned and subsidized from the public funds. Yet, the private companies are involved in the dual learning programs and apprenticeships. There are signs of direct involvement of employers' associations and craftsmen in the vocational education (in Gdańsk and Pruszcz Gdański, also in Czluchów county, but not necessarily in Debrzno). Post-secondary schools (predominantly private) play an important systemic role as the institutions adjusting and certifying vocational qualifications, yet they target mainly adult learners and usually offer preparation in low-cost programs (for which the specialized facilities are not needed).

## 6.2 Priorities

One should notice that VET is relatively a low politicized policy field and to a large extent marginalized among other policies at the county level. However, VET has been gaining more attention recently – due to the educational reform and the narrative of the Ministry of Education, which puts VET high on the list of priorities. In the recent decade (from the Poland's accession to the EU), the unemployment was rather low and decreasing, including the unemployment among youth – it also contributed to the low salience of this topic on the central-level political agenda. Local political agendas we monitored in 2019 during the fieldwork do not incorporate vocational education as a main strategic challenge for the development of the localities. The most complex VET policy is implemented in Gdańsk, where we observed not only network arrangements, involving business and social partners, but also successful bundling of the VET policy with the labour market policy. It might be assumed that cities of county status are the most efficient in providing efficient vocational schooling, because of the administrative capacity, diversity of the school network and accessibility of other important resources (i.e. companies offering apprenticeships, employers' associations). Such a supportive environment is much less visible in two other cases studied. It might be noticed that the lack of institutionalization of such networks at the national level allows for stronger local differentiation of organizational forms and ranges of local actors involved.

In each case (apart from Debrzno, where there are no freely accessed vocational schools), the externally-funded projects contribute to the increase of quality of the vocational programs offered in schools and their matching with local economies' needs. In Debrzno, we noticed the voices that that

the creation of a vocational school in the municipality could be the key for “keeping the youth”, i.e. prevent depopulation.

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# Early Childhood Education and Care (ECEC)

## Executive Summary

In the Social Investment approach Early Childhood Education and Care plays a dual role: serving both as a *stock* (increased human capital thanks to early support of child's cognitive development) and facilitator of *flows* (due to its role in providing for work-life conciliation and women's re-entrance onto the labour market). Taking on this perspective implies national and local authorities should make ECEC a part of their social inclusion and employment policies (taking into account social outcomes) and growth policies (taking into account the investment component). In order to investigate the extent to which Polish child care education system subscribes to the SI paradigm this paper investigates centrally imposed regulations, fund streams and locally shaped policies.

The report is based on official statistics provided by the Polish Statistical Office and Ministry of Family, Labour and Social Policy, sectoral reports, Act on Child Care from 2011 and the analysis of strategic municipal documents, programmes relating to ECEC policies and statuses of public nurseries in the case localities. Empirically, this paper builds on interviews with local authorities, activists, policy makers and practitioners involved in the child care system.

In Part 1 we present the general governance system of ECEC in Poland. In the first subsection we focus on vertical axis and the relations between centrally imposed regulations and locally shaped and executed policies. The second subsection describes the evolution of the present legislative framework starting from 2011 when the Act on Child Care was enacted and ended almost unrestricted discretion of local governments with respect to child care policies. As regional tier of local government does not mediate between the national and municipal levels the third subsection centres around the horizontal dimension and the relations between public, private and community actors in the provision of child care services.

The focus of Part II is on providing detailed description of local child care policies in three case localities. They are analysed from the perspective of SI paradigm: whether and how they intend to reflect the objectives of strengthening stocks of human capital and facilitate flows between life stages. We compare the performance of the three investigated localities and diagnose their perspectives to provide child care services of apt quality and coverage to prop up inclusion and growth policies.

ECEC in Poland is organized at two levels: for children aged 0- 3 y.o. and 3-5 y.o. In both cases the service coverage has been for a long time among the lowest in Europe and despite some recent improvement it is below coverage levels recommended by the EU in the Barcelona objectives (in 2018 11% and 59% respectively). The organization of nurseries and kindergartens is a municipal (LAU2) function. For a long time municipalities enjoyed a huge amount of discretion in relation to both services, with a minimal involvement of the central government. The situation has changed significantly within the last decade, when the central government started to be more active both in defining obligatory curricula for kindergarten and in regulating financial and other issues.

The two levels of ECEC system are subjected to different national regulations which impacts the coverage rate and territorial inequalities in access to child care institutions. In 2011 the central government obliged municipalities to make kindergarten available for all willing children (local governments had to gradually provide places for all age groups between 3 and 6 y.o. – the process was completed in 2015). No similar regulation has been introduced with regard to nurseries which resulted in a slower progress in extending the municipal network and gave more space for private

institutions to step in. Apart from central-level regulations the development of child care institutions has been incentivized by available funding. Apart from EU funds from Human Capital Operating Programme (providing over 500 mln euro in 2007-2013) Ministry's Programme MALUCH has been another important source of financing (both existing and new places in nurseries).

Whereas availability of child care institutions for older children is enforced by central regulations, the territorial variation in accessibility of the service for 0-3 year-olds is very strong. It can be observed at the axis urban-rural, west-east, affluent-poor municipalities. These challenges have been addressed by some of national level strategies, although they are not among high priority.

In terms of multilevel institutional settings municipalities need to follow national regulations providing e.g. quality standards. The role of regional government is very weak and boils down to redistribution of the EU funds. The Act on Child Care/Education respectively grants municipalities with discretion to organize provision of services – they can choose between in-house and subcontracted management (both to private entities and non-governmental organizations). Cooperation with non-public partners was especially important in meeting the national regulation to provide places in kindergartens for all willing children in four years. The investigated localities differ in terms of coverage and partnership arrangements they have entered in order to attain it. Debrzno (rural case) municipality is self-sufficient in provision of child care services, while in Gdańsk and Pruszcz Gdański NGOs and private actors play a significant role in managing child care institution within the municipal network or supplementing it.

The SI perspective with regard to ECEC and its alignment with labour market policies is more pronounced in the national level rhetoric than in local level programmes and utterances of municipal policy makers. Gdańsk with its county status and resulting from its broader prerogatives and coherent social development policy is an exception. However, even if they are not strongly articulated we can identify some elements of the SI approach in recruitment criteria or fees in all three case localities.

## 7. Part - 1 The governance system

### 7.1 Multilevel institutional setting

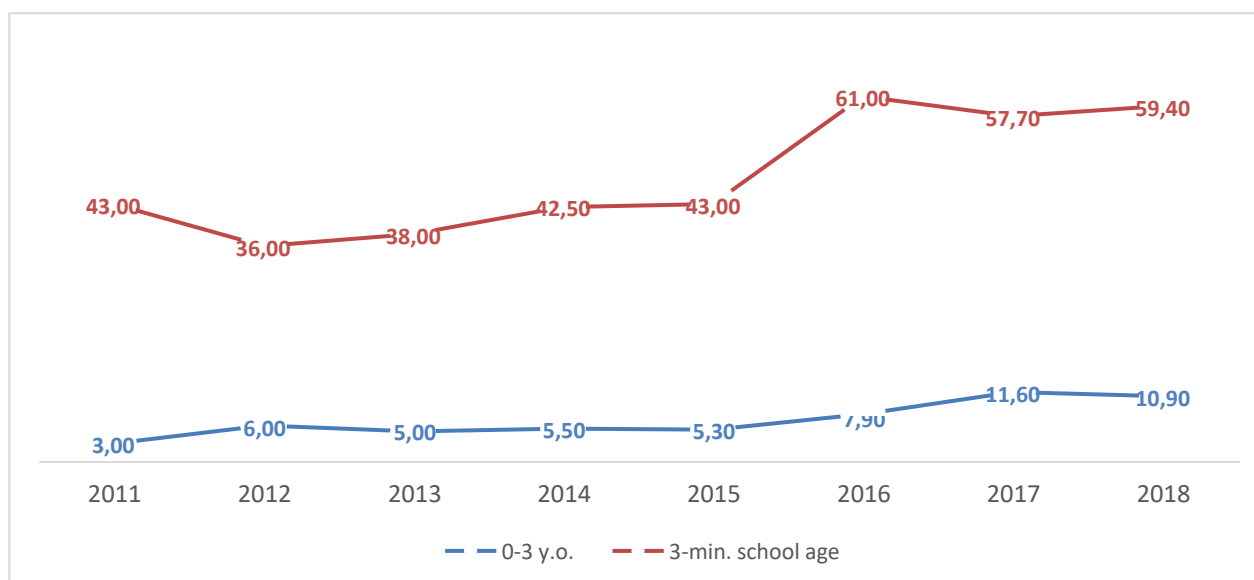
In Poland institutional child care is organized at two levels:

- (i) for children up to 3 years old: nurseries (*żłobki*), children's clubs (*kluby dziecięce*)
- (ii) for children 3-6 years old: kindergartens (*przedszkola*), kindergarten points (*punkty przedszkolne*)

These two levels differ in terms of regulations they follow and their territorial accessibility. In both cases the service coverage has been for a long time among the lowest in Europe (except of 6 years old for which participation in institutionalized education is compulsory) and below coverage levels recommended by the EU in the Barcelona objectives: 90% for 3-5-year olds and 33% for 0-2-year olds. However, in recent years we have observed a gradual improvement of the coverage, especially as regards the older age group. As a commentary it needs to be said that the improvement is largely owed to the national regulation. In 2011 the central government obliged municipalities to make kindergarten available for all willing children (local governments had to gradually provide places for all age groups between 3 and 6 y.o. – the process was completed in 2015). No similar regulation has

been introduced with regard to nurseries which accounts for one of the most important reasons for differences in organization and management of the two ECEC levels and in consequence – the coverage.

**Figure 8. Children in formal childcare by age group - % over the population of each age group - EU-SILC survey**



Source: EUROSTAT

The territorial variation in accessibility of the service for 0-3 year-olds is very strong. It has several dimensions:

1. urban-rural (with worse access in rural areas; e.g. in 2018 almost 16% of urban children attended nurseries, but only 2,8% in rural areas. The median value for rural areas is still 0%).
2. west-east (with worse coverage in most of the regions of Eastern Poland, e.g. proportion of children served by nurseries vary from 6.9% in Warmińsko-Mazurski and Świętokrzyski region in Eastern Poland to 16.6% in Lower Silesia region in South-Western Poland).
3. there is also variation between more and less affluent localities within particular regions (correlation coefficient calculated on the level of municipalities between proportion of children attending nurseries and the hardship index<sup>2</sup> was -0,21 in 2015 and it has even grown to -0,38 in 2016. In case of kindergartens the correlation is even stronger -0,48 in 2015 and -0,52 for 2016 data. Interestingly, correlations drop in urban areas, where the access to services is increasingly common, but they increase in rural areas where the service is developing from very low base).

These challenges have been addressed by some of national level strategies, although they are not among high priority goals and implementation of those policies has led to very limited successes only. The most important documents are: Programme MALUCH implemented in 2011 by the Ministry of

<sup>2</sup> Hardship Index refers to Nathan and Adam concept (Nathan and Adams, 1989) and it is based on measures of: (i) personal income, (ii) unemployment, (iii) level of education, (iv) housing conditions and (v) demographic dependency ratio. The higher value of the index is, the more difficult social conditions in the municipality.

Labour and Social Policy, National Strategy for Human Capital and Operating Programmes using EU ESF.

The indirect territorial equalization policy is related to even standards (such as obligatory availability of kindergartens) across the country. The direct territorial equalization policy is related to preferred access to grants in disadvantaged regions (especially EU POKL and POWER Operating Programmes, in some years also Programme MALUCH).

### 7.1.1 Regulatory arrangements

The organization of nurseries and kindergartens is a municipal (LAU2) function (although a growing role is played by private and NGO-led institutions, which provide service for nearly 30% of involved children). For a long time municipalities enjoyed a huge amount of discretion in relation to both services, with a minimal involvement of the central government. The situation has changed significantly within the last decade, when the central government has started to be more active both in defining obligatory curricula for kindergarten and in regulating financial and other issues. In the following subsections we describe the regulatory framework for the two ECEC levels respectively.

#### Regulations concerning child care for children aged 0-3 y.o.

The current legal framework for the organization of child care for children under 3 y.o. is provided by the Act on Child Care enacted in 2011 and some later amendments. As stated in *Implementation of the Polish Childcare Act in 2011-2014* the new regulations were introduced with the objective to support the development of varied forms of child care, improve its quality standards, encourage procreation and facilitate work-life conciliation. Furthermore, increase in employment in child care sector was an expected outcome of the new policy (Kłos and Szymańczak, 2016). The Act also moved child care for children younger than 3 y.o. from the Ministry of Health to the jurisdiction of the Ministry of Labour and Social Policy, accentuating pertinence of child care to a more broadly defined social agenda.

The Act defined four basic forms of child care which constitute the child care system also today:

- **institutionalized, centre-based:** nurseries (*żłobki*), children's clubs (*kluby dziecięce*), supplemented by nursery wards (*oddziały żłobkowe*) attached to already existing kindergartens or other institutions.
- **home-based:** day carers and nannies.

In the later analysis we will focus on the institutional forms of child care, providing information on the home-based forms only when they are relevant for the SI paradigm.

In the initial concept children's clubs were thought as a way of providing child care services in places which were unable to comply with demanding requirements to establish a nursery and where the expected scope of services (e.g. number of children to provide care for, daily number of care hours) was rather limited – i.e. in rural areas. Therefore they differed from nurseries quite substantially. However, with time and the objective of coverage increase, the standards for the two centre-based forms has been largely equalized. The evolution of legal regulations will be described in more detail in Section 3.2.



Importantly, the Act on Child Care granted municipalities with discretion to organize provision of service. The statutes of local nurseries (including fees, recruitment criteria, administrative arrangements) is enacted by the municipal council.

The mayor is also responsible for the monitoring and control activities. They keep a register of all nurseries, children's clubs and daily carers in the municipality. The Act entitles the mayor to audit a child care institution if it deviates from formal standards or declarations included in registration form. Incompliance may result in removing from the register.

### **Regulations concerning child care for children aged 3-5 y.o.**

The current legal framework for the organization of child care for children 3-6 y.o. is provided by the Act on Education System and later amendments.

Similarly to the organization of child care for 0-3 year olds there are two types of institutional care:

- kindergartens (*przedszkola*)
- kindergarten points (*punkty przedszkolne*) – a simplified, smaller-scale form..

The regulatory intervention of the national government with regards to kindergartens included: (i) new regulations on charging parents for the service in kindergartens (including national limits for maximum fees), (ii) regulations obliging local governments to make a kindergarten available for every willing children of certain age, (iii) more strict regulations on national curricula for kindergartens, (iv) growing precision of regulations on obligatory financial support to be provided by municipalities to private providers of the service, (v) regulations of inter-municipal payments for kindergarten services provided by another local government.

Obviously the most game-changing regulation was the one which obliged municipalities to make a kindergarten available for all willing children. This set the focus of municipalities on providing child care for children aged 3 or older. The preoccupation with this objective – being a challenging organizational task – was noticeable during interviews in case localities.

### **7.1.2 Financial mechanisms and role of EU funds**

In 2016 local governments spent over 10 billion PLN (almost 2.5 billion euro) on kindergartens and almost 1 billion PL (less than 250 million euro) on nurseries. The level of spending has been growing rapidly, it has more than tripled since 2001 and more than doubled since 2005. In 2016 the total local government spending on kindergartens and nurseries was 0.603% of GDP.

Until recently the service was totally financed by local governments' own resources and parents' contribution. It has changes within last ca. 5 years. In case of kindergartens the share of central government grants in operation of the service has grown from 0.01% in 2005 to 18.7% in 2016. At the same time, due to national regulations, parents contribution decreased from almost 13% in 2007 to just over 5% of the total operating costs in 2016. In case of nurseries dependency on the own resources of local governments is even larger. The share of central government financing has grown from 0 in 2005 to 4-6% in recent few years. The share of parents contribution in 2016 was 14%.

But when we look at external support for local governments we may distinguish between three clear phases: (i) until ca. 2007 – own resources of local governments as the (almost) only source of funding, (ii) 2007-2015 – focus on support for provision of kindergartens through EU ESF funding (2007-

2013 Operating Programme Human Capital) and building system of central government support, (iii) from 2011 – focus on support for child-care for 0-3 years old (Programme MALUCH<sup>3</sup> offering altogether ca. 150 mln euro in 2011-2017 period, 2014-2020 Operating Programme POWER).

Programme MALUCH was established in 2011 to support the development of nurseries. Since then the Ministry has allotted increasing amounts of funds, gradually extending the circle of beneficiaries (not only municipalities but natural and legal persons as well, and since 2018 – also county and regional governments) and the scope of projects it provided funding for (initially only creation of new places in child care institution, later costs of running the existing ones well). Depending on the annual edition of the Programme the priority was given to equalization of territorial differences in the access to child care, providing for the needs of children with disabilities or areas with high unemployment rates (in particular among women). The latter is related to the fact that since 2018 the Programme has been co-funded from the Labour Fund (250 mln PLN) with the objective of professional activation of people staying out of the labour market after having a child.

**Table 10. The value of funds allotted in Programme MALUCH**

	2011	2012	2013	2014	2015	2016	2017	2018	2019
in million PLN	40	40	40	101	151	151	166	450	450
in million euro	10	10	10	24	36	35	39	106	105

Source: Ministry of Family, Labour and Social Policy

The role of EU funds is fluctuating following the cycle of the EU 7-years budget. In 2007-2013 OP Human Capital the main focus was on kindergartens, while in 2014-2020 the focus has moved to 0-3-year olds. In “the best years” the role of EU funds in covering operating costs of services has not exceeded 1-1.5% of the total cost. The value of projects co-financed from EU funds is presented in the table below. The majority of EU funds for development of kindergarten network was absorbed by local governments, while nurseries were prevalently left for private actors of NGOs.

**Table 11. The value of projects co-financed from EU funds**

	POKL 2007-2013 *	
	Kindergartens	Nurseries
<b>Total</b>	1990 mln (475 mln)	203 mln (50 mln)
Local governments	1290 mln (305 mln)	47 mln (10 mln)
Private	278 mln (65 mln)	95 mln (25 mln)
NGO	325 mln (75 mln)	61 mln (15 mln)

Note: amounts in PLN (approximate amounts in euro in brackets)

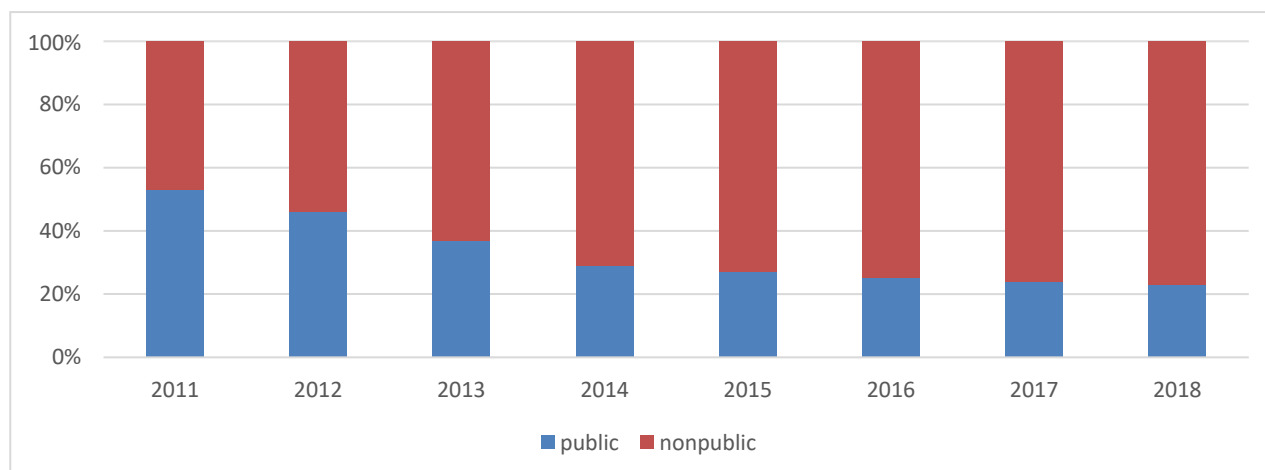
\*Till June 2015

<sup>3</sup> *Maluch* means “toddler” in Polish.

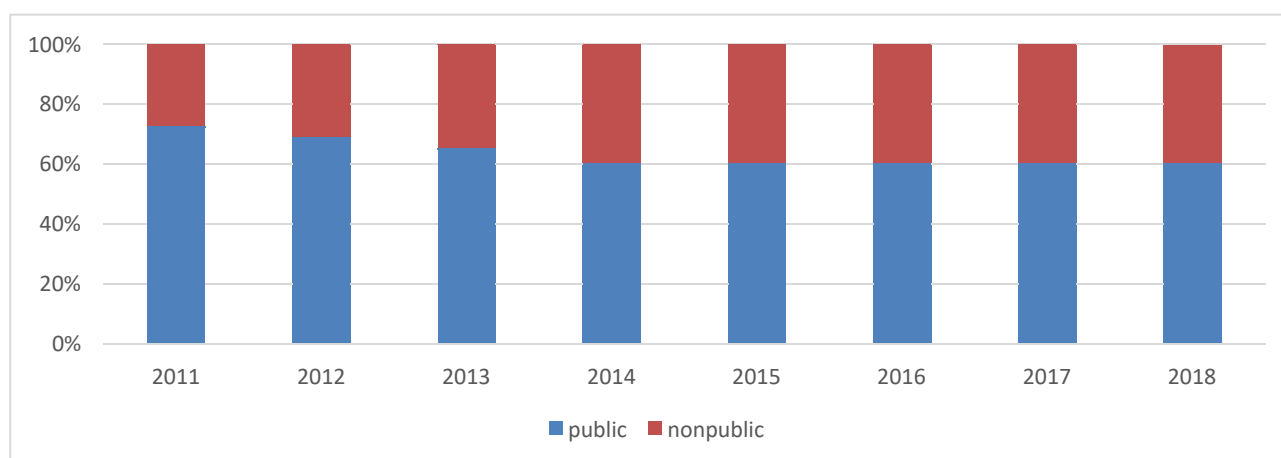
### 7.1.3 Involvement of partners

NGOs and private providers play an important role in provision of the service. Private providers are especially important in suburbs of large agglomerations and NGO providers in remote rural areas. At the national level the importance of non-public actors is especially visible.

**Figure 9. Ownership structure of child care institutions for children up to 3 y.o. (percentage of public and non-public childcare facilities)**



**Figure 10. Ownership structure of child care institutions for children 3-5 y.o. (percentage of public and non-public childcare facilities)**



Source: Local Data Bank and Polish Statistical Office reports

## 7.2 Shifts in the last ten years

This section depicts the evolution of child care-related regulations that shaped today's organization and management system. The direction of the policy – with regard to both ECEC levels – is increasing the availability, accessibility and affordability of services. In case of nurseries this direction is stimulated mainly by financial incentives (for municipalities and non-public institutions) and organizational facilitation. As regards kindergartens – here the national government introduced an

obligatory guarantee of a place for all willing children along with a system of funding, maximum fees and mechanisms encouraging non-public operators.

### **Childcare for children aged 0-3 years old**

The initial priorities of ECEC for 0-3 year-olds were focused on improving availability of child care institutions and simultaneously setting universal minimum standards in terms of quality (i.e. conditions in child care facilities, qualifications of the staff or staff-children ratio). It also regulated the general guidelines for financing child care by municipalities and quality control mechanisms. Due to insufficient increase in the number of places in child care institutions some regulations have been eased to make opening and running child care institutions easier and more cost-effective. As a result the distinction between institutional forms (nurseries and children's clubs) was substantially lessened. On the other hand new requirements were introduced with regard to children's safety (obligatory first aid training for carers), dietary norms and parent's involvement (non-mandatory council of parents as advisory and supervision bodies). The amendments also offered solutions aimed to extend the service by day carers and provide them with more favourable employment conditions. The most important changes include:

In 2013:

- decrease in the expected own contribution of municipalities when applying for funds to create new and running already existing places in child care institutions (from 50% to 20%).
- allowing non-public entities to apply for the ministry's funds and employ daily carers.
- facilitation of administrative requirements (e.g. allowing joint administration with schools and other educational institutions).
- codification of all sanitary requirements in one document.

In 2015:

- enabling provision of more stable employment contracts for day carers.

In 2017:

- allowing other tiers of local government than municipalities to open and run child care institutions.
- decreasing costs of investment in child care institutions (e.g. by lifting the requirement that a nursery needs to consist of two separate rooms).
- exemption from local property tax.
- introduction of safety-related standards (e.g. obligatory first-aid training every 2 years, more control (also parental) over nutrition standards).

### **Child care for children aged 3-5 years old**

The most important centrally imposed reforms include:

- a. 2011 – allowing for opening simplified form of kindergartens (“children's clubs”), especially important for rural areas
- b. From 2011 onward – series of reforms gradually reducing parents contribution to costs of operating kindergartens (currently: 5 hours a day free of charge, up to 1 PLN per each additional hour)
- c. From 2011 – step by step obligatory availability of kindergarten for every willing child (parent). The reform has completed in 2015, from which a place in kindergarten has to be provided for 3-years old
- d. From 2013 – offering central government grant “per child in kindergarten”
- e. From 2014 – obligatory inter-municipal transfers for children using kindergarten in another municipality

f. Gradual clarifying the rules of obligatory financial support of local government for private and NGO providers of kindergarten services (75% of the per child cost in the kindergarten operated by local government). So far, no similar regulation for non-public nurseries.

### 7.3 Local governance systems

In Poland there is no regional differentiation in the governance settings with regard to ECEC. The national legal framework is applied directly at municipal level. The only way regional government may indirectly influence the child care sector is via redistribution of European funds from Regional Operational Programme. However, municipalities have a substantial level of discretion how to organize child care e.g. by entering various forms of public/private partnerships or collaborations with non-governmental organizations.

The legal obligation to make kindergartens available for every willing children has surely accelerated the development of care for 3-5-year olds. Especially more populous and/or dynamically developing municipalities faced a problem of providing many places in relatively short time. It forced more creative and flexible approaches and policies. The investigated case localities exemplify diverse public/non-public mixes.

While the rapid development of kindergartens was strongly steered by from the top top-down, the increase in the coverage of nurseries is driven by a mixture of bottom-up pressure (citizens' expectations) and financial incentives (provided by the central government and EU funds). For the adaptation period (2011-2017) the attention of local authorities was focused on the kindergarten network. Even now kindergartens are their top-of-mind association when asked about the level of child care service provision.

#### 7.3.1 Urban case

Gdańsk is an example of a locality which uses diversified cooperation models with regards to child care services provision. Child care in Gdańsk is delivered by all three sectors: public, private, and the civic society. The role of the last two is growing, not only as independent providers but as managers of public facilities as well – meaning that a child care institution is incorporated into the municipal network, offers the same fees and conditions, but is run by a private or non-governmental entity. This model is especially common as regards kindergartens. As for 2018 there were 35 nurseries and 181 kindergartens. Municipal network provided ca. 60% places in nurseries and 40% in kindergartens, though the municipal data for first half-year of 2019 suggests further development of municipal network.

**Table 12. Child care coverage and accessibility in Gdańsk, children aged 0-3 y.o.**

	2012	2013	2014	2015	2016	2017	2018
<b>Number of facilities</b>	9	15	25	24	28	30	35
<b>Number of places</b>	668	807	959	1090	1338	1298	1716
<b>% places in public inst.</b>	100%	87%	74%	73%	74%	76%	63%
<b>% places in non-public inst.</b>	0%	13%	26%	27%	26%	24%	37%
<b>% children in child care</b>	4,7%	5,9%	8,5%	9,9%	10,6%	11,5%	13,2%

Source: Report on state of the city 2018, Local Data Bank

**Table 13. Child care coverage and accessibility in Gdańsk, children aged 3-5 y.o.**

	2012	2013	2014	2015	2016	2017	2018
<b>Number of facilities</b>	123	133	145	154	159	172	179
<b>Number of places</b>	10162	10806	11675	12370	12765	14775	15831
<b>% places in public inst.</b>	55%	52%	48%	46%	45%	42%	42%
<b>% places in non-public inst.</b>	45%	48%	52%	54%	55%	58%	58%
<b>% children in child care</b>	75,20%	79,30%	84,50%	89,70%	85,90%	91,70%	92,1%

Source: Local Data Bank

The centrally imposed obligation to make kindergarten available for every willing child surely gave an impulse to this intensive collaboration with non-public partners:

*When the Act was coming into effect and we had to guarantee these places, we wondered: how to do it? First thought: we have to construct them. But then we said to ourselves: first, it could be difficult to build a dozen of new facilities in 2 years, second, why build new ones when there were already some facilities throughout the city, they took care of children and were positively assessed by parents (...). So let's start with asking them if they want to join the municipal network. We will give them higher subsidy but they will not collect fees. And in the future will they undergo certification procedure?– [II\_GD\_PUB\_11 –public actor]*

However, it need to be observed that the necessity is not enough. An experienced non-governmental organization providing child care in several cities in Poland claims the propensity to cooperate with societal organizations is not commonplace and is closely related to open-mindedness of mayors and experience of work outside the public sector (GD\_COM\_08). Gdańsk has very good traditions in that respect. Approached about the reasons for this extensive cooperation with NGOs and the private sector and a preferred model public services provision, local policy maker revealed an open and objective-oriented attitude:

*[I accept]All available legal methods. I wouldn't exclude any model of cooperation. [II\_GD\_PUB\_11 –public actor]*

Indeed Gdańsk uses diverse types of public-private cooperation to improve availability of child care services. Apart from the already mentioned incorporation into the municipal network:

- the city participates in applying for EU funds as a partner of NGOs who play the role of project leader. This model shortens the procedures (which are normally longer if municipality is the applicant) and enables time-efficient creation of necessary facilities. The city contributes municipal land with a specified use (e.g. a kindergarten)–which guarantees that the investor will not change the originally intended purpose.
- child care voucher (worth 500 PLN/ 116 euro)<sup>4</sup> for parents who resign from a place in a municipal nursery is to compensate the cost of private care. In the same time it is also considered an instrument to stimulate opening new private facilities and to bypass the necessity of another municipal investment.

<sup>4</sup> <https://www.gcs.gda.pl/gdanski-bon-zlobkowy/>. Access: 18/02/2020

- Gdańsk tries to resolve the issue of insufficient public facilities in newly built housing investments. For the time being it is a matter of non-obligatory negotiations between investors and local authorities, initiated by the latter. Suggestions to include public spaces, child care institutions or ambulatories in planning are often accepted. Even if the motivation is purely economic – as a possibility to increase the value for future buyers, the ultimate objective of more accessible services is achieved.

### 7.3.2 Sub-urban case

In the suburban locality of Pruszcz Gdański the private/public mix is very different for nurseries and kindergartens. As regards childcare for 0-3-year-olds, the municipality decided on investing in its own facilities (120 places co-funded with the Ministry's Programme MALUCH). The total number of municipal nursery places approaching 200 does not fully satisfy the demand – the remaining children obtain a child care voucher of 300 PLN (70 euro) to cover some part of the cost of private care. Interestingly, in contrast to Gdańsk nursery vouchers were describe as a compensation mechanism rather than an instrument to encourage the private sector to invest in child care.

In case of kindergartens the situation is quite reverse – child care services are provided by the private sector, however, a substantial share of private facilities belongs to the municipal network. Just as in case of Gdańsk, Pruszcz Gdański has agreements with several big private kindergatens.

**Table 14. Child care coverage and accessibility in Pruszcz Gdański, children 0-3 y.o.**

	2012	2013	2014	2015	2016	2017	2018
<b>Number of facilities</b>	2	2	4	4	5	6	6
<b>Number of places</b>	33	47	95	94	110	111	224
<b>% places in public inst.</b>	0%	0%	42%	43%	36%	36%	71%
<b>% places in non-public inst.</b>	100%	100%	58%	57%	64%	64%	29%
<b>% children in child care</b>	2,3%	4,6%	9,1%	8,6%	9,9%	8,9%	17,4%

**Table 15. Child care coverage and accessibility in Pruszcz Gdański, children 3-5 y.o.**

	2012	2013	2014	2015	2016	2017	2018
<b>Number of facilities</b>	8	8	8	8	6	7	7
<b>Number of places</b>	1 041	1 064	1 104	1 109	863	931	967
<b>% places in public inst.</b>	14%	14%	11%	11%	14%	13%	13%
<b>% places in non-public inst.</b>	86%	86%	89%	89%	86%	87%	87%
<b>% children in child care</b>	76,5%	79,1%	86,0%	90,1%	89,8%	95,8%	95,5%

Source: Local Data Bank.

### 7.3.3 The rural case

In the rural case locality child care is the municipality's domain. All facilities – both nursery and kindergarten – are public and seem to satisfy the demand, not leaving to the non-public sector an attractive enough share of the market. It seems that in the present circumstances the only market niches available for a private initiative could be a kindergarten with a competitive educational programme or care standards, alternatively a nursery for children who were not admitted to the public

one. Taking into account the local demand and financial potential such an investment would not rather be profitable.

**Table 16. Child care coverage and accessibility in Debrzno, children 0-3 y.o.**

	2015	2016	2017	2018
<b>Number of facilities</b>	1	1	1	1
<b>Number of places</b>	40	40	41	60
<b>% places in public inst.</b>	100%	100%	100%	100%
<b>% places in non-public inst.</b>	0%	0%	0%	0%
<b>% children in child care</b>	10,4	17,0	15,5	23,0

**Table 17. Child care coverage and accessibility in Debrzno, children 3-5 y.o.**

	2012	2013	2014	2015	2016	2017	2018
<b>Number of facilities</b>	1	1	1	1	1	1	1
<b>Number of places</b>	135	135	150	135	125	125	125
<b>% places in public inst.</b>	100%	100%	100%	100%	100%	100%	100%
<b>% places in non-public inst.</b>	0%	0%	0%	0%	0%	0%	0%
<b>% children in child care</b>	46,5	50	60	59,5	49,5	56,3	57,1

Source: Local Data Bank.



## 8 Part 2 – Activities and services

### 8.1 Description

Activities and services provided by child care facilities are defined at the national level and are not differentiated regionally. The investigated Pomerania Region and consequently all case localities follow the same regulations with regard to the scope and quality of services. Table 18 describes key differences between types of child care institutions.

**Table 18. Scope of services of child care institutions**

Institution type	Care providers	Age of children	Time	Children-staff ratio	Conditions in the facility
nursery	<ul style="list-style-type: none"> <li>▪ local government units (mainly municipalities),</li> <li>▪ natural persons,</li> <li>▪ legal persons, entities without legal personality</li> </ul>	20 weeks till the end of school year when the child has 3rd birthday	Up to 10 hours; can be extended at request, for additional charge	Max. 8 children per one carer or max. 5 when in the group there is a child with disability/special needs or younger than 12 months	At least one room with a place for children to rest. For 3-5 children: at least 16 m <sup>2</sup> ; for >5 children: plus 2-2,5 m <sup>2</sup> for each child (depending on number of care hours)
children's club		12 months till the end of school year when the child has 3rd birthday or if kinder-garten is unavailable till 4 years, maximum of 30 children			
day carer	persons employed by entities mentioned above	20 weeks till the end of school year when the child has 3rd birthday	defined in the contract	max 5 children per one carer or max 3 when in the group there is a disabled child or younger than 12 months	house or a flat which complies with conditions of safe childcare
nanny	persons employed by parents (based on activation contract - the state participates in social insurance costs)	20 weeks till the end of school year when the child has 3rd birthday or conditionally till 4 years	defined in the contract	defined in the contract	at home

Source: Own elaboration based on the Act on Child Care and Implementation of the Polish Childcare Act in 2011-2014.

### 8.2 Main changes and innovations introduced in the last ten years

The evolution of regulations in the past decade aimed at providing minimum standards and conditions for coverage improvement . The most important amendments are described in Section 3.2.

## 8.3 Local Policies

In the following sections we will describe a place-specific approach to provision of ECEC in the three localities within the framework described in Section 4.1. As already mentioned municipalities have discretion to formulate their policies with regard to in-house or subcontracted management of child care institutions. They also enact the admittance criteria for nurseries revealing their priorities in social policies. In practice there are some formal criteria to fulfil and a list of family situations which provide extra points on the waiting list. Frequently one of the formal criteria is permanent residence and/or paying taxes locally by at least one of the parents. This requirement can pose difficulties for parents in suburban areas with blurred borders between municipalities.

### 8.3.1 Urban case

During the consultations for the Gdańsk Strategy 2030 habitants mentioned shortages in the preschool care: nurseries and kindergartens. The problem was diagnosed above all with relation to the new districts of Gdańsk, even though the offer there is rapidly growing. It draws attention to the problem of distribution typical for large cities. Demand for places in preschool institutions is very uneven in the city space. Inhabitants have their preferred places to send children to preschool institutions, not always near to the place of living<sup>5</sup>. Those places reflect commuting patterns – can be close to the place of work or to the place of grandparents stay. In the Strategy an aim is formulated to provide egalitarian network of pre-schooler institutions in order to limit unwanted commuting. This kind of an approach is definitely a territorial one.

In the urban case locality 13 public nurseries are jointly managed by the Nursery Complex of Gdańsk. Currently there are 1088 available places (533 was funded with Programme MALUCH 2011-2017<sup>6</sup>) including places for children with disabilities and special needs. Territorially-wise the facilities are located in central, densely populated districts – they are absent in the peripherally located neighbourhoods. There are only non-public ones on the outskirts. The city engages in partnerships with non-governmental organizations which manage public nurseries – a model well-developed in case of kindergartens. For the time being this kind of cooperation is limited, however, Gdańsk in partnership with one of the local NGOs already active in the field of child care and the Academy of Music, acquired funding from Regional Operation Programme to provide 1600 places in 16 new facilities<sup>7</sup>till the end of 2020.

The recruitment process is based on a “first come, first served” waiting list, however, there are several priority groups: (i) disabled children or whose at least one parent is disabled, (ii) recommended by social services as ‘in need’ (iii) whose siblings attend a nursery, (iv) from large families (3 dependent children or more). Summing up the recruitment procedure favours some vulnerable groups as prevention from the Matthew effect. However, it does not take into consideration some typical SI criteria such as employment status of parents to link child care with work-life reconciliation or re-entrance onto the labour market.

Fees are another instrument of child care policies and are decided by the City Council. In Gdańsk the monthly fee (for up to 10 hours of care daily) depends on family situation and accounts for 3% of the average monthly income (148 PLN) for children from large families, 6% for children who receive a

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<sup>5</sup> In the recruitment process parents are allowed to indicate up to 3 child care institutions of their choice.

<sup>6</sup> <https://zlobki.gda.pl/o-nas>, Access: 16/02/2020.

<sup>7</sup> Gdańsk – report on the city in 2018.

child benefit from social care (295 PLN) and 10% (492 PLN) for all other children. Exempted from the fee are parents of disabled children and unemployed single parents during retraining.

The city's future plans involve not only extending the network of public nurseries but providing innovative curricula for the youngest children e.g. the already mentioned project in partnership with the Academy of Music.

*Contemporary knowledge states clearly: children in nursery need to develop and we have to include educational component. That's why we entered a partnership with the Academy of Music which prepared music education programme, appropriated for children at this age. Music is the most effective tool at this level of child's development, which can be successful. It is a spearhead project in Poland. – GD\_COM\_08.*

### 8.3.2 Suburban case

Providing accessible child care is one of the elements of the “compact town” strategy implemented by the local authorities (PG\_PUB\_24, PG\_PUB\_32) aimed at making Pruszcz Gdański liveable and independent from the metropolis with regard to everyday public services.

In the town of Pruszcz Gdański there are 6 nurseries and children's clubs providing in total 224 places (catering for 17% children 0-3 y.o.). As for 2018 the municipality provided approximately 160 places with plans for further increase in this number in 2019. The municipal pool of places is owed to an investment co-financed by the Ministry's Programme MALUCH which enabled creation of 120 places divided into three branches, located in the centre, in the area with recently built blocks of flats and in the eastern part of the town with one-family houses. The less-centrally situated neighbourhoods are covered by smaller, privately-owned child care facilities.

Currently there is a small surplus of children as compared to places available in public institutions. These parents whose children haven't been admitted receive a child care voucher (worth 300 PLN/70 euro) to compensate some costs of fees in a privately-owned nursery. Nevertheless the cost of private child care very often exceeds substantially the public one. It drives child care-related choices also in territorial terms: it's better to apply to a municipal nursery even if it is further from home. However, as it was often repeated in the interviews, Pruszcz Gdański is a walkable town, so the distances within its limits are not perceived as troublesome.

The municipal nursery admits children in the first place in the following cases: (i) disability of child or parents, (ii) large families, (iii) single-parent who works or studies (iv) children with siblings already attending the nursery (v) families with *both parents working or studying*, (vi) families with *both parents unemployed or on paternal leave, intending to resume employment*, (vii) families receiving social care family benefit<sup>8</sup>. There are no income criteria – neither in recruitment or fees (universal sum of 300 PLN/70 euro). However, in case of a substantial surplus of applications low income families are preferred. Within the municipality there are no territorial admittance criteria.

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<sup>8</sup> Statuses of Municipal Nursery in Pruszcz Gdański and application form.

### 8.3.3 Rural case

In Debrzno there is only one nursery which is run by the municipality. However, Debrzno is the second municipality in Czulchów County in terms of percentage of children 0-3 y.o. attending nurseries, exceeding even the county's capital. The adjacent rural commune of Lipka (administratively belonging to another region – Wielkopolska) does not have child care facilities of its own and the demand is redirected to Debrzno. The municipality in turn restricts the admittance to its own residents:

*We had to restrict it because in case of the nursery our residents are the most important for us. It's selfish but that's the way it is. [DE\_PUB\_43 – public actor]*

The nursery opened in 2015 and was co-funded by the Ministry's Programme MALUCH. Interestingly, at the beginning the nursery was a town hall's initiative, not a bottom-up one. The present mayor intended to develop this idea into a flag ship project, paying special attention to qualifications of staff – both formal preparation and emotional predispositions (recruitment was supervised by a psychologist).

As recalled by one of the interviewed officials:

*Today I can't imagine there isn't a nursery here. People are so glad. However, the beginnings were difficult, we couldn't recruit ten children, whereas today there are almost crowds. (...) There are people who think that other solutions will suffice, others are different. Besides the awareness is evolving. If there is such an institution, why shouldn't I use it? The kid will learn something, develop. [DE\_PUB\_54 – public actor]*

Currently parents appreciate the educative value provided by the nursery and there is a slight surplus of children versus available places.

However, the high enrolment rate (23%) is far from being evenly spread over the municipality's territory. Many attending children are from the town of Debrzno, whereas children from the surrounding rural areas often remain outside the institutional care system. The local authorities underline differences in the attitudes between the rural and urban local communities and the influence of the national allowance programme 500+<sup>9</sup> which ultimately shaped the recruitment criteria (i.e. preference for working parents):

*We need to remember that the models of a working woman in the city and in the country are different. Prevalently – the rural one does not work professionally. And the last 2 years and extended child benefits caused (...) a decrease in women's economic activity, especially in the areas where the wages were not high. I guess it dropped by 50%. Recently we have changed the recruitment criteria for the nursery: priority is given to parents who work or need to come back to work. If a mother wants to return to work, her child will be admitted in the first place. We have places for almost all children, but if a mother stays home, there is no need to send her child to nursery. And she will not do it". [DE\_PUB\_43 – public actor]*

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<sup>9</sup> The Family 500+ programme is a systemic support for Polish families. Introduced in 2016 initially provided 500 PLN of monthly allowance for the second child and all above. From 1 July 2019, all children up to the age of 18 are entitled to the benefit regardless of income received by the family.

In the recruitment procedure there are six prioritized groups: (i) single-parent families, (ii) disability of child or parents, (iii) children with siblings already attending the nursery (iv) foster families, (v) large families (3 children or more) with *both parents working*, (vi) families with *both parents working*. Therefore, the recruitment is focused on families disadvantaged due to health problems or parental situation. On the other hand it also lays emphasis on work-life conciliation by favouring professionally active parents. In 2019 the municipality acquired EU funds for “Coming back to work” programme addressed to persons out of the labour market because of caring for a child aged 0-3 y.o. The project aims at increasing employment among parents of young children by providing 20 additional places in the local nursery. Groups especially favoured by the programme include women and parents of 3 or more children. There is also a territorial dimension expressed in preference for candidates from the rural areas<sup>10</sup>.

Fees, on the other hand, have a flat rate (220 PLN/51 euro monthly for up to 10 hour care). Some deductions are available only to participants of “Coming back to work” programme.

Despite the popularity of the nursery local authorities do not plan its further extension. As explained by one of the local politicians currently the municipality covers approximately 80% of the total cost of care, while parents’ fees account for 20%. For the time being the municipal budget cannot afford more spendings for nursery.

#### 8.3.4 Similarities and differences among the three case studies

When comparing the three localities it is necessary to be aware of their different characteristics. They experience contradictive demographic changes (Gdańsk and Pruszcz Gdański – in-bound migration, Debrzno – depopulation), exemplify various levels of affluence and patterns of economic activity of their population (again Gdańsk and Pruszcz Gdański vs Debrzno).

Having said that, we can name three most pronounced differences:

- Nurseries seem to have always been “a part of the landscape” in Pruszcz Gdański and Gdańsk. Their development has been a conjunction of citizens’ expectations and national- and local level policies. Whereas in Debrzno the process was clearly initiated by local elites and the idea was successfully transferred in a top-down manner.
- The localities use different public/private arrangements in provision of child care services. Gdańsk and Pruszcz Gdański readily engage in partnerships with non-public entities, however, in Gdańsk it seems to be a strategic and in Pruszcz – rather an opportunistic choice. Debrzno relies on its municipal resources, in all likelihood because the local market is still too small to attract private capital.
- The investigated municipalities attain quite different results in terms of enrolment rates. Unexpectedly it is Debrzno which has the highest coverage, but also spends the most on childcare monthly.

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<sup>10</sup> [debrzno.pl/wp-content/uploads/2019/03/regulamin-KR.pdf](http://debrzno.pl/wp-content/uploads/2019/03/regulamin-KR.pdf). Access: 17/02/2020

**Table 19. Comparison of case localities in terms of child care provision for children aged 0-3 y.o.**

<b>Locality</b>	<b>Enrolment rate</b>	<b>% places in public nurseries</b>	<b>Per capita spending on child care (0-3 y.o.) 2016</b>	<b>Fees in municipal nurseries (2019)</b>	<b>Daily catering costs* (2019)</b>
<b>Urban</b>	13,2%	63%	35 PLN/8 euro	148-492 PLN/ 35-117 euro	9,5 PLN/ 2 euro
<b>Suburban</b>	17,4%	71%	30 PLN/ 7 euro	300 PLN/ 71 euro	12 PLN /3 euro
<b>Rural</b>	23%	100%	74 PLN/ 17 euro	220 PLN/ 52 euro	6,5 PLN/ 1,5 euro

\* Catering costs are calculated separately. The limit is set by municipal councils.

## 9 Priorities and Social Investment Strategy

### 9.1 Diagnosis

Social investment approach in the area of ECEC is primarily aimed at facilitating flows, i.e. providing opportunities for women to re-enter onto the labour market and supporting reconciliation of family and professional life. At the level of official discourse this argumentation is accentuated as the reason for introducing childcare policies such as MALUCH Programme or obligation to provide a place in kindergarten for every willing child. The effects of these policies should be reflected in decrease in unemployment among women. However, it is difficult to draw some ultimate causal conclusions due to the complex nature of labour market dynamics, contradictory incentives provided in 2011-2018 by the central-level authorities and a faulty nature of registered unemployment rate as a measure of professional activity (though available at intraregional level). After the shock the financial crisis of 2008 the level of unemployment has been gradually falling nation-wide, which makes it difficult to distinguish between the general recovery of Polish economy and the positive results of 2011 reforms. Comparison between the decrease rate among men and women at national level reveals that after 2013 the pace of decline of unemployment figures has been increasingly more noticeable for men. The trend seems to accelerate with the introduction of 500+ allowance for family with children – which in opinion of many interviewees from child care, social care and labour market sector discourages women from re-entering the labour market. Also at the micro level of investigated localities 2015 is a point where the declining trajectories for unemployment of men and women started to slightly separate (except for Debrzno). Although the positive effect of ECEC policies on the labour market cannot be inferred from simple statistics, there has been undeniably improvement of availability of child care services and employment in child care sector.

In case of child care for children 0-3 y.o. there haven't been so far any nationally imposed obligations relating to the coverage. In the three case locations we can observe differences in terms of both general coverage and spatial distribution of facilities. We can indicate the following challenges for increasing the coverage and quality of child care services:

1. First of all there are financial issues that can be observed in many aspects. Subsidizing child care by the local authorities and low parental contribution (in the form of fees) makes child care a costly item in the municipal budget. Especially less affluent municipalities such as Debrzno experience tension between providing accessibility and affordability. The dilemma is likely to be aggravated by diminishing municipal incomes caused by the 2019 changes in the fiscal legislation leading to decrease in the local tax base. Furthermore we can expect a drop in the available EU funds which have played an important role in financing development of child care facilities network. A general improvement of labour market situation also had some externalities for municipal investments. The increase in wages made some contractors terminate contracts which brought construction sites into a standstill and caused delays in delivering new places in nurseries (e.g. in Pruszcz Gdański). This phenomenon affected of course not only construction of child care facilities, but was a notorious problem in numerous public investments (*vide* regeneration programme in Debrzno). In the national perspective we observe a significant development of privately owned nurseries which raises questions about affordability and equal access to child care services for deprived social groups.
2. In- and out-bound migration obstructs long-term planning of network of child care facilities. It can be seen in municipalities which has experienced a dynamic growth of population or an increase in the number of registered inhabitants (on which demand analysis are based) – such

as Pruszcz Gdański. Gdańsk, in addition, has to face the consequences of the changing demographic structure within its districts. A “life cycle” of particular neighbourhoods – a transition from a place for young families to a dwelling of empty nesters and seniors – makes the existing public services network obsolete. Combined with passing trends which make some districts a fashionable residential area it calls for very flexible, mobile solutions in order to provide accessible child care services.

3. The national child benefit programme 500+ evokes some concerns about decreasing demand for child care services, especially in the territories dominated by sectors offering minimum wages or with difficult access to labour market. Decrease in women’s economic activity can be seen in rural localities such as Debrzno. Resignation from institutional child care frequently coincides with a disfavoured social position characterized by low incomes, educational deficiencies, inhabiting distressed areas. This tendency can solidify and strengthen the already existing inequalities.

## 9.2 Priorities

The analysis of strategic documents in WP4 revealed that growth, VET and ALM policies had a lot of convergent objectives and interventions in one area often support the others. At this background child care seemed to be almost totally unrelated to these policies in the eyes of the authors of the strategies and furthermore is generally underrepresented in the analysed documents. Even when the defined local problem is unemployment, low professional activity among women and resulting family dysfunctions (e.g. regeneration area in the town of Pruszcz Gdański or Debrzno), development of child care institutions is not among priority actions to be taken to remedy social exclusion. Interestingly, it is the case in all investigated localities regardless of its size or function (also in Gdańsk). We may hypothesize that the strictly economic perspective in solving growth issues prevails, and institutional support for families is not incorporated into broader policy bundles.

This observation is in line with the conclusions of ESPN report “Social Investment in Europe. A Study of National Policies” (Bouget *et al.*, 2015) which positions Poland in a cluster of countries which “*show some increasing awareness of social investment and have begun to apply elements of a social investment approach in a few specific policy areas. At present, these elements tend to be developed somewhat in isolation but they could provide the basis for implementing more effective policy linkages across different policy areas and across the life course in the future.*”

Generally speaking the SI perspective was more pronounced in the national level rhetoric than in local level programmes and utterances of municipal policy makers. However, even if they are not strongly articulated we can identify some elements of the SI approach in recruitment criteria or tariffs in all three case localities. In addition especially in urban and suburban localities investment in providing child care services is induced by expectations of the citizens.

Changing priorities and incentives at the national level have also played an important role in shaping the model of child care provision. The mechanisms of MALUCH Programme as well as some European funds triggered interest of private sector in child care services. Szelewa and Polakowski remark that Poland experiences “*implicit marketization of care - nonpublic care does not crowd out the public care; rather, financial incentives are created for the establishment of new places in the private sector*” (Szelewa and Polakowski, 2020, pp.18-19). The trend of defamilization of child care (Häusermann, 2018) was to some extent restrained in 2015 by the new government of more



conservative party – Law and Justice which introduced child allowances and more traditional family model rhetorics.

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## Appendix

Interviews carried out for WP4:

interview ID	locality	location type	actor type	respondent information	policy field (if applicable)
GD_PUB_01	Gdańsk	metropolitan	public	local politician (municipality level)	NA
GD_PUB_02	Gdańsk	metropolitan	public	local official (municipality level)	social policy
GD_PUB_03	Gdańsk	metropolitan	public	local official (municipality level)	social policy
GD_PUB_04	Gdańsk	metropolitan	public	local official (municipality level)	urban planning
GD_PUB_05	Gdańsk	metropolitan	public	local official (municipality level)	local development
GD_PUB_06	Gdańsk	metropolitan	public	official (county or regional level)	ALMP
GD_PUB_07	Gdańsk	metropolitan	public	local official (municipality level)	ECEC
GD_COM_08	Gdańsk	metropolitan	community	NGO, civic organisation	ECEC
GD_COM_09	Gdańsk	metropolitan	community	NGO, civic organisation	local activist
GD_PUB_10	Gdańsk	metropolitan	public	local politician (municipality level)	NA
GD_BUS_11	Gdańsk	metropolitan	business	entrepreneur	NA
GD_BUS_12	Gdańsk	metropolitan	business	entrepreneur	NA
GD_COM_13	Gdańsk	metropolitan	community	NGO, civic organisation	local activist
GD_COM_14	Gdańsk	metropolitan	community	NGO, civic organisation	local activist
GD_COM_15	Gdańsk	metropolitan	community	NGO, civic organisation	social policy
GD_COM_16	Gdańsk	metropolitan	community	NGO, civic organisation	local activist
GD_PUB_17	Gdańsk	metropolitan	public	local politician (municipality level)	NA
GD_PUB_18	Gdańsk	metropolitan	public	local politician (municipality level)	NA
GD_BUS_19	Gdańsk	metropolitan	business	entrepreneur	NA
GD_BUS_20	Gdańsk	metropolitan	business	entrepreneur	NA
GD_COM_21	Gdańsk	metropolitan	community	NGO, civic organisation	local activist
GD_BUS_64	Gdańsk	metropolitan	business	entrepreneur	NA
2_GD_BUS_05	Gdańsk	urban	business	entrepreneur	NA
2_GD_PUB_10	Gdańsk	urban	public	local official - municipality level	spatial planning
2_GD_PUB_11	Gdańsk	urban	public	local official - municipality level	social policy
PG_PUB_21	Pruszcz Gdański	suburban	public	local official (municipality level)	spatial planning
PG_PUB_22	Pruszcz Gdański	suburban	public	local official (municipality level)	social policy
PG_PUB_23	Pruszcz Gdański	suburban	public	local politician (municipality level)	NA

PG_PUB_24	Pruszcz Gdański	suburban	public	local politician (municipality level)	NA
PG_PUB_25	Pruszcz Gdański	suburban	public	local politician (municipality level)	NA
PG_PUB_26	Pruszcz Gdański	suburban	public	local politician (municipality level)	NA
PG_PUB_27	Pruszcz Gdański	suburban	public	local politician (municipality level)	NA
PG_COM_28	Pruszcz Gdański	suburban	community	NGO, civic organisation	local activist
PG_COM_29	Pruszcz Gdański	suburban	community	NGO, civic organisation	local activist
PG_PUB_30	Pruszcz Gdański	suburban	public	local politician (municipality level)	NA
PG_COM_31	Pruszcz Gdański	suburban	community	NGO, civic organisation	local activist
PG_PUB_32	Pruszcz Gdański	suburban	public	local politician (municipality level)	NA
PG_COM_33	Pruszcz Gdański	suburban	community	NGO, civic organisation	social care, education
PG_BUS_34	Pruszcz Gdański	suburban	business	entrepreneur	NA
PG_COM_35	Pruszcz Gdański	suburban	community	NGO, civic organisation	culture, education
PG_PUB_36	Pruszcz Gdański	suburban	public	local official (municipality level)	social care
PG_COM_37	Pruszcz Gdański	suburban	community	NGO, civic organisation	local development
PG_COM_38	Pruszcz Gdański	suburban	community	NGO, civic organisation	local activist
PG_PUB_39	Pruszcz Gdański	suburban	public	local politician (municipality level)	NA
PG_BUS_40	Pruszcz Gdański	suburban	business	entrepreneur	NA
PG_BUS_61	Pruszcz Gdański	suburban	business	entrepreneur	NA
PG_BUS_62	Pruszcz Gdański	suburban	business	entrepreneur	NA
PG_BUS_63	Pruszcz Gdański	suburban	business	entrepreneur	NA
2_PG_PUB_06	Pruszcz Gdański	suburban	public	local politician - municipality level	local development
2_PG_PUB_07	Pruszcz Gdański	suburban	public	local politician - municipality level	local development
2_PG_COM_08	Pruszcz Gdański	suburban	community	NGO, civic organization	local activist
DE_PUB_41	Debrzno	rural	public	local official (municipality level)	social care
DE_PUB_42	Debrzno	rural	public	local politician (municipality level)	NA
DE_PUB_43	Debrzno	rural	public	local politician (municipality level)	NA
DE_PUB_44	Debrzno	rural	public	local official (municipality level)	local development
DE_PUB_45	Debrzno	rural	public	local politician (municipality level)	NA
DE_BUS_46	Debrzno	rural	business	entrepreneur	NA
DE_COM_47	Debrzno	rural	community	NGO, civic organisation	local development
DE_PUB_48	Debrzno	rural	public	local official (municipality level)	spatial planning

DE_PUB_49	Debrzno	rural	public	official (county or regional level)	ALMP
DE_COM_50	Debrzno	rural	community	NGO, civic organisation	local activist
DE_COM_51	Debrzno	rural	community	NGO, civic organisation	local activist
DE_COM_52	Debrzno	rural	community	NGO, civic organisation	local activist
DE_PUB_54	Debrzno	rural	public	local official (municipality level)	social policy
DE_BUS_55	Debrzno	rural	business	entrepreneur	NA
DE_COM_56	Debrzno	rural	community	NGO, civic organisation	local development
DE_PUB_57	Debrzno	rural	public	local politician (municipality level)	NA
DE_BUS_58	Debrzno	rural	business	entrepreneur	NA
DE_BUS_59	Debrzno	rural	business	entrepreneur	NA
DE_BUS_60	Debrzno	rural	business	entrepreneur	NA
2_DE_PUB_14	Debrzno	rural	public	local politician - municipality level	NA
2_DE_COM_17	Debrzno	rural	community	NGO, civic organization	local development
2_DE_PUB_19	Debrzno	rural	public	local official - municipality level	local development
2_REG_COM_03	Pomerania Region	region	community	NGO, civic organization	growth, civic society
2_REG_COM_08	Pomerania Region	region	community	NGO, civic organization	activist
2_REG_COM_09	Pomerania Region	region	community	NGO, civic organization	activist
2_REG_PUB_01	Pomerania Region	region	public	local official - regional level	local development
2_REG_PUB_02	Pomerania Region	region	public	local official - regional level	ALMP, VET
2_REG_PUB_04	Pomerania Region	region	public	local official - regional level	Spatial planning

Additional interviews carried out for WP5:

interview ID	locality	location type	actor type	respondent information	policy field (if applicable)
2_GD_COM_12	Gdańsk	urban	community	NGO engaged in ALMP	ALMP
2_PG_PUB_13	Pruszcz Gdański	suburban	public	local official/politician (municipality level)	social policy
2_DE_PUB_15	Debrzno	rural	public	local politician (municipality level)	education
2_DE_PUB_16	Debrzno	rural	public	local politician (municipality level)	NA
2_DE_COM_18	Debrzno	rural	community	NGO	ALMP



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#### **Abstract:**

The report analyses the configuration of active labour market policies (ALMP), vocational education and training (VET) and early childhood education and care (ECEC) in Austria and in the local case studies selected, as well as its recent changes in the last decade. These policy fields play a crucial role within the Social Investment policy perspective and are investigated by paying specific attention to the territorial articulation of provision and to the impact on territorial cohesion.

Our aim is to understand how services within these policy fields are enhanced through a multilevel governance structure; how are spatial disparities considered in design and implementation; what

typologies of services are provided; what are the main implementation criticalities and the main priorities pursued. The local case studies selected are the following: Milan is the urban case locality; Legnano is the sub-urban locality that is also part of the wider Metropolitan City of Milan and Oltrepo' Pavese is the rural area, located in the southern of the region.

**Keyword list:**

Social Investment; Active Labour Market Policies; Vocational Training; Early Childhood Education and Care; Multilevel governance

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## Abbreviations

AFOL: Agency for Training, Counselling and Employment (*Agenzie per la formazione, orientamento e lavoro*);

ALMP: Active Labour Market Policy;

ANPAL: National Agency for the Active Labour Market Policies (*Agenzia Nazionale per le Politiche Attive del Lavoro*);

CPI: Public jobcentre (*Centro per l'impiego*);

DCR: Decree of the Regional Council (*Decreto del Consiglio Regionale*);

DGIFL: General Department of Education, Training and Work (*Direzione Generale Istruzione, Formazione e Lavoro*);

DGR: *Resolution of the Regional Government (Delibera della Giunta Regionale)*;

DID: Declaration of Availability to Work (*Dichiarazione di Immediata Disponibilità al lavoro*);

DL: Decree law;

DUL: Unified Work Endowment (*Dote Unica Lavoro*);

DULD: Unified Work Endowment Disability (*Dote Unica Lavoro Disabilità*);

ERDF: European Regional Development Fund (*Fondo europeo di sviluppo regionale*);

ESF: European Social Fund (*Fondo Sociale Europeo*);

INPS: National Institute of Social Insurance (*Istituto Nazionale della Previdenza Sociale*);

LEP: Minimum performance standard (*Livelli essenziali delle prestazioni*);

LD: Legislative decree (*Decreto legislativo*);

LR: Regional law (*Legge regionale*);

MLPS: Ministry of Labour and Social Policies (*Ministero del Lavoro e delle Politiche Sociali*);

PES: Public Employment Service (*Servizi pubblici per l'impiego*);

PON: National Operative Programme (*Programma Operativo Nazionale*);

POR: Regional Operative Programme (*Programma Operativo Regionale*);

PPL: Pact for work (*Patto per il lavoro*).

MIUR - The Ministry of Education, University and Research

INVALSI - National Institute for the Evaluation of the Education and Training System

INDIRE - National Institute of Documentation for Innovation and research Education

USR - Regional Council for Education

UST - Local Council for Education

VET – Vocational Educational and Training

IP - Professional Secondary Schools

ITS - Higher Education and Technical Training

IFP or IeFP – Regional Vocational institutes

POF – Piano Offerta Formativa

## Introduction

This report aim is to describe the goals, activities and outputs of Social Investment policies carried out in Italy in three policy fields: active labour market policies (ALMP), vocational and educational training (VET) and early childcare and education (ECEC).

The analysis is conducted at the national, regional and local level. The territory selected for an in-depth regional analysis is Lombardy, placed in the wealthy and industrialised North of the Country. Within this region, three local contexts have been chosen for conducting local cases studies: Milan (capital of the Region and strong metropolitan centre), Legnano (suburban context) and Oltrepò Pavese (rural area). Milan and Legnano are single municipalities while Oltrepò Pavese includes 15 neighbouring municipalities being part of the same mountain community.

The report is based on desk research and interviews. This report is based on desk research and interviews. Laws and other official documents, plans and statistics are the main sources of the descriptions and pieces of evidence here reported. Information was also taken from the reports produced within the WP4 to integrate this report.

The interviews were realised in March 2020. Considering the inability to have a vis-à-vis contacts because of the lockdown due to COVID-19 pandemic, the interviews were conducted via phone. They involved local officials/bureaucrats engaged in the policymaking and implementation of the local ECEC policies and services. The first part of the report describes the governance processes and organisations in the policy fields across the three institutional individuated levels. The second part concerns the supply of the services: their diffusion, organisation, characterisation, the possibility of access, and the different providers and their roles. Furthermore, a short synthesis reports the differences and similarities among the analysed contexts.

In the final part, the main strengths and weaknesses are summed up for each of the territories, and the priorities and strategies of development emerged from the fieldwork with a specific attention to those goals related to the Social Investment Approach.

## Active Labour Market Policies (ALMP)

### Executive Summary

This report focuses on active labour market policy (ALMP) setting at the regional and local level. ALMP provision in Lombardy is characterised both by multilevel governance and quasi-market arrangements. The Regional Government of Lombardy defines policy strategies, tools and monitoring while service delivery is delegated to public and private providers. The quasi-market of employment services presents peculiar features which make the Lombardy model unique in the Italian landscape:

- Equivalence between public and private providers. Both public jobcentres and private agencies must be authorised by the Region to participate in the employment system;
- Payment-by-result. The Region finances the providers according to service outcomes. Public jobcentres are privileged since they receive non-conditioned funding too;
- Competition model: providers compete to attract clients;
- Individual self-determination. Users have the freedom to choose among service providers (Sabatinelli and Villa 2015; Trivellato *et al.* 2017).

Data are provided by secondary analysis of official reports and academic papers concerning the Lombardy model of ALMPs, and interviews done for the writing of the present report and for WP4 reports. Interviewees were the managers and frontline workers of the PES located in the three localities: the city of Milan, the city of Legnano and Oltrepò Pavese. Interviews were conducted both face-to-face and via Skype.

The report is divided into two parts. The First part concerns the governance setting, i.e. the bodies involved in the policy-making and implementation of ALMPs and their relationships. Section 1 describes the multilevel institutional setting, focusing on the relationships between the central and the regional levels. Since in Italy the regional level is the main level of regulation for ALMP, the Section focuses on the regional norms and bodies which constitute the Lombardy model. Section 2 gives insights concerning the system of delivery within the three localities. Part 2 is devoted to regional policy tools and local policy. Section 3 presents regional ALMPs: *Dote Unica Lavoro* (3.1), the Youth Guarantee (3.2), policies for disabled people (3.3) and Network Activities for Employment (3.4). A review of the processes that led to the current situation closes Section 3. Section 4 describes local policy delivery in Milan, Legnano and Oltrepò Pavese.

The Second part is devoted to policy tools. Section 3 focuses on the regional policy instruments: the *Dote Unica Lavoro* (Section 3.1), the Youth Guarantee (3.2), and ALMP for disabled people (3.3). Subsection 3.5 is dedicated to Network Activities for Employment. The final subsection reports the main changes occurred to the *Dote system* from its establishment to date (3.5). Section 4 shows the main policy implemented at the local level by the PES. The final subparagraph (4.4) highlights similarities and differences in service provision between the selected case studies. Section 5 focuses on an evaluation of ALMPs characteristics in Lombardy from the Social Investment perspective.

## 1. Part 1 - The governance system

### 1.1 Multilevel institutional setting

Public employment services and active labour market policy (ALMP) were regionalised at the end of the 90s<sup>1</sup>. From a hierarchical and state-centric model, Italy moved towards a multilevel and non-hierarchical one, in which the central and the regional level share programmatic and political responsibilities (Graziano and Raué 2011). Employment services were opened to private providers. Since then, the number of job placement and temporary work agencies constantly increased. However, the regional regulations determine private agencies' degree of involvement in ALMP provision.

At the central level, the Ministry of Labour and Social Policies (MLPS) sets the general objectives of employment policy. The National Agency for the Active Labour Market Policies (ANPAL-*Agenzia Nazionale per le Politiche Attive del Lavoro*): coordinates the regional system and ESF funding; determines the minimum performance standards of services (LEP- *Livelli essenziali delle prestazioni*); establishes the users' profiling methodologies; administers the national register of temporary and recruitment agencies; and manages the regional services directly if they do not comply with the LEP (art. 9, LD 150/2015).

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<sup>1</sup> L 469/1997.

Unemployment benefits and the guaranteed minimum income (*Reddito di cittadinanza*) are provided by the National Institute of Social Insurance (INPS-*Istituto Nazionale della Previdenza Sociale*). Claimants must register to INPS to receive benefits, giving the Declaration of Availability to Work (DID-*Dichiarazione di immediata disponibilità al lavoro*). The DID may be released directly to INPS or the public jobcentres (CPIs-*Centri per l'impiego*). Then benefit claimants sign the Pact for work (PPL-*Patto per il lavoro*) with the service provider. The PPL is a “quasi-contract” (Eichenhofer and Westerlved 2005) which contains the duty that the benefit recipient must comply to perceive the benefit (conditionality). It also commits the provider to offer effective services to increase recipients’ employability.

At the regional level, the Regions hold autonomy in defining their strategies for the activation of unemployed people. Their autonomy also covers managing the budget for labour market initiatives with national government contributing mainly to cover, usually for two thirds, the costs of management and staffing of employment centers. On the one hand, regions administer the public employment services (PES), managing the local jobcentres directly or delegating other bodies, according to the principles of multilevel governance. On the other hand, the Regions decide the degree of involvement of private providers, through the definition of the rules of accreditation of private and not-for-profit providers. It is possible to identify four models of private providers involvement (OECD 2019, 155). The most common model is the “Complementarity model”, in which most services are offered by public jobcentres and other only by private agencies. In the “Public orientation model” the wider supply of service reserved to the public pillar, while private providers have a residual role. On the other side of the spectrum, lies the “Competition model”, in which public and private providers compete in the quasi-market of employment service. The “Private orientation” model sees the primacy of private providers and a residual role of the public ones. 16 regions out of 21 regions operate through the complementary model while the private orientation is used only in Lombardy (ISFOL 2016). The autonomy assigned to the Regions undermines ANPAL’s ability to uniform PES management and ALMPs delivery, determining a significant degree of heterogeneity in service effectiveness. As a result, unemployed protection and employers support heavily depends on the characteristics of PES at the local level (Marocco 2016).

EU fundings is particularly relevant for ALMP. In the 2014-2020 programming of ESF, two National Operative Programmes (PON) regards ALMPs: PON Sistemi di politiche attive per l'occupazione (Active employment policy systems) with an investment of 1,036,722,762 euros (84.5% of them coming from EU money) and PON Iniziativa Occupazione Giovani (Youth Employment Initiative) with a budget of 1,135,022,496 euros (100% from EU). Moreover, a substantial amount of the regional initiatives are financed through PORs using ERDF and ESF.

### ***Policy-making at the regional level***

In Lombardy, the regional law 22/2006 (and its successive amendments) defines the regional system of employment services. The act identifies the roles and functions of the regional government, the participatory bodies to include the local authorities and the social partners, and the goals of the regional policymaking:

- guarantee users’ freedom of choice through an employment service system constituted by public and private providers;
- the promotion of full employment, the stability and quality of employment;
- the realisation of the policy aimed at guaranteeing employment stability;

- strengthen social cohesion;
- promotion of gender equality.

At the beginning of the legislature, the regional government sets the strategic priorities with the five-year Regional Program of Development (PRS-*Programma Regionale di Sviluppo*), which is detailed by the Regional Document of Economy and Finance (DEFR-*Documento di Economia e Finanza Regionale*). The PRS also sets the expected results and the quantitative indicators to evaluate them. The actual priorities in the field of labour market regulation are contained in the PRS 2018-2023<sup>2</sup> (Regione Lombardia 2018b). The PRS is divided into 17 missions. Mission 15 provides three guidelines concerning labour market policies and vocational education and training: “Labour market organisation”; “Employment support”; and “Adjustment to labour market changes”. Firstly, the PRS confirms the validity of the historical features of the Lombardy model. Service delivery presents the characteristics of the Competition model (Oecd 2019). Lombardy developed a quasi-market of employment services, in which there is full equity between public and private providers (Trivellato *et al.* 2017). Although the certification of the unemployment status – which is compulsory to access unemployment benefits – is exclusively reserved to public jobcentres, ALMPs provision is given both to public jobcentres and private agencies. The involvement of private providers in the implementation of employment services is deemed positively, due to the positive that the competition between public and private providers have on labour market outcomes. The second guideline is dedicated to unemployed support in labour market integration. The PRS underlines the importance of the *Dote system* as the primary instrument of unemployed activation and providers coordination at the regional level (see the next subparagraph). Eventually, the third guideline is dedicated to vocational education and training, which is aimed at enhancing firms’ adaptability to international competition. Thus, the VET system is designed on employers’ needs in terms of employees’ competencies and organisational digitalisation.

The PRS also sets the indicators to evaluate the achievement of the regional policy goals. Performance management was firstly introduced by the RL 22/2006<sup>3</sup>. The law delegates to the “Independent evaluator” the evaluation of employment and training service outcomes based on the data provided by the Regional observatory of the labour market and by public and private providers. The evaluator must be an independent agency with no links with the regional government. However, the evaluator has not nominated yet. The region has assigned the role “temporarily” to the Regional institute of statistics.

*Table 1: Regional Budget 2018, "Cash flow forecasts " for Mission 15 (million EUR).*

	Total	Current expenditure	Investment expenditure
Mission 15 – Employment and vocational training policies	227.48	224.16	3.31
Programme "Service for labour market development" <sup>4</sup>	93.19	92.19	1.00
Programme "Vocational training"	21.48	21.48	0.00
Programme "Employment support" <sup>5</sup>	108.63	107.95	0.68

<sup>2</sup> The DCR 10 July 2018, no. XI/64 approved the PRS 2018-2023.

<sup>3</sup> Articles 16 and 17.

<sup>4</sup> It includes expenses staff and its training and the investment for strengthening of the network of employment centers.

<sup>5</sup> It includes expenses for the DUL (see later for details), incentives for companies and for other activation measures.

Programme "Unified regional policy for work and training "	4.17	2.54	1.63
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Source: Regione Lombardia (2019a, 35-36).

Looking at the regional expenditure, Table 1 shows the regional 2018 cash flow forecasts regarding employment policy. The Region allocated almost 230 million EUR in employment and vocational training policies in the 2018 regional budget.

The General Department of Education, Training and Employment (DGIFL-*Direzione Generale Istruzione, Formazione e Lavoro*) is the regional department responsible for the programmatic and managerial functions of ALMPs. It is supported by the public agency PoliS-Lombardia in implementing and evaluating regional programmes. Together they develop the operational guidelines for the frontline implementation of activation policies.

The Institutional Committee of Coordination (*Comitato istituzionale di coordinamento*) and the Regional Commission for Employment and Vocational Education Policies (*Commissione regionale per le politiche del lavoro e della formazione*) are devoted to stakeholders' involvement. The Committee is aimed at enhancing the cooperation between employment, training and education policies, and is chaired by the Regional minister of education, training and employment, and composed of the Regional Minister of Equal Opportunities; the representatives of unions, employers' organisations, provinces and municipalities; a representative of the Regional chamber of commerce; the director of the Regional board of education, and the Regional Director of INPS. The Commission is an advisory body concerning the regional programmatic guidelines to which participate the representatives of the regional government and social partners.

The Commission was frequently convened from 2008 onwards to involve the social parts in ALMPs planning. However, since the economic condition improved, the Region gathered the Commission rarely, even during the periodical revisions of the ALMPs system. According to an interviewee, the regional policy style depended on the DGIFL composition. In the previous years, the DGIFL was closer to private providers' interests, taking a more direct and autonomous decision making. Today, a change in the Department personnel and the need to correct the shortcomings of the regional system fosters the involvement of the Provinces and the social partners in policy-making processes (see the following subsections for details).

The Region delegates employment services to the provinces, which could deliver them directly or through special bodies, i.e. the Agencies for Training, Counselling and Employment (*AFOLs-Agenzie per la Formazione, Orientamento e Lavoro*).

### **Service delivery principles**

Two mechanisms make the quasi-market of employment services works. The first one is the system of accreditation which is the basis of the quasi-market of employment policy. Both public and private providers must comply with accreditation rules to be part of the governance system. The Region holds a gatekeeping role, establishing the rules of access to the regional register of employment service providers. The DGR IX/2412 (2011)<sup>6</sup> details the conditions for providers' accreditation. Providers must comply with financial, organisational, and managerial requirements.

The second mechanism is the payment-by-result system linked to the *Dote Unica Lavoro* (DUL), the regional policy tool to foster jobseekers' employability. The DUL is an endowment which allows the beneficiaries to access the ALMPs delivery system. The amount of endowment is determined in proportion to the support the beneficiary needs to find an occupation. From the users' perspective,

<sup>6</sup> The DGR implements articles 25 and 26 of the RL 19/2007.



access to the ALMP system is unique: they can choose where to apply to receive employment services: whether public, private or not-for-profit. Once registered, providers are authorised to sign the PPL with jobseekers and benefits beneficiaries, thus accessing the regional funding. The DUL is not directly given to the beneficiaries yet serves to reward the providers if they succeed in finding an occupation to the beneficiary. Together with payment-by-results, goal-orientation is aimed at establishing a system of incentives to discourage the adoption of opportunistic behaviour by the providers (Bellini *et al.* 2017). However, the literature stresses the distortion inherent into the design of the DUL system: lack of complete information among users concerning providers' effectiveness, creaming and parking of the most disadvantage users (Trivellato *et al.* 2017). Insights about the DUL and DUL Disability, which is reserved for disabled people, are provided in Paragraph 3.1 and Paragraph 3.3.

### ***The public pillar***

The regional government delegated the administration of PES to the Metropolitan City of Milan and the Provinces<sup>7</sup>. Ten provinces out of twelve manage CPIs (PES centers) directly, with their resources and employees. The Metropolitan City of Milan and the Province of Monza and Brianza constituted delegated service delivery to special companies under private law<sup>8</sup> called Agencies for Training, Counselling and Employment (AFOLs-*Agenzie per la Formazione, Orientamento e Lavoro*). AFOLs implements both ALMP and VET, managing the CPIs and training centres (CFPs-*Centri Formazione Professionale*).

There are three AFOLs. Firstly, the Metropolitan AFOL is property of the Metropolitan City of Milan, the Municipality of Milan and 68 municipalities (out of 133). Secondly, the West AFOL (*AFOL Ovest*) covers the western part of the metropolitan area. The Metropolitan City control the West AFOL through a private agency called "Euro lavoro scarl". The West AFOL manages the CPI of Legnano and the CPI of Magenta, covering the municipalities of the Alto Milanese and Magentino-Abbiatense (35 municipalities). Thirdly, the Province of Monza and Brianza is the sole shareholder of the AFOL Monza and Brianza.

The constitution of the AFOL system is a *unicum* in Italy. Firstly, regions and provinces do not usually involve the municipalities in ALMP planning and delivery because the municipalities do not have responsibilities in employment policy<sup>9</sup>. Secondly, AFOLs keep together employment and VET services under the very same operative unit. The AFOL system will be presented in detail in the next section. The private status allows AFOLs to overcome the national regulations regarding the management of civil servants and to have more flexible employee turnover.

Table 2 shows the number of CPIs per province and the number of employees of the public providers – CPIs and AFOLs – (almost 20% of the total). In 2019, there are 63 CPIs in Lombardy employing 509 workers, and three AFOLs, managing 13 CPIs, with 251 employees for a total of 760 workers. Lombardy is the second region per number of PES employees, yet the 17<sup>th</sup> regarding the share of workers working at the frontline – 77,7% against a national average of 83,9% – (ANPAL 2019. 32).

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<sup>7</sup> Article 4, RL 22/2006.

<sup>8</sup> In the Italian legislation, special companies (*aziende speciali*) are autonomous public or private body run by local governments, which are specialised in the supply of one or more public services (mainly water supply, transportation, electricity, yet also employment service).

<sup>9</sup> According to the Italian legislation, municipalities are responsible for social service provision. Indeed, the municipal social services are involved in the implementation of activation programme for social assistance recipients.

*Table 2: Public providers in Lombardy by Province (2019).*

Province	No. of CPIs	Employees of CPIs	Employees of AFOLs
Bergamo	10	64	-
Brescia	8	83	-
Como	5	31	-
Cremona	4	53	-
Lecco	2	26	-
Lodi	1	14	-
Mantua	5	28	-
Milan	9	93	211
Monza and Brianza	4	11	40
Pavia	3	29	-
Sondrio	5	16	-
Varese	7	61	-
Total	63	509	251

Source: DGIFL 2019, 12.

### ***The private pillar***

Due to its organisational setting and its central place within the Italian economic landscape, Lombardy features the highest number of private providers in Italy (35% acts in Lombardy), followed by Veneto (25%) and Piemonte (12%) (ISFOL 2016a, 67). In 2019, there were 916 service providers, of which 813 were private and not-for-profit bodies (Table 3). Confronting the data with the ones shown by Trivellato and colleagues (2017, 703) emerges that providers concentration per 100 km<sup>2</sup> has increased since 2010 in every province. Indeed, in 2010 there were 547 private and not-for-profit providers accredited to the regional register (Regione Lombardia 2012, 6).

*Table 3: Accredited non-public providers by Province (2019).*

Province	Accredited providers	Private and not-for-profit providers	Distribution (%)	Provincial area size (km <sup>2</sup> )	Private providers per 100 km <sup>2</sup>
Bergamo	108	97	11.9	2,723	3.6
Brescia	146	135	16.6	4,784	2.8
Como	48	40	4.9	1,288	3.1
Cremona	50	43	5.3	1,771	2.4
Lecco	30	27	3.3	816	3.3
Lodi	25	23	2.8	782	2.9
Monza and Brianza	78	71	8.7	495	14.3
Milan	243	220	27.1	1,579	13.9
Mantua	53	45	5.5	2,339	1.9

Pavia	34	33	4.1	2,965	1.1
Sondrio	17	9	1.1	3,212	0.3
Varese	84	70	8.6	1,199	5.8
Total	916	813	100.0	23,953	3.4

Source: Author's elaboration from Regione Lombardia (2019b); ISTAT (2011).

## 1.2 Shifts in the last ten years

The latest changes concern both the national and the local level governance.

At the national level, the 2015 labour market reform known as the “Jobs Act” was aimed at strengthening ALMPs effectiveness, operating on policy governance and contents. At the end of the '90, PES governance was decentralised to the regions and provinces. The former received political and monitoring competencies, while the latter became responsible for employment and training service delivery at the local level, i.e. jobcentres and VET centres management. The decentralisation reproduced territorial divides in employment policy effectiveness, within an insufficient coordinating activity by the state. The Jobs Act have re-centralised the governance of the Italian PES from the provincial to the regional level and from the latter to the national level (Garofalo 2016). LD 150/2015 created the governmental agency ANPAL, to steer and monitor the regional systems. It also relocated the management of the local PES to the regional governments after such competence was previously withdrawn from the provinces by L 56/2014. However, the reform needed the distribution of policy competencies to be modified in the Constitutional text to produce their effects fully. In April 2016, the Constitutional reform “Renzi-Boschi”<sup>10</sup> abolished the provinces and reorganised the centre-periphery distribution of policy responsibilities. The regulation of ALMPs would be passed from the regions to the national level, giving the ANPAL the capacity to guide and control service delivery at the local level. However, the Constitutional reform failed to pass the confirmatory referendum in December 2016. Regions have increased their power in organising ALMPs, due to the competences acquired from the provinces, while the ANPAL cannot fulfil its regulatory function. ANPAL activities mainly focused on assisting regional CPIs to support the activation of beneficiaries of recently *Citizenship Income* (a passive benefits). Today, the provinces are formally in force, yet their competencies depend on the regional legislation. Some regions exert managerial functions directly or through autonomous agencies. In Lombardy, RL 9/2018 reaffirmed the main characteristics of PES governance against the changes introduced with the national law 56/2014 and LD 150/2015. The Metropolitan City of Milan and Provinces still actively participate in the regional employment system.

## 1.3 Local governance systems

Local governance is characterised by the presence of provincial and municipal bodies. In Italy, the municipalities do not bear specific competencies in the field of employment services, while they oversaw the social services. However, some municipality develops employment service autonomously. Milan city area is covered both by the AFOL and municipal services. In Legnano

<sup>10</sup> The Constitutional reform is known as the “Renzi-Boschi Reform” after the former Prime Minister Matteo Renzi, and the former Minister of Constitutional Reforms Maria Elena Boschi.

service delivery is addressed by the CPI run by the West AFOL. No employment service provider is situated in the municipalities of the Oltrepò Pavese. The closest public jobcentre is the CPI of Voghera, which is managed directly by the Province of Pavia. The private providers too are located in the most populated cities of the province, far from Oltrepò municipalities.

### **1.3.1 Urban case: Milan**

The public pillar:

- CPI of Milan, oversight by the Metropolitan AFOL (Metropolitan City of Milan);
- Job desks of the Municipality of Milan;
- CELAV of the Municipality of Milan.

The private pillar:

- 134 non-public providers.

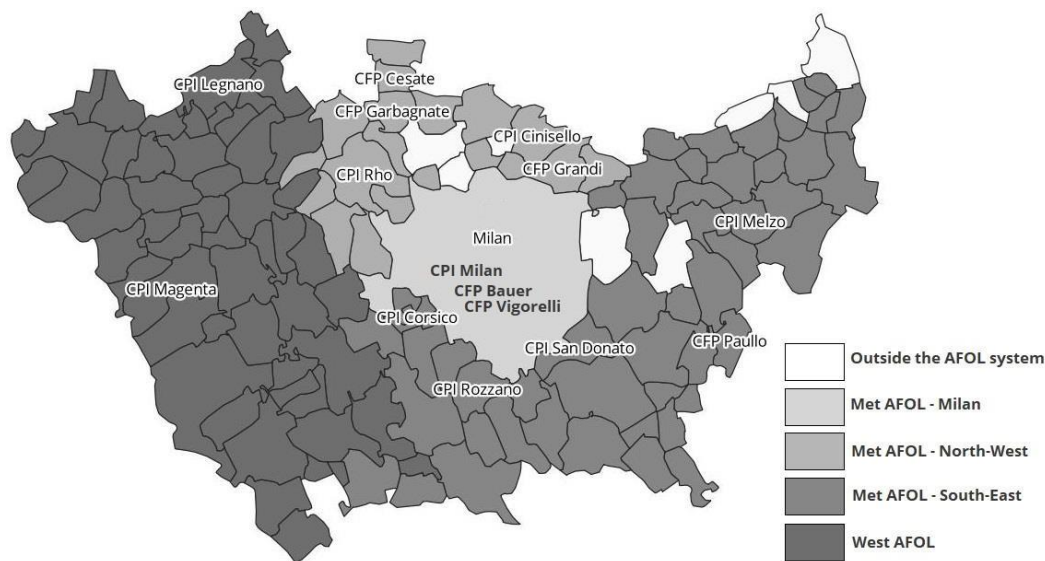
#### **The Metropolitan AFOL**

The Metropolitan City of Milan runs the Metropolitan AFOL together with the Municipality of Milan and the neighbouring municipalities. The Metropolitan AFOL is divided into three territorial areas: Milan (the city centre), North-West and South-East. Each area is in turn divided into two distinct functional areas: Employment area and VET area.

The former is responsible for the administration of jobcentres (CPIs); while the latter oversees the VET centres (CFPs). Figure 1 (that includes also the municipalities covered by the West AFOL, to which the following sub-paragraph is dedicated) shows the territorial division of the Metropolitan AFOL and the localisation of CPIs and CFPs within the metropolitan area. Milan city area is covered by the CPI of Milan and CFP Bauer (specialised in social media and arts courses) and CFP Vigorelli (business services and information technology). The other jobcentres and VET centres are located in some municipalities.

The regulatory documents are the Statute, the Ethical code and the Chart of service. In particular, the Chart of service promotes AFOL services among jobseekers and employer, and the evaluation criteria of training and employment areas. Besides, the Metropolitan AFOL publishes an annual performance plan, which shows the expected targets, indicators and quantitative targets to be pursued by each service and body (AFOL Metropolitana 2019b). Policy outputs are then reported in a final relation at the end of the year (AFOL Metropolitana 2018a).

Figure 1: The municipalities involved in the AFOL system.



The Consortium assembly and the Board of directors are the corporate governance bodies of the Metropolitan AFOL. The Assembly is composed of the representatives of the contributor municipalities and the Metropolitan City of Milan, and its main function is to set political goals and priorities. The Board of directors is composed of five members, two of which are nominated by the mayor of the Metropolitan City of Milan (i.e. the mayor of Milan). The Board is responsible for the implementation of the priorities set by the Consortium and appoints the General director. The Metropolitan AFOL's primary goal is to guarantee the right to work through training and job orientation, to avoid social exclusion and poverty (AFOL Metropolitana 2019a, 5). In practical terms, this implies promoting ALMP to prevent long-term unemployment; realising educational and vocational programmes; integrating disabled and marginal people; implementing territorially-centred services.

The constitution of the Metropolitan AFOL was a bottom-up process steered by the Province of Milan (now the Metropolitan City of Milan), which followed a three-step process (Correra 2017). The "preparatory phase" took place from 1997 to 1999. After PES decentralisation in 1997<sup>11</sup>, the Province of Milan<sup>12</sup> established the Work centres (*Centri lavoro*) in participation with the municipalities and social partners, yet without the Municipality of Milan – due to its long tradition in employment service provision (Trivellato *et al.* 2017). Work centres were constituted to identify adequate organisational arrangements with a view of the relocation of policy implementation from the national level to the regional and provincial ones. Regarding service delivery, Work centres were aimed at promoting labour intermediation, job search support and disability employment services by exploiting local collaborative networks.

The "start-up phase" (1999-2008) began with the approval of two regional laws (the RL 1/99 on regional system of employment policy and the RL 1/2000 on VET service provision). As a result, the Province definitively took the management responsibilities of CPIs and CFPs. During the beginning of the 2000s, national employment and PES reforms<sup>13</sup> gave the Province the leeway to implement

<sup>11</sup> LD 469/97.

<sup>12</sup> The Province of Milan will become the Metropolitan City of Milan on 1 January 2015.

<sup>13</sup> LD 181/00 and LD 276/03.

organisational arrangements and policy tools (e.g. the online job board) funded by the first round ESF funds (2000-2006). In 2004, the Province approved the Milan AFOL statute, and in 2006 the programmatic document “*Strategic guidelines for labour and training services in the province of Milan*”. Unions also were involved during this phase. Starting from the dispositions provided by the *Strategic guidelines*, the provincial governance was delineated around the principle of the separation among programmatic, control and evaluation duties from service delivery within the quasi-market designed by the regional government. Thus, the Province of Milan assumed the political responsibility of the implementation of employment service, and service delivery was delegated to the AFOLs. The AFOL system was fully activated in 2008, initiating the “service delivery phase” (from 2008 onwards). Seven AFOLs were constituted, covering the provincial area. Milan AFOL covered Milan city area, without the involvement of the Municipality of Milan. The municipalities were involved into the boards of North-West AFOL, South AFOL, North AFOL, East AFOL, West AFOL – which was managed by Eurolavoro srl –, and Brianza AFOL – later transferred to the newly formed Province of Monza and Brianza –. In 2013, the Province decided to merge five AFOLs. From 2014 onwards, the AFOLs were progressively merged into the Metropolitan AFOL, creating the current situation.

### **Municipal services**

CELAV is the municipal service aimed at supporting the activation of social assistance recipients. Service provision is organised within six working group each specialised in a category of individuals: disabled, ex-convicts, ex-drug addicts, foreign people and refugees, young people (aged 16-25), older people (more than 50 years old). Besides, the Information desk provides job search support to every jobseeker resident in Milan and produces a bulletin on the current situation of the local labour market every two weeks. CELAV is accredited in the regional register of employment service providers. In 2019, CELAV beneficiaries were 2,643. 1,019 (38%) begun an internship, of which 315 started an employment contract (Municipal data)<sup>14</sup>.

Although the CELAV is part of the municipal social service, its approach is not restricted to individual assistance. Frontline workers assist individuals not to fall into welfare benefits dependency through personalised projects aimed at activating the beneficiaries. Self-sufficiency is pursued through people activation and empowerment. Beneficiaries must behave proactively to receive supports, which means that support is conditioned to individuals taking responsibility for their situation.

*“We deal with people empowerment. We have distinct characteristics from the providers accredited to employment services. For example, Users’ intake is what sets us apart. We build a developmental project with registered people, starting from what that person is and from what that person has. We conceive him – and we help him to conceive himself – as a resource and not as a problem or an anchor” (ALMP-GOV1).*

One of the key CELAV strategies is employer engagement<sup>15</sup>. Frontline workers need to establish successful relationships with employers to offer employment opportunities to their users. Companies are contacted individually or through their organisations. The “Business Unit” is composed of accountants which administer and update a database comprises more than 700 private and not-for-

<sup>14</sup> <https://www.comune.milano.it/-/politiche-sociali.-dal-comune-2-6-milioni-per-l-inclusione-lavorativa> [Accessed 13 March 2020]

<sup>15</sup> On employer engagement, see Ingold 2018.

profit companies. The database is updated regularly to include those firms which were involved in the most recent projects. Besides, every six months, firms are recalled confirming their availability or not to receive CELAV's users. Frontline workers contact employers during the designing phase of activation projects. CELAV offers vocational training courses, with the collaboration of training agencies (e.g. Fondazione Adecco) and employers. Job outcomes are of primary importance for managers and policy-makers. The courses are therefore designed both on participants' characteristics and employers' requirements. However, collaboration is not flattened on employers' needs and demands because only those companies which do not show opportunistic behaviours were selected as collaborators. Accordingly, companies are included if they share the CELAV mission to support marginal people. Frontline workers are given corporate social responsibility<sup>16</sup> crucial importance in evaluating employers' willingness in collaborating with the CELAV.

*“We don't want to work with firms that have exploitive behaviour towards public resources. So, we try to be careful in selecting companies to make contact with. Nevertheless, it's clear that the partnership is not only with users, yet with employers, to build educational and training models that can be responsive to users' necessities”* (ALMP-GOV2).

At the beginning of 2020, the Municipality has allocated 2.6 million EUR for the labour market integration of disadvantaged people through the constitution of public-private networks for employment service delivery. The CELAV took the leading role in coordinating the partnerships.

### **1.3.2 Sub-urban case: Legnano**

The public pillar:

- CPI of Legnano, overseen by the West AFOL (Metropolitan city of Milan).

The private pillar:

- 10 non-public providers.

The CPI of Legnano oversees employment services in the Legnano area. The CPI is managed by the West AFOL, a private consortium. The West AFOL is run by the Metropolitan City of Milan alone through the company Euro lavoro scrl, without municipalities involvement.

Euro lavoro was created in 2001 from the merging of provincial Work centres as a consortium composed by the Metropolitan City of Milan and the western municipalities. Euro lavoro guarantees the West AFOL a higher degree of autonomy from the Metropolitan City control in service delivery. Even though nowadays the municipalities have left the West AFOL Consortium assembly – due to disagreement with the Metropolitan government –, Euro lavoro keeps a coordinating role concerning employment and training issues at the local level. Since the constitution of the AFOL system, West AFOL was held separate from the Metropolitan AFOL due to the autonomy historically enjoyed by the municipalities of the Alto Milanese and Magentino Abbatense. An interviewee defines the Legnano area as a “Province within the Province [of Milan]” (Interview with the West AFOL

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<sup>16</sup> According to Mandal and Osborg Ose, corporate social responsibility “involves the social and environmental awareness and concerns of enterprises [...] beyond the requirements of the law and beyond mere concerns of improving the company's financial results” (Mandal and Osborg Ose 2015, 169).

manager) to underline the territorial specificity. However, over the next few years, the West AFOL will merge with the Metropolitan AFOL, creating a unique PES provider for the Metropolitan City. Besides services delivery, the West AFOL coordinates the local stakeholders around regional- and European-financed programmes. The West AFOL assumed a pivotal role to link together municipalities, social partners, private and not-for-profit providers to enhance the job outcomes of employability programmes, while avoiding the adverse effects of the Lombardy model (Interview with the West AFOL manager). Firstly, accreditation regulations may leave out from the system not-for-profit associations which supports marginal groups, especially, because they may not comply with the economic criteria for the registration. Secondly, the Lombardy model encourages providers competition, which may produce negative effects on low-employability users and rising costs for providers. Section 4.2 provides insights on this topic.

One of the main characteristics of the West AFOL is the collaboration with employers in designing training courses. Personalising the training courses on the needs of employers is aimed at easing beneficiaries' job opportunities, thus increasing service efficacy. Moreover, frontline workers select the jobseekers to be put in training with the involved employers.

As a result, private and not-for-profit providers actively participate with the West AFOL in the elaboration and designing of local projects. They do not act simply as competitors of the public facilities, yet as equal partners of public-private partnerships. The presence of the most significant providers at the local level, e.g. Adecco, Manpower and Randstad facilitate the proactive approach of the West AFOL.

### **1.3.3 The rural case: Oltrepo' Pavese**

The public pillar:

- The closest jobcentre is the CPI of Voghera, oversaw by the Province of Pavia (about 30km from Oltrepò Pavese).

The private pillar:

- The closest non-public providers are located in Voghera (3 providers) and in Stradella (3 providers).

Oltrepò Pavese is characterised by a peripheral position within Lombardy region, both in spatial and economic terms. There are no public or private providers located within the subregion's boundary. The closest CPI is the CPI of Voghera, which is managed directly by the Province of Pavia. The distance between the main town of the subregion Varzi and the CPI is about 30 km (half an hour by car). At the same time, no private providers are located in the area. Again, the closest ones are situated in Voghera.

## **2. ALMP – Activities and services**

### **2.1 Description**

The key ALMPs implemented at the regional level are:

- The *Dote Unica Lavoro* (DUL);
- the Youth Guarantee;



- and the Dote Impresa and DULD;
- Network actions for employment.

### *Dote Unica Lavoro*

The Unified Work Endowment (DUL) is the primary regional tool for the activation of unemployed, and one of the most innovative activation policies in Italy (Giubileo and Parma 2016).

The DUL evolved from the ALMPs programmes set by the Region with the social partners starting from 2009. At that time, the economic crisis led many small and medium enterprises to bankruptcy. The primary policy tool to support the workers was the CIGD (*Cassa Integrazione Guadagni in Deroga*), a short-time working schemes introduced for those enterprises which exhausted or were not covered by the wage supplementation ordinary (CIGO) and special (CIGS) schemes (Pedersini and Regini 2013). CIGD were funded by the ESF, which requires the beneficiaries to participate in ALMPs to perceive income support. However, the Region was unprepared to offer effective programmes to the beneficiaries. Training courses and job search support were addressed only to receive the European funds with no hope to reintegrate the beneficiaries into the labour market. The failure of such programmes led the Region to improve ALMPs effectiveness with the help of social parties. Since 2009 various types of employment endowments were activated. The most important was the *Dote Formazione e Lavoro* (Training and Work Endowment) and the *Dote Ammortizzatori Sociali in deroga* (Endowment Short-time Working Schemes), which totalled together 66% of the total funding for employment policy in 2010 (Regione Lombardia 2012).

Eventually, the various endowments were merged into the DUL. The DUL was introduced in 2013 (DUL phase I 2013-2015<sup>17</sup>) and renovated in 2015 (DUL phase II 2016-2018<sup>18</sup>). The RL 30/2015 introduced the DUL into the regional legislation as the primary regional active labour market policy (ALMP). Today, the DUL is in its third phase III (2019-2021)<sup>19</sup>.

The DUL guarantees both the existence of the quasi-market and users' freedom of choice principle (Sabatinelli and Villa 2015). The policy guiding principles are:

- the centrality of beneficiary's freedom to choose the service provider;
- the diversification of support intensity tailored on the characteristic and needs of beneficiaries;
- the personalisation of service provision;
- the adoption of measurable standard costs;
- and job outcome as the primary goal (Giunta della Regione Lombardia 2018, 3).

Before DUL introduction, the Region steered employment policy and coordinated the provincial and local levels through project calls. Planning-by-project guaranteed a much more leeway to public providers to organise the delivery of employment services. On the contrary, DUL is given to beneficiaries, shifting the responsibilities concerning the allocation of public funding from the public decision-maker to final users. The shift provoked provinces complain about the centralisation of operative decisions from the municipal and provincial to the regional level (Trivellato *et al.* 2017). Target beneficiaries are unemployed resident or domiciled in Lombardy with at least 30 years old (those under 29 access the Youth guarantee, see Section 3.2.); and short-time working schemes recipients.

<sup>17</sup> DGR 2 August 2013, no. X/555.

<sup>18</sup> DGR 12 December 2015, no. X/4526.

<sup>19</sup> DGR 11 December 2018, no. XI/959.

The *Dote* is an endowment assigned to unemployed based on the support they need to find a new job. Recipients are assigned to each Group according to the degree of support needed. The more problematic is the recipient, the higher the number of delivered services, than the higher the reward for the provider. Even the duration of the DUL varies according to the Group of aid intensity. For Groups 1, 2, 3 and 5 DUL expires after 180 days, and for Group 4 after 360 days. An individual beneficiary receives a maximum of three endowments per year. Table 4 shows the official description of the five Groups of aid intensity as reported by the Region.

*Table 4: Groups of aid intensity, DUL phase III.*

Group 1. "Low-intensity"	Group 2. "Medium-intensity"	Group 3. "High-intensity"	Group 4. "Very high-intensity"	Group 5. "Other aid"
Jobseekers who need basic counselling service because they are already autonomous.	Jobseekers who need counselling and tutoring to increase their autonomy.	Non-autonomous jobseekers requiring intense job search support.	Previously inactive jobseekers who need intense job search support.	Employees under short-time working scheme requiring training services.

Source: PoliS-Lombardia (2018a, 8).

Providers have a maximum threshold of refundable costs according to the number of registered beneficiaries and job placements (PoliS-Lombardia 2018b). The Region does not reward their services if they exceed the threshold. Every claimant is assigned to one of the five groups as a result of a profiling interview (see table 5 for more details). The profiling system is composed of four variables:

- (1) "Time passed since the last job", divided into three categories less than 4 months; from 4 to 36 months; more than 36 months;
- (2) "Professional career", i.e. the number of job contracts activated by the claimant in the last two years, divided into three categories: one contract or less; two contracts; three contracts or more;
- (3) "Age", divided into three categories: from 30 to 39; from 40 to 55; more than 56;
- (4) "Sex": male or female.

*Table 5: Profiling criteria.*

Variables				Group
(1) Time passed since the last job	(2) Number of contracts in the last 2 years	(3) Age	(4) Sex	
$\leq 4$ months	-	-	-	Group 1
$4 \geq x \leq 36$ months	$\leq 1$	$30 \geq x \leq 39$	M or F	Group 2
	$\leq 1$	$40 \geq x \leq 45$	M or F	Group 3
		$\geq 56$		
	2	$30 \geq x \leq 39$	M or F	Group 2
		$40 \geq x \leq 45$	M	
2	$40 \geq x \leq 45$	F	Group 3	

		$\geq 56$	M or F	
	$\geq 3$	$30 \geq x \leq 39$	M or F	Group 2
		$40 \geq x \leq 45$	M	
	$\geq 3$	$40 \geq x \leq 45$	F	Group 3
		$\geq 56$	M or F	
$\geq 36$ months	-	-	-	Group 4

Source: PoliS-Lombardia (2018a, 11)

After the registration, the beneficiary signs the PPL and begins the personalised path of activation with the provider. The endowment is not directly given to the recipient yet is used to reward the service provider if it succeeds in producing a job outcome, i.e. open-ended or fixed-term contracts, becoming self-employed. The DUL is provided according to the first-come, first-served principle until funds are terminated. Every provider has a maximum budget, beyond which no reward shall be assigned. As stressed by Trivellato and colleagues (2017), this principle may advantage the more active jobseekers, excluding the most marginal. Moreover, since recipients choose the supplier among a list of accredited providers, most marginal users may have difficulties to access reliable information concerning suppliers' efficiency. From the view of service providers, a selection-bias exists. According to an interviewee (West AFOL manager), the fact that the rewards are limited implies that providers select the most profitable users. Especially for public providers, the risk is that all the expendable amount runs out in a few weeks due to the service demand. Providers may decide to concentrate the efforts on the most attractive jobseekers maximising the possibility to achieve the target.

There are three service baskets. The first one is (a) "Intake and registration". This service comprises an introductory interview and skill assessment. The second one is (b) "Counselling and training", which is divided into the subgroups: (b1) "Individual counselling" and (b2) "Training and group counselling". The third one is (c) "Job outcomes", with three subgroups: (c1) "Recruitment"; (c2) "Internship"; (c3) "Self-entrepreneurship".

The DGIFL established the hourly cost of every service, which is indexed according to the "Group of aid intensity" of the recipient. Table 6 shows the refundable maximum cost of each service. "Individual counselling" services are rewarded only if the recipient achieves the job outcome, "Training and group counselling" services are rewarded even in the case the recipient does not find an occupation, yet partially. Job outcomes rewards (columns c1, c2 and c3) are assigned also looking to the type of job contract.

Table 6: Service basket and rewards, DUL phase III.

	(a) Intake and registration	(b1) Individual counselling	(b2) Training and group counselling	(c1) Recruitment	(c2) Internship	(c3) Self-entrepreneurship
Group 1	Free	EUR 213	EUR 45 (upon a job outcome of at least 12 months (Training not planned for Group's member)	Not planned	Not planned	Not planned
Group 2	Free	EUR 284	EUR 594 (50% upon a job contract of at least 12 months)	<ul style="list-style-type: none"> <li>• Open-ended: EUR 2,000</li> <li>• Fixed-term 6-12 months*: EUR 1.300</li> <li>• Fixed-term &gt; 12 months**: Not planned</li> </ul>	Not planned	EUR 600
Group 3	Free	EUR 355	EUR 876 (30% upon a job contract of at least 6 months)	<ul style="list-style-type: none"> <li>• Open-ended: EUR 2.500</li> <li>• Fixed-term 6-12 months*: EUR 1.600</li> <li>• Fixed-term &gt; 12 months**: EUR 1,000</li> </ul>	Not planned	EUR 800
Group 4	Free	EUR 426	EUR 1,158 (20% upon a job contract of at least 6 months)	<ul style="list-style-type: none"> <li>• Open-ended: EUR 3,000</li> <li>• Fixed-term 6-12 months*: EUR 2,000</li> <li>• Fixed-term &gt; 12 months**: EUR 1,200</li> </ul>	EUR 500	EUR 1,000
Group 5	Free	Not planned for Group's members	EUR 2,000 (Group counselling not planned)	Not planned	Not planned	Not planned

\* Apprenticeship contract, fixed term or temporary, \*\*Fixed-term or temporary

Source: Giunta della Regione Lombardia 2018, 6-10.

DUL funding derived almost entirely from ESF (Table 7). Funding for DUL 2013-2015 was provided by ESF 2007-2013 Axis I and Axis 2. DUL phase II and III resources derived from ESF 2014-2020 Axis 1. Funding expanded from phase I to phase II; while decreased due to the improvement in the labour market conditions.

*Table 7: DUL funding.*

	Phase I (2013-2015)		Phase II (2016-2018)		Phase III (2019-2021)	
	million EUR	%	million EUR	%	million EUR	%
Total available resources	48.60	100.0	180.74	100.0	102.00	100.0
From ESF	48.00	98.8	174.00	96.3	100.00	98.0
Regional funds	0.60	1.2	6.74	3.7	2.00	2.0

Source: DGR X/748; DGR X/4526; and DGR XI/2462.

According to the data provided by the Lombardy region (DGR XI/2462), from 1 January to 14 October 2019 the majority of beneficiaries (33.5%) belonged to Group 4 (“Very high-intensity” aid) and Group 3 (32.4%); while only 5.9% were “Low-intensity” beneficiary. Accordingly, expenditure was concentrated in those two groups (79.4%).

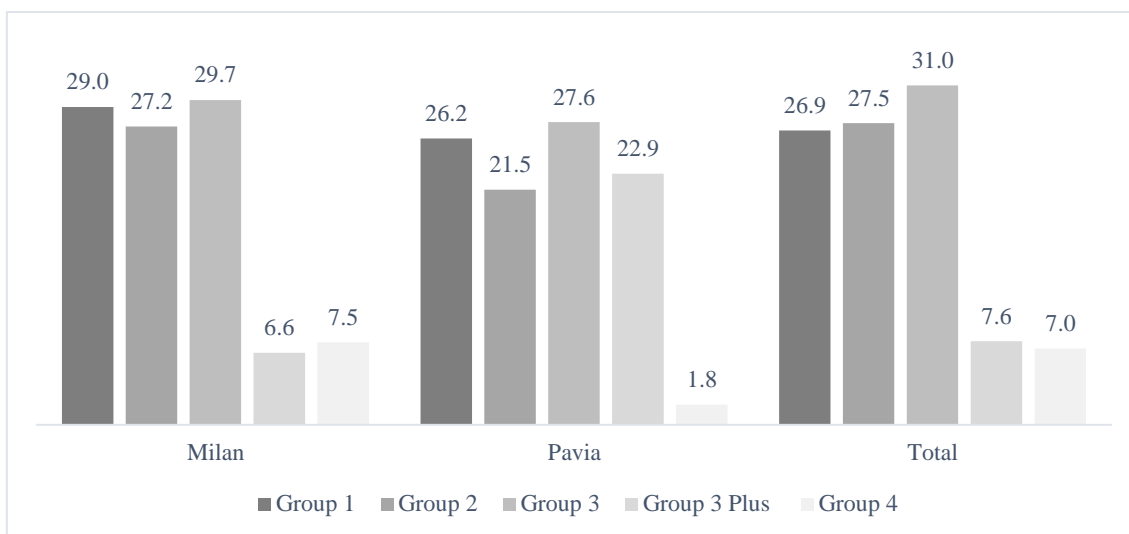
*Table 8: DUL phase III beneficiaries and expenditure (1.1.19-14.10.19).*

	Beneficiaries		Expenditure	
	no.	%	million EUR	%
Total	10,002	100.0	24.38	100.0
Group 1	587	5.9	0.10	0.4
Group 2	1,782	17.8	4.16	17.0
Group 3	3,238	32.4	10.24	42.0
Group 4	3,352	33.5	9.20	37.7
Group 5	1,043	10.4	0.68	2.8

Source: DGR XI/2462.

Looking at the territorial distribution of DUL phase II beneficiaries (Figure 2), emerge the higher incidence of Group 3 Plus beneficiaries in the Province of Pavia. More than one out of five DUL beneficiaries (22.9%) were included in the “Very-high” intensity aid group, against a regional average of 7.6%. The very low presence of Group 4 beneficiary (1.8%) is explained by the composition of the economic fabric of the Province of Pavia, which is mainly devoted to the agricultural sector. Indeed, short-term working schemes beneficiaries are concentrated in the manufacturing sector, which is much more present in the Milan area. Conversely, the Metropolitan City of Milan is characterised by a higher level of Group 1 beneficiaries (29.0%), i.e. short-term unemployed, in comparison with the Regional average (26.9%).

Figure 2: DUL phase II beneficiaries' distribution among the Groups of aid intensity per Province (2016-2018).



Source: Author's elaboration from Regione Lombardia 2018, 7.

### The Youth Guarantee in Lombardy

The Youth Guarantee (YG) is a European programme aimed at activating NEET people<sup>20</sup>. In Italy, it is regulated by the 2014 Nation Operational Programme-Youth Employment Initiative<sup>21</sup>, and by the DL no. 76/2013, which established the structure of delivery of the YG. The YG was an opportunity for the Italian PES to receive additional resources and implement organisational arrangements until then missing, especially in backward regions of the South (Mandrone and D'Angelo 2014).

In Lombardy, the DGR X/1889 of 30 May 2014 kicked off the YG phase I (October 2014-April 2017). Recently, implementing the new agreement between ANPAL and regions, the DGR XI/550 of 24 September 2018 updated the regional implementation plan, thus starting the phase II mainly confirming the continuity with phase I. Target beneficiaries are young people aged 16-29 not in employment or education. YG implementation is the same as the DUL's. The subordination of YG design to the quasi-market of employment service was taken to ease the supply of services by public and private providers (Regione Lombardia 2018b). Social partners and education institutions were involved in policy design. The Regional Commission for Employment and Vocational Education Policies played a pivotal role in informing and involving unions and employers' organisations to promote the policy among the employers as an opportunity to enhance NEETs' skill formation (Regione Lombardia 2018c).

The YG is addressed as an endowment, which the beneficiary uses to receive employment services until its expiration (180 days). The claimant enters the programme after signing the Individualised Personalized Path (IPP). Claimants are assigned to the four Groups of aid intensity according to their employability degree.

The rewards system presents some differences from the DUL's (Table 9). Firstly, counselling and tutoring activities are provided for at least 1 hour, but for a maximum of 2 hours. The hourly cost is the same regardless of the group of aid intensity. However, low intensity and medium-low intensity users may receive 2 extra hours of counselling (for a total of 4 hours). The extra hours are aimed at performing the skill assessment and tutoring activities. Medium-high and high intensity users may receive a maximum of 12 hours of support to compile the skill certificate. Secondly, training is provided exclusively prior to the recruitment, just before the signing of the employment contract.

<sup>20</sup> Acronym for Not in Education, Employment or Training.

<sup>21</sup> PON-Iniziativa Occupazione Giovani.

Thirdly, the internship must last at least 91 days, but not more than 180 days, which corresponds to the YG expiration time. The internship is comparable to an employer incentive, since interns' salary consist of a monthly wage of EUR 500, conferred both by the employer (EUR 200) and the Region (EUR 300).

Table 7: Service basket and rewards of the YG.

	Service basket and rewards				
	(a) Reception and registration	(b) Counselling and tutoring	(c) Training	(d) Employment support	(e) Internship
Group 1	Free	EUR 35.50 per hour (max. 4 hours)	Planned, but not rewarded	<ul style="list-style-type: none"> <li>• Open-ended and apprenticeship: EUR 1,500</li> <li>• Fixed-term <math>\geq</math> 12 months: EUR 1,000</li> <li>• Fixed-term 6-12 months: EUR 600</li> </ul>	EUR 200
Group 2	Free	EUR 35.50 per hour (max. 4 hours)	EUR 640 (100% upon job outcome)	<ul style="list-style-type: none"> <li>• Open-ended and apprenticeship: EUR 2,000</li> <li>• Fixed-term <math>\geq</math> 12 months: EUR 1,300</li> <li>• Fixed-term 6-12 months: EUR 800</li> </ul>	EUR 300
Group 3	Free	EUR 35.50 per hour (max. 12 hours)	EUR 960 (50% upon job outcome)	<ul style="list-style-type: none"> <li>• Open-ended and apprenticeship: EUR 2,500</li> <li>• Fixed-term <math>\geq</math> 12 months: EUR 1,600</li> <li>• Fixed-term 6-12 months: EUR 1,000</li> </ul>	EUR 400
Group 4	Free	EUR 35.50 per hour (max. 12 hours)	EUR 1,280 (50% upon job outcome)	<ul style="list-style-type: none"> <li>• Open-ended and apprenticeship: EUR 3,000</li> <li>• Fixed-term <math>\geq</math> 12 months: EUR 2,000</li> <li>• Fixed-term 6-12 months: EUR 1,200</li> </ul>	EUR 500

Source: Author's elaboration from Regione Lombardia 2018c).

In addition to the regional services, the INPS provides a set of financial incentive to employers to hire YG beneficiaries. From January 2018, is active the NEET employment incentive<sup>22</sup>. The incentive exempts employers from social security contribution for a maximum of EUR 8.060 if hired with open-ended contract (EUR 4.030 if fixed-term employees).

The YG phase I funding was provided by Regional funds and the ESF, for a total of 178.3 million EUR, divided as follows:

- Employers-oriented incentive: 52.4 million EUR;
- Employment support: 40.5 million EUR;
- Internship: 37.3 million EUR;
- Training: 13.4 million EUR;
- Counselling: 7.9 million EUR;
- Other: 26.8 million EUR (Regione Lombardia 2014, 4).

The Table 10 shows the provincial distribution of claimants and beneficiaries of YG phase I. More than 86 thousand young people were enrolled to the programme, which represent 28% out of a total of 272 thousand estimated NEETs (Éupolis Lombardia 2017). Lombardy ranked 18<sup>th</sup> among the

<sup>22</sup> *Incentivo Occupazione NEET.*

Italian regions concerning YG coverage rate, against a national average of 57% (ISFOL 2016, 34). Conversely, the placement rate – i.e. the percentage of IPP signers which find a job or an internship – is the highest (Regione Lombardia 2018b).

Final data on outcomes (April 2017) report 101,903 registered people; 50,098 hired (49.2%) with fixed-term (38,094) or open-ended (12,004) contracts; 42,967 trainees (42.2%) ; and 8,838 dropouts (8.6%); exceeding the initial goals of 13 thousand employment contracts and 22 thousand internships (Regione Lombardia 2018b, 15-16).

*Table 8: YG phase I claimants and beneficiaries per province (data updated to 30.06.2016).*

	Registered per province of residence	Proportion of the target population (%)	IPP signers	Dropouts (%)
Varese	6,110	24.1	4,502	26.3
Como	4,618	22.0	3,638	21.2
Sondrio	1,298	33.3	1,020	21.4
Milan	20,831	29.5	14,329	31.2
Bergamo	9,398	25.2	7,195	23.4
Brescia	9,018	30.1	7,044	21.9
Pavia	3,225	23.9	2,264	29.8
Cremona	2,698	24.1	2,069	23.3
Mantua	3,077	25.2	2,208	28.2
Lecco	3,047	42.3	2,145	29.6
Lodi	1,816	28.5	1,330	26.8
Monza and Brianza	6,234	36.6	4,617	25.9
Other	15,302	-	5,534	63.8
Total	86,672	27.9	57,895	33.2

*Source: Éupolis Lombardia (2017, 8; 15).*

Following the conclusion of the first phase, the Region approved a 115 million EUR refinancing of the YG (DGR X/6547). In January 2018, the ANPAL transferred 77.1 million EUR coming from the ESF to Lombardy (13.4% out of the total allocation, 3<sup>rd</sup> region after Sicily and Campania). Funding were allocated mainly to employment support (42 million EUR), training (7.7 million EUR) and internship (4.5 million EUR) (Regione Lombardia 2018b). The employer-oriented incentive was confirmed with a national budget of 60 million EUR. YG goals and priorities, as well as performance management were defined by the DGR XI/550 of September 2018.

#### *ALMPs for people with disabilities: Dote impresa and the DULD*

In Italy, the recruitment of workers with a disability is compulsory for enterprises with more than 15 employees (L 68/99). Disabled jobseekers are supported with individualised projects developed by local networks composed of jobcentres, municipal social services, private providers, training centres, not-for-profit associations and enterprises.

In Lombardy, the RL 13/2003 complements the national legislation concerning the labour market integration of people with disabilities. The law establishes the Regional Fund for the Employability of Disabled, which gathers the regional funding which was distributed to the Provinces. In 2019, the



Fund amounted to 47.5 million EUR: 14.4 million EUR were dedicated to regional policies; 33.1 million EUR were distributed among the Provinces<sup>23</sup> to develop local networks and programmes for the social and work integration of disabled jobseekers.

In Lombardy, there are two ALMPs for people with disabilities. Firstly, The Unified Work Disability Endowment (*DULD-Dote Unica Lavoro Disabilità*) is a supply-side ALMP designed on the DUL contents and governance. Secondly, the *Dote impresa* (Enterprise endowment) is the demand-side policy aimed at supporting the costs of the adaptation of the work environment to the needs of disabled employees. Besides, an employer incentive supports those employers who hire workers with more than 50% of disability.

At the local level, the constitution of the local networks aimed at supporting disabled jobseekers are not equally distributed. The quantity and quality of the relationships among the stakeholders influences the presence of such networks and their stability through time. The networks take various forms – formalised stable partnerships, episodic constitution due to specific projects –, showing a high heterogeneity in terms of participants and outcomes. However, networks lack the employers' involvement in most cases (Polis-Lombardia 2018c).

According to Polis-Lombardia, in 2016, there were 43.135 job-ready disabled persons enrolled in employability lists (2018c, 12). In 2016, only 10.1% of the registered jobseekers found an occupation, i.e. 4,369 out of a total of more than 43 thousand persons. The Metropolitan City of Milan displays a small reduction in hiring between 2015 and 2016 (from 1,1613 to 1,582). Instead, in the Province of Pavia, the disabled jobseekers who find an occupation increase steadily between 2013 and 2016 (from 95 to 172).

### *Network Activities for Employment*

Network Activities for Employment programme (*Azioni di rete per il lavoro*) support the constitution of public-private partnerships between service providers and the local stakeholders to deal with business crisis. A network must be composed of at least three subjects to apply the DGIFL. Participants may be public and private (profit and/or not-for-profit) service providers, companies, social partners, chambers of commerce, municipalities and provinces, schools and universities. Only accredited providers are allowed to lead and coordinate the network. Projects consist of a set of employment services dedicated to at least 10 employees of a maximum of 3 companies of the same sector. Two types of service are rewarded. Firstly, process-oriented services, i.e. counselling and job-search activities, are rewarded with 2,000 EUR for each participant. Secondly, goal-oriented services are rewarding only if the participants finds an occupation on the basis of the Group of aid intensity of each beneficiary (as for the DUL), until a maximum reward threshold of 1,835 EUR for counselling and job-search support activities, and 3,860 EUR for self-entrepreneurship services<sup>24</sup>. The current application window lasts from November 2018 to June 2020. Total funds amount to 8.9 million EUR.

<sup>23</sup> DGR XI/ 2641.

<sup>24</sup> As stated by the Operational Handbook of the Network Activities for Employment drafted by the DGIFL. The Handbook can be retrieved from [https://www.fse.regione.lombardia.it/wps/wcm/connect/14f9fdc3-e7f8-4832-8cea-c846f2e327ce/Allegato+B\\_Manuale\\_Gestione\\_Reti\\_aggiornamento\\_1\\_agosto\\_19.pdf?MOD=AJPERES&CONVERT\\_TO=url&CACHEID=ROOTWORKSPACE-14f9fdc3-e7f8-4832-8cea-c846f2e327ce-mPiuIEA](https://www.fse.regione.lombardia.it/wps/wcm/connect/14f9fdc3-e7f8-4832-8cea-c846f2e327ce/Allegato+B_Manuale_Gestione_Reti_aggiornamento_1_agosto_19.pdf?MOD=AJPERES&CONVERT_TO=url&CACHEID=ROOTWORKSPACE-14f9fdc3-e7f8-4832-8cea-c846f2e327ce-mPiuIEA)

## 2.2 Main changes and innovations introduced in the last ten years

### 2.3 Local Policies

#### 2.3.1 *Urban case: Milan*

Provincial and municipal services implement local policy in Milan. Local policy is characterised by a variety of providers, both public and private. On the one hand, the Metropolitan AFOL oversees the city jobcentre: the CPI of Milan. Besides, there are the municipal services: the CELAV and the Job Desks.

#### **The Metropolitan AFOL**

The Metropolitan AFOL combines training and employment services, offering a wide range of services to very different users: from high school students to long-term unemployment; from university students to self-employed. In 2017, 63.941 persons checked in the CPI of Milan, which increased to 84.279 in 2018 (AFOL Metropolitana 2018a, 122). According to an interviewee, most of them come to the CPI asking for unemployment certificate, which is required access to several services – e.g. public housing and health care fees exemption –. Less than 30% checked the CPI to be involved in ALMP initiatives (Metropolitan AFOL manager).

The Metropolitan AFOL performs two permanent services: Users' intake and registration and Labour market intermediation<sup>25</sup>. The former is aimed at strengthening the relationships between employment services and training. The latter focuses on labour market reintegration of the Metropolitan AFOL users. The Performance plan identifies the yearly quantitative targets of permanent services. At the end of the year, the Performance report contains the achieved results. The target of Users' intake and registration for 2018 was that 15% of PPL signers must participate in training services (AFOL Metropolitana 2018a). At the end of 2018, 62% of users were involved in training activities within the Milan city area. The target of Labour market intermediation is the percentage of registered users that find an occupation. In 2018 the target was 15% of the PPL signers. The target was overcome since 36% found a new occupation. Thus, in 2019 the target was raised to 20% (AFOL Metropolitana 2019b).

Besides the permanent services, the Metropolitan AFOL applies for ESF funding developing projects directed to labour market integration of specific categories or city areas. Examples are the Lorenteggio Project, which is targeted to the unemployed residents of the public housing high-unemployment Lorenteggio neighbourhood. Residents are supported with an income benefit if they participate in activation measure, e.g. training and job search support. The MASP-Master Parenting in Work and Life is aimed at acting on the division of family care work between partners to increase women participation to the labour market. Employability services are targeted to female jobseekers, and online training is offered to employers. The FAB-Fast Track Action Boost and MILE-Migrants Integration in the Labour Market in Europe<sup>26</sup> both dedicated to immigrants, to which participate the municipalities of other European countries. FAB is an Employment and Social Innovation programme of the European Union. The project lasted from February 2018 to January 2020. The Metropolitan AFOL was the leading partner of a partnership composed of 9 members from different European countries (Germany, Austria, Sweden and Serbia). Target beneficiaries, especially female migrants, are supported with training courses. The MILE project targeted to 120 migrants located in Italy,

<sup>25</sup> The service is labelled "Occupami-MI". In Italian, *occupami* means "employ me". The capitalisation of the final two letters underlines that the service is targeted to Milan residents, because "MI" is the code of the Metropolitan City of Milan.

<sup>26</sup> For details, see <https://projectmile.eu/the-project-mile/>.

Spain, Austria and Greece. Networks of stakeholders offer job support to migrants and employers at the local level. The Italian network is composed of the Metropolitan AFOL and VET centres.

One of the most interesting programmes implemented in the last 10 years was the Ricolloca-MI project<sup>27</sup> (Zingale and Granata 2018). The project was activated to deal with massive layoffs during the last economic crisis. Target beneficiaries were DID signers and short-time working schemes recipients (CIGO, CIGS, CIGD and solidarity contracts). The Metropolitan AFOL promoted the constitution of public-private partnerships to support unemployed with counselling, orientation and training services. The CPIs addressed the registration and the first-phase counselling, while temporary staffing agencies provided the specialistic training and job search support. Activities were financed with Forma.Temp resources, i.e. the training and support fund of the employers' organisation of private agencies. Even though the project last only two rounds of application (2010-2014), it was crucial to develop inter-organisational collaboration between public and private providers. The first edition saw 655 beneficiaries and 275 hirings (41.9%). The second edition involved 252 persons, with a job outcome of 40.5% (102 hirings). The Ricolloca-MI project then inspired the Network Activities for Employment programme.

In the last few years, the Marketing service were activated to develop relationships with the local companies. The Marketing service is composed of professionals who search and contact the local employers to publicise the AFOL's services. Three services are dedicated to employers: "Labour intermediation", i.e. the matching of labour supply and demand; "Employee training"; and "Counselling" concerning employment contracts, European funds and demand-side incentives. Besides contacting the companies individually, the Metropolitan AFOL involves employers' organisation to reach the most significant number of employers, especially those who have open vacancies, SMEs and individual companies.

*"We must make training even more coherent with companies' occupational needs and with the types of skills required by the business system. Thus, vocational training must not be an end in itself, but training must follow the labour market; otherwise, it's useless"* (ALMP\_GOV3).

Metropolitan AFOL provides two dedicated services to the shareholder municipalities. Firstly, Job desks are decentralised offices of the AFOL, situated in every municipality. They allow the users not to move from their municipality to the city centre or the few CPIs. Secondly, the Metropolitan AFOL supports the municipalities with ESF funding. The Metropolitan AFOL coordinates application and accountability phases, and the constitution of local partnerships. It also trains the civil servants concerning ESF administration.

#### **4.2.2. Municipal services**

CELAV is the municipal service aimed at supporting the activation of social assistance recipients. Service provision is organised within six working group each specialised in a category of individuals: disabled, ex-convicts, ex-drug addicts, foreign people and refugees, young people (aged 16-25), older people (more than 50 years old). Besides, the Information desk provides job search support to every jobseeker resident in Milan and produces a bulletin on the current situation of the local labour market every two weeks. CELAV is accredited in the regional register of employment service providers. In 2019, CELAV beneficiaries were 2,643. 1,019 (38%) begun an internship, of which 315 started an employment contract (Municipal data)<sup>28</sup>.

<sup>27</sup> In Italian, *ricollocami* means "re-employ me".

<sup>28</sup> <https://www.comune.milano.it/-/politiche-sociali.-dal-comune-2-6-milioni-per-l-inclusione-lavorativa> [Accessed 13 March 2020]

Although the CELAV is part of the municipal social service, its approach is not restricted to individual assistance. Frontline workers assist individuals not to fall into welfare benefits dependency through personalised projects aimed at activating the beneficiaries. Self-sufficiency is pursued through people activation and empowerment. Beneficiaries must behave proactively to receive supports, which means that support is conditioned to individuals taking responsibility for their situation.

*“We deal with people empowerment. We have distinct characteristics from the providers accredited to employment services. For example, Users’ intake is what sets us apart. We build a developmental project with registered people, starting from what that person is and from what that person has. We conceive him – and we help him to conceive himself – as a resource and not as a problem or an anchor” (ALMP-GOV1).*

One of the key CELAV strategies is employer engagement<sup>29</sup>. Frontline workers need to establish successful relationships with employers to offer employment opportunities to their users. Companies are contacted individually or through their organisations. The “Business Unit” is composed of accountants which administer and update a database comprises more than 700 private and not-for-profit companies. The database is updated regularly to include those firms which were involved in the most recent projects. Besides, every six months, firms are recalled confirming their availability or not to receive CELAV’s users. Frontline workers contact employers during the designing phase of activation projects. CELAV offers vocational training courses, with the collaboration of training agencies (e.g. Fondazione Adecco) and employers. Job outcomes are of primary importance for managers and policy-makers. The courses are therefore designed both on participants’ characteristics and employers’ requirements. However, collaboration is not flattened on employers’ needs and demands because only those companies which do not show opportunistic behaviours were selected as collaborators. Accordingly, companies are included if they share the CELAV mission to support marginal people. Frontline workers are given corporate social responsibility<sup>30</sup> crucial importance in evaluating employers’ willingness in collaborating with the CELAV.

*“We don’t want to work with firms that have exploitive behaviour towards public resources. So, we try to be careful in selecting companies to make contact with. Nevertheless, it’s clear that the partnership is not only with users, yet with employers, to build educational and training models that can be responsive to users’ necessities” (ALMP-GOV2).*

At the beginning of 2020, the Municipality has allocated 2.6 million EUR for the labour market integration of disadvantaged people through the constitution of public-private networks for employment service delivery. The CELAV took the leading role in coordinating the partnerships.

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<sup>29</sup> On employer engagement, see Ingold 2018.

<sup>30</sup> According to Mandal and Osborg Ose, corporate social responsibility “involves the social and environmental awareness and concerns of enterprises [...] beyond the requirements of the law and beyond mere concerns of improving the company’s financial results” (Mandal and Osborg Ose 2015, 169).

### 2.3.2 Sub-urban case: Legnano

The Legnano area is covered by the CPIs of Legnano, which is managed by the West AFOL. The AFOL is organised into two functional areas: the Employment and Training Area, and the Inclusion Area.

The Employment and Training Area deals employment related services: registration to income support schemes and employment services (the DUL and the Youth Guarantee), counselling and training. Contrary to the Metropolitan AFOL, the West AFOL do not oversee VET centres. The CPI delivers training programmes exclusively to DUL beneficiaries' retraining and workplace training activities. The CPI designs the training courses involving the employers, to raise their effectiveness in terms of job outcomes. Frontline workers detect employers' needs in terms of skills, then involve them in the selection of the jobseekers to enrol in courses. Thus, training corresponds to a trial period for the trainees because they are included in the workplace from the beginning.

The Inclusion area is specifically dedicated to people with disabilities. The Area staff closely collaborate with the municipal social services and social cooperatives in multidisciplinary teams to deal with the elaboration of personalised activation paths for disabled people. The job-ready are put in contact with employers, while those who need support to increase their employability receive counselling and training in collaboration with the social workers.

The centrality of employers' collaboration for service effectiveness makes employer engagement crucial for CPI's initiatives. Within the Employment and training area there is the Matching Office (IDO Office-*Ufficio Incontro Domanda/Offera di Lavoro*) whose objective is to promote demand-side services to employers, thereby build long-term relationships. Frontline workers support employers during the recruitment process for new employees. Their activities consist in the screening of employers' needs in terms of skills and capabilities, collecting and analysing jobseekers' curricula and compiling shortlists of jobseekers that comply with their characteristics of the vacancies. To enhance the opportunity to engage employers, the IDO Office collaborates with the Business desks of the nearby municipalities (SUAP-*Sportello Unico per le Attività Produttive*). SUAPs support the employers concerning the administrative requirements in terms of licenses and taxes. IDO Office staff exploit this line of communication to promote demand-side services. Moreover, every two weeks, the IDO Office promotes the job-ready jobseekers among employers. The IDO staff prepare the so-called "best profiles": a short description of the jobseekers with rare or requested skills.

The West AFOL staff is composed of 33 open-ended employees with a variable number of fixed-terms collaborators. Stable employees are divided into 9 public employees formally employed of the Metropolitan City, but seconded to the West AFOL, and 24 employees of Euro lavoro. They diverge regarding skills and seniority. Most of the seconded workers are high seniority employees, i.e. they were hired before the 2000s, before the reforms which modernise the Italian PES. Their competencies concern bureaucratic skills, thus they are mainly responsible for back-office administrative tasks. The employees of Euro lavoro, whose job relation is regulated under private law, are mainly psychologists, counsellors and advisors, which assist unemployed, disabled people, and employers. The third group is composed of autonomous professionals, which are hired temporarily to deal with specific projects if additional workers are required for a limited time. As the members of the second group, they are mainly psychologists and counsellors.

Differently from private providers, whose profits derive from DUL rewards, jobcentres funding mainly comes from public resources and only secondarily from the payment-by-result system. Thus, CPIs activities can concentrate on the most marginal and less employable people. As stated in Section 2.2, service delivery is pursued to reduce the adverse effects of the DUL system on the most marginal beneficiaries. Payment-by-result may favour job-ready beneficiaries in detriment of the ones who need much more support in terms of services with fewer probabilities to reintegration. Even if the system is designed to prevent such shortcomings (see Table 7), West AFOL activities are aimed at

fostering providers cooperation to achieve two interrelated goals: cost reduction for private providers, while maximising the utility of public financing and increasing public services effectiveness. However, the reward system places limits to the maximum refundable costs per provider also for the public ones. Moreover, since public resources for PES are limited in terms of funding and human resources, managers and frontline workers experiment innovative solutions to service delivery.

*“Let’s say that we try to use our creativity to overcome those institutional situations which are sometimes a little bit lacking [in resources] but, actually, if you want, the possibilities exist” (ALMP\_GOV3).*

This effort resulted in the creation of a figure within the CPI of Legnano dedicated to the management of DUL beneficiaries’ registration for private providers. Beneficiaries are free to choose the provider they prefer and to change it after the registration if it does not satisfy them. The procedure takes time to be completed both for the provider and beneficiary. CPI eases the bureaucratic procedures, diminishing the costs for the parts.

Other examples are the Mini job-club. They are group sessions of counselling and orientation, which are financed by VET funds or by private agencies. The frontline worker selects those jobseekers who are ready for training and send them to the private agency, which decide who register as own users after the group session. This arrangement allows the AFOL to support the jobseekers while financing the group sessions with private resources. In turn, the private agency can select among several of jobseekers (usually 20 persons) who register or not. Moreover, even those who were not registered with the provider have addressed with 4 or eight hours of counselling.

Even the accreditation rules may affect the ability of the ALMPs system to deal with social exclusion, ruling out from the reward system the providers who are not able to comply with registration regulation, although they may provide effective support to people. The West AFOL promotes the constitution of Network Activities for Employment (see Section 3.4) to implement the activation measures linked to short-time working schemes (i.e. CIGO, CIGS and solidarity contracts). The partnerships are constituted between accredited and non-accredited bodies, each performing specific functions. The West AFOL coordinates the members and performs the administrative tasks. The other partners – e.g. training centres, APLs or social cooperatives – handle training, orientation and job placement activities. Since funding is attributed only if the beneficiaries find a new occupation, the provider which formally realises the placement held 70% of the financing, while the remaining 30% is distributed among the partners.

One of the most innovative initiatives involves schools and employers to improve the efficacy of School-Work Alternation internships (*Alternanza Scuola-Lavoro*). School-Work Alternation is regulated by national law no. 107/2015. It is aimed at involving the students of upper-secondary school (11th-13th grades) in training periods within companies in accordance with their study plan. The programme is compulsory for the students of technical, vocational and grammar schools. The West AFOL experimented the constitution of a placement office within a technical college of Legnano to support the students during the activation of internships. The office also offers counselling to teachers and administrative staff to improve their ability to interact with employers. The office is financed with the rewards collected when the students activate Youth Guarantee internships.

In conclusion, service delivery is pursued through the constitution of public-private partnerships coordinated by the CPI of Legnano, which are triggered to deal with specific jobseekers (as Mini Job-Club) or employers’ needs (as the training courses designed with employers). The partnerships allow the CPI to fully exploits the rewards system despite lack of funds.

### 2.3.3 Rural case

The main offer in terms of employment services in the Oltrepo Pavese territories are based on the tools designed at the regional level (see section 2.1). Unlike Milan and Legnano, the province of Pavia, called by regional governance to implement public employment services, has opted for an internalized management of these services. Therefore, an ad-hoc agency (such as the AFOLs described in the previous paragraphs on Milan and Legnano) have not been created. Instead, the province directly manages the employment centers. Therefore, the greater flexibility and streamlining of management that AFOLs enjoy are not applicable here.

The province of Pavia provides labour market services in three employment centers located in Pavia, Vigevano and Voghera. The Voghera district covers the municipalities of the Oltrepo and it is their main point of reference. The main jobcenter is located in Voghera, respectively 13 and 30 kilometers from Godiasco and Varzi, the two most populous municipalities in the Oltrepo. However, there is also a detached service point located in Varzi, within the Oltrepo area. It operates only in the morning on weekdays.

The service delivery provided by the Voghera employment center is standard. It is based on the taking up (“presa in carico”) of jobseekers followed by the signature of a service agreement, a document in which the employment center and the users agree on a path to be followed to support a successful re-enter into the labour market.

As the main tools used are standard, activities are not addressed to specific targets. This leads to local users often opting for private operators considered more suitable for their needs:

*“the user is free to choose to sign the service agreement with other operators, which is useful when other operators have access to specific measures that may be closer to the user's interests. For example, there are operators that create specific training courses for certain positions and sectors, whereupon a person decides to rely on these operators for pure personal interest, otherwise they can remain in our center”.* (ALMP\_GOV4).

As for the main procedures to match labour market demand and offer, the role of local PES doesn't emerge as particularly pro-active. It mainly relies on companies submitting job requests through an online form, FAX or e-mail. Details about job offers are then entered by the employment centers' staff on the employment services webpage<sup>31</sup> in order to make the job offers accessible to jobseekers. Users can apply in 3 ways:

- going directly to employment centers in order to apply;
- employment center staff contacts people on their lists who match the skills required by the job application;
- jobseekers can register to the site and then apply online .

In general, the employment centers then select a limited number of applications (“about 5” according to an interviewee) among which the company has to choose. The final decision is made by the company which can also ask for more candidates if unsatisfied. Users who turn to the services are assisted in CVs writing and in the preparation of job interviews.

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<sup>31</sup> <http://sintesi.formalavoro.pv.it/portale/Default.aspx?tabid=83>

The relationship between other public bodies in developing or implementing actions is not structural but projected-based (ALMP\_GOV4).

On top of the services offered by the province through the employment centers, there are no other services for additional work in the Oltrepo area. The small municipalities composing the rural area do not have resources (financial and human) to offer extra services.

Finally, as for private services, there are no bodies accredited to work in the region that are based in the Oltrepo. The closest agencies are in Voghera.

### 2.3.4 Similarities and differences among the three case studies

Milan and Legnano show the most similarities concerning ALMP functioning and provision. Firstly, the Metropolitan AFOL (Milan) and the West AFOL (Legnano) share similar corporate governance. Both are special agencies owned by the Metropolitan City of Milan and, in the case of the Metropolitan AFOL, and municipalities. Even though the municipalities are not directly involved in the West AFOL governance, they closely collaborate with the CPI of Legnano. Furthermore, the private status allows the AFOLs to manage CPIs' staff without the constraints which characterise employment relations in public bodies, as in the CPI of Voghera. As a result, the significant number of professionals (psychologists and consultants), who support jobseekers during their activation paths or collaborate with employers, permits the implementation of dedicated services to jobseekers and employers.

Secondly, AFOLs managers share a common view concerning unemployment benefit recipients' activation. The relationship between public service and services recipient must be reciprocal: the former provides a set of programmes aimed at increasing the possibility of quicker integration in the labour market, and the latter is committed to act proactively in searching for occupation. Managers perceive welfare-dependency as their main concern. Either the CELAV manager endorses this approach to activation. However, CELAV focus is much more on supporting the beneficiary rather than on service goals.

Thirdly, training plays a crucial role in users' activation. Vocational training is linked explicitly to employment services. One of the AFOLs' main goals is to link together employment and training services. Accordingly, training courses are developed with employers' collaboration. Linked to such an approach to activation, employer engagement emerges as a key component of the supply of effective services. Both the Metropolitan AFOL and the West AFOL developed employer engagement staff to increase employers' involvement. The staff contacts the companies using marketing strategies, i.e. selling demand-oriented services.

*“We are able to find persons who are coherent with what you are searching for [...] We support you with vocational training. We support you with the disability placement system. We support you with consultancy about interprofessional funds<sup>32</sup>” (ALMP-GOV3).*

Either the collaboration between public and private providers is crucial to address users' needs (people and employers). Policy delivery arrangements are aimed at limiting the detrimental effects of

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<sup>32</sup> Interprofessional funds provide training services for employed people. Funds are managed by the social partners and supervised by ANPAL. Companies finance the funds by paying 0,30% of employees' remuneration to the INPS (L 388/2000).



the competition model on local networks formation. AFOLs managers consider policy networks as of primary importance to increase service effectiveness and outcomes.

*“[Between private and public services] there must not be competition but with service integration job opportunities increase. I am convinced that the integrated system works. The integrated system may give satisfaction” (ALMP-GOV3).*

The West AFOL manager stress the importance of the reciprocal nature of the relationships between public and private providers. The collaboration of employment agencies is reached through the supply of dedicated services. Public facilities are aimed at increasing the ability of the local providers as a whole to improve the labour market.

*“We did several training courses [...] trying to develop relationships with the private agencies to make sure they can exploit an opportunity that we make available to the territory [...] I repeat: the objective is to exploit the public funding making the most of it” (ALMP-GOV3).*

### 3. Part 3 - Priorities and Social Investment Strategy

The final section proposes the evaluation of the local policy ability to improve the conditions of PES users. Concerning the capacity of local policy and services to satisfy social needs about available funding, interviewees judge regional funding adequate to satisfy users' needs through service provision. In a national perspective this is also helped by an economic and labour market outlook that stands among the best in the country. They do not report excessive lack of resources yet flaws in their distribution, underlining the detrimental effects of the DUL system on policy delivery. The reward system is based on payment-by-result logic, which is complemented by the reimbursable threshold set for each provider. Implemented services are financed if they produce a job outcome until the threshold is reached. Counselling and training services might not bring an immediate result; nevertheless, they expand beneficiaries' employability which might produce results at a later time. As a result, providers are thus encouraged to invest in short-term revenue services, and potentially creaming the most disadvantage claimants. The public service is then burdened with less profitable services and claimants.

*“This concept of subsidiarity, which is typically Lombard, does not distinguish between public and private. In my opinion, it was a mistake [...] because, inevitably, there will be some non-rewarded services which private providers won't do and that they will dump to the public service, and the public service will be evaluated on activities that definitely can't do due to lack of personnel” (ALMP-GOV3).*

As stated by the interviewees, public providers try to make the most from funding. Managers cope with shortages with a creative approach to funds allocation. Both the AFOLs and the CELAV participate in European, regional and municipal social planning projects to access budget lines, increasing the resources that come from the reward system. The variety of approaches to service delivery presented in the previous sections prove public providers' proactive attitude to people empowerment.

Priorities in the local policy agenda are aimed at three main goals. Firstly, the activation of unemployment benefit recipients to avoid welfare-dependency. Both in Milan and Legnano, public intervention is aimed at increasing the employability of jobseekers, supporting them with counselling and training services. In particular, AFOLs managers stress the importance to merge employment and training services. In Milan, more than 50% of the registered users begin a training course (see Section 4.1). In Legnano the elaboration of an effective ALMP system is reached limiting the number of frontline workers devoted to administrative tasks, while increasing the professionals devoted to jobseekers and employers support (see Section 4.2).

The second goal is employer engagement. Employers are necessary to pursue people empowerment since their involvement allows public providers to develop customised training courses. However, the institutional framework does not assist local providers in connecting with labour demand. Apart from the compulsory hiring of disabled people, national regulations and strategies to involve employers are absent. The three public providers show different ways in searching for employers' cooperation. The Metropolitan AFOL adopts a demand-led strategy, which is aimed at adapting "services to existing employers' demands, addressing them as 'consumers' or 'clients' of these policies and services" (van der Aa and van Berkel 2014, 13). Thus, adapting job support beneficiaries on employers' needs. Vice versa, the CELAV pursue a demand-oriented approach in which employers' involvement is rooted in corporate social responsibility. Employers are considered as co-producers of employability projects of the most disadvantage beneficiaries. Their collaboration allows personalising the activation process on the characteristics of the beneficiary.

*"We don't describe our kids as jewels. We tell the potentiality they have but also the difficulties of the journey in which they are involved. This allows employers to calibrate the proper intervention, then, to know how to guide the kid growing up, starting from kid's conditions rather than from an idea about where the target is, in which if you start to work here, you should already know to do these things. To us, it's important to say 'Look, this kid is already at this point', what piece can you add?'" (ALMP-GOV1).*

The West AFOL stands in an intermediate position between these two extremes. Indeed, the demand-led approach is mitigated by the embeddedness of the West AFOL in the local networks of employers and service providers. Employer engagement is devoted to increase the condition of the local labour market.

*"We have different activities made in collaboration with companies. We have several training activities made with them. The aim is precisely not to make training an end in itself but that it serves at creating job opportunities at the local level" (ALMP-GOV3)*

The third goal is private and not-for-profit providers involvement. As stated in the previous sections, public providers in Milan and Legnano collaborate with the private ones to increasing services effectiveness while limiting their costs. Especially in Legnano, collaboration involves an extensive network of partners due to the mission of the local CPI to become pivotal in the labour market.

Concerning which users have the priority in service access, the DUL system fosters job-ready beneficiaries to be prioritised over the other (Sabatinelli and Villa 2015; Trivellato *et al.* 2017). Even public providers exhibit a tendency to invest in the less disadvantage jobseekers, especially when they need to involve employers in increasing service effectiveness (as when frontline workers let the employers choose which jobseekers include in training programmes, see Section 4.2). However, public providers stress the importance of public mandate to include all the claimants, irrespective of their characteristics.

In Italy, the characteristics of PES employees is an issue concerning the ability of the system to implement effective ALMP (OECD 2019). Indeed, PES workers show low educational level and limited skills which appear unsuitable for the implementation of activation services. PES governance reforms were not complemented by staff turnover, and today, CPIs' staff is composed for the most part of workers aged over 50. In Lombardy, 38.2% holds a tertiary degree – against a national average of 27.1% –, while the majority holds an upper-secondary degree (48.1%) (ISFOL 2016a). The private status allows AFOLs' manager to manage their employees with much more leeway than public bodies. They can invest much more resources in the recruitment of temporary project-related professionals.

*“Since we couldn't increase the number of employees, we transform funding in variable costs [...] I use professionals just for the time needed to manage specific activities. When that fund ends, I don't have consequences because I must hold additional employees but the professionals I employ for that activity (ALMP-GOV3).*

The Regional government privatised the employment services without contracting them out but developing a quasi-market. Both public and private providers participate in service delivery. They must comply with the same requirement to participate in the employment service system. As stated above, privatisation is rooted in accreditation rules and the DUL system. The system presents the characteristics of the competition model because users are allowed to choose among the providers. However, competition is mitigated by AFOLs effort to involve private agencies in the constitution of local service partnerships.

In terms of policy design, the result-based reimbursement mechanism should encourage the efforts to effectively get beneficiaries of ALMPs into employment in line with Social Investment objectives. However, the implementation shows some limitations. First of all, the public-private competition along with the reward by result logic is likely to lead, as pointed out by some operators, to cherry picking dynamics by private operators who focus on profiles with greater employability. This risks generating Matthew's effects dynamics given that, as was also highlighted in the WP4 interviews, public employment services are weaker, despite attempts at recent improvements, on the demand side and consequently in the matching between companies-beneficiaries. Indeed, PES are at risk of being too focused on the administrative side, as shown also by the low percentage of staff dedicated to front-line services.

On the positive side, the coordination in the AFOLs between employment and training services should be noted, thus meeting one of the objectives of the SI, namely upskilling.

In terms of focusing on quality of jobs, the reward system for operators takes in consideration the length of contract of users successfully re-entered in the labour market. However, other indicators of quality of the occupation are not considered.

Regarding the conditionality of the passive benefits, this is still limited. On the one hand, the registration of availability for employment (DID) is mandatory. Therefore compliance with any individual plan (PPL) is mandatory, but entry into the DUL system is not automatic for income support recipients.

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## Vocational and Educational Training (VET)

### Executive Summary

The Italian educational system is characterized by a specific relationship of distribution of powers, responsibilities and roles between the centre (the National) and the peripheral (the Regional), and between the central and the local levels (both provinces and municipalities). Over the last 10 years, the system has undergone a series of transformation considering a background of constant political instability and fragmented policies. Furthermore, under a scenario of resistance to change and with a tendency to cultural conservatism increases the uncertainty and the complexity of the VET system, the result is a scarce perception of the education as a common good enhancing the development of both individual and collective capacities.

The case studies reconstruct the multilevel governance system of the VET policies on the three areas: Milan, Legnano and Oltrepo' Pavese.

The complexity and the vastness of the Milan Metropolitan Area have an impact on the fragmented nature of relations with institutional entities present in the territory. However, the city offers a rich and diversified VET supply. Legnano has lost his industrial vocation and now it is a satellite suburban town that has been incorporated into the Milan metropolitan area and rely on its coordinated policies. For the rural perspective the territory of Oltrepò Pavese is characterized by its wine and agricultural vocation but a large part of the active population is employed in the service sector and the VET system reflects this economic transition.

## 4. Part 1 - The governance system

The principal institutional bodies governing the Italian education system are:

-at national level, The Ministry of Education, University and Research (MIUR) and the two important National Institute INVALSI and INDIRE<sup>33</sup>;

-at regional level, the Regional School Authorities (USR) and the Regions with the support also of the regional councils for Education and the Regional Institutes for Research into Education;

-at local level, the Provinces and Metropolitan Cities, Municipalities and schools.

### 4.1 Multilevel institutional setting

The Ministry of Education, University and Research has complete authority over the programming/funding of the education system, school rules/regulations and personnel recruitment. The Regional School Authorities act as the peripheral seats of the Ministry and are territorially responsible for implementing national policies through their administrative, supervisory and inspectorate duties (Bifulco, 2011). The USRs assign the economic and human resources to the schools (USR Lombardia, 2020).

The competences attributed to the Regions began in 2001 Constitutional Law<sup>34</sup>, led to 2009 Law on fiscal federalism<sup>35</sup>, which decreed the transfer of powers/competences from the National State to the Regions (Poggi, 2010). Currently the institutional situation appears to be instable yet and the relations between the various levels of government are in conflict of competence and incoherent. The formal reorganisation of the competences shared between State, Regions and local authorities create a complex interplay between different actors in decision-making process for education.

MIUR has jurisdiction over the definition of general norms, the definition of limits and contents while the Regions and local authorities are to be in charge of regional planning as well as managing and allocating staff over the territory. One of the effects of this systemic organisation is the creation of

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<sup>33</sup>National Institute for the Evaluation of the Education and Training System (INVALSI) and National Institute of Documentation for Innovation and research Education (INDIRE).

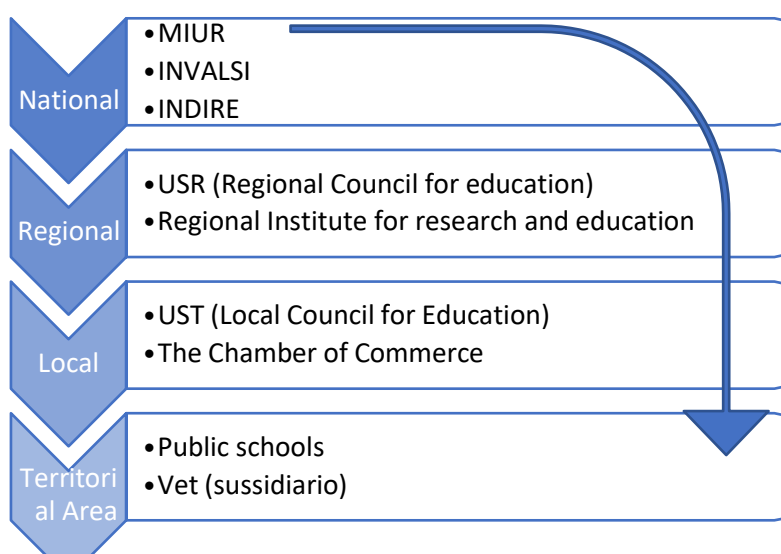
<sup>34</sup> Constitutional Law 18 October 2001, n. 3 "Modifiche al titolo V della parte seconda della Costituzione".

<sup>35</sup> Law 5 May 2009, n. 42 "Delega al Governo in materia di federalismo fiscale, in attuazione dell'articolo 119 della Costituzione".

regional diversification and fragmentation of services regarding vocational and education and training services, and different contexts shaped by varying administrative policies tied to different territorial specificities. Provinces and Municipalities have also found an increase in their duties and functions over the last few years. Provinces are in charge of the plans for organizing the school network as well as running, maintaining and building new secondary schools, while the Municipalities are responsible for kindergarten and primary school buildings.

Under this landscape the Italian educational system is characterized by a specific relationship of distribution of powers, responsibilities and roles between the centre (the National) and the peripheral (the Regional), and between the central and the local levels (both provinces and municipalities).

**Figure 3 – Distribution of powers and responsibilities from national to local levels with respect to the Italian educational system**



Source: Author elaboration

In this respect, two issues have to be considered. The first is the 2001 reform of Clause V in the Constitution<sup>36</sup> that tried to reset competences and powers between State and Regions, attributing new powers to Regions and local bodies. This has led to mixed responsibilities between state (TVET) and regions (IFP). The second is that Italian decentralization processes, especially in the social policy field, lead many Italian Regions to have developed and tested very different approaches according to their political needs. The result is a fragmented policy landscape and ever-increasing inequalities in the welfare system (Bifulco L., 2008).

Since 2000, school institutions, although part of the national school system, have their own administrative, educational and organizational autonomy. However, they operate in compliance with the general education regulations issued by the state. The educational institutions are run by a school manager and are supported by a special administrative office, which also deals with public relations.

<sup>36</sup> Clause V, article 117: authorizes the State to issue «general norms on education» for the government of the national education system; keeps State authority over decisions on the modalities of evaluation/controls over the functioning of the system and pupil progress; assigns the running and normative organization of the education system on the territory to the integrated legislation of the Regions, who take the decisions on the basis of the «general principles » established by the State; reformulates the old concept of regional “trades and crafts training” and speaks meaningfully of “training and instruction” under the sole legislation of the Regions;



Each educational institution has its own educational offer plan (*Piano Offerta Formativa - POF*), which represents the school's planning of educational and training.

For their functioning, educational institutions have the right to receive funds from the State and can also receive financial resources from Municipalities, Provinces and Regions or from other entities and individuals. School autonomy is regulated by a specific provision (Regulation) which defines the various methods of implementation. The Regulation, as well as establishing criteria and procedures for the educational autonomy, organizational and management, gives guidance on how each school must define its own Plan for educational offer (POF)<sup>37</sup> (MIUR, 2019).

Decentralization indicates a process of devolution of the competences and activities that are formalized by legislation. In VET case the expression decentralization is to be understood more broadly and includes those additional initiatives undertaken by Regions and USRs, local authorities and educational institutions beyond the regulation of the legislation. This approach implies that URS regional school offices and school networks or intermediate decision-making centers (*Ambiti Territoriali* and *Scuole Polo*) position themselves between the more centralized education system and education institutions, playing a central role in defining, regulating and modelling the quality of school since, thanks to their flexible structure, they reflect the discontinuity and complexity of modern social development (INVALSI, 2019). This process allows school and their authorities to respond to local needs and a deviation from the hierarchical structures in the relationship between school and state government, in favor of a multilevel governance where the different actors operate and interact at different levels.

In the next step of the reform process that involved the school system, we find the law n.107/2015, which, with a series of articles and regulations, defines the services and activities of the Territorial Areas (*Ambiti Territoriali*), in particular:

*Table 11: Normative Summary for Territorial Area*

Territorial areas Normative summary	
<b>Law 107/2015, art. 1, c. 66 constitution of the areas</b>	The standard defines criteria and institutional subjects for the definition of the areas within the regional territories.
<b>Law 107/2015. Art. 1, c. 70 – 72 networking</b>	Network between schools for coordination and specific goals
<b>Law 107/2015, art. 1, c. 73 ownership of the school staff</b>	The rule determines the articulation of the roles of the teachers and the function of receiving the areas.
<b>Ministerial Ordinance 241 of 8 April 2016 for teacher mobility</b>	The ordinance, application of the CCNI on mobility, sets terms and methods for assigning teachers to the areas.

<sup>37</sup> For more info: Decreto del Presidente della Repubblica n.275, 8 marzo 1999

Oggetto: Regolamento recante norme in materia di Autonomia delle istituzioni scolastiche ai sensi dell'art.21, della legge 15 marzo 1999, n.59

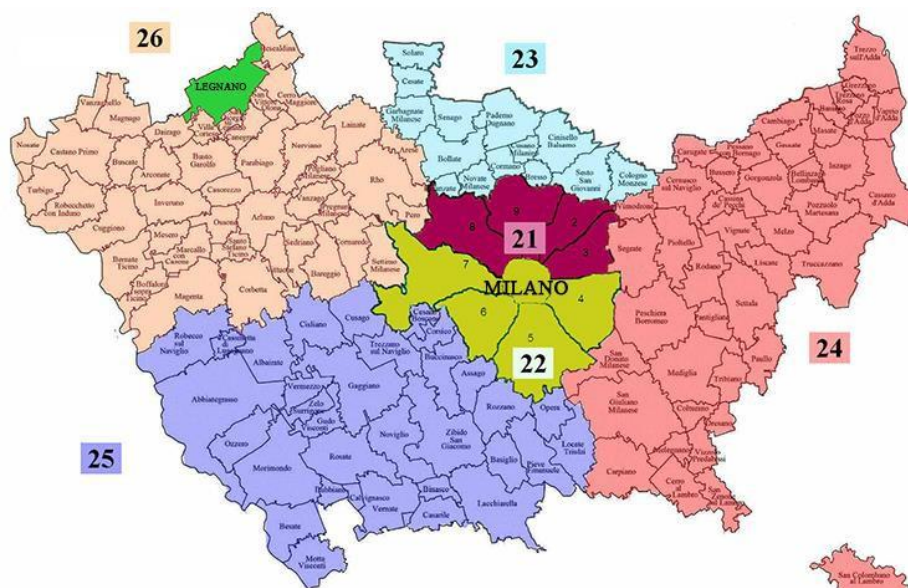
**Ministerial note of 22.07.2016 mobility guidelines on areas** The note establishes times and criteria for the assignment of areas to teachers who joined the role in 2015 and awaiting seat.

Source: Author Elaboration

- **Territorial Area (Ambito Territoriale)**

The Territorial Area (*Ambito Territoriale*) is an articulation of the regional territory, divided into individual provinces and subdivided in turn into sub-provincial areas. The Territorial Areas are 319 in total and constitute a network covering the entire national territory.

Figure 4: Territorial Area in Milano Metropolitan City

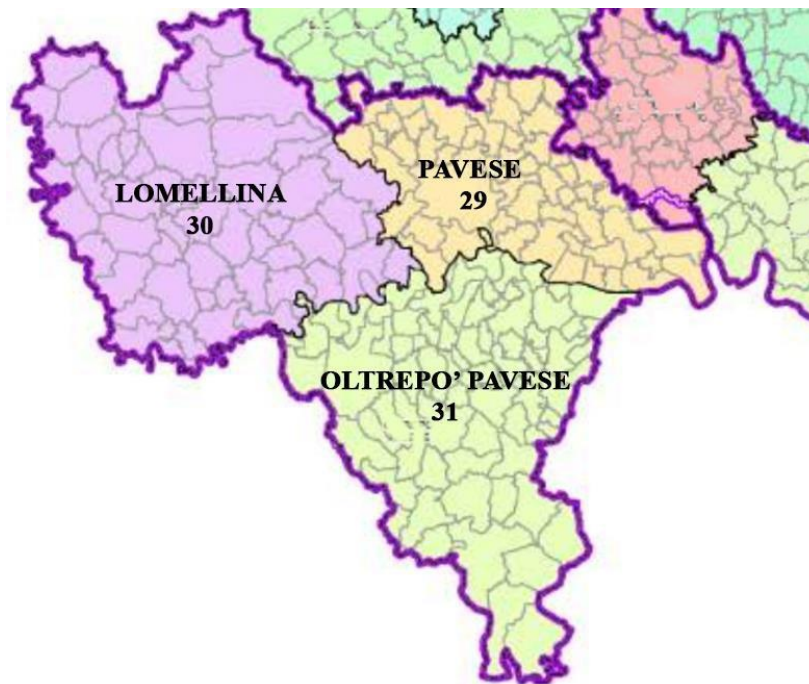


Source: Author Elaboration from USR website

The *Ambito Territoriale* can be considered as a virtual geographical place that exists on paper, as part of the provincial territory, within which educational institutions of various orders and degrees operate. Each Region is divided into several areas which are identified with an alphanumeric name that identifies them within a regional area. For example, LOM00029 identifies in the Lombardy Region the *Ambito* n°0029 of the Province of Pavia. The *Ambito Territoriale* do not have a physical location, a bureau office or a contact address.

The *Ambito Territoriale* deals with the articulation of the regional roles of teachers, therefore, the general output of autonomy is divided between the territorial areas of each region.

Figure 5: Territorial Area in Pavia province



Source: Author Elaboration

- **Area Networks and Purpose Network (Reti di Ambito e Reti di Scopo)**

The Area Networks (*Reti di Ambito*) are a central point of Law 107/2015. Art. 1, c. 70 - 72, provides the creation, on the impulse of the regional school offices (USR and UST), of networks between educational institutions of the same Territorial Area, for the performance of different functions and activities, inherent both to educational planning and to merely administrative aspects.

In the law, it is specifically established that the Purpose Networks are created within the framework constituted by the Area Network. It follows that the Area Network is constituted as a container for the Purpose Network, in compliance with certain regulatory provisions indicated in paragraph 70 of Law 107/2015. A unified planning is therefore designed in the Area Networks and will guide the Purpose Networks.

This complicated provision, consistent with the constitutional principle of good administration, intend to enhance the autonomy of educational institutions through forms of collaboration and use of common resources (human, financial and instrumental) for the pursuit of specific institutional goals. In order to fully understand the innovation introduced by Law 107 in this regard, attention should be drawn to the role that are attributed to the Area Networks, which is in charge of the representative and organizational tools that allow to satisfy the needs and requests of the schools that are part of it. This configuration, which does not affect the autonomy of individual schools and their negotiating capacity, allows creating a level of institutional coordination and collaboration with the administrative offices, promoting cohesion, the optimization of resources, and the best representation of needs. (USR Lombardia, 2020) (UST Milano, 2020)

- **Lead School for Training (Scuola Polo per la Formazione)**

Within each Area Network, it is identified a Lead School for Training, even if it does not correspond with the lead school of the network itself. In accordance with the methods that will be chosen by the Arena Network for the management of training proposals and resources, the lead is the beneficiary school of financial resources from national funds and will plan training interventions, integrating the various actions so that they are coherent and continuous.

Lead Schools, in addition to coordinating the planning and organization of the training activities, will have the task of ensuring correct administrative and accounting management of the training initiatives carried out by the educational institutions of the Area Network, and of interfacing with the USR for the co-planning, monitoring and reporting activities.

Lead Schools and Area Networks can receive advice from the technical and administrative structures of the school administration, in particular the Regional Council for training.

- **Regional Implementation**

Since 2013, the regional government has implemented the investment in education and training in relation to the central government and interregional collaboration: with the aim of building a clear distinction of the regulatory competences between State and Regions in the field of education and the articulation of administrative functions. In this logic, the objective is to activate further forms of autonomy by modifying the list of subjects of regional competence (Article 117 of the Constitution), justifying the request for autonomy with the fact that the educational system must take into account the real needs of the territory, be able to guarantee teaching continuity and improve the quality and enhancement of the teaching staff. (Regione Lombardia, 2013) Under an individualistic vision based on the primacy of the person, the regional government, recognizing the role of civil society, wants to strengthen its functions and collaboration with local administrations, the definition of the network of educational and training services and school building interventions.

Another guiding theme of regional action is the desire to link the education system and the economic system. Considering the mismatching between training skills and the labor market puts young people and the country in a disadvantageous position, regional action tends to favor the meeting between the training needs expressed by the production system and the skills actually generated by the education system and training.

*Table 12: Main Aims of Regional Policy*

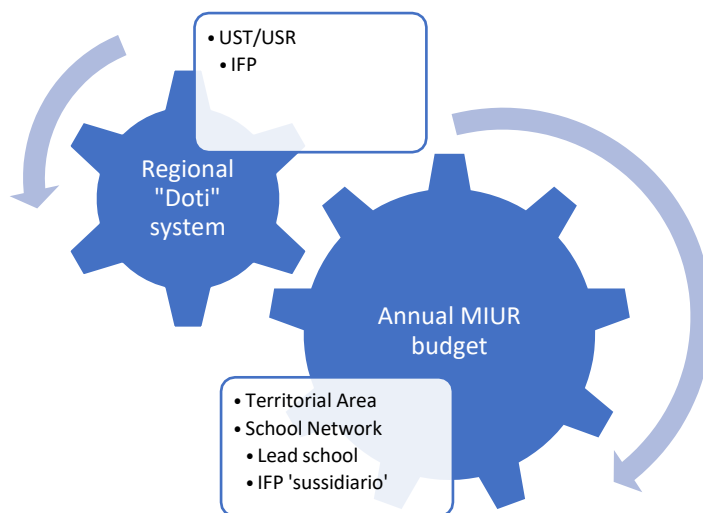
**Main aims of regional policy**

- Strengthening the autonomy of the education system and IFP
- Strengthening the systematic collaboration between the education system and the IFP and the economic system
- Development of infrastructures and tools for the quality of the education system and IFP
- Decrease early school leaving
- Increase Regional autonomy in VET

*Source: Regional planning 2013-2018*

- **Expenditures and funding**

Figure 6: Financial System



Source. Author elaboration

MIUR directly finances Lead Schools in Area Networks or Purpose Networks with the mission mechanism (see point 1) which receive independent funding. In the annual planning schedule, MIUR allocates the funds according to what it considers the priorities. This represents the main power of political intervention of the ministry of education. Depending on the financial resources available, the regions finance, depending, the regional VET. In Lombardy the 80% of VET is covered by the DOTE SYSTEM, State schools can start a subsidiary VET with the coordination of the USR. The big difference is that the regional VET acts in an independent entrepreneurial way where DOTE (voucher system) represents the only financing, instead the subsidiary VET is funded directly by MIUR. In this way the USR does not have the central role that was attributed to it by the initial bill and quoting the interviewee (URS executive manager):

“USR is no longer an ‘expense center’ and no longer distributes funds. MIUR distributes funding directly to Lead Schools”.

The three-year training plan allocates 40% of the funds to Lead Schools and 60% to the local schools. Schools can then make goal networks to manage a certain topic.

Each expenditure topic has its own budget which is distributed through the territorial mechanism. The Lombardy region finances projects of regional interest through the same mechanism.

USR deals with VET as the school publishes in a subsidiary way, through accreditation takes over the system. In Lombardy about 18% of VET is made by schools with funding provided by MIUR.

The law of 97, n. 440 updated with 2017 n251 - school funds and details on the distribution of funds. IT and IP also participate in territorial areas. There may be goal nets to absorb particular funds. IP schools have ad hoc funds following the recent reform<sup>38</sup>.

<sup>38</sup> The Miur 454 notice of 3 April reads: Identify 11 national pole schools, leader of networks, to which to allocate resources aimed at the realization and dissemination of accompanying measures for the implementation of Legislative

## 4.2 Shifts in the last ten years

Over the last 10 years, the Italian education system has undergone a series of transformation considering a background of constant political instability and fragmented policies. Furthermore, under a scenario of resistance to change and with a tendency to cultural conservatism increases the uncertainty and the complexity of the VET system and the scarce perception of the education as a common good enhancing the development of both individual and collective capacities (Bifulco L. 2008).

*Table 13: Norms and reforms in the last ten years*

Years	Norms
2001	Reform of Clause V in the Constitution
2003	Law n. 53: Right and Duty in IFP system
2006	Mandatory school 6 to 16 years old
2008-2010	Law n. 169: changes to the public education system
2011	National-Regional act of institutionalization of IFP system
2012	Law n.35 Art.52: institutionalization of ITS and IFTS
2015	Law n.107: "the good school" implementation of the dual model (alternanza scuola-lavoro)
2017	Ddl n. 59-66: improvement of dual system and VET organization

*Source: author elaboration and translation*

The legislative innovations introduced with the law n.107/2015 (the good school) and the legislative decree n. 81/2015 (issued in implementation of the delegation of Law no.183 / 2014 - Jobs Act) have in fact included and reviewed three main tools through which the dual system operates in Italy: school-work alternation, business simulated training and apprenticeship (see the second part on activities and services for more details on these activities).

- **The dual model experimentation (alternanza scuola lavoro)**

The dual system, successfully spread in the countries of the European area, presents itself as an integrated training model between the education system and work, focused on the alternation between moments of education and moments of training at work. It is a system that creates an ongoing and coherent relationship between the sphere of education, of professional training and the labour market, effective in counteract early school leaving, promoting the reduction of youth unemployment rates, expanding the training offer as well as strengthening the link between school and work. Surveys

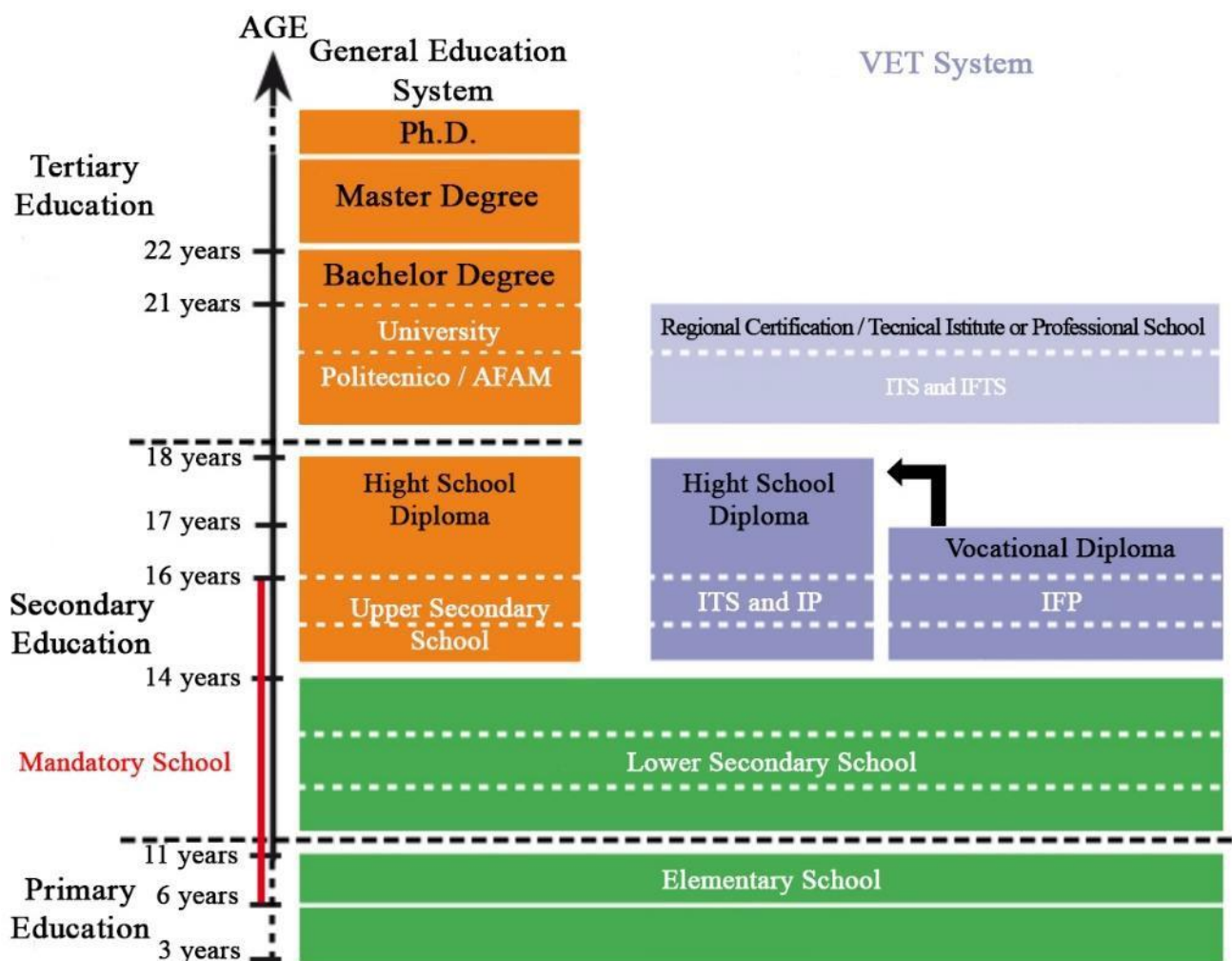
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Decree 61/2017, revising the paths of the vocational education and liaison with those of vocational education and training. For more information see the website <https://www.monitor440scuola.it/il-progetto/>

conducted at European level have shown that the countries characterized by the presence of a well-structured and developed dual system have managed better the 2008 financial crisis (INAPP 2018; Cefalo 2018).

The encouraging results that emerged from the research have therefore led European decision-makers to direct European policies in the field of vocational education and training towards the development and enhancement of VET systems through a high participation of companies and the promotion of work-based learning (WBL)<sup>39</sup>. Based on these recommendations, Italy has traced the "Italian way" to the dual system with the launch of a process of reforms for the labour market and school, aimed at creating the backbone of the Italian dual system. As represented in the Fig.1 the system works along three hierarchical training paths:

Figure 7: Education system in Italy



Source: author elaboration and translation

<sup>39</sup> "Education and training 2020" [ET 2020] is a new strategic framework for European cooperation in education and training that builds on its predecessor [ET 2010], its provide common strategic objectives for Member state.

- High schools (general): the programmes' disciplines are planned and designed to build up a general knowledge but not for training on specific professions/specialisations or technical training.
- TVET divided in (a) Technical Secondary Schools (ITS) that last for 5 years. Two main tracks: Business (2 sub-tracks) and Technology (9 sub-tracks). Mix of academic and practical subjects. (b) Professional Secondary Schools (IP): last for 5 years. 11 tracks: most relevant are handcrafts, hotel training, health and social services. Mostly practical subjects, with workshop experience.
- Vocational institutes (IFP): last for 3 or 4 years. Mostly in the developed North. Courses according to local industry characteristics, which lead to technical/professional qualifications for direct integration into the labour market.

After high school, students can either join university (with a strong academic path) or ITS and IFTS, 2-yrs post-secondary vocational schools. Post-secondary (non-tertiary) education and training is organised by the higher technical education and training system, articulated in two different training pathways offered by Higher Education and Technical Training (ITS – Istituto Tecnico Superiore e IFTS – Istituti di Formazione Tecnica Superiore)<sup>40</sup>.

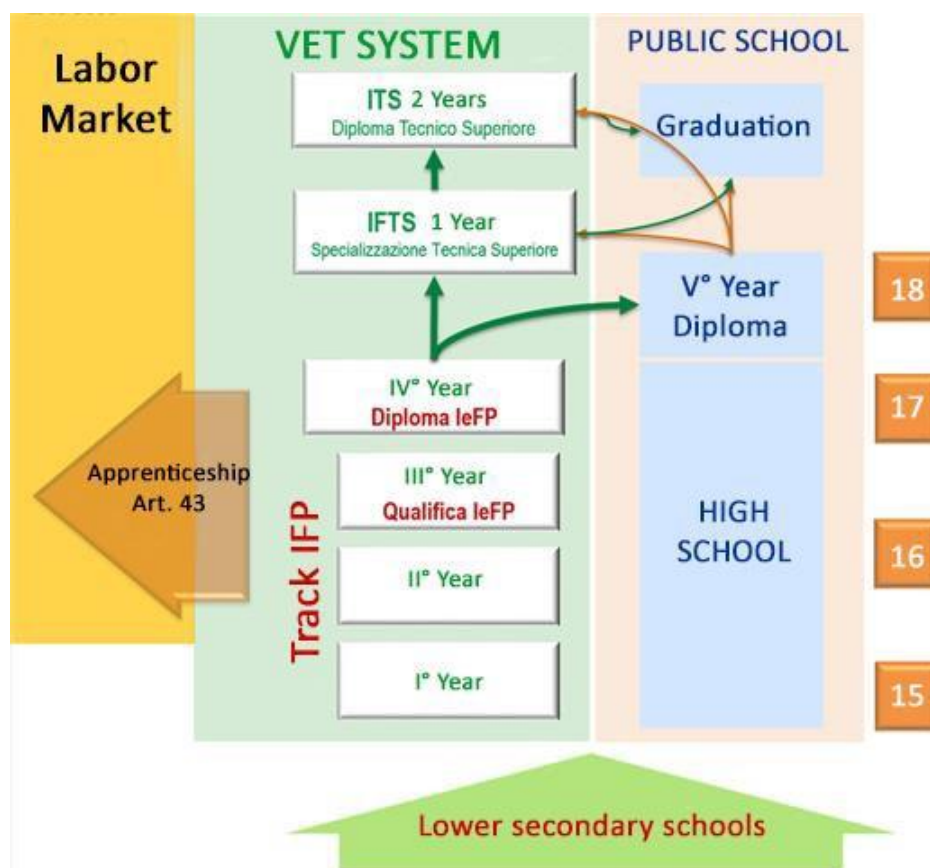
A new type of vocational tertiary degree (*lauree professionalizzanti*) is being piloted in Italian universities in the a.y. 2018/19. The courses are modelled on the German Fachhochschule. They consist of two years of academic studies plus one year of work-based learning. The number of available places is set on a local basis. With their strong vocational orientation, the new "*lauree professionalizzanti*" are a step towards creating a non-academic tertiary education sector, which Italy has lacked. Currently, 42% of Italian university students graduate with no practical training or work experience (Almalaurea 2019). By opening new paths into tertiary education, particularly for upper secondary VET graduates, the new degrees could also help lower Italy's early school leaving rate and raise the tertiary educational attainment rate (European Commission, 2019).

**Figure 8: Upper secondary education and training system**

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<sup>40</sup> The government is taking steps to expand the non-academic tertiary sector. Extra funding of EUR 23 million has been allocated to expand the course offer of Istituti Tecnici Superiori (ITS), tertiary-level vocational institutions that offer better employment prospects (European Commission 2018) but which, with around 13 400 students, remain a niche phenomenon. The first vocational university degrees (*lauree professionalizzanti*) were launched in 2018 alongside the ITS.





Source: author translation from enaip Lombardia

### • Founding

In 2016 Italy spent 3,4% of GDP on education system which is below the EU23 average of 4,2%, and the 5% of OECD countries. (OECD 2019)

The overall spending in 2019 is reported at €48,316 million, the National state is the main financier of the system and almost all the funds was transferred to the USR. The main costs are for teaching and non-teaching staff (MIUR 2019).

**Table 14: National budget for MIUR in 2018<sup>41</sup>: “Costi degli anni 2019 per Missione e Programma” (in Millions of Euros) (MEF, 2018).**

<b>22 – Public school</b>	<b>45.415</b>
Initiatives for the development of the education system and the right to education	212
Private schools	525
Primary schools	28.523
Secondary schools	14.951

<sup>41</sup> Balance are available on the website <https://www.miur.gov.it/bilancio-preventivo-e-consuntivo>

Post-secondary, long life learning and basic VET	29
Planning and coordination of school education	1.010
Implementation of the guidelines and policies in the territorial field in education	160
Recruitment and updating of school managers and school staff for education	1.2
<b>23 - University and postgraduate training</b>	<b>8.226</b>
Right to study in university education	309
Institutions of High Arts, Musical and Coreutic Institutions	414
University system and postgraduate education	7.501

Source: MIUR - Costi degli anni 2019 per Missione e Programma

MIUR estimates for the following three years to reduce the budget for the public education.

**Table 15: MIUR estimation for the reduction of budget from 2019 and 2021**

BUDGET	MIUR	2019	2020	2021
Mission 1- Istruzione Scolastica				
Funding (M di Euro)		47.531	46.069	43.572

Source: NOTA INTEGRATIVA A LEGGE DI BILANCIO per l'anno 2019 e per il triennio 2019 – 2021 (Aggiornamento ai sensi dell'art. 21 della Legge n. 196/2009) Ministero dell'Istruzione, dell'Università e della Ricerca

### 4.3 Local governance systems

The Italian VET system encompasses both vocational upper secondary education - including technical education (ITS) and vocational education (IP) - managed by the Ministry of Education and the initial vocational training (IVET or IFP) managed by the Regions and provided by authorized training agencies operating nationwide. The two tracks of the VET system have very different structures. ITS and IP are integrated in the public system schools and share the vertical organization and founding with the national level of school system. The reform of 1997 (L. nr. 59/1997) establish the beginning of the transition from a national central school management system to a project that has recognized, in some relevant areas, managerial autonomy for individual institutions, defining the structure of the teaching activity and makes explicit the curricular, extracurricular, educational and organizational planning that the individual schools adopt in organizing their autonomy. In compliance with ministerial directives, as regards didactic and organizational choices, each decision taken by the authority must be shared and approved during the meetings of the collegial bodies, the college of teachers and the school council. The “school autonomy” reform is intended to undertake educational

and training interventions aimed at the development of the person, expanding the training offer, adapting them to the various contexts and the needs of families and the local economy.

The IFP has been reorganized on regional level when in 2007 the Region presented a law of organic reform of the system of education and training (l.r. 19/2007), assuming total control over the running of these courses. The law provides for the unification of the system of public technical and vocational training (IFP) under the control of the Lombard Region. It was established that in order to remove obstacles to access and free choice of educational courses, the Region can attribute contribution and subsidies (art. 8). The Region has decided to no longer finance training activities directly, but rather to distribute individual tokens (Dote) which can be used to buy training packets offered by accredited training bodies. The voucher principle has been put in place in the whole education system by means of the introduction of the so-called "tokens" including: "school token" (ex school voucher); "vocational and training token" which finances attendance at vocational /training courses; and "training tokens" for lifelong learning for those beyond school age. The token is a funding instrument aimed at the demand, and designed to replace the distribution of resources according to offer. The Lombard method of governance is defined by a particular neo-liberal interpretation of the principles of subsidiarity. While horizontal subsidiarity is seen in terms of attempts to build conditions of competition, with an emphasis on freedom of choice, vertical subsidiarity is perceived in terms of a regional, strongly hierarchical neo-centralism. Within this framework Lombardy privileges the role of the demand of "citizen-recipients" in choosing services to purchase, thanks to a voucher system of money transfer (Bifulco, 2011).

In general terms Lombardy's 2007 Reform seems to have drawn up a model for an early streaming and division between traditional education and vocational training.

Regional vocational education and training (IFP) is organised into three and four-year courses.

The teaching methods are based on operations and experience, with exercises and laboratories. The knowledge and skills related to a specific professional figure are developed through an active teaching method based on projects, simulation, role-playing and orientation teaching. Of particular interest is the tool of the internship, which in the Lombardy region has been mandatory since 2010.

Courses can be organised by both accredited local training agencies and by vocational upper secondary schools in partnership with training agencies. The aim is to faster access to the job market. At the end of the courses, learners receive a vocational qualification that gives access to the second-level regional courses or, in case of the four-year programmes and at certain conditions, to tertiary education.

The Vocational Education and Training (IFP) courses, which were experimentally born in 2003 and became regulations in 2011, with an anticipation of a "first application" in 2010, in the Lombardy region only, are intended for students who have completed the first cycle of education.

The three-year qualifications and the fourth year of diploma are aimed at the personal and professional development of young people, who can acquire basic skills and specific professional skills for the exercise of a profession.

Qualification and diploma courses can also be achieved with an apprenticeship.

**Table 16: Typology of VET systems**

Level	Typology
Upper secondary VET system	- Public Technical Institute (ITS) - Professional Institute (IP) - Professional Schools (SP) - Regional VET (IFP) - Apprenticeships
VET post-secondary no-Tertiary	- Higher Technical Institutes (ITS and IFTS)

Source: author elaboration

The most relevant quality assurance tool is the accreditation of VET providers. It implies that Regions and Autonomous Provinces set standards relating to both services and expected results, which have to be respected by all those training agencies accessing public funding. Those standards refer to a common framework agreed at national level by all Regions and by the State.

Vocational training provision is usually determined by an annual plan, agreed with all the stakeholders and approved by the region. The plan is based on the results of needs analyses, referring to the Excelsior survey - conducted by the Chambers of Commerce network - and subsequently to other studies conducted at local level. The competent authorities for VET are the Regions and the Autonomous Provinces. The quality assurance measures in place at regional level usually refer to a comprehensive regional act establishing the role of the social partners in VET provision. Social partners include firms, employers' associations, professional orders, public institutions, trade unions, universities, private training and education agencies).

### **4.3.1 Urban case**

Milan is considered the economic engine of Italy and a centre of innovation. However, the city offers a rich and diversified VET supply, mainly on ITS and IP but the majority of the pupils' choices is oriented on the general schools, as showed in the Tab. 17, the 54% are public high schools that can offer a better preparation for the university access.

**Table 17: School typology in Milan**

Distribution for Type of School in Milan	
LICEI (High schools)	54%
IT (Technical schools)	21%
IP (Professional schools)	11%

IFP (Regional VET) <sup>42</sup>	12%
Other experimental schools	2%

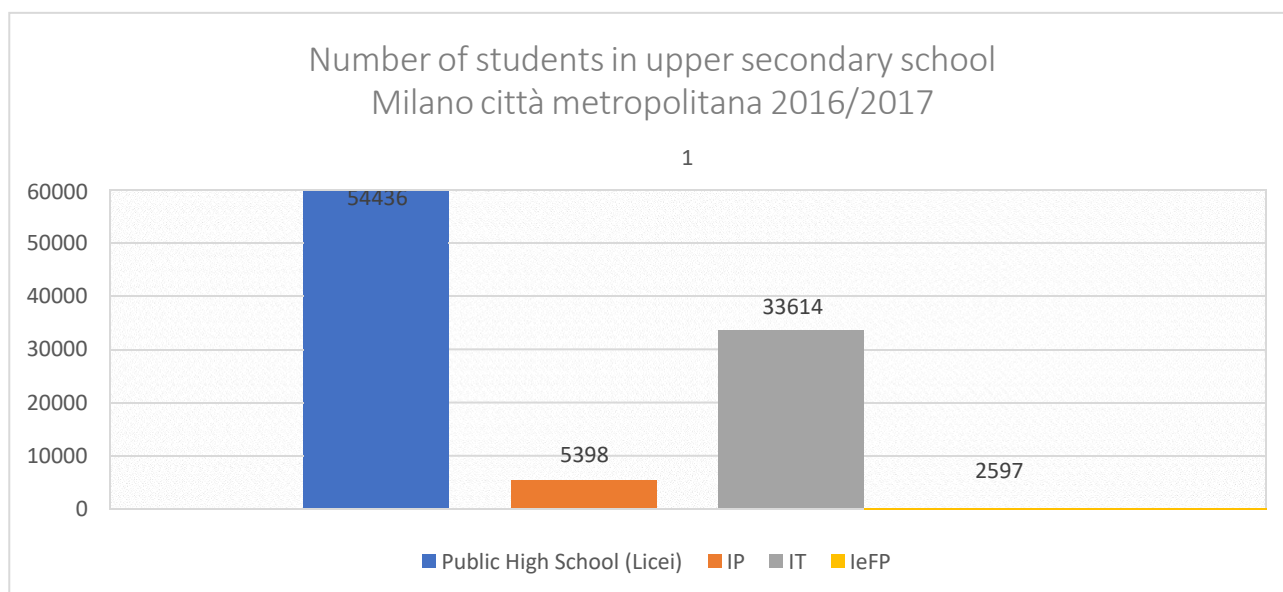
Source: Author Elaboration on tuttitalia.it database

The Local Council for Education (UST) is the main public actor that have the responsibility to implement the national policy on the local area. The main role played by UST is to support and create the network for public schools and local actors, offering service of human and financial resource.

The majority of supply, regarding the regional VET (IFP), is implemented by not-for-profit private actors, authorized by the regional level, and with entrepreneurial initiative in the creation of the training offer in competition for the regional funding. This system has not seen significant changes in the last ten years because the regional voucher system have an annual deadline that does not allow long-term vision of the training offer.

Another important factor to highlight is the fact that the school distribution in Milan metropolitan area is mostly oriented on public general schools where it is concentrated the majority of student's choice as it is showed in Fig. 2. These data are relevant also to the sub-urban case, that is embedded in the metropolitan area of Milan and that will be discussed in the following paragraph.

Figure 9: Student distribution for type of schools



Source: Author Elaboration from regional open data <https://www.dati.lombardia>

<sup>42</sup> Source: "Offerta formativa e Centri di formazione professionale" of Milan municipality [https://web.comune.milano.it/wps/portal/ist/st/Pagine\\_Giovani/studiare/Offerta+formativa+e+Centri+di+formazione+professionale](https://web.comune.milano.it/wps/portal/ist/st/Pagine_Giovani/studiare/Offerta+formativa+e+Centri+di+formazione+professionale)

### 4.3.2 Sub-urban case

Legnano is an Italian town and municipality in the north-western part of the Metropolitan City of Milan. The city was the protagonist of a progressive urbanization that led to a considerable expansion of the population. At the origin of this phenomenon was the birth of many industries that attracted workers from different parts of Italy. During Italy's economic boom, Legnano achieved, between 1951 and 1961, the Italian record of the highest employment index in industry. The crisis progressively worsened, damaging the economy, employment and the industrial fabric. Many companies closed, especially in textiles, clothing and footwear, and many others were involved in a downsizing process (see d.4.5).

Legnano has lost his industrial vocation and now it is a satellite suburban town that has been incorporated into the Milan metropolitan area and rely on its coordinated policies. The distribution of schools is in balance, as showed in Tab. 18, between general high schools, which are 41%, and vocational oriented schools that are 59%.

*Table 18: School typology in Legnano*

Distribution for Type of School in Legnano

LICEI (High schools)	41%
IT (Technical schools)	12%
IP (Professional schools)	18%
IFP (Regional VET) <sup>43</sup>	29%

*Source: Author Elaboration on tuttitalia.it database*

Legnano has a similar local governance structure as the city of Milan depending on the same public actor, which is the Local Council for Education (UST).

Regarding regional VET, the system relies on the non-for-profit private actors authorised by the Lombardy Region.

### 4.3.3 The rural case

The Oltrepò Pavese is an area of the Province of Pavia, in the north-west Italian region of Lombardy, which lies to the south of the river Po. It includes 78 small municipality. Oltrepò Pavese is the largest wine-producing area of Lombardy and one of the largest in Italy, the landscape is scattered with vineyards.

The Pavia province, to which Oltrepò Pavese belongs, has had a weakened role for a few years, a role that the Lombardy Region has taken in regards to the planning and control of VET supply.

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<sup>43</sup> Fonte: Albo degli Accreditati per i servizi di Istruzione e Formazione Professionale  
<https://www.regione.lombardia.it/wps/portal/istituzionale/HP/DettaglioServizio/servizi-e-informazioni/enti-e-operatori/istruzione/accreditamento-operatori/ser-accreditamento-servizi-ifp-ifl>

Table 19: School typology in Oltrepò Pavese

Distribution for Type of School in Oltrepò Pavese	
LICEI (High schools)	35%
IT (Technical schools)	35%
IP (Professional schools)	16%
IFP (Regional VET)	10%
Other experimental schools	3%

Source: Author Elaboration on tuttitalia.it database

However the role of Provinces have not completely disappeared. From the interview with an manager of VET services (VET-GOV1) he claims that “in preparing the training offer for the following planning years, there is a level of territorial bargaining with the Province that still have the task of collecting the proposals of IFP (both from private actors and from public schools ‘*sussidiario*’) in order to create a coordinated offer”.

Furthermore, regarding Oltrepò Pavese, the center of power is in the Province of Pavia, which create the local government pact. Therefore, the Province combines the two national and regional offers of VET with an annual coordination plan, which it is being proposed to the Region. However, this mechanism (the intermediation of the province) has been decreasing over the past 10 years. Provinces become a second level actor in the governance system of VET policies. In this continually restructuring of the governance system another actor is taking place as in the other cases: the Local Council for Education (UST) responsible on the local area.

## 5. Part 2 – Activities and services

### 5.1 Description

The following paragraph aims at describing the services implemented in terms of VET, as well as the goals and the beneficiaries. It is important to keep in mind the extreme fragmentation of these services all over the national territory and also the regional ones.

**Higher technical education (ITS)** provides course of specialization in 6 areas considered relevant to the growth of the country: energy efficiency, sustainable mobility, new life technologies, new technologies for the Made in Italy, innovative technologies for tourism and culture, communication and information ITC. The access is for those young holding an upper secondary school diploma. These courses usually last four semester and foresees the 30% of the time in a firm. The final exam is taken in front of a committee composed by representatives of school, university, experts of training and labour market.

**Higher Technical Education and Training (IFTS)** is articulated in pathway that have the characteristic and the goal of addressing specific demand coming from private or public labour market. They last two semester and students obtain a certificate of upper technical specialization.

**The Professional Education and Training Courses (IeFP)**, only in the Lombardy Region, since 2010 are directed to students that have completed the lower secondary education cycle. Teaching methodologies are mostly based on practicalities and experiences: laboratories and exercises are at the basis of the method. A specific profession is learnt through simulation, role-playing and internship (mandatory since 2010 in Lombardy).

**The Internship:** it is a career orientation and training period, that does not imply a subordinate employment relationship. The internship is promoted through an agreement between the promoter (university, upper secondary schools, employment centres, vocational and training courses) and the host entity (firm, professional office, public agency, cooperative). Two kinds of internships can be distinguished:

- **Curricular internship:** they are embedded in the formal study plan of educational institutions (university, upper secondary schools...) and they aimed at refining the learning process of students.
- **Non-curricular internship:** they aimed at helping the professional choices and the entrance in the labor market of young adults during the school- work transition. Also internships with the scope of re-entering the job market unemployed individuals or disadvantaged groups (refugees, disabled) fall into this category.

## Apprenticeship

This tool imply an indefinite contract aimed at promoting the entrance and the first occupation of young people into labor market. Its main characteristic is the educational and training content. The firm is asked to transmit technical and professional skills and abilities through targeted training activities. Young adults between aged between 15 and 29 years are the beneficiaries of this initiative. The contract must last 6 month at minimum and at the end of the apprenticeship the firm can decide to confirm or dissolve the contract. There three kinds of apprenticeship:

- **Apprenticeship for professional qualification or diploma.** This contract address young adults between 15 and 25 years old. It can last 3 years at maximum (4 just in case of the regional diploma). The convenience for the firm consists in the lowering of the work cost: the apprentice will receive an allowance between 2000 and 3000 euros. This allowance can be variable according to provinces and regions. Training can be provided within the firm, organization accredited by the region for training or in state professional institutes.
- **Professionalizing apprenticeship.** This kind of apprenticeship, directed to young adults between 18 and 29 years old, allows to learn a job and at the same time to achieve a professional qualification. The contract cannot overcome 3 years (5 for the artisans) and implies a wage. Firm can obtain some economic or contributory incentives.



**for higher education and research.** Beneficiaries are young adults between 18 and 29 years old. This kind of apprenticeship, thanks to the cooperation between firms, schools and universities, permit to work and at the same time to obtain one of the following titles: 1) upper secondary diploma, graduation degree, master degree, PhD; 2) conducting research activities or taking an internship for those professions that foresees it; 3) certificate of higher technical specialization

**Adult learning provincial centres (C.P.I.A):** they are autonomous educational and training centres providing literacy courses and courses aimed at achieving the lower and/or the upper secondary diploma. Their goal is rising the level of education of the adult population, including immigrants. Beneficiaries are adults aged more than 16 years old and having not completed the first or the second cycle of secondary education.

## 5.2 Main changes and innovations introduced in the last ten years

- **Lifelong learning**

In the last ten years lifelong learning is becoming part of goals as define by regional government in the “regional planning for development” (2013-2018)

Lifelong learning represents one of the pillars to develop the new legislature strategy that aims to make the Lombard labor market more dynamic and inclusive also through the configuration of the territorial networks for lifelong learning in terms of services, government and funding sources. In this context, programming of the continuous, permanent and specialized professional training offer that is as coherent as possible with the labor market is of primary importance, through a structured and synergic collaboration between the training system and companies, in order to make it more appropriate to the needs of the economic fabric and to the possibility of job placement. The enhancement of training in working order finds the traineeship and apprenticeship institutions as primary tools, in the full implementation of the new rules and agreements with the social partnership and with businesses. Also the regional legislator with the regional law n ° 7/2012, with regard to lifelong learning (art. 4), urges the social partners and the bilateral bodies to share with the Region objectives for an integrated governance action within the continuous and ongoing training. (Regione Lombardia, 2013).

*Table 20: Main aims in regional policy*

### **Main aims of regional policy for VET**

- Development of a professional training system consistent with the profiles required by the Lombard production system, also through the development of inter-professional funds and also aimed at entrepreneurs without employees
- Enhancement of training in working order (traineeships and apprenticeships)
- Creation and development of territorial networks for lifelong learning

The general trend of enrollment data for school year indicate a slow but steady decline of students who choose the VET tracks.

*Table 21: Trend in type of schools distribution*

T	a.s 2016/2017	a.s 2017/2018	a.s 2018/2019
High Schools	52,0 %	53,4 %	53,9 %
IT	30,5 %	30,4 %	30,9 %
IP and IFP	17,5 %	16,2 %	15,2 %

*Source: author elaboration on data MIUR – Ufficio Statistica e Studi*

In Italy, for historical reasons, the cultural background is strongly based on the rhetoric of classical studies. The tracks of VET (IT, IP and IFP) are not seen as the same level as general high schools. The result is that it is not a primary choice because are seen as not “Academic”.

Especially IP and IFP are considered from the public unattractive due to a lack of investment in laboratories, teaching staff and effective communication towards potential users.

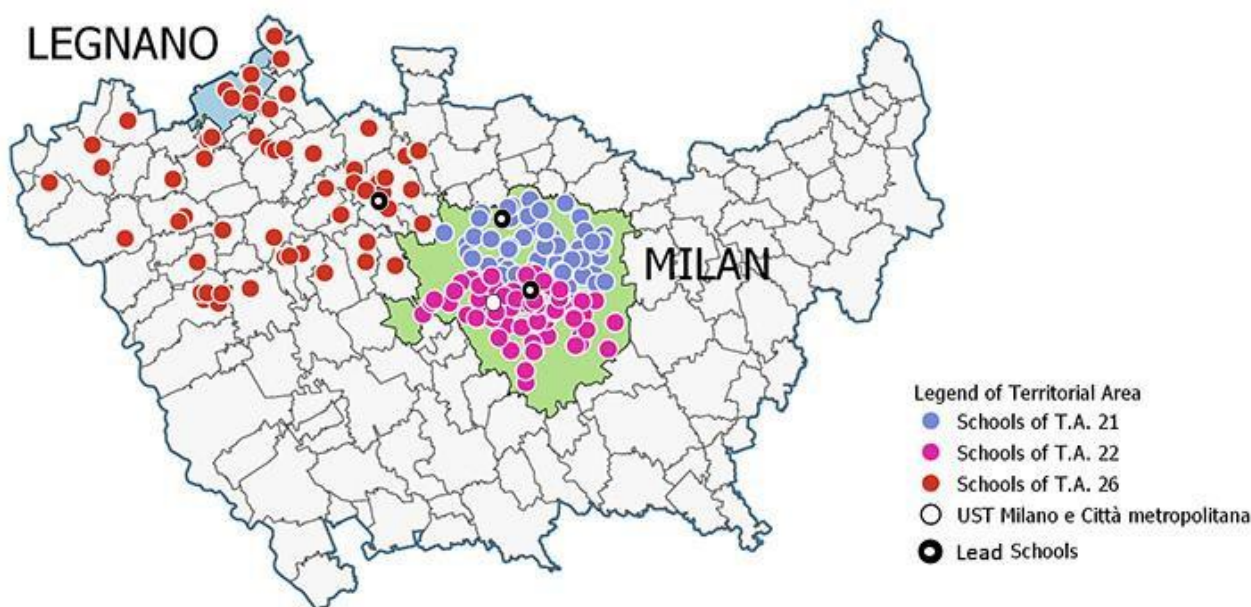
The fragmented path of the last 10 years, which has seen the alternation of different political directions, has tried to build an identity to the VET path, but the feeling is that it was built by trial and error without a well-structured view, both territorial both long term.

The result is that the ambition to create an Italian dual system did not materialize. The continuous experimentations, in the last 10 years, have ended up creating a unique territorial system, which is not yet complete, its evolution continue with for example a path of apprenticeship in secondary school which is promising but not yet very developed (in the Lombardy Region).

### **5.3 Local Policies**

The Metropolitan City of Milan has 333 ITS (Technical Institutes) are divided into six territorial areas, defined according to the provisions of law 107/2017.

Figure 10: Schools and Lead Schools in Milan Metropolitan Areas



Source: Author Elaboration on UST data

The city of Milano is structured in two of them, Territorial Area 00021 and 00022, and Legnano is in the north-west Territorial Area 00026, they coordinate the educational institutions of the Area Network regarding the following policy goals:

- the coordination and design of the three-year plans of the educational offer
- training plans for school staff
- the resources to be allocated to the network for the pursuit of its purposes
- the forms and methods for the transparency and advertising of the decisions and reports of the activities carried out.

### 5.3.1 Urban case

The Territorial Area of Milan has a consultancy and coordination role with the aim of creating a homogeneous and cohesive offer on the territory, but which also takes into account the specificities of the individual area.

Lead Schools for Training are established within the Territorial Area context, that receive specific financial resources from national funds (MIUR), which, based on training needs identified and shared by the network of schools in the field, plan the training courses in the territory they belong to. In the City of Milan two schools are in charge of this role.

The main activity carried out from each educational institution is to prepare “The Three-Year Plan of the Educational Offer” (PTOF) which is the fundamental constitutive document of the cultural and design identity of the school institutions and explicit the curricular, extracurricular, educational, training and organizational planning that each schools adopt within their autonomy. The plan is consistent with the general and educational objectives of the different types and directions of studies and reflects the needs of the cultural, social and economic context of the local reality, taking into account the territorial programming of the training offer. (PTOF, 2018)

The Milan territorial area where the schools are located is characterized by rich and diverse cultural activities. In this scenario the schools can collaborate with a great variety of private and public actors distributed in the local area such as associations and foundations, that constantly collaborate with various projects, offer opportunities for discussion and debate on current issues, as well as provide courses for teachers on new teaching methods and technological tools.

*Table 22: Main activities in Milan's schools*

Main Activities:	Targets:
<b>Development of skills in an interdisciplinary area and renewal of scientific-technological disciplines</b>	students and teachers
<b>Strengthening relationships with local authorities, companies and local organizations to share the objectives of study courses and outgoing skills: main activities school-to-work platform SOCLOO</b>	teachers, Students, staff ATA, parents
<b>Strengthening of training for educational improvement</b>	teachers and staff ATA

*Source: Author Elaboration on interviews*

### 5.3.2 Sub-urban case

The profound and complex socio-economic transformation process of Legnano has stimulated constant updating of the training offer. The area traditionally dedicated to small and medium-sized enterprises has expanded from the 1980s onwards also in the commercial and services sectors. A close connection between territory and school was born and a fruitful relationship of collaboration with local authorities and associations as well. In particular, there are numerous conventions for the realization of trails for Transversal Skills and for the orientation (PTOF, 2019).

The new vocational education courses start from the first classes operating in the school year 2018/19. The first graduates will take place in the school year 2022/2023. These new courses aim at strengthening the didactic activities linked to laboratory experiences and to operational contexts for inductive learning (increase in laboratory hours and compresences). The study directions are renewed, thanks to:

- Exit profiles that can be used on the labor market also in the medium and long term
- Maximum attention to the production sectors characterizing Made in Italy
- Balanced distribution of activities and teachings between the general education area and the external area (Comune di Legnano, 2018)

Table 23 – Main activities in Legnano schools

Main Activities:	Targets:
<b>Structuring working groups functional to the design of integrated multidisciplinary paths, oriented to the development of disciplinary, interdisciplinary and transversal skills.</b>	Teachers
<b>Design the Institute curriculum to allow the development of professional and transversal skills, introducing new experimental and effective teaching.</b>	Teachers, Students

Source: Author Elaboration on interviews

### 5.3.3 Rural case

The territory of Oltrepò Pavese is characterized by its wine and agricultural vocation but despite the high quality of its products, the local economy is in transition. A large part of the active population is employed in the service sector. The breadth of the territory sees a large incidence of commuting and the organization of public transport timetables with the teaching activity schedule, especially extracurricular, represents one of the critical points of the area.

To deal with the lack of local resources and skills, schools try to make use of the help of:

- local authorities (Municipality, Province, now through administrative officials)
- Universities and Associations (PTOF, 2019)

The Municipality provides schools with some spaces and proposes cultural projects. The Region, through its Provincial Territorial Offices (UTS), in its capacity as owner of the School's buildings, provides and implements services related to operation and maintenance. UST also proposes quality projects that the schools can adhere to. The University of Pavia supports the school in training activities and in carrying out interventions aimed at the orientation and containment of dispersion and dropouts. Local cultural associations offer orientation meetings with local professionals, information and support interventions with external experts. They also they offer, both with public and private companies in the area, school-to-work projects (*alternanza scuola-lavoro*), following the direction of the Law 107/2015.

The industrial sector – already not particularly developed – has undergone a further phase of crisis in the past 10 years, with repercussions on the economic conditions of many families. There is a high rate of commuting between the various small municipalities in the Oltrepò Pavese area and the poor service of public transport provided by the Provincial Authority make difficult the connections between schools and the villages in the hilly areas.

Table 24: Main activities in Oltrepò Pavese's schools

Main Activities:	Targets:
<b>Networked with educational institutions, bodies and associations to the project for the construction of a polycentric territorial laboratory for employability, with headquarters in Pavia and satellite laboratories in Voghera and Stradella with a high rate of technological innovation and meeting the needs of the territory</b>	Students, territory
<b>PCTO design in network with the needs of the professional context of the territory, providing the tools for the acquisition of specific skills in each field of study.</b>	Students, territory

Source: Author Elaboration on interviews

### 5.3.4 Similarities and differences among the three case studies

The complexity and the vastness of the Milan Metropolitan Area have an impact on the fragmented nature of relations with institutional entities present in the territory. There is the objective difficulty for a constant relationship with the local Municipal Authority because of the articulation and complexity of public institutions. The distance from the Municipality of Milan and the Metropolitan City, is not only physical, but also in communicating and, for this reason, the relations with local authorities are not as immediate and easy as in smaller realities (smaller Municipalities) (PTOF, 2018).

The main problems in the three case studies can be identified with the fragmentation of the education and training offer produced by the autonomy of schools. The dilemma is part of the very complicated governance system (both on vertical and horizontal levels) which is drawn without a clear responsibility or at last not so easy to identify.

The school Autonomy creates a similar system of local power in the three case studies and the differences created by the territory are reflected, above all, in the different choices of educational and training offer.

## 6. Part 3 - Priorities and Social Investment Strategy

### 6.1 Diagnosis

The construction of the dual system on the German/European model is a project that has not yet been completed in Italy. The continuous reforms that have involved the education system have been carried out by governments with visions that are not always consistent with each other. The result is a still evident gap between the intentions of the legislators and the real effects that the policies obtain on the territory. The description and the understanding of these effects have opened up a broad debate in the school community.

In particular, we can divide two large macro areas in which to identify these shortcomings:

- **Cultural lack**

So far, Italy is trying to adopt the approach of social investment, but both economically and culturally the investments are weak. What is missing is a structure of the German model adapted to the needs of the country in which economic and human investment is not perceived only as an investment by the state. For this reason, companies on their side have no investment vision (both economic and human) and they do not take charge of the idea of training. The dual system developed in countries such as Germany or Austria reserves a fundamental role for companies that understand the general economic advantage and perceive the social responsibility in investing in training. In Italy, as described by the interview with the USR executive, “the entrepreneurs who were asked to be available to start school-to-work projects, only asked what their gains were, they only wanted staff that they could hire in the future, completely ignoring the bigger picture for their contribution”.

- **Structural lack**

One of the main flaw of this system is the gap between the profiles leaving the schools with respect to the labour market needs, that creates a considerable mismatch between labour supply and labor demand (a 25% difference is calculated against professional educational training). Therefore, in addition to the economic investment, you must also invest in the value perceived in the professionalizing supply chains. How mentioned by the USR executive, “in particular, in Milan and in large urban centers, operations and the acquisition of practical skills are underestimated. In Italy there is still the idea that educational training is still done on books and therefore is theoretical. On the other hand, parents do not want to send their children to vocational schools but to general high schools. An example to confirm this is that ITS (technical schools) has 80% of post-diploma jobs while many universities do not have professional outcome, but enrollments are still more oriented towards university because it has more cultural prestige”.

- **Trends**

From a general perspective, there is a constant attempt to adapt and almost pursuit the European model and good practices on VET system. Priorities, especially in the Lombardy region, are linked to the goal for growth of the VET system with the aim of reducingreducing the gap between the qualifications and skills obtained and those needed in the territory.

## 6.2 Priorities

- **Priorities in the local policy agenda: main goals**

The main goal stated by MIUR in note 2151/2016 is to promote shared governance of the local territory: “Networks, through the use of new technologies, in the sharing of knowledge and resources, with a more careful cooperation, allow the development of the dimension necessary for improvement. The innovation constituted by a more solid and structured organization in networks, both in terms of aim and purpose, represents a greater capacity in having adequate skills of personnel, financial and

instrumental resources, for the achievement of strategic objectives in line with the targets European countries, in relation to the Assessment Report and the Improvement Plan of the individual schools, with effects on the education and training service as a whole.” (MIUR, 2020)

Regional Government main goals are the following:

- Strengthening the autonomy of the education system and of IFP
- Strengthening of systematic collaboration between education system and IFP and economic system
- Development of infrastructure and tools for the quality of the education system and IFP
- Countering early school leaving
- New roles for Region in education
  
- **Priorities in quality**

Law 107 of 2015 defines the training of school staff as “compulsory, permanent and strategic” and recognizes it as an opportunity for effective development and professional growth, for a renewed social credibility of contribution to innovation and to the qualification of the educational system.

The new regulatory framework indicates some innovative tools:

- the principle of compulsory on providing training services;
- the assignment of a personal training card to teachers;
- the definition of a national training plan (three years), with related financial resources;
- the inclusion in the three-year plan of the training offer of each individual school of the recognition of training needs and planned training actions;
- Recognition of participation in research, training, documentation of good practices, as criteria for enhancing and encouraging teaching professionalism.
  
- **Vouchers as a strategy to reduce costs**

The voucher system in implementation of the regional VET system does not represent a high investment either a long-term project. . As described by our interview with a school manager with many years of experience in the VET field: “There is an evolution in the training offer that follows the job market but, from the point of view of structure and financing system, there has not been an improvement in the last 17 years. IFP are considered more on the perspective of entrepreneurship organisation (N.d.R. private system based on voucher per capita financing) and management but only oriented on the personal skills development by the actors that implement the policy. On the Regional mechanism, there is not a perspective of social investment. Maybe in this way they reduce costs, but they are not investing in improving the quality of the services offered in IFP systems.”



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# Early Childhood Education and Care (ECEC)

## Executive Summary

For the Municipality of Milan, it was possible to take into account a recent interview conducted with a key actor of the ECEC services in the city, that was conducted within the project for the WP4.

For the Municipality of Legnano, an interview with the municipal creches coordinator has been conducted (ECEC-GOV1), and also a concise phone call was realised with a key actor of the Office for the Social Plan of Legnanese District (Ufficio di Piano del Distretto del Legnanese), but only some information could be collected.

For the zone of Oltrepò Pavese, the interviews were conducted with the Manager of *Social Services and Public Education* of the Municipality of Voghera (as coordinator of the District's Social Plan that includes the zone of Oltrepò) (ECEC-GOV2), the responsible of the *Office for Secretary, Protocol, Sport, Culture, Social Services, Archive* of the Municipality of Varzi (ECEC-GOV2), the responsible of the social cooperative *La Sveglia* (ECEC-COM1), that manages the crèche in Varzi.

## 7. Part 1 – The governance system

### 7.1 Multilevel institutional setting

#### The national Level

In Italy, the ECEC policy and services are traditionally articulated into two segments: from three months to three years – crèches (*asili nido*), regulated by the L.1044/1971 – and from three to six years – kindergartens (*scuole d'infanzia*), as pre-school services, regulated by the NL 444/1968. These two segments have different historical origins and development, and only very recently has been introduced the idea to unify them and improve their continuity.

Before 1971, crèches were considered as health services provided to the poorest families, managed by ONMI (*Opera Nazionale Maternità e Infanzia*), a public organization created during the Fascist period, that was abolished during the 1970s due to corruption and the outdated childcare model. Due to popular movements, mainly created by women's associations, and political pressures, crèches were instituted as national services with the NL 1044/1971. As belonging to the social policy area, the Ministry of Social Policies held the main competence in this ECEC segment, while the responsibility of implementation was attributed to municipalities. At the beginning of the 2000s, with the NL 328/2000 on social policies and the reform of the Title V of the Constitution, the Regions became the central institutions in this area and also acquired the main responsibility on regulating and planning this segment of ECEC services, distributing national funds to municipalities and contribute to public expenditure, establishing accreditation mechanisms, and monitoring implementation. By time, a mix of municipal and private services was created, financed with the support of public funds and quite relevant families' fees (usually shaped on their socio-economic condition). The private organizations involved in this ECEC segment are various: for profit organizations, social cooperatives, and associations. Their services are often supported by public funds, as they would be too expensive for families. Also the typologies of 0-3 services have expanded and currently include: crèches (*asili nido*), that are the most diffused and provide daycare services, micro-crèches (*micro-nidi*), that are similar but welcome small groups of children, and various types of residual integrative services. Their regulation and diffusion strongly depend on regional decisions: the political attention and sensibility for this policy area varies across the Country and has relevant effects on the available supply of

services. The decentralized asset, scarce attention and underfunding of these services, has created a relevant territorial diversification and distribution of crèches in the Country, that are mainly concentrated in the Northern and Central Regions.

Before 1968, the existing kindergartens were mainly managed by the Catholic Church. The institution of public kindergarten with the NL 444/1968, has incremented their diffusion in all the Country. As belonging to the education policy sector (differently than crèches), the role of the National level is relevant in the regulation and finance of this segment of ECEC services. The Ministry of Education is responsible for this segment of ECEC. However, a mix of public and private services was created: kindergartens can be managed by the central State, by the municipalities or by the private sector, but mainly with public contributions. The fees requested to families are usually low. The access to this segment of education is not compulsory for families, but its use is spread in all the Country. The kindergartens are formally distinguished in state and non-state schools: the formers are directly managed by the Central State, the latter include private accredited schools and public schools provided by the Municipalities. They are called *peer-schools* (*scuole paritarie*), they are municipal or private, and have to respect strict criteria established by the State. There are also private non-peer schools, which do not respect these criteria and do not receive public contributions. The private sector in the 3-6 segment is mainly represented by the Catholic schools.

The ECEC supply is completed by the so-called “spring sections” (*sezioni primavera*), at first experimented under the Finance Law 2007 (NL 296/2006). These services are usually aggregated to kindergartens (3-6 years), but designed for the purpose of welcoming 24-36 months old children. They have been established to permit families to anticipate the access to kindergartens. This solution aims, on the one hand, to compensate the lack or insufficient supply in the 0-3 segment, on the other hand, to avoid families to pay the higher cost foreseen for accessing this segment<sup>44</sup>. However, it is still possible for families to anticipate the request of access at the regular kindergartens for children who will have three years by April 30 of the current school year (they are called *bambini anticipatari* that is “anticipatory children”). A pedagogical evaluation of the adequacy of the school conditions to receive younger children will establish if their demands can be accepted. From the pedagogical point of view, the anticipation of the access to kindergartens it is not (or not always) an optimal solution, as younger children need specific services, designed for their age. The risk is that the economic evaluation and the lack of services become priorities over children’s wellness (Sabatinelli 2016).

In Italy, there are no special schools or classes in any segment of education. Children with disabilities attend the same schools and classes of their age group, with the facilitation of support teachers (*insegnanti di sostegno*) to help their learning and integration in the group of peers.

The recent reform NL 107/2015 (*Riforma del sistema nazionale di istruzione e formazione e delega per il riordino delle disposizioni legislative vigenti*) delegates the Government for a legislative decree (that is foreseen for technical decisions) aimed to institute the integrated system of education “from birth to six years”, constituted by childcare and pre-school services (Art. 1). The law establishes principles and criteria to be taken into account by the Government for the elaboration and adoption of the delegated legislative decree for the creation of the integrated 0-6 system. The new system should guarantee children equal opportunities in education and care, overcoming inequalities and territorial, economic and cultural barriers, supporting families’ work-life balance, promoting quality and continuity between educational services and schools and families’ participation.

The legislative decree foreseen in 2015 was approved in 2017: it is the NLgsD 65/2017 (*Istituzione del sistema integrato di educazione e di istruzione dalla nascita sino a sei anni, a norma dell’articolo 1, commi 180 e 181, lettera e), della legge 13 luglio 2015, n. 107*). It establishes that the integrated 0-6 system will be part of the education and training system, under the responsibility of the Ministry of Education. However, the complex process of integration will be gradually implemented. The

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<sup>44</sup> The data on families’ expenditure for 0-3 services are reported in Table 25.

decree specifies that the integrated system is gradually implemented in relation to the availability of financial, human and instrumental resources. Concerning the 0-3 segment, which should pass from the Ministry of Social Policy and the Regions to the Ministry of Education, the latter will coordinate it by establishing the general framework (aims, strategic objectives, financial resources, and so on), while the Regions will regulate, co-fund and monitor the offer and the Municipalities will continue to be responsible for services' organization, management and implementation.

The decree foresees a *National Action Plan (Piano di azione nazionale pluriennale)*, lasting three years, defining the allocation of funds for the consolidation, expansion and qualification of the integrated education and training system and supporting the Municipalities in the management of ECEC services.

In support of this Plan, a *National Fund for the integrated education and training system (Fondo nazionale per il 73<sup>esima</sup> integrato di educazione e istruzione)* was created for the allocation of resources to municipalities for services' implementation. It provides 229 million € to support the process of integration; a further 150 million € are allocated to encourage the creation of "poles for children" that are buildings or centers in which different 0-6 services are brought together and coordinated (they are instituted by the same NLgsD 65/2017), also with the involvement of primary schools.

The fund is distributed to the Regions by the Ministry of Education, in agreement with the Unified Conference between State and Regions (the governance organism in which the national and regional levels meet and coordinate), and contributes to the regional plans. However the resources are provided by the Ministry directly to Municipalities, on the bases of the regional indications and their requests. The National Plan (approved with Deliberation of the Council of Ministries on 11 December 2017) establishes the typology of interventions to be financed by the Central State and the Regions, starting from 2018.

In synthesis, the National Fund is destined to: a) Finance constructions, renovations and requalification of public buildings, safety and energy saving interventions and usability improvements. B) Support Municipalities in managing, qualifying, consolidating, expanding and strengthening the ECEC services c) Provide additional funds to continuous and in-service training of educational staff and teachers, in accordance with the National Training Plan (NL 107/2015) and promotion of territorial pedagogical coordination.

The Plan also establishes that Regional Plans will be defined by the Regions, accordingly with the following indications (in synthesis): a) Consolidating and expanding ECEC services under public and private ownership, and also reducing the economic participation of families to access the services. B) Consolidating and gradually strengthen the so-called "spring sections" (described above) in public and private kindergartens, in order to reduce the phenomenon of "anticipatory children". C) Expanding the 0-6 services, particularly in areas in which the public supply is scarce. D) Constructing, improving or renewing school buildings of public property and promoting the constitution of "Poles for children" (which include multiple services segments). E) Supporting the qualification of educational and teaching staff and promoting territorial pedagogical coordination.

Funds dedicated to the implementation of the Plan are allocated exclusively as co-financing of the regional programs on ECEC corresponding at least to the 20% for 2018 and the 30% of the total resources provided by the State from 2019 onwards.

The decree adds that the Regions should plan and develop the 0-6 integrated system in accordance with the indications of the National Plan and identify the priorities on the bases of specific local needs and consulting the regional organisations of the National Association of Italian Municipalities (ANCI).

Finally, a Guidance Office (*Cabina di Regia*) is constituted within the Ministry of Education in order to support, monitor and evaluate the implementation and effectiveness of the Plan's interventions.

### **The regional level**

As already explained, Regions play an important role in this social policy area and have legislative competences for the 0-3 segment of ECEC, while the central State is the main actor for the 3-6 segment. With the recent reform and the process of integration of the two segments, the State, Regions and Municipalities become all very relevant: the State in providing the principles and general framework for ECEC, planning, financing and monitoring the implementation of policies; Regions in designing their own territorial plans and priorities, coordinating and regulating the services' system and co-financing the implementation; Municipalities in collaborating with the Regions in planning, organizing and managing the services. However, the reform is very recent and the implementation very complex and gradual.

Lombardy Region has developed a consolidated ECEC services system. The attention to this sector emerges in the general planning: in particular the Regional Plan of Development (*Programma Regionale di Sviluppo – PRS dell'XI Legislatura*, approved by the Regional Deliberation n. XI/64/2018) individuates as a priority the consolidation of ECEC services and the reinforcement of synergies with the local authorities, schools and families.

The main regional policy sector involved on this issue is the Regional Direction “Education, Training and Work”, which collaborates with the Directions of “Social Policies, Home and Disability” and “Policies for family, parenthood and peer opportunities”.

The main regional policy acts regulating the ECEC sector are:

- RL 19/2007 “Law on the Education and Training System in Lombardy Region” (modified by the RL 30/2015) which assigns to Municipalities the competence on planning and managing the ECEC services, according with their territorial needs and specificities. Furthermore, it recognizes the social value of private schools in this sector and supports their activities and the access of families through public funds (especially through vouchers for parents), various forms of contributions and public-private agreements.
- RL 3/2008 “Governance of the social interventions and services network” (modified by the RL 23/2015) which foresees the promotion of interventions to support parents' responsibilities and the families' balance between work and care.
- RL 23/1999 “Regional Policies for the Family” which aims to support families and parents' co-responsibility on children care and education, also through the involvement of local authorities, providing services and economic benefits.
- RL 34/2004 “Regional Policies for Minors” which foresees the support to families with minor children in their caring and educative tasks, also promoting the actions for the reconciliation between work and family.

In general, these laws give a special attention to families and parents, as central actors in children education and care, and to support their balance between parenthood and work. The assignation managing functions in the education policies to Municipalities guarantees a better adaptation of services and interventions to territorial specificities, needs and demands. The contribution of the non-profit private is valued and supported by public funds in order to improve families' access to a wider and variegated supply.

The Region has received the NL 107/2015 and the connected decree in the *Regional Deliberation XI/2018 Integrated Education Services System from birth to six years – Regional Plan of interventions and criteria for the distribution of the national fund for the year 2019 established by the national Legislative Decree 65/2017 and the relative Annex A*. This important document defines the priorities in the interventions aimed to consolidate and improve ECEC services' quality and networks in Lombardy.

The decree defines the criteria for distributing the national funds for the reinforcement, improvement and integration of ECEC services to the Municipalities in Lombardy, as established at the national level.

Criteria are the following: a) The 30% of the fund is distributed in proportion to the 0-2 population; b) 70% is distributed in proportion to the already available 0-6 services and the enrolled children, and also considering the number of accepted demands for the public contributions foreseen within the regional provision for “Free crèches” (*Nidi Gratis*). This quote (70%) is divided as following: 45% is reserved to the 0-3 segment (crèches, micro-crèches, crèches in families and early childhood centers); 5% on the base of the demands accepted by the Municipalities within the regional provision for “Free crèches”; 15% is distributed on the bases of children enrolled in 3-6 private and municipal schools; finally, 5% is destined to the “Spring sections”.

The typology of services financed as regional priorities by the national fund is the following: 1) Reduction of fees paid by families and development of the 0-3 services. 2) Consolidation of the “Spring sections” in order to reduce the anticipation of children’ enrollment in traditional kindergartens. 3) Support to the 3-6 segment through increasing resources destined to private and municipal schools, for their activities, integration in the services system, and reduction of fees paid by families. Other resources are dedicated to the promotion of territorial pedagogical coordination, training of teachers and educators, promotion of integration and continuity between the 0-3 and 3-6 segment of education.

An Interinstitutional Regional panel is constituted in order to debate and share the definition of the regional plan, the criteria for distributing the national funds, monitor the process of integration and the policy results. The panel is organized as follows: a) a Guidance Office (*Cabina di Regia*) composed by the referents from Lombardy Region, the regional association of the Municipalities (ANCI Lombardy), the Regional School Office (that is a peripheral office of the Ministry of Education), the Municipality of Milan as capital city of the Region. B) an enlarged panel for consultations, which involves the members of the Guidance Office and the representatives of the private schools and referents of other services for children from zero to six years, parents’ associations, trade unions and Universities that provide courses for teachers and educators. The panel may also constitute and work in thematic subgroups.

## 7.2 Shifts in the last ten years

The recent reform NL 107/2015 (*Riforma del sistema nazionale di istruzione e formazione e delega per il riordino delle disposizioni legislative vigenti*) represents a milestone in the regulation and organisation of the ECEC sector. The main purpose of the law is the integration of the two segments of ECEC services. However a concrete continuity is not easy to reach, as the 0-3 and 3-6 segments present many differences.

First, as just explained, they are based on separate policy sectors, respectively Social Policy and Education, and differently combined institutional competencies: a stronger role of the Regions and Municipalities for the 0-3 segment and of the State in the 3-6 segment. In fact, they are traditionally designed on different purposes: mainly care of children and social support for working parents for the 0-3 segment, and pre-school education for the 3-6 segment.

They also foresee different financing: the 0-3 segment can be public with relevant contributions from families, or private, even partially supported by public contributions; the 3-6 segment is public or private, but almost free of charge or with minimum fees (aimed to cover meals’ cost).

Accordingly, also the logics of access underlying the respective legislations are different: the access to the 0-3 segment is based on individual demand by families, this means it is not a right to obtain the service but it depends on its availability; while the access to the 3-6 services is universalistic, although not compulsory for families.

Furthermore, the participation of private organisations is different: various third sector or private organisations are involved in the 0-3 segment; while the 3-6 is mainly based on catholic kindergartens.

The educative staff is differently qualified: Teachers in kindergartens (3-) are required to be graduated (3-6); while only the last decade the Regions have foreseen graduated educators in crèches, part of the staff is still under-graduated.

Finally, the territorial distribution is different: the diffusion of 0-3 services is weak and differentiated (mainly concentrated in the Northern and Central Regions), while the diffusion of the other segment is consolidated and homogeneous.

Taking into account this very sharp separation and complexity, the new law and the following legislative decree foresee a gradual process of creation of the 0-6 integrated educative system. It is early to really understand what the concrete effects on the ECEC externalized and supply will be.

## 7.3 Local governance systems

### 7.3.1 Urban case

The *Education and Training Department (Assessorato Educazione e Istruzione)* of the Municipality of Milan is competent for the ECEC services. The technical body within the department is the *Education Direction (Direzione Educazione)*, which manages the organization, supervision and educational guide to the 0-6 services' system.

The local services system has been externalized in 2004, anticipating the national reform in the unification of the 0-3 and 3-6 segments. The ECEC sector has been centralized under the supervision of a unique manager for both the segments. Services are organized in territorial zones, each including crèches, kindergartens and supplementary services that compose the so-called *Educative Communities*. These are coordinated by the common manager through 9 central boards (board for coordination, administrative board, logistic board, board for disability, and so on). The territorial managers are 80 elected externalized at municipal level.

Since 2004, also the representative bodies (*organi collegiali*) of crèches and kindergartens have been unified. They are 80 and represent both the kindergartens and crèches of the different zones. Furthermore, common representatives of these bodies are elected at the municipal level and they participate to the discussions on services' governance and periodical meetings with the municipal Direction and the Political Administration.

The municipal charter of educative services, pedagogical guidelines and all the municipal documentation includes the 0-6 age group. Since 2008, the continuous training for educators are aimed at both educators of crèches and kindergartens. Some buildings include the two segments in order to reinforce the continuity between them.

The *Charter of Educational Services for Children of the Municipality of Milan* (Approved by Deliberation G.C. n. 1300 of 28/06/2013) explains citizens how the local authority is engaged in this sector, what services are guaranteed to children and families and how they are organized.

According with this document, the educational services are inspired to the idea of “*children as subjects in their own right, which means considering their development and growth as a value for the whole community that therefore consciously takes the responsibility to support them in gaining their full citizenship.*” Services and the whole community are engaged in guarantying children peer opportunities, attention to non-discrimination and fragilities, and valorisation of diversities. Educational services are based on the promotion of participation, transparency, certainty, continuity,



effectiveness and privacy protection. They also protect the different educational choices of families, promoting the diversification of services.

A more recent document addressed to families, named *Services for 0-6 children (Servizi all'infanzia 0-6 anni)* by the Municipality of Milan (*Milano Educazione*), describes the local 0-6 ECEC supply as aiming at children' wellbeing, pluralism and inclusion, co-responsibility between families and services' staff, 0-6 continuity and promotion of children' rights.

This document individuates as services system's strengths:

- The educational planning, aimed at describing the pedagogical aims and educational activities within the services, designed by the *Educational Board (Collegio educativo)* and monitored by the *Pedagogical Technical Coordination Unit*.
- The effort for constructing an integrated 0-6 system.
- A special attention to children with disabilities, supported through specific resources and staff and *Individualized Educational Plan (P.E.I)*.
- Continuous training for educators through targeted projects and courses and networking with local, national and European partners.
- A wide range of services, including municipal crèches, kindergartens, spring sections, supplementary services, externalised crèches and slots in accredited private crèches.

Crèches in Milan are managed by the Municipality or externalized to private organisations (cooperatives). The private crèches must be authorized by the Municipalities on the bases of safety criteria established by the Region. Or they can ask to be accredited on the bases of quality criteria. The latter can receive public contributions to equalize the fees paid by families to the public crèches. The situation is similar for the kindergartens: the supply is mainly composed by public (directly managed by the Municipality or externalized) and private *peer-schools* (the already mentioned *scuole paritarie*). In fact, in the city of Milan (differently from other territories), the central State supply is very limited.

The public and private peer-kindergartens have the same cost for the families (they pay an annual contribution of about 50 € for the school-meals), respond to common criteria of quality and have similar organization (time scheduling, and so on). The continuous training provided by the Municipality to these kindergartens' staff is common. However, given that a relevant part of private peer-schools are catholic, most of these kindergartens preserve their didactic and pedagogical approach.

Finally, a very small part of the supply is composed by private kindergartens that are authorized, but completely autonomous on their organization and pedagogical approach. These are usually more expensive than private peer-schools.

### **7.3.2 Sub-urban case**

The *Charter of crèches services – school year 2019-2020* of the Municipality of Legnano explains the basic principles inspiring these services: equality in the access for all the children (anti-discrimination), transparency, participation and right of choice for families.

Crèches' activities are defined within the annual *Educational Plan for 0-3 (Piano educativo 0-3 anni)* containing the local educational program. The Plan defines the general characteristics of the municipal services: aims, timescales, modalities, tools, indications for the documentation and verification of the activities. The Plan is defined by the *Educative Coordination*, a municipal working group in which are included the *Educative Coordinator* and crèches' educators.

The Charter of crèches<sup>45</sup> of the Municipality of Legnano mentions three municipal crèches, with 135 slots available. These services participate to the activities of the working group *Supra-Municipal Coordination of Crèches (Coordinamento Nidi Sovracomunale)* and collaborate with the other organisations that are part of the Social District that includes Legnano and 9 Municipalities around. According to the website *A.S.C. Sociale del Legnanese So.Le. (Azienda Speciale Consortile per la gestione dei Servizi Sociali)*, the public agency for the management of social services and District Social Plan, part of services for children and families are managed at super-local level. There are two company crèches (*asili aziendali*) placed in Parabiago and Dairago; the summer services and the integrative daily school hours (*pre and post scuola*)<sup>46</sup>; and the school support to children with disabilities and social interventions for families.

### 7.3.3 The rural case

The zone of Lombardy Appennino called Alto Oltrepò Pavese is composed by the Municipalities of Bagnaria, Borgoratto Mormorolo, Brallo di Pregola, Fortunago, Menconico, Montesegale, Ponte Nizza, Rocca Susella, Romagnese, Ruino, Santa Margherita di Staffora, Val di Nizza, Valverde, Zavattarello. The Municipality of Varzi coordinates the *Mountains Community* created by these Municipalities to coordinate some policies in this territory.

The plan elaborated by this Community within the *National Strategy Internal Areas* underlines the context is suffering depopulation and an ageing population. A lack of work opportunities is pushing mainly younger people and families to leave the zone. The plan mainly aims to develop tourism and agriculture to improve the local economy, but also to improve the services for elder people, for example transportation. The plan includes among its aims the reinforcement of the link between kindergartens (and primary schools) and the local environment within a methodology inspired by Maria Montessori.

The Community is part (with other Municipalities) of the *Social District* coordinated by the Municipality of Voghera, a medium sized city (about 40.000 inhabitants). However, the ECEC policies are not included in the *District Social Plan* and are not part of any municipal associated management. Each Municipality decides in complete autonomy its policies, investments and services and builds specific agreements and relationships with the private and third sector organisations and with the Central State schools.

## 8. Part 2 – Activities and services

### 8.1 Description

#### National and regional level: 0-3 segment

According to Istat (2019), in the school year 2017/2018, 13.145 **services are addressed to 0-3 children**. The supply consists of 80% of traditional crèches, 2% of corporate crèches and 10% of “spring sections” dedicated to children aged 24-36 months. The remaining 8% is composed by supplementary services. These are flexible services in terms of time and 78% externalized, while respecting regional quality standards.

<sup>45</sup> See: [http://www.legnano.org/get\\_content/getfile\\_dmr.cfm?id=35](http://www.legnano.org/get_content/getfile_dmr.cfm?id=35).

<sup>46</sup> See: <http://www.ascsole.it/>

They include:

- Playgroups (*spazi gioco*) in which children are received for a part of the day, without the possibility to have meals or rest. They represent the 5% of the 0-3 ECEC supply;
- Centers for children and parents, which welcome children with an adult. These represent the 2% of the supply;
- Household services: educational services delivered at home, carried out in educators' or parents' house by educational staff. They constitute the 1% of the total supply.

**Children under 3 years of age attending educational facilities** are 28,6%, including children attending playgroups and those who anticipate the access to kindergartens (5,2%). This data, although slightly increasing in the last years, is still below the 33% aim established in 2002 by the EU for 2010 and also below the European Union average of 34,2%.

ECEC services have **different connotation and diffusion at regional and local levels**. For example, the "spring sections" are particularly widespread in Molise and other regions in the South of Italy, while Trentino-Alto Adige is 79xternalized79 by a concentration of home crèches. Regions with lower levels of early childhood facilities sees a spreading of the early access to kindergartens, addressing 0-2 years old children in services aimed to 3-6 age group. In particular, this is very widespread in the regions of Southern Italy, more contained in the Centre-North.

The **European target of 33 % coverage** has been exceeded in Valle d'Aosta, in the Autonomous Province of Trento, in Emilia Romagna, Tuscany and Umbria. In the North-Eastern and Central Regions, the receptivity is very close to the 33% target, while in the remaining Centre-North area, the values are lower but not far from 30%. In Southern Italy and the main islands (Sicily and Sardinia), the target is still far from being reached, despite some signs of improvement, with the sole exception of Sardinia, which has a service provision comparable to the Centre-North (27,9%). The Region in which the ECEC services are more diffused is Valle D'Aosta with 47 children out of 100 attending educational services, the lower data is in Campania in which they are less than 9. This is related to the lower participation of women to labour market.

The 51% of the available places in 0-3 ECEC services are public and they cover the 24,7% of potential users. In most of the Regions the private supply is decisive to reach the coverage values close to the European target, while only in a few Regions, the main supplier is public, mainly provided or contracted out by the Municipalities.

The 0-3 ECEC **services offered by the Municipalities have slightly augmented in the last years**: children who attend the municipal services passed from 13,0% in 2016/2017 to 13,5% in 2017/2018. This is mainly due to the increase of children enrolled in crèches: these are growing from two consecutive years after the decrease began in 2011 and a following 79xternalized79. Children attending supplementary services are stable. In total, children enrolled in ECEC services (including municipal and private crèches and supplementary services) are 194.567 (+2% from 2016/2017 to 2017/2018) (Istat 2019)

**Municipalities bear most of the expenditure for ECEC services** that amounts to approximately 1.461 billion € in 2017, 19,6% of which consist in contributions to families for accessing services.

For several years, until 2012, the expenditure of municipalities has shown a positive trend as well as the number of children enrolled in municipal services of facilities or funded by municipalities. These resources have decreased in particular from 2012 to 2014 (-9% in two years), at the same time producing an increase of the services' fees requested to families. The consequence of these cuts, together with the effects of the economic and financial crisis on families incomes, have led to a drop in demands of access to ECEC from 14% in 2010 to 12,6% in 2014. In the last two years, Municipalities' resources addressed to these services remain slightly below the 2009 expenditure.

More than 90% of Municipalities' expenditure is addressed to municipal services, that are partly managed directly and partly externalized; 6,6% is addressed to contracted out services (*posti*

*convenzionati*); 2% consists in contributions provided to families (who can enroll their child in public or private facilities); and 1,1% is paid to other private services (*non convenzionati*).

In directly managed municipal crèches, the annual municipal expenditure for each child is 8.472 €. The annual expenditure is drastically reduced for externalized services: on average 4.830 € per child. In services contracted out in private crèches, the average expenditure per child is 3.116 € per year. The expenditure is further reduced for contributions paid to families to access the services: 1.676 € per child. The main reason for which private organizations' expenditure is lower is largely due to their possibility to hire their staff with more flexible and low paid (often under paid) contracts (Da Roit and Sabatinelli 2013; Sabatinelli, 2016): “*The sustainability of private providers is mainly based on unloading cost containment onto the workforce*” (Sabatinelli, 2016, p.149).

Considering **families' expenditure**, the cost of 0-3 services is relevant: the average fee for crèches paid by families is 1.570 € per child in 2015 and it rises to 1.996 € in 2017. This data is confirmed by the amount calculated by the municipalities as families' co-participation to the cost of services, which corresponds to 2.009 € per year for directly managed municipal crèches. This cost is considered non-negligible by families and partially explains their renounce to access crèches: in 2018, 12,4% of parents of 0-2 years-old children declare that they did not enroll their children to crèches because of the cost. However, the territorial differences on this motivation are wide: this percentage is 17% in the North, 11,3% in the Centre and 7,2% in the South. This has led Istat (2019) to explain the low access to crèches both as a consequence of the limited supply and a family's choice based on economic constraints. The first reason is more relevant in the South and Islands, while the second prevails in the North, in which the services supply is wider.

Since 2016, **Central State contributions** (*Bonus Nido*) have also been introduced as direct supports families' access to crèches: in 2017, 24.990 users benefited from these resources, for a total amount of 8.579.750 €. As the services supply is wider in the North, more than 60% of this fund was assigned to families who live in this area, 19,7% to families who live in the Central regions, and only 20% to the Southern households. The measure was extended in 2018, with 121.500 beneficiaries and 75.887.879 € spent. However, the territorial distribution remained uneven, with 56% perceived in the North, about 26% in the Centre and 18,3% in the South, in which the services' supply is lower.

Relevant territorial differences also concern the annual **per capita expenditure** for 0-3 services. The wider gap is between the Autonomous Province of Trento with 2.235 € per children, and Calabria Region with 116 €. This data in Lombardy is 844 €. Within the regions, provinces' and metropolitan areas' capital cities tend to have higher per capita expenditures. These differences are more relevant in the Centre-North of the Country, while data concern the central and peripheral Municipalities are more homogeneous in Valle D'Aosta, Trentino-Alto Adige, Emilia Romagna, Toscana and Umbria. The following table (Tab.1) presents an overview on national and regional data for the 0-3 ECEC segment.

**Table 25: Data on 0-3 ECEC supply in Italy and Lombardy on 31/12/2017: children enrolled, coverage, management, expenditure by Municipalities and families**

Crèches*	Italy	Lombardy Region
Number of children in crèches	179.278	36.122
Whose children in spring sections	8.192	1.427
Total % of Municipalities offering crèches	55,3%	78,2%
Crèches' users coverage data (on 0-2 population)	12,5%	14,5%
<b>Expenditure for crèches*</b>		
Total expenditure by Municipalities	€ 1.132.982.752	€ 174.662.468
Average expenditure for enrolled child by Municipalities	€ 6.320	€ 4.835
Total contribution by families	€ 282.278.881	€ 58.683.044
Average expenditure for enrolled child by families	€ 1.575	€ 1.625
Contribution by families %	19,9%	25,1%

Crèches* management		
N. children in crèches directly managed by Municipalities	92.931	18.790
% children in crèches directly managed by Municipalities	51,8%	52%
Municipal average expenditure for enrolled child in crèches directly managed by Municipalities	8.472	6.934
N. children in municipal crèches externalized to private organisations	48.969	8.134
% children in municipal crèches externalized to private organisations	27,3%	22,5%
Municipal average expenditure for enrolled child in crèches externalized to private organisations	4.830	3.814
N. children in private crèches	24.026	5.528
% children in private crèches	13,4%	15,3%
Municipal average expenditure for enrolled child in private crèches	3.116	1.090
N. children receiving contributions for accessing crèches	13.352	3.670
% children receiving contributions for accessing crèches	7,4%	10,2%
Municipal average expenditure for child receiving contributions for the access to crèches	1.676	1.196
Supplementary services**		
Number of pupils in supplementary services	15.289	5.342
% of Municipalities offering supplementary services	16,4%	19,02%
Supplementary services' users coverage data (on 0-2 population)	1,1%	2,1%
Expenditure for supplementary services**		
Total expenditure by Municipalities €	€ 41.638.486	€ 13.800.547
Average expenditure for enrolled child by Municipalities	€ 2.723	€ 2.583
Total contribution by families	€ 4.480.689	€ 1.097.021
Average expenditure for enrolled child by families	€ 293	€ 205
Contribution by families %	9,7%	7,4%
Total educative services		
Number of pupils in educative services	194.567	41.464
Total expenditure by Municipalities	€ 1.174.621.238	€ 188.463.015
Average expenditure for enrolled child by Municipalities	€ 6.037	€ 4.545
Total contribution by families	€ 286.759.570	€ 59.780.065
Average expenditure for enrolled child by families	€ 1.474	€ 1.442
Contribution by families %	19,6%	24,1%

\* The data include traditional crèches, micro crèches, corporate crèches (*asili aziendali*) and spring sections. Both the services provided by Municipalities and the fees and contributions paid by them for children enrolled in private services are included.

\*\* The data include play groups (*spazi gioco*), centers for children and parents, household services

Sources: Istat 2019, Attached Tables to the Report

The aforementioned Regional Decree n. XI/2108 describes the characteristics of the 0-6 ECEC policies and services supply in Lombardy in 2018 and establishes a plan for their development.

Accordingly with this decree, the 0-3 segment in Lombardy consists of crèches, micro-crèches, family crèches, early childhood centers, spring sections and supplementary services. It is mainly managed by Municipalities, directly or by third sector or other private organization. Crèches are 1.804, micro-crèches are 283, family crèches 289 and early childhood centers 86. The spring sections – aggregated to crèches or kindergartens and activated in Lombardy and at national level since 2007 – are active in more than 400 educational institutions, they welcome more than 5.500 children and are constantly growing. The services cover the 26% of the population aged between zero and three years. It consists in a mix of services that differ both in organization and type of educational proposal, however regulated by national and regional laws. This diversification is described as a milestone in the regional policies, to be promoted in order to meet families various needs and preferences.

The regional decree underlines the importance of its recent initiative named “Free Crèches”, started in 2016, and aimed to reduce the expenditure by families for the access to public or private crèches.

The incentive is universal, meaning that the access is for every households unless resources are available. The amount of the incentive is proportionate to ISEE, that is an indicator of socio-economic conditions. The families admitted to the measure in 2017/2018 are 14.354; the applicants in 2018/2019 are increased to 15.652. The data collected by the Region show an increase in the number of children enrolled in municipal or private contracted crèches of about 7%, with a larger increase, about 21%, in the lower income households (with the socio-economic index ISEE up to € 20.000). A survey carried out in 2018 by the Lombardy Region highlighted that 24% of the families benefiting from the contribution stated that without the measure they would have renounced to the service; while 44% would have chosen different conditions (reduced hours, reduced services) in order to reduce their expenditure. According with the Region, this result confirms (as stated by ISTAT analyses) that the cost of fees still constitutes an obstacle or a limit for families in accessing childcare services. Family fees are established by the Municipalities and their regional average is about 246 € in 2017/2018, with a relevant variability from a lowest average equal to 50 € to the highest equal to about 688 €. On the basis of these data, the Region confirms the opportunity to concentrate public resources in the reduction of families' expenditure for 0-3 childcare services: on the one hand, increasing the ESF resources 2014-2020 dedicated to the promotion of the access to early childhood services, on the other hand, foreseeing a stronger collaboration with the local administrations in order to consolidate the measure "Free crèches".

### National and regional level: 3-6 segment

According to the Ministry of Education, University and Research (MIUR 2019), in the school year 2019/2020, there are 40.749 educational institutions (*sedì scolastiche*) provided by the Central State in the Country, attended by 7.599.259 pupils. Kindergartens are 13.286 all over the Country and 1.333 of them are in Lombardy.

The pupils who attend the kindergartens are 901.052, divided in 42.258 classes (*sezioni*) at the national level, and 108.877 in Lombardy in 4.764 classes.

**Table 26: Schools and kindergartens (3-6 y.o. pupils) provided by the Central State in Italy and Lombardy Region, School Year 2019/2020**

MIUR DATA 2019/2020 on schools provided by the Central State	Italy		Lombardy Region
Total number of schools (all ages)	40.749		5.267
Total number of pupils in schools (all ages)	7.599.259		1.183.493
Number of kindergartens* (3-6 y.o.)	13.286		1.333
Number of classes ( <i>sezioni</i> ) in kindergartens (3-6 y.o.)	42.258		4.764
Total number of pupils in kindergartens (3-6 y.o.)	901.052		108.877
Number of pupils with disability in kindergartens (3-6 y.o.)	22.302		3.168
Number of pupils with foreign citizenships in kindergartens (3-6 y.o.)	109.962		24.495

Source: MIUR 2019

\* These data include only the kindergartens provided by the Central State, the municipal and private accredited kindergartens are described in the following table (Table 27).

Differently from the other school segments, the role of peer-schools (*scuole paritarie*, which include municipal and accredited private schools) is relevant for the 3-6 years old children. Peer-kindergartens represent the 71,3% of the non-state school supply (considering all ages schools), thus in this segment are concentrated the most of pupils attending non-state schools. In Italy, in the school

year 2018/2019, 524.031 children are distributed in the 8.957 non-state kindergartens. They are 136.716 in Lombardy, attending the 1.726 kindergartens.

**Table 27: Peer-schools and peer-kindergartens\* (3-6 y.o. pupils) in Italy and Lombardy Region, School Year 2018/2019**

MIUR DATA 2019/2020 on peer-schools	Italy	Lombardy Region
Total number of peer-schools (all ages)	12.564	2.528
Number of peer-kindergartens (3-6 y.o.)	8.957	1.726
Total number of pupils in peer-schools (all ages)	866.805	231.758
Total number of pupils in peer-kindergartens (3-6 y.o.)	524.031	136.716

\* The so called *scuole d'infanzia paritarie* (peer schools) include municipal and private accredited kindergartens

Source: MIUR 2019

It is interesting to underline that, considering the national data, the number of children enrolled in kindergartens are about 1 million and a half (1.425.083) and more than 1/3 of them (36,8%) attend a peer kindergarten, meaning municipal or private kindergartens. In Lombardy they are more than one half (55,7%).

The aforementioned Regional Decree n. XI/2108 highlights the significant and widespread diffusion of 3-6 education services in Lombardy. It underlines that the supply is significantly provided by about 1.700 peer-kindergartens with more than 135.000 enrolled children. More than 1.400 of these schools are private and welcome about 108.000 children. This data corresponds to about the 44% of the total children enrolled in all the kindergartens in the Region. In many Municipalities in Lombardy, early education services are provided exclusively by private peer-kindergartens.

The decree also underlines the contribution given to 0-6 ECEC policies by the *Territorial Plans for Life-Work Balance*, launched in 2017. Within these plans, regional resources and funds provided by the European Social Fund are addressed to integrative schools' opening in pre- and post-school hours and school holiday periods (mainly in summer). These services reached over 13.000 families (data 31 May 2018). The aim is to meet the demand of services' flexibility by families.

Finally, the regional decree highlights the contribution provided by the Region to school inclusion of pupils with disabilities enrolled in private peer-kindergartens. These resources are addressed to contribute to the cost of the teaching staff engaged in the support of more than 1.800 children with certified disabilities, that are not completely covered by the state and regional funds.

## 8.2 Main changes and innovations introduced in the last ten years

As explained, the two segments 0-3 and 3-6 have traditionally developed differently and in parallel. The role of the Central State in the former has been traditionally limited. However, the recent reform, approved in 2015 and implemented starting from 2017, has brought a new attention on this segment and new investments by the national level.

The Regions, having a strong autonomy on 0-3 ECEC, have developed various services typologies, but they have also invested differently, depending on their welfare, families, culture and working conditions, sensibility to early education, the available resources and private providers, and so on. This created a strong diversification in supply within the Country, but also extremely different levels of diffusion of these services (Sabatinelli, 2016). As explained, data show a significant gap between the Central and Northern and the Southern Regions of the Country. It is too early to assess the impact

of the reform approved in 2015, however a more relevant role of the Central State could help to reduce the intra-national differences. This should be the challenge for the next years.

The role of Municipalities is relevant, as implementer of regional policies for 0-3, decision makers on local policies and coordinators of services system, but also, especially in some Regions and cities, as supply providers. The main challenge, especially for the biggest Municipalities, is the creation of an effective governance of a complex public-private system, supervising different typologies of services and guarantying families quality and equal attention, but also creating the concrete bases for continuity between the 0-3 and 3-6 services.

The role of the private sector is also relevant in this segment, even diversified in the different Regions. Mainly third sector organisations as social cooperatives and associations provide crèches or other services, with the support of public resources if they are accredited. They are able to offer families flexible and variegated services, responding to increasing individualised needs and work-family balances. This supply is less expensive for the local public administrations which usually contribute to their cost, thus outsourcing. The purchase of slots by Municipalities in the private sector are diffuse practices. There is also a private supply that is not accredited and completely autonomous, they only have to respect safety requirements, but they are not very diffused as these services are very expensive for families. In fact, the private supply is usually supported by public funds and sustained through low paid and flexible staff's work contracts.

The 3-6 segment is more diffused in the national territory and traditionally consolidated. It is considered as part of the education system thus the access is universalistic. Kindergartens can be managed by the Central State, Municipalities (directly or through third sector organisations), or by private organisations which can be accredited or be managed in complete autonomy. A specificity of this segment is the relevant diffusion of Catholic kindergartens all over the Country. The combinations of all these organisations' roles is territorially diversified.

The role of private organisations for both the segments is usually stronger in small-sized Municipalities that often cannot afford the cost of own services. Some Municipalities create consortiums or associated managements to share the expenditure. The contribution of the private sector supply has been used both to reduce or contain the public expenditure and to satisfying families' demand of services and more variegated and flexible typologies. However the welfare mixes can be very complex, their governance needs investments, and it is not always easy to coordinate for public institutions.

### **8.3 Local Policies**

In Italy, the role of Municipalities is different for children aged 0-3 compared to those aged 3-6. Municipalities usually play a leading role in the provision of services for 0-3 years-old children, while the central State gives a more relevant contribution in the 3-6 segment.

As already emerged in the previous COHSMO reports, the three contexts included in the analysis are very different in the characterization and distribution of ECEC supply. The target population is also differently varying: slightly increasing in the two urban areas of Milano and Legnano, decreasing in the rural context of Oltrepò Pavese (even less than the regional and national average).



**Table 28: Variation of the target population in 2011-2016 and 0-3 services supply coverage in 2016**

	Milan	Legnano	Oltrepò Pavese	Lombardy regional average	Italy national average
5-year population change (%. 2011-16) – Source: ISTAT	0,08	0,04	-0,03	-0,18	-0,28
Pre-school slots for 100 children 0-2 year old – Source: ISTAT	35,9	25,6	18,8*	24,8	20,8

\*24.6 in Gadiasco and 34.9 in Varzi. 0 everywhere else.

Source: COHSMO Italy Report D4.3, p.10

### 8.3.1 Urban case: Milan

The 0-3 services active in the Municipality of Milan were 474 in 2013 with over 16.395 slots; they are 338 in 2017 with about 14.000 slots. The services' coverage calculated for the 0-2 population has decreased from 46,5% to 41,2% in this period.

The main services provided to 0-3 children are crèches and micro-crèches, which represent about the 95% of the supply in 2017. It is interesting to notice that in this period only the Centers for children and parents are incremented, while household services disappear and all the other typologies decrease (Tab. 5).

**Table 29: Number of services and slots and services' coverage percent in the Municipality of Milan, years: 2013 and 2017**

Municipality of Milan Type of ECEC for 0-3 segment	2013			2017		
	N. services	N. slots	N. slots on 0-2 population %	N. services	N. slots	N. slots on 0-2 population %
Crèches	424	14.779	41,9	323	12.625	37
crèches or micro-crèches	378	13.885	39,4	284	11.866	34,7
corporate crèches or micro-crèches ( <i>asili aziendali</i> )	27	971	2,8	10	358	1
spring sections	46	894	2,5	39	759	2,2
Supplementary services	51	1.616	4,6	15	1.450	4,2
Playgroups ( <i>centri gioco and ludoteche</i> )	16	1.062	3	3	539	1,6
household services	28	140	0,4	0	0	0
centres for children and parents	7	414	1,2	12	911	2,7
Total	475	16.395	46,5	338	14.075	41,2

Source: Istat – Dataset Servizi socio educativi per la prima infanzia: data extracted on 19/02/2020 from I.Stat

As shown in Tab. 6, the children enrolled in 0-3 ECEC services in Milan are about 18.000; they were almost 22.000 in 2012.

Both the municipal and families' expenditure have decreased in this period. Contributions by families to the total expenditure for accessing services has passed from 24% in 2012 to 23,2% in 2017. However, in 2017, the fees paid for accessing crèches by families correspond to about 25% of the total cost, while the families' contribution for accessing supplementary services is 4,5%.

Crèches remain the main service in this segment, but the municipal investment on these services has decreased from more than 116 million in 2012 to about 94 million in 2017. On the contrary, in the same period, the municipal funds for supplementary services have passed from slightly more than 3 million to more than 12 million.

**Table 30: Enrolled children and expenditure in 0-3 ECEC services in Milan, years 2012 and 2017**

Municipality of Milan	2012				
Type of ECEC for 0-3 segment	Enrolled children	Total expenditure €	Municipal expenditure €	Contributions by families €	Contributions by families on the total expenditure %
Crèches	19.568	153.924.967	116.635.209	37.289.758	24,2
crèches or micro crèches	18.688	147.423.502	111.216.225	36.207.277	24,6
spring sections	880	6.501.465	5.418.984	1.082.481	16,6
Supplementary services	2.219	3.827.101	3.195.329	631.772	16,5
Total	21.787	157.752.068	119.830.538	37.921.530	24
Type of ECEC for 0-3 segment	2017				
Crèches	16.111	125.626.998	94.020.228	31.606.770	25,2
crèches or micro crèches	15.296	118.890.305	88.804.046	30.086.259	25,3
spring sections	815	6.736.693	5.216.182	1.520.511	22,6
Supplementary services	2.067	12.876.952	12.301.837	575.115	4,5
Total	18.178	138.503.950	106.322.065	32.181.885	23,2

Source: Istat – Dataset Servizi socio educativi per la prima infanzia: data extracted on 19/02/2020 from I.Stat

The website of the Municipality<sup>47</sup> informs families about 0-6 services' characterization and organization.

**Crèches** are services that welcome children from three months to three years old. Depending on the number of slots/children enrolled, each school is divided into sections (groups of children) on the bases of children' age, but also pedagogical and organizational choices.

**Micro-crèches** are addressed to children between 12 and 36 months old. They can provide a maximum of 10 slots.

**Spring sections** are aimed at children from 24 to 36 months. Their approach to childcare combines the care approach of crèches and the educational aims and tools of kindergartens. For this reason, their staff is composed (for groups of maximum 20 children) of a crèche teacher and two kindergartens teachers.

These services' organization is similar. They are open from September to the end of July, according to a schedule established by the municipality. The municipal crèches and spring sections operate from Monday to Friday, from 7:30/8:00 to 18:00 (the Region has established crèches are mandatory open for 9 consecutive hours a day). Within these hours, the daily access and exit of children in each service are defined by the *Board of Educational Unit (Consiglio di Unità Educativa)*, evaluating families' request.

The service provision is guaranteed in July only to children who are already enrolled and whose parents work or can document special conditions.

The access to services presumes the payment of an annual registration fee (52€) and a monthly fee defined on the bases of the socio-economic situation of families (according with the Council Resolution n. 147/2000 and by the Council Resolution n. 830/2005).

<sup>47</sup> <https://www.comune.milano.it/aree-tematiche/scuola/servizi-0-6-anni>

The monthly fees<sup>48</sup> for accessing all these services are calculated on the basis of families' socio-economic conditions evaluated through the ISEE index.

In the school year 2019-2020, the **access to crèches** is free for families with ISEE from zero to 6.500 €. Families with ISEE from 6.500,01 € to 12.500 € pay 103 € for month. Families with ISEE from 12.500,01 € to 27.000 € pay 232 € for month. Families with ISEE over 27.000 € and families who do not present their ISEE pay 465 € for month. Families who are not resident in Milan pay about 620 € per month. Reductions are foreseen for families with more than a child enrolled in crèches. A recalculation of the fee is foreseen for families in which parents lose their job during the school year (presenting a new ISEE and the registration to the Employment Center) or for families who are taken in charge by the Social Services.

Families who are resident in Lombardy and have an ISEE equal or under 20.000 € can have access to the regional benefit named *Free Crèches*, presenting a specific application. The access to the measure is reserved to families with both working parents or with a working parent and the other registered at the Employment Center. In case the demand is accepted, the family will not pay any fee. The measure is not valid for children enrolled to the spring sections or for children who are not resident in Milan but are enrolled in this city crèches.

In the school year 2019-2020, the **access to spring sections** is free for families with ISEE from zero to 6.500 €. Families with ISEE from 6.500,01 € to 12.500 € pay 51,50 € per month. Families with ISEE from 12.500,01 € to 27.000 € pay 116 € per month. Families with ISEE over 27.000 € and families who do not present their ISEE pay 232,50 € per month. Families who are not resident in Milan pay 309,88 € per month.

**Kindergartens** welcome children who are between three and six years old. They are open from September to June. The municipal kindergartens are open from Monday to Friday, from 7:30/8:00 a.m. to 6:00 p.m. Within these hours, the daily access and exit of children in each service are defined by the *Board of Educational Unit (Consiglio di Unità Educativa)*, evaluating families' request and children' priorities.

These services close their ordinary activities at the end of June. However, the service continues in July, in reorganized Summer Sections, reserved to the enrolled children whose parents are working or can demonstrate special conditions (health issues related usually).

The access to kindergartens foresees the payment of an annual enrolment fee of 52 € and a contribution for school lunch that is calculated on the basis of the (already mentioned) family ISEE. The information about the contribution due for school lunch can be found in the outsourced company that provides the meals *Milano Ristorazione S.p.A.* (<https://www.milanoristorazione.it/>). For the school year 2019-2020, they are defined as following: from zero ISEE to 2.000 €, the meals are free; from 2.000,01 € to 4.000 €, the annual contribution is 240 €; from 4,000,01 € to 6.500 €, it is 330 €; from 6.500,01 to 12.500, it is 460 €; from 12.500,01 € to 27.000 €, it is 605 €; for ISEE over 27.000 € or if ISEE is not presented, the annual contribution is 680 €. The annual contribution can be divided in monthly payments.

Facilities are foreseen for families with more than a child enrolled in the school system. The contribution can be recalculated for families in which parents lose their job during the school year (presenting a new ISEE and the registration to the Employment Center) or for families who are taken in charge by the Social Services. Also the children attending state or private kindergartens can have access to the municipal supply of Spring Sections.

**Supplementary services** for children contribute to complete the municipal supply of ECEC services. They aim to meet families' demands for more flexible services. They offer children who do not attend crèches, spring sections or kindergartens, the opportunity to meet adults and peers and participate to

<sup>48</sup> <https://www.comune.milano.it/servizi/nidi-d-infanzia-e-sezione-primavera-pagamenti>

play groups, in an educative context and age-appropriate spaces. They are open from September to July.

The services are 14 and are divided into three types:

- **Times for families**, aimed at children from 3 months to 3 years old, each accompanied by an adult; they are 8 and all of them are managed directly by the Municipality. They are open from Monday to Friday, from 8.30 a.m. to 1 p.m. and from 2 p.m. to 6 p.m. Families can choose their children attend the services from two to several days per week. Groups and daily activities are organized according to the number and age of the enrolled children.
- **Early childhood centers**, aimed at children from 3 months to 3 years old, whether or not accompanied by an adult; they are 4, of which 1 is managed by the Municipality, 2 are municipal but externalized and 1 is private accredited. These services are open from 8 a.m. to 1 p.m. and from 2 p.m. to 6 p.m., from Monday to Friday. They welcome a maximum of 30 children in the morning and as many in the afternoon, each accompanied or not by an adult.
- **Playrooms/playgroups**, for children from 3 months to 12 years old, accompanied by an adult; they are 2 and all of them are managed by the Municipality. These services are open from Monday to Friday, from 8.30 am to 1 pm and from 2 pm to 6 pm. They welcome: - in the morning, children from 3 months to 3 years accompanied by an adult; - in the afternoon, children from 3 to 6 years, each accompanied by an adult and children from 6 to 12 years even without adults. Families can choose their children attend the services from two to several days per week. Groups and daily activities are organized according to the number and age of the enrolled children.

These services close their ordinary activities at the end of June. However, the service continues in July in reorganized Summer Sections. The access in July is reserved to the already enrolled children, if their families apply for access.

The access to supplementary services foresees the payment of an annual enrolment fee of 52 €. For Early childhood centers, a monthly fee is due only for children who are not accompanied by an adult. As table 31 shows, the municipal supply of kindergartens is completed by the state and private services.

*Table 31: Kindergartens in Milan, type of management, classes and pupils in school years 2009-2010 and 2018-2019*

Kindergartens in Milan, school years 2019-2010 and 2018-2019						
School years	2009-2010			2018-2019		
Type of management	Schools	Classes	Pupils	Schools	Classes	Pupils
Municipal	170	852	21.568	172	854	20.915
State	22	82	2.011	27	97	2.192
Private peer-schools	99	325	8.104	91	298	6.637
Private non-peer schools	10	46	1.080	13	52	1.143
Total number	301	1.305	32.763	303	1.301	30.887

Source: Municipality of Milan<sup>49</sup>, Open Data, Date extraction: 26/02/2020

The supply for families with 0-6 children is integrated with meetings and laboratories for parents: individual or group meetings with experts (pedagogist, psychologists, midwives for newborns' parents), groups of peer-support for reciprocal advices or in case of specific difficulties, laboratories and activities for parents and children and so on.

### 8.3.2 Sub-urban case: Legnano

The Municipal ECEC services for children from zero to three years old in Legnano are crèches, micro-crèches and household services. From 2013 to 2017, the slots in these services decreased: they passed from 428 to 391 slots. However, in 2013, they covered about the 26% of the 0-2 population, while in 2017, this percent has slightly grown (+1%).

**Table 32: Number of 0-3 services and slots and services' coverage % in the Municipality of Legnano, years: 2013 and 2017**

Municipality of Legnano	2013			2017		
	N. services	N. slots	N. slots on 0-2 population %	N. services	N. slots	N. slots on 0-2 population %
crèches or micro-crèches	14	418	25,2	13	371	25,4
spring sections	0	0	0	1	20	1,4
household services	2	10	0,6	0	0	0
Total	16	428	25,8	14	391	26,8

Source: Istat – Dataset Servizi socio educativi per la prima infanzia: data extracted on 19/02/2020 from I.Stat

The following table (Tab.33) shows that the number of children enrolled in crèches and micro-crèches in Legnano has decrease from 312 to 157 in the period 2013-2017. The same dynamic concerns the cost of these services, that has passed from slightly more than 2 millions (the 20% covered by families) to 1,7 million (18% paid by families).

**Table 33: Enrolled children and expenditure in 0-3 ECEC services in Legnano, years 2012 and 2017**

Municipality of Legnano	Year	Enrolled children	Total expenditure €	Municipal expenditure €	Contributions by families €	Contributions by families on the total expenditure %
Type of services: crèches or micro-crèches	2013	312	2.030.598	1.625.571	405.027	19,9
	2017	157	1.716.240	1.404.068	312.172	18,2

Source: Istat – Dataset Servizi socio educativi per la prima infanzia: data extracted on 19/02/2020 from I.Stat

Crèches are open from 7.30 am to 6.00 pm, from Monday to Friday. On the basis of families' request, children's attendance can be full-time or part-time.

The daily entrance is from 7.30 to 10.00 for children who attend crèches full-time or morning part-time. The entrance for the afternoon part-time is from 12.30 a.m. to 1 p.m.

The daily exit is from 12 a.m. to 1 p.m. for the morning part-time, from 3.30 p.m. to 6.00 p.m. for the full-time and afternoon part-time. Crèches are open from September to July.

<sup>49</sup> <http://dati.comune.milano.it/it/dataset/ds224-istruzione-formazione-infanzia-caratteristiche-struttura-alunni>.

Crèches are organized in small rooms divided by age groups. For particular activities, mixed groups can be created. The same staff accompany the classes during the years, guaranteeing educational continuity. During the day, from 7.30 a.m. to 2.30 p.m. a 1/7 proportion child/educator is foreseen to guarantee the quality of the activities.

**Fees paid by families** to access the crèches are defined through the above mentioned ISEE index, which measures families' socio-economic conditions. The Municipality of Legnano has shaped 25 different fees based on ISEE streams. Furthermore, the fees are differentiated in relation on the daily hours spent by the children in crèches: there are three options of full time (10,5, 9 and 7,5 hours), and two part-time (5,5 and 4 hours) options.

The fee for the maximum full time (10,5 hours at day) goes from a minimum of 51 € per month, for families with ISEE from zero to 4.000 €, to a maximum of 631 € per month, for families with ISEE over 25.000 €. Non resident families pay 690 €.

The fee for the minimum part-time (4 hours at day) goes from a minimum of 22 € per month, for families with ISEE from zero to 4.000 €, to a maximum of 300 € per month, for families with ISEE over 25.000 €. Non resident families pay 329 €.

Reductions are foreseen for families with more than a child enrolled in crèches.

Crèches also offer parents a support in their education task through the project "Support to parenthood". They can access a library for parents with books on children education and care; free baby-sitting during the initiatives involving parents that are held in the evening; individual talks with experts in pedagogy and psychology.

Concerning the 3-6 segment, kindergartens in Municipality of Legnano are 3 State schools with about 530 children enrolled, and 9 private peer-schools with more than one thousand children enrolled.

*Table 34: Kindergartens in Legnano, type of management, classes and pupils in school year 2017-2018*

Kindergartens in Legnano, school year 2017-2018			
Type of management	Schools	Classes	Pupils
State	3	22	531
Private peer-schools	9	38	1.033
Total number	12	60	1.564

Source: Municipality of Legnano, 2019<sup>50</sup>

The Municipality organises the provision of **school lunch** in kindergartens. The service is externalized. The cost paid by families for meals is calculated on the basis of their ISEE. For the school year 2019-2020, the contribution goes from a minimum of 1 € at day for families with ISEE from zero to 5.000 €, to a maximum of 5,90 € at day for families with ISEE over 30.000 € or if ISEE is not presented or for families that are not resident in Legnano.

The Municipality also offers the possibility to families to increase the **time school** in kindergartens before and after the regular school daily hours. The pre-school service offered by the Municipality goes from 7.30 a.m. to the start of the classes and the post-school goes from the end of the classes to 6 p.m.

Fees for accessing this service are not defined on the basis of ISEE, but they are the same for everybody. They are established considering the number of families who present the request. The services is not activated if less than 8 families not apply for it.

<sup>50</sup> [http://www.legnano.org/get\\_content/getfile\\_dmr.cfm?id=1059](http://www.legnano.org/get_content/getfile_dmr.cfm?id=1059).

The cost for families is about 70 € as entry fee plus an annual cost going from a minimum of 337 € for pre+post hours in case more than 14 families apply for the service, to a maximum of 537 € if the applicants are 8 at least. Only pre-school or only post-school services can be requested. The cost of the post-school hours in kindergartens includes the provision of afternoon snacks for children. The Provisional Budget 2018-2019 of the Municipality of Legnano establishes an annual budget of about 450.000 € for interventions in favour of childhood, minors and crèches.

Most of the staff employed in crèches is hired by cooperatives. As the municipal responsible in charge for these services has pointed out (ECEC-GOV2 “until 15 year ago all the staff was directly hired by the municipality, now basically the services are in cooperatives’ hands even if they are owned by the municipality”). The municipality offers also a service of parental support, where a pedagogist is available to help parents. According to the k-informant in the last years a need for these kinds of counseling has emerged, so the municipality organizes meeting between parents and experts.

*We have the ABI project to collect initiatives of organizations and associations such as laboratories, meeting, diverse activities. The main interest of families is for meeting about tantrums. As laboratories as concerned, the offer on the territory is really wide (ECEC-GOV2)*

### 8.3.3 Rural case

In the area of Oltrepò Pavese there are 2 crèches. They are placed in the Municipalities of Godiasco Salice Terme and Varzi. In 2017, the available slots are 35 and are stable from 2013. The enrolled children are 8 in 2013 and only 2 in 2017. The Municipal expenditure was about 7.000 € in 2013 and decreased until 368 € in 2017. Accordingly with the available data, families are not asked to contribute to the expenditure.

**Table 35: Enrolled children, expenditure, services and slots in 0-3 ECEC services in the Municipalities of Oltrepò Pavese, years 2012 and 2017**

ECEC services for 0-3 years old children in the Municipalities of Oltrepò Pavese, years 2013 and 2017								
Type of service: crèches or micro- crèches	Enrolled children §		Total expenditure* €		N. services #		N. slots #	
	2013	2017	2013	2017	2013	2017	2013	2017
		8	2	7026	368	2	2	35
§ The Municipalities for which the data are different from zero in at least one of the selected years are: Godiasco Salice Terme, Ruino and Varzi.								
* The Municipalities for which is reported expenditure data different from zero in at least one of the selected years are: Borgoratto Mormorolo, Fortunago, Godiasco Salice Terme, Ruino, Valdinizza and Varzi. The total expenditure corresponds to Municipalities’ expenditure. In fact, in all of them, families’ contributions are zero in both the selected years.								
# The data on services and slots are different from zero in the selected years in the Municipalities of: Godiasco Salice Terme: 1 service; 16 slots; coverage rate on 0-2 y.o. population: 24,8 in 2013 and 34,4 in 2017; Varzi: 1 service; 19 slots; coverage rate on 0-2 y.o. population: 34,9 in 2013 and 32,5 in 2017.								

Source: Istat – Dataset Servizi socio educativi per la prima infanzia: data extracted on 19/02/2020 from I.Stat

The crèche building in Godiasco has been created in 2012 through a collaboration between the Municipality and the *Foundation for the Development of Oltrepò Pavese* (Fondazione per lo Sviluppo dell’Oltrepò Pavese) that obtained a fund made available by the Plan for Rural Development of

Lombardy Region<sup>51</sup>. It is an externalized service and makes available 16 slots for children from 6 months to three years old. This crèche is in a good position for the families that go to work in the bigger Municipality of Voghera and can leave their children just passing through.

The crèche in Varzi was municipal and externalized to a cooperative until the beginning of 2019. It has been closed by the authorities on suspicion of violence on the children. In October 2019, the building has been rented to a local multi-service cooperative that won a public tender. The new management do not foresees any involvement of the Municipality in the crèche's organization or activities. The children who attend the new crèche are 12 and they come from Varzi and the close Municipalities. The Municipality do not provide any contribution to the families. It was also impossible for them to have access to the already mentioned regional measure *Free Crèches*, because it is granted only for services that are open for at least one year. The families are only supported by the contribution *Bonus Nido* provided by the Central State. Considering the recent problem of the previous crèche, in order to win families' trust, the cooperative pays an external pedagogical coordinator to supervise the services and the staff's wellness and pedagogical approach. Furthermore, it organizes many activities in external places (for example in local craft shops, as the pedagogical plan of the crèche is based on children's relationship with the local context) and monthly meetings between the staff and parents about pedagogical and practical issues. It has also made an agreement with a private counseling service to organize meetings with psychologists. A problem that could not be resolved is the transportation of the children to the crèche, which remains an issue for many families who live the Municipalities close to Varzi in which there is not a crèche.

In 2020, the kindergartens for 3-6 years old children in this territory<sup>52</sup> are distributed as following: the Municipalities of Bagnaria, Godiasco Salice Terme, Ruino, Varzi and Zavattarello have 1 kindergarten for each and all of them are financed by the central State; the Municipality of Valverde has 3 State kindergartens and 2 private peer-schools. Some kindergartens (for example in Varzi and Zavattarello) have short waiting lists (with 2-3 children). There are also private services (non-peer schools) for 3-6 years children in the territory, but they are not mapped.

### 8.3.4 Similarities and differences among the three case studies

The local administrations of the three contexts show a different approach to the 0-3 ECEC policies. The Municipality of Milan has a tradition of relevant investment and attention to these services, as demonstrated by the higher coverate rate. It also has developed a variegated and wide range of services to meet families' different needs and preferences. Furthermore, this Municipality has anticipated the national law approved in 2015, starting the process of integration between the 0-3 and 3-5 segments since 2004.

The Municipality of Legnano is the leader of a social district composed by 10 Municipalities. However only a very small part of 0-6 ECEC services (pre- and post-schools, summer services and two company crèches) are managed through the Consortium of these Municipalities. The policies for the 0-3 and the most important services in this segment, that are the municipal crèches, are managed by each Municipality: according with the short interview realised with the responsible of the Social District Office, they are considered a sensitive service for the population, thus each Municipality prefers to keep control on their own crèches.

The Municipalities of the Mountain Community of Oltrepò Pavese are 15 but they have only two municipal crèches in their territory. The zone is coping with depopulation and the territory is geographically fragmented. The Municipalities are very small and the number of children is low and

<sup>51</sup> Plan for Rural Development of Lombardy Region - Action "Oltrepo Rural Welfare" PSL Gal Alto Oltrepo – Misura 321 "Servizi essenziali per l'economia e la popolazione rurale".

<sup>52</sup> According with the database *Comuni e Città*: <https://www.comunicitta.it/scuole-dell-infanzia/provincia-di-pavia-18>



still decreasing. Only part of the families with 0-3 children asks and can reach crèches within the zone or in other Municipalities in which they work, for example Voghera. The rest of them mainly resolve the issue of younger children care through private formal (private crèches) and informal solutions (individual babysitting or relatives' support).

Considering the 3-6 ECEC: this segment is more homogeneous in the three contexts. The diffusion of kindergartens guarantees a high coverage in all of them. The role played by the State is more relevant in this segment than in the 0-3 one. The Municipality of Milan plays a stronger role on kindergartens (having own services) in comparison with Legnano and the small Municipalities in Oltrepò. The peer-schools play a relevant role in this segment in all the three contexts.

## 9. Part 3 - Priorities and Social Investment Strategy

ECEC services play a fundamental role according to the SI approach because of their double functions: 1) investing on human capital since early ages and 2) enhancing parents to conciliate work and family (life) time. As the first point is concerned, literature has pointed out how the investment in human capital is particularly efficient in reversing social inequalities and in having long-term effects when it occurs in the very first years. Also, it is particularly relevant for children coming from disadvantage backgrounds, since these services can counteract the low investment in terms of cultural and human capital that usually characterizes households having social and economic issues. In terms of conciliation, ECEC services are particularly effective in promoting women's participation to the labour market, considering that are usually the mothers the ones more likely to lose their job or not to enter into the labour market for taking care of children. Thus, ECEC services result to be fundamental also to counteract poverty in a wider sense, but also with a more precise reference to educational poverty, that is usually linked to mother's poverty.

In Italy, ECEC services suffer from a serious territorial divide, especially considering the 0-3 segment. While the provision of this service in the Northern and Central has gone under a strong development in the last years, Southern regions still suffer from a considerable under-supply that is obviously linked with a lower participation of women to the labour market. Also in terms of quality the system is struggling to reach adequate standards, with the attempt of an integrated system that is going to be implemented during these years but with a strong effort and several obstacles linked to territorial diversities and the general fragmentation of the system.

### 9.1 Diagnosis

#### Municipality of Milan

The local services system is basically characterised by a traditional engagement and investment of the Municipality, and a traditional marginal role of the State in this sector. Accordingly with the interview collected in Milan with a municipal responsible of ECEC services, the current policy issues and challenges are mainly linked to 1) the governance of a complex and variegated services' system. 2) the guarantee of free choice and flexibility to families and, at the same time, an equal supply and pedagogical quality. 3) a strategic development of services' "identity" with a clear pedagogical imprinting and direction, made difficult by the discontinuity of top managers and the fragmentation

of part of the activities offered to children, that are linked to innovative and high quality projects, but depending on the availability of (scarce) funds and associations.

The **0-6 continuity** has been foreseen since 2004, anticipating the national law, and the main challenge in the last years was the unification of the two segments. The NL 107/2015 is having an impact in terms of increasing engagement and financial investment from the State, but the process of integration has already been gradually implemented in terms of local governance and connection between services.

The support to **families' balances between work and care** has conducted to design flexible services in terms of daily hours, yearly schedule and type of organisation. At the same time, it has been also considered important to contain the exaggerated requests of flexibility in order to guarantee the quality of school activities and pedagogical attention to children. A **typology of services** has been activated, in particular for the 0-3 segment: traditional crèches with full and part-time options, play groups, centers for parents and families and so on. The kindergartens remain the main service for the 3-6 segment, but the daily hours are integrated with additional opening. The standardization of services is difficult, as the needs of families are **increasingly diversified**, but not everything can be done in order to debase the quality of services and their institutional responsibility toward children' education.

The openness to families' specificities is also in the attention to their **free choice of pedagogical approach** and activities through a variegated supply of public and private services, different typologies and services' organisation. The contribution of the private sector is huge and important, but the coordination of the system is complex. Families pay the same fees in public and private services, as the Municipality contributes to the access to the private supply. Pedagogical approaches are various and the possibility of homogenisation is limited, even if there is control on quality. The strong contribution of catholic organisations in the 0-6 segment is important, but it also creates a problem: if there are slots available in these services, not all families do want them, as it is in their right. This leads to the risk of wasting resources if some slots remain empty.

The Municipality supervises this **complex and variegated services' system** (including 0-3 and 3-6 segments, municipal and state services, public and private and various typologies) through territorially based governance system (the central bureau supervises the zones including all the 0-6 services available) and mechanisms of quality assessment (accreditation) foreseen for private crèches and kindergartens in order to receive public funds. It also provides continuous and homogeneous training to all the staff of educators in the city.

## **Municipality of Legnano**

The slots in Legnano crèches cover about the 25% of the 0-2 population. The coverage has slightly decreased from 2013 to 2017. The 0-3 ECEC services are variegated and provided by both the Municipality and private sector. The supply is composed by traditional crèches and micro-crèches, household services and spring sections. The spring sections welcome 2 years old children in special sections activated in 3-6 kindergartens and are used to reinforce the supply for younger children. The Municipality tries to respond the requests of flexibility by the families providing extra-school daily hours (pre- and post-school hours). As already highlighted, part of services for 0-3 years old children are managed through the Consortium created by the Municipalities of the Social District, including two company crèches.

## **Municipalities of Oltrepò Pavese**

According with the interview realised with the referent of the Municipality Voghera, an important change in the District (which includes the Municipalities on the mountains, on the hills and the biggest municipality of Voghera, which has almost 40.000 inhabitants) concerns the 0-3 ECEC services and it is linked to the economic crisis in 2008. Before this period, there were more demands of crèches by working families and not all of them could be satisfied. Then there were waiting lists and a political pressure to create new services. After the crisis, the unemployment has risen, the cost of services has become too high for some families and/or if one of the parents is unemployed he/she (mainly they are women) usually takes directly care of his/her child or children. Thus, the demand of services has decreased and there are no more waiting list for crèches. This does not look to be a problem for the local politics, as it is not a priority or even topic in the local political agendas.

In specific, for the mountains territories of Oltrepò Pavese, the 0-3 ECEC services are managed by the Municipalities and there are not associated or coordinated policies in this sector. The children are not many in this territory, as the Municipalities are small and are affected by depopulation, with mainly younger families leaving for work opportunities. However, many of the families who live in this territory move daily to work places that are in other Municipalities and they can be in difficulty with the management of their children. They usually find self organised solutions, as individual babysitting by paid people or relatives (for example grandparents). Only two of the Municipalities in the zone have crèches and these services welcome children from the closer Municipalities.

## 9.2 Priorities

### Municipality of Milan

According with the interviewee conducted in Milan, the priorities for this context in the ECEC policies are: **the reach of a balance between families' specificities and equal treatment and time continuity and overcoming strategic fragmentation.**

According with the interview, the **"identity" of the local services system** should be carefully and strategically affirmed, even in a variegated system that tries to satisfy families increasing needs' differences in care and work balances but also pedagogic choices. It is important to avoid fragmentation and to make feel families that all of them receive **quality services and equal attention** from the Municipality, not depending on which service they have access. The Municipality should promote a clear pedagogical, organisational and institutional model, without debasing services' authoritativeness and quality.

A relevant issue, to assure quality, is the **continuity of municipal top managers**: according to the anti-corruption law they can be in charge for 4 years. This continuous turn-over does not consent to give an "imprinting" on the service or make coherent long-term transformations or programs. The prevalent logic is political **short term aims**, responding to the families with more "voice", without a real idea of the general needs and necessary opportunities and limits. Citizenship and social inclusion are the main concepts that the services have implemented as their identity, but they are often concretised through fragmented resources and projects that have not time continuity.

In fact, another problem is the **fragmentation of innovative activities and projects**. In order to better support families and improve participation, interesting networks have been constituted with associations and informal resources, for example with mothers available to collaborate with the services. But the available parents change as their children grow up and the associations do not have stable funds. It is not easy to have continuity in these activities to consolidate services' identity and provide common pedagogical aims.

Finally, the system suffers clearly from the so-called Matthew's effects. Especially in creches, the access is prioritized to those families having both parents working. These are not usually the most in-need. The system thus tends to exclude more likely those children coming from families with unemployed parents (both or one of them) who are usually also those who would benefit the most from an early participation to ECEC services.

- **Municipality of Legnano**

As it was not possible to contact any ECEC responsible in the Municipality of Legnano, it is difficult to have a diagnosis from a local point of view. The city has not a local government, for the moment, as in 2019 the city council has been dismissed on charges of corruption. The elections were fixed in May 2020, but due to the pandemic lock down, they have been moved to winter 2020. This makes impossible to understand which kind of attention, development and priorities, the local administration will reserve to the ECEC policies in the next years.

- **Municipalities of Oltrepò Pavese**

The interviews conducted in this zone have highlighted that, in general, the ECEC policies are not in the local agendas. In general, the District of Voghera (which includes the zone of Oltrepò) has had a decreasing of demand of services, starting from 2008, due to economic crisis and increasing parents' unemployment. Furthermore, in specific, the Municipalities on the mountains are undergoing ageing of inhabitants and depopulation. As especially young people leave the territory, children are few and the request of ECEC services is limited. For all these reasons, the ECEC policies are not a priority in this context and are not probably being a priority in the next years. The interviews conducted in this context suggest that the private supply has a relevant role, but no mapping of these services was available. The fragmentation of the territory and the lack of any supra-municipal coordination of the ECEC policies make difficult to have a complete vision of the zone's supply.

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## Annex 1 – Funding Tables

**Table1- Active Labour Market**

	<b>2010</b>	<b>2018*</b>
EU		
National	441,24 ml	562,9 <sup>53</sup> ml
Regional	53 ml	140 ml
Local 1 (municipality)		
Local 2 (other, if any)		
Complementary private funding		
Users fees		
<b>Total</b>	<b>494,24ml</b>	<b>702,9ml</b>

## Annex 2 – Interviews' overview

<b>Interviews' code</b>	<b>Policy field</b>	<b>Role of the interviewee</b>	<b>Locality</b>
ALMP-GOV1	ALMP	Manager of a municipal service	Urban
ALMP-GOV2	ALMP	Front officer of a municipal service	Urban
ALMP-GOV3	ALMP	Manager at AFOL	Urban and Suburban
ALMP-GOV4	ALMP	PES civil servant	Rural
VET-GOV1	VET	Manager of VET services	Rural

<sup>53</sup> This voice includes: PON SPAO (financed by 80% from EU and by 20% from the state) + 30 ml from state to employment centres

ECEC-GOV1	ECEC	Manager of crèches and services for 0-6 children	Sub-urban
ECEC-GOV2	ECEC	Manager of services	Rural
ECEC-COM1	ECEC	Responsible of a social cooperative that manages cheches	Rural





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#### **Abstract:**

The deliverable analyzes selected social investment (SI) policies in Lithuania, including vocational and educational training (VET), early childhood education and care (ECEC) and active labor market (ALMP) policy. The report covers different governmental tiers focusing on the responsibility among central administrative and municipal levels, policy goals, planning, beneficiaries, expenditures, role of private actors, monitoring and evaluation activities. The analysis in three localities, urban, suburban and rural reveals the policy goals and priorities, target groups and beneficiaries, financial mechanism, service coverage, the division of institutional responsibilities. Finally, the priorities for Social investment strategy are introduced covering analyzed policies.

**Keyword list:** early childcare policy (ECEC), active labor market policy, vocational education and training policy (VET), Lithuania, municipalities, policy design and implementation.

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## Abbreviations

ECEC - early childcare and pre-school education policy.

ALMP - active labor market policy,

VET - vocational education and training policy.

## Introduction

Different statistical indicators in employment market, education attainments and economic productivity define the importance of development of vocational education and training policy and active labor market development. For example, the annual World Economic Forum's Global Competitiveness Report, carried out in countries around the world, calculates global competitiveness index. Lithuania is favorably assessed in the areas such as higher education and vocational training, infrastructure, and technological readiness. However, the overall quality of education, the quality of management training and staff training are not evaluated positively (Global Competitiveness Report, 2019). The National Strategy "Lithuania-2030" underlines the importance of education at different levels and seeks to invest to smart society that could adopt to changing environmental challenges. One of the goals is to react to changing demands of employers by providing competitive skills in labor market. Thereby, the early childcare and pre-school education policy is also considered as one of the most important fields for future skills development, family welfare and learning achievements. The access to ECEC services, governance and financing mechanism, equity, teaching workforce and service quality encompasses the framework of ECEC policy.

Referring to ALMP policy, Lithuania's labour market is characterized by a large flexibility, but persistent structural issues. Contrary to other European economies, wages in Lithuania are very sensitive to unemployment and, therefore, an increase in unemployment quickly leads to a reduction in wage growth. Wage flexibility is underpinned by one of the lowest densities of trade union and employer organization and the rare occurrence of collective bargaining. Thus, wage setting largely happens at the firm level. Real wages and productivity have been traditionally closely linked and temporary deviations have been self-correcting. However, deviations at the sectoral level can be persistent although in the all-important manufacturing sector, wage growth has remained well below productivity growth (IMF Country Report No. 5/139). In contrast, structural unemployment has been traditionally high, although it appears to be gradually falling. Large structural unemployment can have a significant long-term impact on potential growth and, therefore, on employment (IMF Country Report No. 18/185).

Lithuania has achieved its national targets under the Europe 2020 strategy concerning the employment rate of the working-age population, the share of early school leavers and the share of the population that has attained tertiary education. Lithuania's relatively good labour market is reflected in the indicators of the Social Scoreboard: the employment rate is high for both men and women, unemployment is relatively low and there are few young people not in employment, education or training. However, income inequality and poverty remain high, while the impact of social benefits on reducing poverty is critically low.

Regional disparities in Lithuania are persistently high despite convergence of the country as a whole with the EU. Regional disparities increased during the economic boom of 2004-2007, shrank during the crisis because of the downturn in Vilnius, and have been stable since 2013. The country has three distinct regions in terms of income per capita. First, the Vilnius region, which generates 40% of Lithuania's GDP, has the highest level of income and has registered the biggest increases since 2010. Second come the regions of Kaunas and Klaipėda, which are both important business and industrial centres, with the latter having the country's largest seaport. Kaunas generates 19% of the country GDP and in recent years has grown faster than Klaipėda; in 2017 both regions had the same GDP per capita. Third and last come the remaining regions of Lithuania; these all have GDP per capita below 60% of the EU average.

Thereby, the vocational and educational training (VET), early childhood education and care (ECEC) and active labor market (ALMP) policies are compatible with the Social Investment (SI) approach thoroughly discussed in deliverable D 5.2.



The overall report is organized into three chapters, focusing on vocational and educational training (VET), early childhood education and care (ECEC) and active labor market (ALMP) policy analysis. All chapters start with the analysis on the division of responsibilities among central and municipal levels, policy goals, planning, beneficiaries, expenditures, role of private actors, monitoring and evaluation activities. Main shifts in the past decade are also introduced referring to the growing tendency of centralization and lowering functional and financial autonomy in all policy fields in Lithuania. The regional level is not well covered in the country since the abolishment of the counties in 2012. Thereby, we focus on the local governance systems for each sub-area (urban, suburban, and rural municipalities) looking at the main institutions and actors that modify the Social Investment (SI) policies.

The second sub-chapters demonstrate the situation of the particular policies in three localities, urban, suburban and rural referring to the policy goals and priorities on municipal level, target groups and beneficiaries, financial mechanism, service coverage, the division of institutional responsibilities, territorial coverage and personnel issues. Finally, the report introduces the priorities for developing Social Investment (SI) policies in Lithuania.

# Active Labour Market Policies (ALMP)

## Executive summary

The chapter analyses the case of active labor market policy (ALMP) in Lithuania. The main institutions and actors, division of responsibility among central administrative and municipal levels, policy goals, planning, beneficiaries, expenditures, and role of private actors are covered in the chapter. The chapter demonstrates that the main responsibility for the implementation of ALMP policy is allocated to the central authorities, mostly by the Ministry of Social Care and Labor. The municipalities (LAU level) do not have discretion in implementing, managing, and supervising ALMP system. The report chapter also reveals the current ALMP situation in urban (Kaunas city), suburban (Kaunas district) and rural municipality (Pakruojis district) referring to the local policy goals and priorities, target groups and beneficiaries, financial mechanism, service coverage, the division of institutional responsibilities, personnel recruitment policy.

The diagnosis and recommendations for the Social investment approach reveal the capacity of implementing local ALMP policy and services for territorial needs, including the need for ALMP measures for early labor market interventions, re-considering financing system and fostering regional and municipal initiatives and social dialogue.

## 1 Part - 1 The governance system

### 1.1 Multilevel institutional setting

#### General overview of the policy field.

The macro-economic policy mix is appropriately supportive of growth in Lithuania. Interest rates are low as euro area monetary policy remains accommodative and credit to the private sector is growing. The fiscal stance was slightly expansionary in 2017. This was appropriate, despite strong activity, to finance important structural fiscal reforms. The increase in the non-taxable income threshold in the personal income tax system boosts work incentives and inclusiveness and structural measures under the “New Social Model” make labour relations more flexible. Lithuania’s reforms also make unemployment and social insurance benefits more generous and active labour market policies broader in scope. Fiscal policy is poised to remain slightly expansionary in 2018, aiming at boosting productivity and reducing inequality and poverty, and become broadly neutral in 2019.

Strengthening productivity growth would help to speed up the income convergence process, yielding gains in terms of inclusiveness. Coherence between policies is important to ensuring that they work together to address these interrelated challenges. Well-designed active labour market programmes, for example, could facilitate the reallocation of workers towards more productive sectors by helping displaced individuals to transition to new, good jobs (OECD, 2016d). Education reforms yield a double dividend in terms of boosting productivity and fostering inclusiveness.

Lithuania has one of the highest skill mismatches in Europe. Aggregate measures of skill mismatches in Lithuania increased sharply during the crisis, but only partially recovered since. Looking at the individual job level, mismatches in Lithuania are in line with other OECD countries. Lithuania suffers from relative labour shortage for high-skilled workers and surplus of low- and medium-skilled workers. Thus, there are labour shortages in skill-intensive sectors (e.g., ICT and finance), and excess labour in less-skill-intensive sectors (e.g., construction and trade).

Lithuania suffers from labour shortage of high-skilled workers and oversupply of medium- and low-skilled workers. Further, the imbalances across skills level have increased since the crisis. The

relative skill mismatch is particularly severe in Lithuania compared to other European economies and seems to reflect the legacy of the pre-crisis years where the boom in low-skills sectors, notably construction, has resulted in an oversupply of low-skilled labour. Shortcomings in the education system also play a role in these dynamics. In particular, there is a gap between educational outcomes and the skills demanded by the labour market. Finding workers with the right skills appear to be a significant constraint for over 40 percent of firms. High emigration and certain restrictions on non-EU workers, as well as limited participation in life-long learning, also explain the lack of suitable labour in Lithuania (OECD, 2018a).

Empirical studies found that countries with high skills mismatch tend to have lower productivity. A study with panel data for 26 European countries including Lithuania over 1995–2016, found that skills mismatch index had a negative and statistically significant impact on total factor productivity (TFP) and labour productivity (IMF Country Report No. 18/242). In line with McGowan and Andrews (2015), given that the negative association remains statistically significant even after controlling for the level of human capital, the study also found that the misallocation that generates skills mismatches played an important role in reducing productivity gains from human capital. Lithuania also follows this general pattern with an increase in skill mismatches in the aftermath of the crisis associated with a significant decline in productivity.

### **ALMP policy goals, priorities, beneficiaries and responsibilities.**

ALMP policy measures is highly centralized in the country. The Ministry of Social Care and Labor is the main actor taking the responsibility for the policy implementation at all levels, national, regional and local. In the field of ALMP policy, Lithuania is advancing with the regulatory enforcement initiatives for the greater involvement of local municipalities. However, regulatory quality has not improved sufficiently and frequent legal amendments do not create a stable legal environment for ALMP measures. Municipal capacity for ALMP policy implementation is lagging behind. The performance of local government remains weaker due to its limited ability to ensure the necessary resources for ALMP implementation.

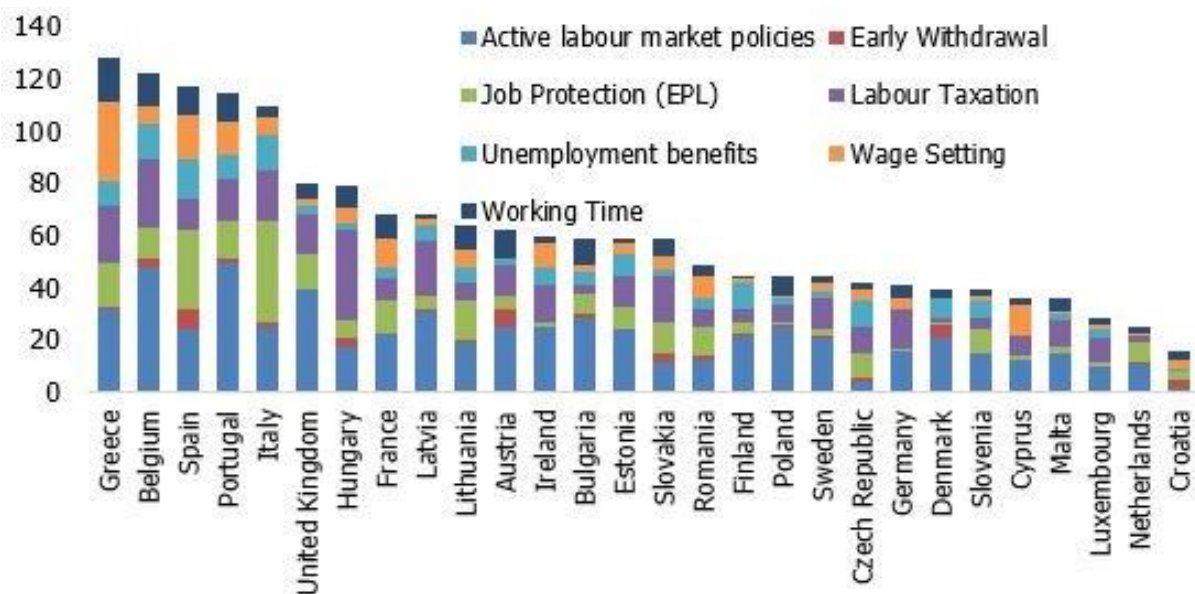
In general, active labour market policies (ALMPs) encompass government programs to increase the efficiency of the labour market. Lithuania's ALMP measures consist of support for learning, mobility, assisted recruitment, and job creation. There are different categories of ALMPs:

- Job search assistance (JSA): includes municipally located employment service centres and labour exchanges that try to improve labour market matching by disseminating information on job vacancies, providing the unemployed with interview skills, or assisting in writing a curriculum vitae.
- Vocational training schemes: encompass classroom training, on-the-job training, vocational education and apprenticeships, and aim to help the unemployed improve their vocational skills and productivity, and hence increase their employability. They are partly compatible with the existing VET system in the country in terms of organizing adult learning and re-qualification courses.
- Employment state subsidies: encompass wage subsidies, hiring subsidies, business start-up subsidies, and in-work benefits to encourage workers' labour market attachment and firms' job creation. It includes Public works programs (PWP): provide the temporarily unemployed with short-term employment. The employment state subsidies are organized and managed centrally. The local employment service centres take a role of implementing the programs at the local level.

The new labour code brought about changes in ALMP measures, which include promoting self-employment and internship, encouraging self-education and non-formal adult education, and providing support for mobility. The code abolished some of the programs, such as public works, job

rotation and subsidies for individual activity working with business certificate. Employment subsidies have become the main ALMP measure. Unlike other types of programs, which have maintained almost the same level of spending relative to GDP, expenditure on training has fluctuated over time and increased recently after some years at very low levels during 2011-2014. In addition, despite the introduction of the training voucher scheme in 2012, training programs are centred in curricula for low-skilled tasks, such as logistics (truck drivers), construction, cooking and beauty services, which are already in excess supply of labour. The cost effectiveness of ALMPs could be enhanced by improving program design based on more systemic program evaluation.

**Figure 1. Changes in labour market policy measures in EU countries in 2008-2013.**



Source: Fadejeva, 2019<sup>1</sup>, Latvian Central Bank, LABREF database, DG EMPL and European Commission

**The ALMP policy is designed around few main target groups of beneficiaries.** According to the Description of the conditions and procedure for the implementation of the Employment Support Measures, approved by the Minister of Social Security and Labor (2017, June 30 No. A1-348), the ALMP policy measures are targeting these groups: (1) **unskilled unemployed** (providing support for the acquisition of work skills and support for mobility, subsidized employment and mobility support, apprenticeship employment); (2) **unemployed persons under the age of 29 and the long-term unemployed** (providing support for the acquisition of work skills and support for mobility, vocational training, subsidized employment and support for mobility, internship, recruitment through apprenticeship, support for learning measures and support for self-employment), (3) **unemployed over the age of 50** and (4) **individuals with refugee status, or persons granted subsidiary or temporary protection for immigration.**

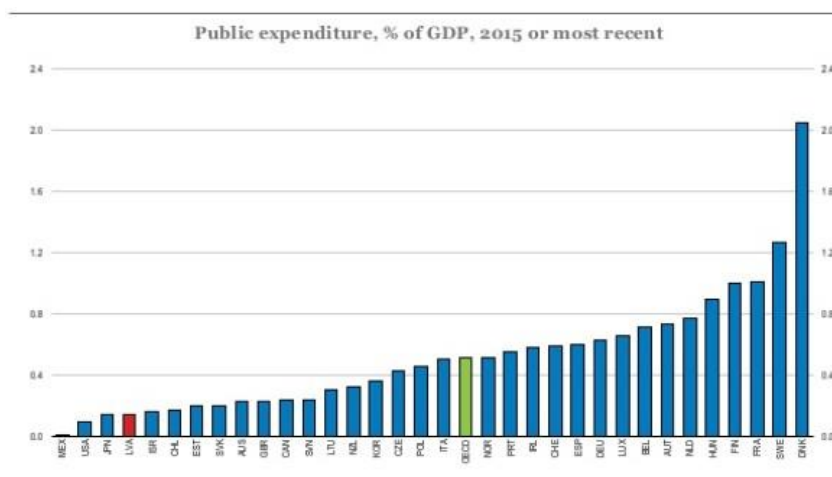
#### **Expenditures and policy funding mechanism.**

1 Fadejeva, L. Labour Market Reforms in the European Union: an Overview. 2019. <https://www.macroeconomics.lv/labour-market-reforms-european-union-overview>

Labor market services and measures for the support of employment are financed by the Employment Fund, state and municipality budgets, EU structural funds and other sources. Spending and coverage of active labour market policies decreased in 2019. This puts further pressure on the labour market integration of the long term unemployed and of vulnerable groups. The coverage of labour market policy measures dropped from 17% in 2018 to less than 10% in 2019, while the cost per participant increased significantly in 2019 compared to 2018, and the total budget for the measures decreased.

It should be emphasized that ALMP expenditure in Lithuania is low in terms of investment and participation. Investment and participation in ALMPs have remained relatively low in Lithuania. Spending on ALMPs is small at 0.3 percent of GDP in 2016 relative to OECD countries. Participation is also low with only 3.7 percent of the unemployed having participated in training programs in 2016. The 2014-2015 budget allocation shows that national financing of ALMP policy remains significantly lower compared to the other OECD countries (Figure 4).

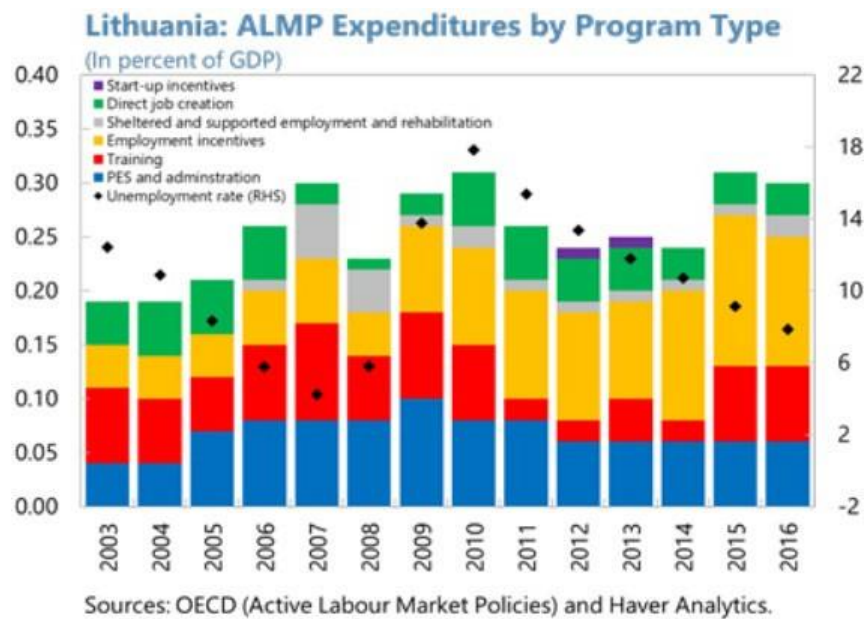
**Figure 4.** Public expenditure on ALMP policy measures for 2015 in OECD countries.



Source: OECD report 2017. OECD Employment and labor market statistics.

Referring to the data on the allocation of ALMP expenditures for national programs, the largest share of total budget is allocated to employment incentives and administration expenses for Employment Services Offices (see Figure 5). Since 2003 the charge of total expenditures for different programs is constantly increasing.

**Figure 5.** National ALMP expenditures in 2003-2016.



**Source:** IMF country report No.19/253.

ALMPs in Lithuania do not sufficiently reflect the labour market needs or cyclical conditions and rely largely on European funds. Since 2009, most employment policy measures have been financed almost exclusively from the EU funds. This trend will be maintained up to the year of 2020 and longer. Spending is low in downturns and does not reflect increasing needs. ALMP spending relative to GDP has been fairly constant in Lithuania even in the aftermath of the global financial crisis when unemployment increased sharply. As a result, participation has been one of the lowest in Europe even after the global financial crisis. This is partly explained by the heavy reliance on external source of funding such as the European Social Fund (ESF)—almost two-thirds in 2015. The heavy dependence on EU funding, targeted at specific groups, has resulted in the unique situation of specifying beneficiary groups in the labour code: older workers, long-term unemployed, youth and the disabled. The new labour code, adopted in 2017, has now included unqualified persons to the list of potential beneficiaries. Furthermore, training programs tend to focus on oversupplied skills.

It is possible to conclude that the role of the EU funds in implementing labor policy and supporting active labor market measures is crucial. Lithuanian municipalities encounter the issue of insufficient accessibility of employment services. Thus, the challenge would be to improve its accessibility, quality and efficiency to promote employment and labor mobility in the region. The EU funds are to be used to apply a more individualized approach to employment services, to create services for concrete target groups (for instance, to the long-term unemployed) and to secure their territorial accessibility. More investment is allocated to the capacity building of the Employment Services offices and their employers and the creation of a system of quality monitoring and evaluation in these offices.

**The role of private actors in developing ALMP.** Trade unions, employers' organisations and public institutions play a key role in the governance of the employment relationship, working conditions and industrial relations structures. They are interlocking parts in a multilevel system of governance that includes the European, national, sectoral, regional (provincial or local) and company levels.

Social dialogue is improving but weaknesses remain. In 2019, new collective agreements at national, sectoral and company levels were signed. The coverage of employees by collective

agreements increased to 15% in 2019. Most collective agreements are signed in the public sector. However, a lack of capacity and resources is a barrier to social partners engaging in effective social dialogue at sectoral or company level (Müller et al., 2019). The role of social partners is still insufficiently recognised by some relevant public institutions and at regional level. There is also scope to involve social partners more constructively in the European Semester process.

The new Labour Code valid since 1 July 2017 established representativeness criteria for social partners to be represented at the Tripartite Council of the Republic of Lithuania (LRTT). At the beginning of 2019, three trade unions and six employers' organisations were represented at the LRTT. Trade unions comprise: Lithuanian Trade Union Confederation, Lithuanian Trade Union 'Solidarumas' and the Federation of Lithuanian Trade Unions 'Sandrauga' (the last one joined the Council in 2017 only). Employers' organisations comprise: the Lithuanian Confederation of Industrialists, the Confederation of Lithuanian Employers, the Association of Lithuanian Chambers of Commerce, Industry and Crafts, the Chamber of Agriculture of the Republic of Lithuania, the Investor's' Forum and the Lithuanian Business Confederation (the last two joined the Council in 2017 only). These organisations participate regularly at the national-level social dialogue. The dominant level of collective bargaining in Lithuania is company level. Although sectoral level collective bargaining is least developed, in 2017–2018 several sectoral collective agreements were signed in the education, health care, social care sectors covering for the first time wage-related issues. The main role of the Tripartite Council of the Republic of Lithuania in ALMP policies is to negotiate on sectoral agreements for more active involvement of unemployed people.

In 2019, social partners at the Tripartite Council of the Republic of Lithuania (TCRL) and members of parliament looked at ways to foster social dialogue through adaptation and implementation of new legislation promoting social dialogue. A number of sectoral collective agreements were signed. In addition, a national (public sector) collective agreement for 2020 was signed and bargaining on long-term financing of the public sector was initiated. Moreover, at the end of 2019, social partners at the TCRL agreed to establish a Bipartite Social-Partner Commission for Competence Building.

To promote social dialogue, a Law on the Promotion of Social Dialogue was drafted and discussed during 2019. The draft law provides for a mediation mechanism that would be activated to assist problem-solving in collective bargaining or when expert assistance is needed. The draft law outlines forms of state aid that could be applied to social partners, including relief from taxes and charges, promotional scores in public tendering and support projects, measures of financial support, provision of administrative services and consultations, organisation of training, and additional guarantees to employee and employer representatives.

At the end of 2019, a Bipartite Social-Partner Commission for Competence Building at the Tripartite Council of the Republic of Lithuania (TCRL) was established. The commission aims to identify the competences needed by the social partners to participate more effectively and timely in the various forms of social dialogue. It will also consider proposals from the parties and make recommendations to the TCRL for capacity building and empowerment of the social partners. In addition, it will analyse and evaluate the performance of the parties in the area of social partners' competence building and report its findings to the TCRL.

### **Policy monitoring, controls and evaluation activities.**

The purpose of ALMP monitoring and evaluation is to enable policy makers in employment to make informed decisions. Employment monitoring is carried out by the Government Strategic Analysis Center (STRATA) in accordance with the procedure established by the Government or its authorized institution. Labor market monitoring is carried out by the state institutions that formulate, organize, coordinate and control employment support policy and institutions and bodies implementing it, formulate the employment support policy, organize, coordinate and control its

implementation, mainly Ministry of Social Security and Labor. STRATA agency monitors two indicators: employment and labor market tendencies. Employment monitoring includes: 1) assessment of the employment status, changes and trends in the Lithuanian population, taking into account the needs of the state, municipalities, society and economy; 2) employment forecasts of the Lithuanian population; 3) the collection, processing and publication of employment statistics. Labor market monitoring includes: 1) accounting of jobseekers and vacancies, assessment of the situation in the labor market and forecasting of its changes; 2) assessment of the implementation and effectiveness of labor market services and active labor market policies (Ministry of Social Security and Labor information, 2020). The Employment Service office also prepares reports on the labour market status (annual, half-year, quarterly) and labour market projections and publishes them.

## 1.2 Shifts in the last ten years

The past decade marks very dynamic developments in the field of ALMP policies. As it was already described in detail in chapter 1.1., the Ministry of Social Security and Labour is the main legal body responsible for the policy, quality and coordination of ALMP and is the founder of ALMP institutions. The role of municipalities in ALMP so far was very marginal.

The labour market has recovered steadily from the 2009 contraction. Total employment in absolute terms has continued its upward trend but has not reached its pre-crisis level. Since 2010, employment and unemployment rates have improved continuously: in 2019 unemployment was 6.4% while the activity rate was 82.9% in the third quarter. Long-term unemployment remained below 2% in the third quarter of 2019 (2.4% in the EU). Also below the EU average in this quarter were youth unemployment (at 11.7%) and the rate of young people not in employment, education or training (at 7.8%). The steady decline in unemployment was also reflected in the decreasing number of long-term unemployed people and the improved labour market situation of young people not in education, employment or training (NEET). However, unemployment of older people (50-59), although on a downward trend, is higher than in the EU (6.7% vs. 5.2% in 2018). Going forward, there are signs that the labour market is loosening. The cooling down of the labour market can already be seen in the stabilisation of unemployment in 2019 and a drop in the vacancy rate. Both hint at a moderation of activity and a slowdown in real wage growth.

Despite strong economic performance and bold reforms over the last 25 years, Lithuania faces several challenges going forward. Labour productivity is still at around two-thirds of OECD average, partially influenced by labour informality and skills mismatch. Wage inequality is high and job quality often unsatisfactory. High social security contributions and, until recently, stringent labour market regulation weigh on labour market opportunities, exacerbating inequality and diminishing tax revenues, and contribute to informality. Despite low barriers, foreign investment remains subdued. Demography is of particular concern. Lithuania's population is ageing fast and declining, particularly because of emigration of the young. The labour force continues to shrink by around 1% every year. Immigration of talent is held back by stringent regulation and the lack of attractive job opportunities.

In 2019, employment has risen in Lithuania, while the labour force has contracted, mostly due to emigration. The shortage of workers has been growing in recent years while labour costs have increased considerably. Nevertheless, risks to competitiveness remain limited so far: there are signs that the shortage of workers is now declining with unemployment slightly rising and the job vacancy rate slightly decreasing. Immigration from non-EU countries increased in 2019, with migrant workers, mainly from Ukraine and Belarus, filling low- and medium-skilled vacancies in construction, industry, transport, and services. In the longer term, the main challenges for Lithuania remain a declining population and persistent weaknesses in its education and health systems.

Disparities in GDP across regions are driven by labour productivity gaps between the capital region of Vilnius and the Western-Middle Lithuania region. Labour productivity, while generally on



the rise, is below the EU average (78% of the EU figure after correcting for purchasing power) in the western-middle region of Lithuania. Per capita income in Vilnius is significantly higher than the one for the rest of the country (€37 700 vs €25 600 in 2017, Graph 3.4.7). The gap has been slowly decreasing over the last few years, largely because of rapidly growing productivity in certain manufacturing sectors (e.g. wood processing) mainly located outside the capital region.

Rural regions are lagging behind. Despite persistently high levels of unemployment (9.3% in rural areas as compared to 4.3% in cities and 5.9% in towns and suburbs in 2018), rural regions suffer from limited availability of skilled labour. While the share of population with tertiary education attainment in Lithuanian cities is well above the EU average and where it reaches up to 49.2%, in towns and suburbs, it drops to 32.6%, and in rural areas to 22.2%.

Productivity is increasing but more slowly than in the pre-crisis period, and the level is still well below the EU average. Investment and productivity have recovered steadily since the financial crisis (apart from 2014-2016 when Russian sanctions generated uncertainty). Hence, productivity is continuing to catch up with the EU average, but this is mostly because of capital accumulation rather than upgrades in technology. In the short term, there has been some pressure on labour costs but with no obvious impact on cost-competitiveness: Lithuania's exports have performed well, (again with the exception of 2014-2016), despite the weaker environment in its main trading partners. This international context is also reflected in low foreign direct investment. In fact, investment is still below historical levels, despite the partial recovery.

Moreover, wages have grown fast in Lithuania but are expected to stabilise in the near term. Wage growth slowed down from 7.7% to a still high rate of 7% in 2019. This rate was higher than what domestic developments in labour productivity prices, and unemployment would have warranted, and higher than the rate that would have kept the real effective exchange rate unchanged. However, the Commission forecasts a further deceleration over the next 2 years down to 4%. Real wage growth (adjusted for inflation) stood at 4.9% in 2019 down from 5.8% in 2017. The deceleration of wages and the productivity growth reduced unit labour costs inflation in 2019. Together with the signs of labour market loosening, these developments indicate a significant moderation of labour costs over the coming years.

### Reforms.

Several reforms affected the state of the ALMP policy on national level.

1. The Lithuanian Labour Exchange **was restructured into an Employment Office** starting from October 2018. Regional offices of customer service remain in the largest cities of Vilnius, Kaunas, Klaipėda and Panevėžys with smaller customer service in all 60 municipalities. The main reasons for the reorganization were related to cost optimizations, more efficient management, reduction of regional autonomy, and a standardization of management in the fields of finances and IT solutions. Another strategic goal was to reduce the average monthly work with clients per employee load up to 30 percent. (405 to 275 customers). Focus on customer service, labor market analysis, not procedures is also important.

2. More recently, the Bank of Lithuania (2016) simulated the effect of social policy proposals in **Lithuania's New Social Model** in 2015 on unemployment using an open economy vector autoregressive (VAR) model.<sup>4</sup> They assumed an increase in ALMP expenditure financed by imposing a 15 percent income tax on unemployment benefits and found a reduction of the unemployment rate as a result.<sup>2</sup> The New Social Model encompassed reform of labour relations, unemployment insurance and pensions based on flexicurity. The reform entered into force in three stages in 2017 and 2018. The reform relaxed labour market regulations, increased unemployment

<sup>2</sup> <file:///C:/Users/28925/Downloads/1LTUEA2019003.pdf>

benefits, strengthened active labour market policies, and put the pension system on a more sustainable path.

Despite these reforms, it should be mentioned that progress with improving quality and efficiency at all levels of education and training, including adult learning, is limited. More remains to be done to increase the low efficiency of the education and training system in terms of employment outcomes and to improve the allocation of resources across education levels and between urban and rural areas. Implementation of reforms in the education system is slow. Participation in adult learning remains well below the EU average.

**3. Introduction to apprenticeship program.** Lithuania increased the amount of training in the total share of activation measure, but the number of apprenticeships remains low. The effectiveness of the measures is impaired by the number of trilateral training and employment agreements with local business companies and bottlenecks in the provision of training relevant to the job market, which lead to results with low levels of sustainability. The business companies (mostly in industries) are invited to participate in the apprenticeships programs organized by local Employment service offices; however, the first steps of program activation has limited results so far. More positively, Lithuania's public employment service is providing more tailored services to improve to help get the long-term unemployed back into work, whilst a national level pilot project of an integrated service model targeting the most vulnerable long-term unemployed is continuing, with some positive results in participating municipalities.

### 1.3 Local governance system

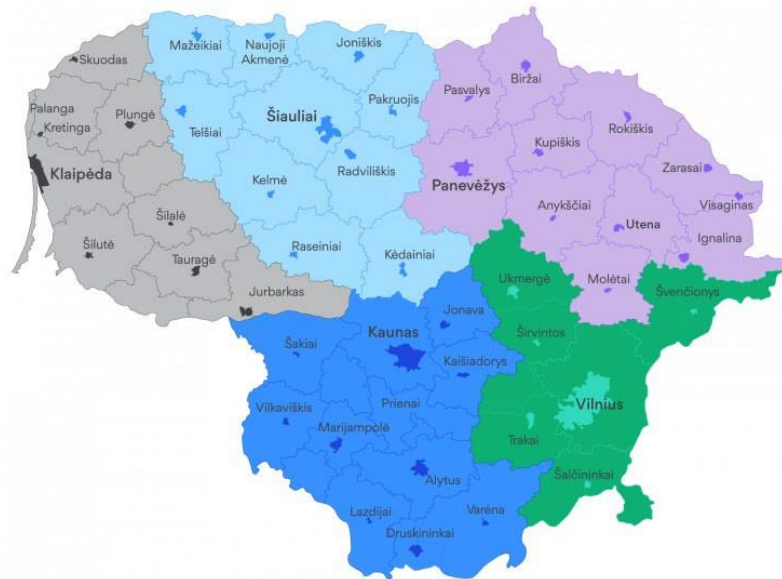
As it was noticed in previous chapters the ALMP policy is an example of consolidated policy in Lithuania. The analysis of ALMP system provided in chapter 1.1. underlines the specificity of a national system as a consolidated system supervised and controlled by central authorities. Thereby we discuss the territorial policy goals, assignment of responsibilities and bodies within the ALMP policy area, the question of local autonomy and territorialization, funding mechanism, role of social

We also describe the basic aspects of ALMP system on local level that are characteristic for all three localities: urban, suburban and rural.

**Assignment of responsibilities and bodies within the ALMP policy area.** The Employment Services Office (since 2019; former Labor Exchange Office) controlled by the Ministry of Social Security and Labor is responsible for labor market policies in the country. Besides this Ministry, territorial offices of the Employment Services Office, other state institutions, municipalities and other agencies are responsible for this policy area. Currently, the main measures in the labor policies include support for learning, mobility, employment subsidies, support for new workplace positions and support for new working skills. Thus, active labor market policies are carried out in a centralized manner through the Employment Services Office, however, the Law on Employment Support of the Republic of Lithuania provides for the involvement of different-level institutions in these policies, i. e. various functions and responsibilities along with some of the implementation are divided among different national and local institutions, for example, Tripartite councils on national and municipal level negotiate on sectoral agreements.

**Regional coverage.** There are 5 regional customer service departments in the Employment Service, covering 52 units providing customer services in municipalities and working full-time in all areas (Figure 2). All customer centers are administered by the central office in Vilnius and have very limited autonomy of regional or municipal programs.

**Figure 2.** Structure of regional Employment Services Offices coverage.

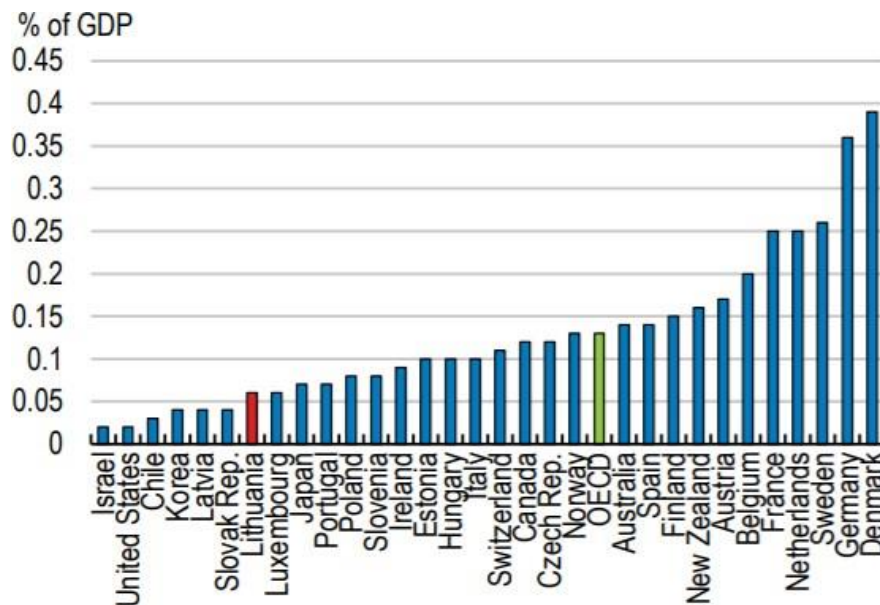


Source: Employment Services Under the Ministry of Social Security and Labour of the Republic of Lithuania, 2020.

After the re-organization of Employment Services Office, the number of professional positions has declined by 10 percent, which is 143 positions less compared to previous numbers (in total 1290 positions in the overall system). In total there are 1290 employees on the overall Employment Services Office system, 93% of them is women and only 7 percent are men. The average age of the employers is 47 years, 97 percent of them have higher education and 76 percent were civil servants. In 2018 89 requalification programs were organized for the employers where 36 percent of employees have participated. Most attention for professional skills is paid for customers service specialists and unit managers (Annual Report of Employment Services Office, 2019).

However, we cannot find available data on public spending for individual localities for public employment services. The OECD data demonstrates that Lithuanian public expenses for public employment services is one amongst the lowest compared to other OECD countries (Figure 6). The unattractive salaries and the socio-demographic profile of Employment Services Office employees demonstrates the lack of professional and young labor market.

**Figure 6. Spending for public employment services, OECD countries, 2015.**

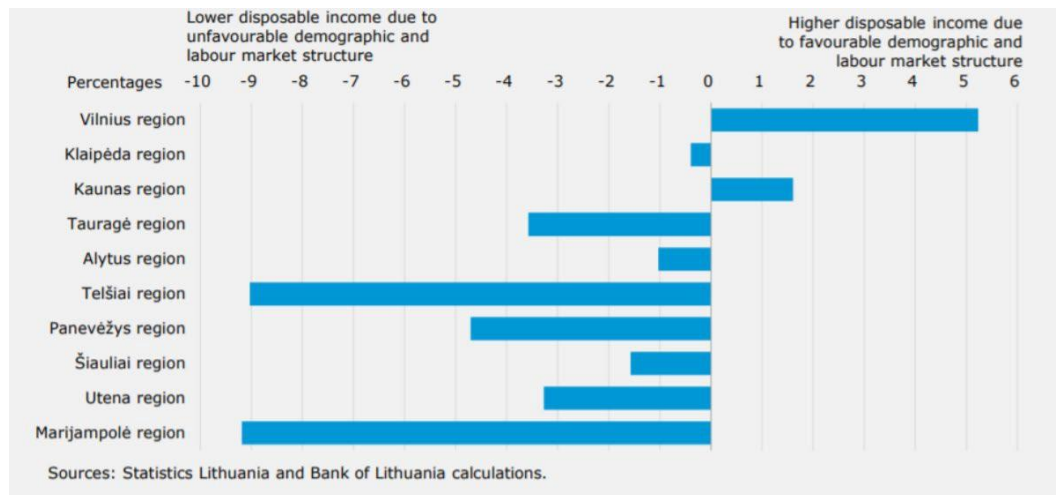


Source: OECD economic surveys, 2018.

**Territorial policy goals and ALMP system.** The main body of ALMP policy implementation is Employment Services Office under the Ministry of Social Security and Labour that is responsible for all active labor market measures and programs, for example, registration of unemployed and job vacancies, employment policy development, analysis and forecasting of labor market data, subsidized employment, different programs for employment, SME and entrepreneurship for different groups of beneficiaries. The Office provides labor market services that are defined in law on employment of Lithuania and provides active labor market policy measures and employment promotion programs established by this law. It also grants the status of social enterprise and provides the state aid to them in accordance with the procedure established by the Law on Social Enterprises of the Republic of Lithuania. Another part of their functions involves the cooperative initiatives and implementation of different employment programs or projects. For example, it is noted that the Office works together with municipal institutions, regional development councils, and social partners for submitting proposals to the Ministry of Social Security and Labor on ALMP measures to address employment challenges in the regions. However, our previous empirical work (interviews with the stakeholders in the localities) indicate that the cooperation with the Employment Services Office is not effective. The municipal authorities have limited access to regulate ALMP measures and programs needed for the territories.

Nevertheless, regarding active labor market policies in regions and municipalities, data from the first quarter of 2020 demonstrate that territorial inequalities are significant in terms of employment and disposable income (Figure 3).

**Figure 3.** Impact of regional demographic and labour market structure on the deviation of disposable income per one household member from the country's average in 2017.



According to Central Bank of Lithuania, labour market indicators have a significant impact on the structure of disposable income of households in the regions. When it comes to disposable income per one household member, it should be noted that a larger share of employed persons ensures relatively higher disposable income in the respective region. Poorer situation develops in the more rural regions, where retirement age population comprises a relatively larger share of the total population. It is also possible to notice the increasing disparities between regions are characterized by the economic development and growth of bigger cities and economic decline of smaller regions. The main territorial challenges are related to a gap between less and more urbanized localities, between supply and demand for the labor force and structural discrepancies in different regions of Lithuania. To this respect the ALMP policies and measures should be more territorial-driven.

**Local autonomy and territorialization.** Territorial labor exchange offices are subordinate to the Employment Services Office that is, in its turn, subordinate to the Ministry of Social Security and Labor. The definition of the Employment Services Offices functions demonstrates that territorial labor exchange offices function as non-autonomous units controlled by the central office in Vilnius and totally dependent on the decisions of the Ministry. This type of governance secures some common standards, but it is less flexible regarding regional specificity and context that could be ensured by the implementation of local employment projects and other activities within different municipalities.

Currently, there are 6 territorial labor exchange offices. Moreover, each municipality has smaller centers of customer service, therefore, in total the Employment Services Office covers all 60 municipalities. However, keeping in mind territorial disparities among different regions it is possible to argue that territorial equalization is not ensured: on the one hand, regional specificity (demographic differences, infrastructural differences and the differences in labor supply and demand) determine territorial disparities; on the other hand, initiatives on the municipality level is also a factor in reducing territorial inequalities, for example, fostering the programs of seasonal employment.

**Role of private actors, forms of public/private partnership.** The Law on Employment Support of the Republic of Lithuania encourages co-operation between social partners via social partnership, tripartite contracts, an active role of employers in employment policies, employment projects, subsidies for new work positions, etc. Employers, NGOS, trade unions, and providers of professional/formal/informal learning are important partners in implementing ALMP measures.

**Main changes on municipal level.** The former Lithuanian Labor Exchange was restructured into an Employment Service Office starting from October 2018. Regional offices of customer service remained in the largest cities of Vilnius, Kaunas, Klaipėda and Panevėžys. However, smaller centers of customer service also retained in all 60 municipalities. These changes point to an increasing centralization of labor policy (10 territorial labor exchange offices will be replaced by 6 departments),

a reduction of regional autonomy, an increase of centralized control and a standardization of management in the fields of finances and IT solutions.

### 1.3.1 Urban (Kaunas city municipality), suburban (Kaunas district municipality) and rural (Pakruojis district municipality) cases

Since the ALMP policy is highly consolidated, we do not consider all three localities separately.

**Public bodies of ALMP implementation in localities.** The Employment Services Office controlled by the Ministry of Social Security and Labor is responsible for ALMP policies in the country including Kaunas city, Kaunas district and Pakruojis district municipalities. Besides this Ministry, territorial offices of the Employment Services Office are responsible for this policy area. The definition of the Lithuanian Labor Exchange's functions demonstrates that territorial labor exchange offices function as non-autonomous units controlled by the Lithuanian Labor Exchange and totally dependent on the decisions of the Ministry. Thus, active labor market policies are carried out in a centralized manner through the Employment Services Office, however, the Law on Employment Support of the Republic of Lithuania provides for the involvement of different-level institutions in these policies, i. e. various functions and responsibilities are divided among different national and local institutions. For example, municipal representatives are members of Tripartite Councils in the localities. In rural Pakruojis case there is also a smaller center of customer service in Pakruojis town. The regional Employment Services office based in Šiauliai and subordinate to headquarters in Vilnius. The public bodies of ALMP use the standardized procedures and follow central office recommendations on implementing municipal active labor market measures and programs.

Nevertheless, the case of suburban Kaunas district municipality demonstrates that local authorities could have an indirect impact of fostering employment in the locality. Kaunas district municipality is partially accountable for designing and implementing labor policies because decisions of its council and flexible tax policies are responsible for the large number of business and the low unemployment level. Among these policies are the following: newly established businesses do not have to pay land, land lease and real estate taxes for three years.

**Role of private actors and forms of public/private partnerships in localities.** The previous deliverables of COHSMO project have demonstrated that the process of partnerships between local governance and social partners such as business owners and NGOs and academic experts is important in implementing ALMP measures. Greater involvement of social partners including business and NGOs and the stimulation of responsibility both among potential employees and employers should be employed. For example, according to the *2013-2015 Strategic Action Plan of Kaunas City Municipality* (2013), “...in implementing the action programme of the development of human resources it is sought to attract and keep people in the labour market, to encourage a more active life-long learning, to develop the labour force of the highest qualification and to perfect public administration.” However, the role of Tripartite councils in the localities are not traceable. Business entities declares their demand for labour force but often complain on the lack of professional qualifications of job-seekers and inefficient Employment Services Office programs for different groups of beneficiaries, for example, youngsters or long-term unemployed persons.

**Funding.** We cannot find the available data of funding ALMP programs for regional offices in analyzed localities. According to the Annual Report of Employment Service Office (2018), 130.1 mln. EUR were used for different employment services and programs in 2018 including 46.8 million EUR from the European Social Fund. The active labor market policies are financed by approximately 67.5 mln. EUR, that's makes up to 0.15 percent of national GDP in 2018' more specifically the expenses for labor market services comprise 28.1 mln. EUR, for social companies - 31.3 mln. EUR (Annual Report of Employment Service Office, 2018).

**Main changes in the local system.** The main ALMP policy changes on municipal level is related to the analysis mentioned in previous chapters, for example, the re-organization of Employment Service Offices and reduction of local autonomy to regulate the need for programs and measures of ALMP policy field. The variety of ALMP programs are standardized in all three localities, thereby, the municipal authorities have only indirect impact of regulating employment services, for example, hosts different public work programs.

## 2 Part 2 – Activities and services

### 2.1 Description

As it was noticed in previous chapters, there are no significant differences among ALMP institutions in terms of the beneficiaries, main goals and priorities, expenditures and personnel requirements from regional or municipal level. As it was already described in D.4.1., D.4.4. and D.4.5., the localities (rural, urban and suburban municipalities) are involved in the ALMP policies only to the very limited degree. The low engagement of municipalities is related to the specificity of national legislation on implementing ALMP policies and programs coordinated by national Employment Services Office. Ministry of Social Security and Labor is responsible for all measures of active labor market policies and services provided for in regional Employment Services Offices. The level of local municipalities (LAU) autonomy for implementing the ALMP is very low, except the indirect impact for suggesting the unemployment actions and measures needed for local labor market, for example, the municipal administration can initiate the seasonal employment program for municipal Employment service office. The Tripartite councils operate in many municipalities involving local authorities, business stakeholders and representatives from municipal Employment Services Office. The main activities, goals and beneficiaries of ALMP institutions are defined in national legislation and applied for all regional network of national Employment Services Office.

**Services and targets groups.** The ALMP services provided by municipal Employment service offices include: 1) registration of vacancies and jobseekers; 2) information; 3) counseling; 4) assessment of employability; 5) recruitment mediation; 6) Planning individual employment activities. The Employment Law establishes that ALMP services are provided to persons who do not work; persons working under an any kind of employment contract or on the grounds of other legal relations equal to labour relations; self-employed persons; persons incapable for work and employers.

The new Law on Employment was adopted that entered into force from 1 July 2017 and extended the area of application of the Law on Employment Support and service delivery by Employment office. The legislation has defined the organisation and financing of the labour market services and the employment support measures. For example, the new target groups of persons receiving additional support in the labour market have been introduced: disabled persons of working age, unqualified unemployed persons who have not acquired any professional qualifications, the long-term unemployed under 25, unemployed persons over 50 but within working age and others. Such new method of classification of target groups is based on the criteria that hinder their employment opportunities rather than on the relevant social status. Also The Employment Law has been amended from the February 2018 and financing vocational training for employees who seek to change the profession and the employer has been established. This extension of the vocational training target group is tailored to the benefit of individuals in order to create new career opportunities until they become unemployed. However, the measure of support for self-employment – subsidies for registered individual activities under a business licenses has been abandoned because of negative practices in avoiding payment of the compulsory health insurance contributions.

The D.5.3. chapter 1.1. and 1.2. provides a general overview of the main aspects of ALMP policy as a consolidated system supervised and controlled by central authorities, including targets, policy goals, beneficiaries, funding mechanism and recent reforms. The chapter 8 focuses on the provision of ALMP services in analyzed municipalities.

## 2.2 Main changes and innovations introduced in the last ten years

The detailed overview of recent changes in ALMP policy is provided in chapter 1.2. focusing on the overall system of active labour market policy in the country. The municipal functional discretion in regulating ALMP is very limited. The municipal input into ALMP policy is regulated by national legislation and recommendations on municipal strategic planning. There is no regional or municipal level regulation on implementing active labor market measures.

Summarizing the main trends in the ALMP policy development over the decade, it would be possible to define few changes: (1) expansion of active labor market policies by program, types and beneficiaries (see Chapter 7.3.), (2) promotion of social dialogue within a Law on the Promotion of Social Dialogue that was drafted and discussed during 2019. The law provides for a mediation mechanism that would be activated to assist problem-solving in collective bargaining or when expert assistance is needed, (3) re-organization and centralization of national Employment Services Office; (4) introduction of new labour code introducing ALMP measures, which include promoting self-employment and internship, encouraging self-education and non-formal adult education, and providing support for mobility in 2018 and (5) introduction of more active implementation of apprenticeship program since 2018.

## 2.3 Local Policies: urban, suburban and rural municipalities

Given the ALMP structure presented in previous paragraphs, goals, targets, services and their territorial distribution and personnel (requirements, working conditions) are applied similarly to all territories. Indeed, the main goals and targets of ALMP policies in localities are described in the overall strategy by Employment Services Office. The main activities and targets are also defined by legislation and recommendations by the Ministry of Social Security and Labor. Kaunas region and Pakruojis district Employment Services Office provide centralized services like the other regional offices. The Offices are using the same centralized protocols for the activities and ALMP programs. Referring to the territorial distribution, the services are available for all beneficiaries.

In terms of **personnel (requirements, working conditions)**, the staff in municipal Employment service offices are working under the conditions of public employees. The national regulation defines the working conditions, the length of the contract, working hours, payment system and other aspects. The personnel for the municipal Employment service offices are hired by the central office in Vilnius. The main differences between localities relate to ALMP users and service coverage and they will be provided in the following sub-sections. **Services and their territorial distribution.** Kaunas region and Pakruojis district Employment Services Office provide centralized services like the other regional offices. The Offices are using the same centralized protocols for the activities and ALMP programs. Referring to the territorial distribution, the services are available for all beneficiaries. However, the rural municipality of Pakruojis district provides the additional benefits for the unemployed for transportation from the remote areas to the Office services. The detailed description of centralized ALMP services are provided in chapter 113.



**Personnel (requirements, working conditions).** The staff in municipal Employment service offices are working under the conditions of public employees. The national regulation defines the working conditions, the length of the contract, working hours, payment system and other aspects. The personnel for the municipal Employment service offices are hired by the central office in Vilnius.

### 2.3.1 Kaunas city municipality

**Users and service coverage in Kaunas city municipality.** All regional Employment Services Offices provides the same standard for ALMP programs and services for the same beneficiaries: unemployed persons in different age groups, long-term unemployed, and qualification programs for unemployed, entrepreneurship initiatives for youngsters and social enterprises, disabled people, etc. There are not special limitations to access the ALMP services in the territories for different beneficiaries' groups.

Referring to the coverage of users of ALMP programs and measures, during the period from 2012 to 2020, the number of registered unemployed as a percentage of working age population in Kaunas city remained almost stable (approximately 9 percent annually)) (see Table 1).

**Table 1. Registered unemployed, percentage from working age population in Kaunas c. m. (2012-2019)**

Annual average of the registered unemployed, percentage from working age population									
Territories	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kaunas c. mu..	10.6	9.6	8.2	7.3	6.7	7.2	8.6	8.8	9.6

Source: <https://uzt.lt/en/market/statistical-indicators/>

The recent data from Employment Services Office (2020) provides the profile of users in terms of registered unemployed persons, placed into job vacancies, participation in different active labor market programs. The data demonstrates that the total number of persons in ALMP programs is relatively low compared to the total registered unemployed (Table 2).

**Table 2. Coverage of users and services in Kaunas city municipality, 2020.**

Local labour exchange and municipalities	Unemployed registered		Placed into job by the end of month (2020 03 30)	Referred to active labour market programs	Unemployment, percentage from working age population		
	per month	In total by the end of month (2020 03 30)			2020 02 01	2020 03 01	change +/-
<b>TOTAL of Lithuania</b>	<b>21304</b>	<b>161594</b>	<b>28126</b>	<b>2212</b>	<b>9,2</b>	<b>9,4</b>	<b>0,2</b>
<b>Kaunas county</b>	<b>4324</b>	<b>33266</b>	<b>5581</b>	<b>366</b>	<b>9,4</b>	<b>9,7</b>	<b>0,3</b>
Kaunas city municipality	2168	16826	3135	141	9,4	9,7	0,3

Source: Employment Services Office, 2020. <https://uzt.lt/en/market/situation/>

### Local implementation

Referring to the implementation of ALMP policy at municipal level, Kaunas city municipality indicates, one of the main goals is to create more workplaces by creating new business centers and

strengthening the old ones in target territories. Another challenge related to ALMP policies in Kaunas city municipality is unemployment of socially excluded groups as formerly incarcerated persons, persons with various addictions and persons experiencing violence. Different Kaunas city strategic planning documents describe the labour market problems in terms of the need for highly educated and flexible workforce. The municipality underlines that it needs to address structural problems of the labour market such as inadequate education of workforce, professional training or, in other words, the lack of employability. Thus, the main policy strategies to improve the labour market: an increased investment in education and professional development; the creation of special training programs; the investment in new enterprises; and the improvement of social services that help workforce to adjust to the labour market requirements.

### 2.3.2. Kaunas district municipality

**Users and service coverage in Kaunas district municipality.** As the official website of Kaunas district municipality states, Kaunas district is a locality with good conditions for labor participation and business development. The statistics demonstrate that the level of unemployment was the lowest during the last several years and the number of small and middle-range businesses was the highest among most small municipalities. As of February of 2018, according to the data of the Lithuanian Labor Exchange, there was 7.4 % of registered unemployed in Kaunas district municipality. From 2012 to 2020 the total number of registered unemployed was constantly decreasing by 16 percent (Table 3). In 2018, there were 2073 small and middle-range businesses registered.

**Table 3.** Registered unemployed, percentage from working age population in Kaunas d. m. (2012-2019)

Annual average of the registered unemployed, percentage from working age population									
Territories	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kaunas d. mu..	10.3	9.5	7.7	6.6	6.3	6.6	7.4	7.7	8.2

**Source:** <https://uzt.lt/en/market/statistical-indicators/>

As data in Table 4 demonstrates, the share of users in ALMP programs is very small compared to the overall number of registered unemployed persons (Table 4). One of the reasons is related to the high level of employment and number of SME's business in the territory.

**Table 4.** Coverage of users and services in Kaunas district municipality, 2020.

Local labour exchange and municipalities	Unemployed registered		Placed into job by the end of month (2020 03 30)	Referred to active labour market programs	Unemployment, percentage from working age population		
	per month	In total by the end of month (2020 03 30)			2020 02 01	2020 03 01	change +/-
<b>TOTAL of Lithuania</b>	<b>21304</b>	<b>161594</b>	<b>28126</b>	<b>2212</b>	<b>9,2</b>	<b>9,4</b>	<b>0,2</b>
<b>Kaunas county</b>	<b>4324</b>	<b>33266</b>	<b>5581</b>	<b>366</b>	<b>9,4</b>	<b>9,7</b>	<b>0,3</b>
Kaunas district municipality	686	5083	885	63	8,1	8,3	0,2

Source: Employment Services Office, 2020. <https://uzt.lt/en/market/situation/>

### Local implementation

Kaunas district municipality seeks to promote economic growth in the area, developing business support and informational systems. The other strategic goal is to promote cooperation between business, municipality and state institutions, foster entrepreneurship and economic mobility. These priorities are indirectly related to ALMP policy by fostering the business initiatives and creating job places (Kaunas District Strategic Development Plan for 2021-2027).

### 2.3.3 Pakruojis district municipality

**Users and service coverage in Pakruojis district municipality.** Referring to the Employment Services Office data, the average percentage of registered unemployment in Pakruojis district municipality is stable in the period between 2012 and 2020 (9,5 percent) (Table 5). The other data on ALMP beneficiaries demonstrates that the number of persons involved in ALMP programs is even smaller compared to the overall number of registered unemployed (Table 6).

**Table 5.** Registered unemployed, percentage from working age population in Pakruojis d. m. (2012-2019)

Annual average of the registered unemployed, percentage from working age population									
Territories	2012	2013	2014	2015	2016	2017	2018	2019	2020
Pakruojis d. ..	11.2	11.5	9.9	9.5	8.9	8.8	8.6	8.0	10.0

Source: <https://uzt.lt/en/market/statistical-indicators/>

**Table 6.** Coverage of users and services in Pakruojis district municipality, 2020.

Local labour exchange and municipalities	Unemployed registered		Placed into job by the end of month (2020 03 30)	Referred to active labour market programs	Unemployment, percentage from working age population		
	per month	In total by the end of month (2020 03 30)			2020 02 01	2020 03 01	change +/-
<b>TOTAL of Lithuania</b>	<b>21304</b>	<b>161594</b>	<b>28126</b>	<b>2212</b>	<b>9,2</b>	<b>9,4</b>	<b>0,2</b>
<i>Siauliai county</i>	<i>2061</i>	<i>15904</i>	<i>2422</i>	<i>224</i>	<i>9,6</i>	<i>9,9</i>	<i>0,3</i>
Pakruojis	140	1166	157	11	9,7	10,2	0,5

Source: Employment Services Office, 2020. <https://uzt.lt/en/market/situation/>

### **Local implementation**

The 2014-2020 Pakruojis region strategic development plan also includes a goal of stimulating the development and support of businesses and agriculture. Among the strategic measures, the implementation of a campaign supporting businesses and entrepreneurship and the creation of business-friendly environment in the border region of Lithuania and Latvia are mentioned. The encouragement of entrepreneurship and small and middle-size businesses is also a very important condition for decreasing unemployment and fostering efficient labor policies in rural locality

Moreover, the rural municipality of Pakruojis district provides the additional benefits for the unemployed for transportation from the remote areas to the Office services. The detailed description of centralized ALMP services are provided in chapter 2.3.

### 2.3.4 Similarities and differences among the three case studies

Looking at the ALMP policy in Lithuanian case, we could summarize the similarities and differences among the municipal cases. The ALMP policy is highly consolidated in the country. In most of the cases, the differences are not significant.

**Table 10.** Similarities and differences in ALMP policies in three localities.

	Localities	Characteristics	
Similarities	Kaunas city municipality (urban)	<ol style="list-style-type: none"> <li>1. Centralized and consolidated approach to ALMP measures and programs and no clear traces of responding local labor market needs.</li> <li>2. Dependence on EU funding mechanism for different ALMP measures.</li> <li>3. Low support for entrepreneurship and self-employment programs for different beneficiaries.</li> <li>4. Not clear traces of relationships between local labor market need and implementation of specific ALMP measures, for example, entrepreneurships programs are provided only for youngsters.</li> <li>5. Low participation of social and business stakeholders in Employment Services Office boards and municipal Tripartite councils.</li> <li>6. Modification of training and qualification programs adopted to local labor market needs.</li> </ol>	
	Kaunas district municipality (suburban)		
	Pakruojis district municipality (rural)		
Differences	Kaunas city municipality (urban)		<ol style="list-style-type: none"> <li>1. More active role of the Kaunas city Tripartite council.</li> <li>2. Low level of inter-institutional cooperation and engagement in local policy agenda on labour market needs, professional skills and re-shaping qualifications.</li> <li>3. Different measures and programs for entrepreneurships and SME provided by local authorities, for example, establishment of working co-spaces and hubs.</li> </ol>
	Kaunas district municipality (suburban)		<ol style="list-style-type: none"> <li>1. Low participation of the beneficiaries in ALMP programs.</li> <li>2. Low engagement in recognizing local needs and advantages.</li> <li>3. Favorable economic climate and active labor market for different professional groups.</li> </ol>

		4. Different measures and programs for entrepreneurs and SME provided by local authorities.
	Pakruojis district municipality (rural)	<ol style="list-style-type: none"> <li>1. Low participation of the beneficiaries in ALMP programs.</li> <li>2. Negative impact of demographic decline and spatial remoteness that shape the profile of ALMP policy beneficiaries (long-term unemployed, unskilled unemployed, pre-retirement persons, lower participation of youngsters in entrepreneurship programs by Pakruojis Employment Services Office).</li> </ol>

### 3 Priorities and Social Investment Strategy

#### 3.1 Diagnosis

ALMP policy is typically divided into training, employment subsidies, public work programmes, and activation, i.e. increasing incentives for participation in the labour market. The positive aspects of ALMP include improvement and acquisition of skills demanded by the labour market, lower uncertainty regarding the employee's suitability. The negative impact might be related to the fact that job search intensity may decrease when participating in a public employment programme and receiving benefits, as in Lithuanian case.

In general, ALMP system in Lithuania challenges different problems in terms of the effectiveness of ALMP measures and programs, targeting the beneficiaries, responding to labor market need and consolidation policy pressure. On municipal level, the improvement of labour market is often discussed in terms of supporting business, creating new jobs, and life-long learning. The analysis of ALMP policy field also suggests the proposals to increase the capacity of the system and define the priorities for social investment strategy.

**(1) Poor attention to upgrading professional skills and adult learning.** Given the degree of skills upgrade needed in Lithuania, the recent increase in training spending is welcome and should continue. With 40 % of the unemployed in 2018 having no professional qualification, the 3 % of participation rate in training is inadequate. Training and re-training programs will directly address the issue of the over-supply of low-skilled workers for which there is no additional demand. Participation rules could be adapted to allow for long programs and those that require expensive equipment to increase the participation of low-skilled, older workers and workers in rural areas.

**(2) Better participation of beneficiaries.** By now almost 60% of the unemployed persons registered annually are persons receiving additional support in the labour market; one in four is older than 50 years of age (25.5%). One in three unemployed persons lives in a rural area (31.4%). Women account for 44.5 % and men for 55.5 of all registered unemployed persons in 2018. In 2019, there were 8.6 % of all women of working age without employment (Ministry of Social Security and Labor, 2020). The ALMP measures and programs should cover a wide range of unemployed groups and clients. For example, the employees who lose their jobs are often more likely to be working in declining industries or services in crisis, may take longer to obtain a new job, and can experience professional skill challenges and wage reductions once re-employed. ALMP must be a key element to improving the employability of different age groups, for example, older workers or pre-retirement age groups, particularly for those who are vulnerable due to job displacement. ALMP should

encourage employers to remain in the labour market, foster hiring, support job-search assistance and improve matching by using the assistance of regional Employment Services Offices.

**(3) Regional diversity of ALMP measures.** The economic and labour market performance has been solid in recent years in Lithuania. The strong economic growth contributed to a drop in the overall and long-term unemployment rates, while the share of the economically active population and employment levels have reached historic heights. Nevertheless, disparities persist in employment across regions and in skill levels. The data demonstrates that in 2019 the largest number of working-age persons registered as unemployed was in the district rural municipalities of Lazdijai (15.7 %), Kelmė (15.3 %) and Zarasai (14.8 %) (Ministry of Social Security and Labor, 2020). Due to unfavorable ratio between supply and demand of labor force in different urban and rural regions in Lithuania, a small number of active economic entities and slow development of local economies, territorial inequalities has been increasing in the country. These inequalities point to the economic development and growth of bigger cities and economic decline of smaller regions as well as the lack of territorial cohesion in the latter. The regional diversity and adaptability of ALMP measures and programs is needed. Also, despite an increase in 2018, the gender employment gap remains one of the lowest in the EU. The Employment Service office implements the pilot project to respond the disparities in the different regions and individual needs of the job seekers (introduced in 2018 by now) in six different municipalities. The aim of this pilot Project is to facilitate the transition of the long-term unemployed from unemployment to employment and to harmonize the employment promotion and motivation services with the social assistance services.

**(4) Regional development.** A sound national strategy for territorial development is still missing that include the use of ALMP instruments. The lack of a coherent regional development vision and “space aware” planning documents is hindering the effectiveness of national and cohesion policy investments, as these are often driven by national sectoral priorities and not necessarily addressing regional and local development needs. A positive step forward is the strong emphasis on regional development in the 2021-2030 draft national development programme, which integrates regional and territorial aspects both as vertical and horizontal priorities across all policy sectors.

**(5) Changes in consolidating network of public services.** ALMP policies are implemented in a rather centralized manner in Lithuania and this way of governance does not provide for regional specificity and sensitivity to regional issues. The restructuring of the Lithuanian Labor Exchange into an Employment Office came into power in 2018 and has effects on ALMP policy. The regional and municipal Employment Services Offices is the most active body in this area. Although there exist territorial labor exchange offices in municipalities, they are controlled by the headquarters of Employment Services Office in Vilnius that controls and monitors the standardized ALMP measures and projects. Thereby, although the cooperation between different stakeholders such as employers, NGOS, trade unions, and providers of professional/formal/informal learning is encouraged by the Lithuanian laws, it remains insufficient in implementing employment policies.

**(6) Lack of sustainable financial measures for low-skill employment.** The situation demonstrates that about 34.3 % of unemployed persons applying to employment services have no vocational training, and 15.6 % has not worked for more than two years in 2018 (Ministry of Social Security and Labor, 2020). The financing mechanisms of most ALMP policy measures since 2008 has been dependent on the EU funds the role of which remained crucial. As our previous analysis demonstrates the total share of public funding for different ALMP programs is one among the lowest among OECD countries. Spending on ALMPs could be increased with its funding being stabilized and secured with predictable and reliable public resources. In this regard, the ALMP program’s scope and dimension should not be linked to European funds and its level should be responsive to cyclical developments in the labour market.

## 3.2 Priorities

In Lithuania ALMP measures and programmes on increasing employment are applied to the unemployed and persons incapable for work. In general, the system of the active labour market policy measures consists of support for learning, support for work mobility, supported employment and support for job creation. Thereby, the policy goals on supporting learning includes vocational training (in cooperation with VET schools in organizing formal learning for adults), employment under an apprenticeship contract, internship and the recognition of non-formal and informal learning competences. As from the national level, the active labour market policy measures are combined and applied in an integrated manner.

Summarizing we could set the list of main priorities in the local policy agenda for developing ALMP policy field in terms of targeting users, increasing accessibility and quality and participation of stakeholders in defining local needs. The priorities reflect the main goals of Social investment approach (SI).

**(1) Need for ALMP measures for early interventions.** Early interventions can increase the likelihood of re-employment, such as through job search assistance (which is often relatively cost-effective). In any case, this requires a balance of active and passive support to the unemployed which can facilitate re-employment with better outcomes and skills upgrading. This calls for targeted policy actions to achieve a gradual shift of the economy towards higher value-added activities, especially in the service sector. Meanwhile, it is crucial that this transformation process is accompanied by policy measures to improve the quality and skill profiles of employment, which is one of the main drivers of sustainable long-term productivity growth

**(2) Financing system for low-skills employment.** Currently, Lithuania spends very little on ALMP programs and projects in comparison to the other EU countries. Recent ALMP spending in Lithuania are at just over 0.2 per cent as a share of GDP (2018) and is significantly less than the EU-28 average (0,7 percent on average) (OECD, 2019). To meet the growing demand for better ALMP services, Employment Services Office needs be adequately resourced. Also the importance of employment subsidies in ALMPs should decrease. Currently, they are the main ALMP program in Lithuania. Given the challenges regarding the large stock of low-skill unemployment, and the lower effectiveness of employment subsidies discussed above, these should be concentrated on the most disadvantaged groups, those unlikely to find a job in their absence, and extra resources should be channelled towards training programs.

**(3) Adult learning and recognition of competences** is one of ALMP aims by which to help sustain and increase employability of different beneficiaries' groups. Adult learning measures plays a fundamental role in addressing any initial inequalities in formal education qualifications and can address skill deficiencies, but individuals need to be upgraded throughout the life course. While training should be tailored as much as possible to the different professional skills and regional needs for local labor market, special attention is needed to target older cohorts in regions with demographic decline. Recognition of competences acquired through non-formal and informal learning is intended to test the knowledge, skills and abilities of individuals in order to obtain a diploma or certificate of competence for the relevant professional qualification with the aim of employing unemployed under the new recognized professional qualification or competence.

**(4) Fostering regional and municipal initiatives.** Initiatives in implementing active labor market policies at the municipality level is also important in reducing territorial inequalities and promoting social cohesion. The ALMP programs and measures should also address an increasing centralization of national labor policy, reduction of regional autonomy and standardization of management and their effects on active labor market policies.

**(5) Social dialogue.** Active collaboration with the social partners, further education in the workplace and the exchange of good practice among employers could be useful. In Lithuania itself, social dialogue takes place within the National Tripartite Council and municipal Tripartite Councils that operate not in every municipality. ALMP measures that support learning, mobility, employment subsidies and support for new workplace positions are needed to be discussed. Local initiatives and partnership of different stakeholders in helping people to acquire employment and intensify the service sector in the regions with the highest unemployment level should be also covered.

**(6) More active implementation of apprenticeship program.** The measure could be attractive because practical training takes place in the real workplace (in the production plant, organization), the theoretical knowledge is deepened or acquired at the educational institution, and the initial practical skills are given. The program was introduced in 2018 but not actively implemented by now. It could strengthen the cooperation between labor supply, training and education institutions and local business needs. Employment service that fully finances vocational training and an employer who employ a person for the acquired qualification/competence after training.

**(7) Development of the Youth Employment Centres** for target young unemployed groups. The measure would link the vocational guidance of youth (young women and men) on occupations in demand in the labour market and their career opportunities in order to reduce the occupational and labour market segregation by gender and age.

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# Vocational and Educational Training (VET)

## Executive summary

The VET case study provides a comprehensive analysis of including the aspects of the division of responsibility among central administrative and municipal levels, policy goals, planning, beneficiaries, expenditures, role of private actors in VET policies, monitoring and evaluation activities. However, the largest share of VET policy analysis goes on the central authority level. The municipalities (LAU level) do not have discretion in implementing, managing and supervising vocational education system. In Lithuanian case the VET system is consolidated and directly supervised by the Ministry of Education, Science and Sports and other related controlling institutions in education that monitor the educational content, defines the need for professionals' skills and defines the requirements for teachers. The report covers the VET situation in all three localities, urban, suburban and rural referring to the VET schools' situation in the analyzed municipalities; however, the policy goals and priorities, target groups and beneficiaries, financial mechanism, service coverage, the division of institutional responsibilities, monitoring and control activities reflects the consolidated VET policy system.

## 4. Part - 1 The governance system

### 4.1. Multilevel institutional setting

As stipulated in the Constitution of the Republic of Lithuania (1992) compulsory education is completion of lower secondary education (ISCED level 2) after which graduates can choose upper secondary general education or VET programs at ISCED level 3 (leading to an EQF level 3 vocational qualification) or to an EQF level 4 vocational qualification and an upper secondary leaving certificate which allows higher education access. In Lithuania, VET schools provide lower secondary curriculum and/or upper secondary curriculum education along with a vocational education and training for pupils typically aged from 17 to 19 years old. A vocational education and training curriculum last from 1 to 2 years. Vocational education and training are organized in school or using apprenticeship system. There are 67 public vocational schools accounted for 2018-2019, only 4 of them are private.

**Division of responsibility among different administrative levels.** VET is attributed to ISCED level 4 in Lithuania. It is post-secondary non-tertiary education of one, one and a half or two years carried out in accordance with VET programs.

VET is provided for students that are 14 years of age and more. The purpose of VET is to assist individuals in the acquisition, change or upgrading of their qualification and preparation for participation in the changing labour market. VET may be initial or continuing. Initial VET is formal, universally available and intended for the acquisition of an initial qualification. Continuing VET is provided to individuals who have already obtained an initial qualification. It comprises formal and non-formal VET.

The main providers of VET in the country are vocational schools. VET may also be provided by freelance teachers or other VET providers (general education schools, institutions, organizations or enterprises whose core business is other than the provision of VET) that have a statutory right to

develop and/or deliver VET programs. VET providers may enroll learners and start delivering formal VET programs only after obtaining a license from the Ministry of Education, Science and Sport.

Participation in vocational education and training (VET) is substantially below the EU average. Among the points of focus in the country are increasing the quality of teaching and the attractiveness of the teaching profession, reforming VET curricula to increase their labour market relevance, and increasing participation in adult learning.

On December 2017 the Law on Vocational Education and Training (VET) (new edition) was adopted. Thereafter, the VET institutions network was being prepared for reform. The whole new law, together – and part of the establishment of the new VET institutions network, came into force from 1 January 2019. The reorganization of the network of VET institutions has been based on a comprehensive analysis of vocational education and training. All the 10 regions of Lithuania – demographic trends, economic needs, etc. were evaluated. Together, all VET institutions operating in these regions were assessed – vocational education and training programs, their compliance with the needs of the economy, learners, pedagogical staff, accessibility, etc. The network reorganization has been based on the review of vocational education and training programs and the identification of the optimal assets and equipment needed to provide high-quality vocational education and training.

The directions of VET education policy are set at the national level. At the national level, VET education is organized through laws and general procedures describing the principles and criteria for organizing education. For example, at the governmental level the rules for the development of the network of state and municipalities schools are approved. These establish the basic principles of how the municipality should manage and maintain the network of VET schools and set up, reorganize, or liquidate educational institutions. According to these rules, the national authorities – the Lithuanian Parliament, the Government or, in particular, the Ministry of Education and Science – have to negotiate with for the municipality how many schools should be in operation or where to set them up or close them.

Education curricula descriptions, subject curricula and general teaching plans are all set at the national level. The school develops its own curriculum, but it can only depart from a nationally designated curriculum in certain cases.

**VET policy goals, priorities, and beneficiaries.** Organization of VET in Lithuania is regulated by the following main legal acts: Law on Education (2011), Law on Vocational Education and Training (2018), Orders of the Minister of Education, Science and Sport: Description of Formal Vocational Education and Training Curriculum (2012), General Plan of the Vocational Education and Training Curriculum for the 2017-2018 and 2018-2019 (2017), Procedure for Consecutive Learning in Accordance with General Education Curricula (2012), Conceptual Framework of Non-Traditional Education (2010).<sup>3</sup>

The Qualifications and Vocational Education and Training Development is responsible for the development of the qualification system, e.g., it prepares and renews professional standards after reconciling them with Sectoral Professional Committees. This state institution administers the Lithuanian Qualifications Framework and is the National Coordination Point. In the management of the system of qualifications, the Ministry of Education, Science and Sport is responsible for creating, organizing and implementing policy in this area. The Ministry of Economy and Innovation is responsible for creating and implementing human resource development policy. It is therefore involved in the recognition of regulated professional qualifications. Both ministries together set and approve the procedures for a professional training standards structure and the preparation and modification of professional training standards. Sectoral Professional Committees – collegial, based

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<sup>3</sup> [https://eacea.ec.europa.eu/national-policies/eurydice/content/secondary-and-post-secondary-non-tertiary-education-30\\_en#LS](https://eacea.ec.europa.eu/national-policies/eurydice/content/secondary-and-post-secondary-non-tertiary-education-30_en#LS)

on cooperation and advisory institutions – coordinate qualification issues in a specific economic sector. The Centre for Quality Assessment in Higher (SKVC) executes the recognition of foreign academic qualifications.

The vocational education and training institution, freelance teacher and other vocational education and training providers whose main activity is not vocational education and training provide the vocational education and training curriculum. In preparing education curricula, vocational education and training institutions cooperate with representatives of employers and consider corresponding professional standards and other general requirements.

There are state-funded seats for initial vocational education and training. The state decides how many seats and which vocational education and training institution to fund. This decision is made after assessing a national human resources overview, vocational education and training institutions and qualifications, proposals of sector committees on opportunities to organize vocational education and training by apprenticeship, etc. An institution holding founder status allocates household funds, while the continuing vocational education and training of companies, institutions, organizations or farmers' holdings is organized by their own funds.

**Expenditures and policy funding mechanism<sup>4</sup>.** Education is a priority for the state and is publicly funded at all levels. Education is free at all stages, with one exception – higher education. There, around half of students have to finance their own studies according to their achievements. The basic principles of financing state educational institutions are established in the laws of specific fields – the Law on Education, the Law on Vocational Education and Training, the Law on Higher Education and Research, etc.

On 1 September 2018, the funding model for pre-school, pre-primary and general education was changed. It shifted from a 'money follows the learner' principle (usually called the 'pupil's basket') to a basic education costs basket, which is coherent with the implementation of curricula (usually called the 'class basket'). This means that approximately 80% of funding is allocated not to each pupil ('pupil's basket') but according to the size of a class. A small percentage is allocated to textbooks and other educational supplies according to the actual number of pupils. Municipalities allocate the remaining less-than-20% of the funds to the organization and management of the education process, education aid, the assessment of learning achievements, etc.

The funding of vocational education and training and higher education is based on the 'pupil's basket' or 'student's basket'. This method was in place for pre-school, pre-primary and general education until 1 September 2018. It is a purposive state subsidy that is distributed via the municipalities to the schools, or directly to the higher education institutions according to the actual number of pupils/students.

The 'pupil's basket' and the 'class basket', which consists of funds for education, is provided to both state and private educational institutions. The 'student's basket' is provided to state higher education institutions. In state schools, the remaining funds required are provided by the founder (usually the municipality or, in case of higher education institutions, the state). Private schools can raise the money by charging tuition fees, obtaining it through private sponsorship, etc.

From 1 September 2018, the salaries for general education and vocational education and training teachers are calculated on a full-time payment system. This is established by law. On the basis of this methodology, each school itself formulates what kind of teachers it needs and the workload of these teachers, taking into account the needs of their school and the community.

**The role of private actors in developing VET.** The Labour Market Training Authority of Lithuania initiated a work on the Lithuanian qualifications framework (LTQF). In 2008, a National Authority of Qualifications was established to coordinate LTQF implementation. It was abolished in

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<sup>4</sup> [https://eacea.ec.europa.eu/national-policies/eurydice/content/lithuania\\_en](https://eacea.ec.europa.eu/national-policies/eurydice/content/lithuania_en)

2009. Since then, The Ministry of Education and Science then took over the main responsibility for LTQF development in 2009 and has retained this role since. The Qualifications and VET Development Centre has been responsible for day-to-day coordination since 2009. This Centre is the quality assurance reference point for VET in Lithuania. In 2013, the Centre for Quality Assurance in Higher Education (SKVC) was officially delegated to take part in the coordination and implementation of the LTQF.

The influence of labour market stakeholders has been strengthened by the involvement of the Central Professional Committee (CPC) (abolished in 2018 following a change to the Law on VET). The CPC played a key role in LTQF implementation, notably in planning a framework of sector-based occupational standards. The CPS was a tripartite committee, established under the Law on VET in 2007, signaling the need for active involvement of stakeholders outside education and training. There were also established sectoral professional committees: multilateral bodies at economic sector level, mainly responsible for the assessment and quality assurance of occupational standards and qualifications. With an amendment to the law on VET in 2017, the role of sectoral professional committees has increased, and they have overtaken the functions of the central professional committee. It should also be mentioned that the stakeholders (employers and trade unions) initiate and support the development of new qualifications, occupational standards, education and training programs.

In 2014-17, 41 sectoral practical training centres were established in Lithuania using the European Union's Structural Funds and the budget of the Republic of Lithuania. Sectoral practical training centres (SPTC) are training workshops, practical workstations, laboratories equipped with modern practical training facilities intended for one or several economic sectors of Lithuania. SPTC's were established in VET institutions. Services of the SPTC's are open not only to the students of various VET institutions, but to the students from general education schools, colleges and employees from sector enterprises, institutions, etc. as well. (Tolstych, 2018).

The coordination and management of VET are more centralized in Lithuania than in other EU countries. In order to function properly, the Lithuanian VET needs more human resources able to administrate and cooperate in the field. Attempts to decentralize VET by including different stakeholders in the management of VET institutions have not been entirely successful because of weak organizations or institutions focusing only on their business interests and unwilling to contribute to the development of VET. In 2016-2018 there were 26 public institutions working in the field of VET. Twelve of them were managed by businesses, four – by both a business firm and a municipality and ten – by the Ministry of Education, Science and Sports. As a 2017 VET overview states, in some cases, the benefits of private stakeholders to the VET institutions could be described as highly questionable (Profesinio mokymo būklės apžvalga 2017).

**Policy monitoring, controls and evaluation activities.** The Ministry of Education, Science and Sports performs public supervision of general education school activities. Supervision of activities in individual schools is carried out by the institution implementing the rights and obligations of the owner. If necessary, the external evaluators are used.

Upon the approval of the Qualifications and Vocational Education and Training Development Centre Ministry of Education, Science and Sports accredits institutions that seek to gain the right to assess individual competences, refuse accreditation, suspend accreditation validity, revoke accreditation suspension and withdraw accreditation in accordance with laws (Beleckiene, 2019).

On 24 November 2008, the Minister of Education and Science approved the Concept for Quality Assurance in Formal Education. The purpose of the Concept is to provide a conceptual framework for political and social arrangements regarding the understanding of education quality and methods for quality assurance in formal education, as well as to create preconditions for harmonization of the quality assurance policy in education.

The Law on Vocational Education and Training was amended at the end of 2017 (Lithuanian Parliament, 2017). The law establishes that the creation of conditions for validating non-formal and informal learning is one of the main aims of the vocational education and training system. It also states that the competence acquired outside formal education may be recognized as a qualification of an appropriate NQF level or part thereof in accordance with the procedure laid down by the Minister of Education and Science and the Minister of Economy. The law recognizes the right of a student to receive recognition of non-formal and informal learning. According to the law the assessment and recognition of competences and qualifications shall be funded from state budget (Beleckiene, 2019).

The Qualifications and Vocational Education and Training Development Centre ensures development of the lifelong learning system which corresponds to the needs of the national economy within the global context. It develops sectoral qualification standards, organizes the development of modular programs, implements the LTQF, develops the VET credits system, assures quality and acts as the National Coordination Point for the European Qualifications Framework. The Qualifications and Vocational Education and Training Development Centre submits the candidacy of an institution that seeks the right to become a competence assessment centre to the Ministry of Education, Science and Sports for approval.

The Lithuanian Ministry of Economy participates in shaping human resources development policy, takes part in developing and implementing VET policy, shapes national policy in recognition of regulated professions, and participates in the preparation of legal acts in the area of competences assessment. Together with the Ministry of Education, Science and Sports, the Ministry of Economy defines the structure of qualification and VET standards and the procedure for their development and approves them. The Ministry of Social Security and Labour remains responsible for social affairs, including training issues for unemployed people (Beleckiene, 2019).

Quality assurance in formal education is understood as an analysis of the overall education system, its components and interrelations to determine to what extent the fields under evaluation comply with the quality requirements or conceptual understanding of quality assurance in formal education. It also includes collection of relevant data necessary for undertaking other functions of evaluation: revealing, understanding and explaining the formal education processes, encouraging and teaching providers of formal education to work better, providing arguments for the new goals of formal education and improvement of its quality, gathering information about the activities of formal education providers, creating conditions for the transparency of these activities, and reporting on the work carried out.

## **4.2.Shifts in the last ten years**

The past decade marks very dynamic developments in the field of VET policies. As it was already described in detail in D4.2 and other documents of the project, the Ministry of Education and Science (currently – Ministry of Education, Science and Sport, MESS) is the main legal body responsible for the policy, quality and coordination of VET and is the founder of VET institutions. The role of municipalities in VET so far was very marginal. Thus, all initiatives of developing and changing VET policies were introduced mostly by the central government and EU policy requirements for the financing period of 2014–2020. Reforms implemented in the current period were mainly driven by the drastic decline of the student age population, low enrolment in the VET institutions, discrepancy between VET programs and local labor market demands. Main goals of the reforms were aimed at the optimization and increasing of the efficiency of the VET network, higher quality and attractiveness of VET education, correspondence between local labor market demands and VET supply. In the following we will discuss key aspects of the VET policy shifts.

**(1) Optimization of the network of educational institutions and consolidation tendencies.** One of the challenges VET system faced in the past decade is linked to the demographic factors, namely the substantial decline of the student age population. For example, there were more than 563,000 students in the 2004-2005 academic year and approximately 322,000 students in 2018-2019. Thus, the decline of target population in a decisive way motivated the reform of the VET reform. In 2018-2020 the implementation of the VET network restructuring was and still is implemented. As the outcome 65 out of 70 VET institutions, where the Ministry of Education and Science is main or partial founder, will continue the activities by the end of the period. It is expected that optimization of the network will reduce by 50 per cent the overlapping of the study programs provided in the same territorial area.

In addition, the optimization of the network is designed with the idea of the larger specialization in the regions and limiting of specialization in large cities. VET institutions in the regions should offer a wider range of programs. In addition, in some areas the general education institutions will be combined with VET institutions in order to improve the learning conditions. It is expected that this measure will increase the attractiveness of the VET and balance the proportion of students in VET and higher education, which currently is 30/70, while the goal would be 50/50.

**(2) Shifts in government of VET institutions.** VET institutions till currently are governed on the national level and the main legal body responsible for the developing and implementing VET policies is the Ministry of Education, Science and Sport. The role of local actors, including the municipalities so far was very limited. The current reform changes the legal status of the VET institutions and this enables more active inclusion of co-partners, which could be municipalities, social partners and private persons. It is expected that changes in the government will increase the independence of the institutions, but also will positively affect the quality of the services provided, the correspondence between services and local labor market needs. In addition, the Boards were introduced as one of the actors in the government of the VET.

**(3) Content of VET education.** Since 2013 the VET policy aim was to introduce the modular VET programs. Modular training enables faster training and the flexibility of the programs in reacting to the needs of the local business and labor markets, this type of training also offers diversity in forms of learning. It is expected that by December 2020 all VET programs will be modular. 10 qualification standards and 60 modular programs were developed according to this initiative by the Ministry of Education, Science and Sport. Modular programs will better respond to the market needs; for example, the number of the hotel, restaurant and beauty sector programs will be reduced, because the market share for these services is only 6 per cent, but there is the overproduction of this type of specialists.

Development of the content of VET education in the last decade was also linked to the preparation and adoption of the national qualification standards. Qualification standards were adopted in 2010 and became the founding framework in reshaping the content of VET education. The standards linked to VET were developed integrating two approaches: competence and work-process analysis approach. The key advantage is identification and covering of all qualifications required for the execution of work processes in the economic sector, as well as mapping the links and interrelationships between the qualifications inside the sector and between the sectors.

Another development in VET policies was the validation of non-formal and informal learning. Lithuania has put in place validation arrangements which make it possible to assess non-formal or informal learning in VET. The skills and competences acquired outside formal education are assessed against standards or programs used in formal education. The results of validation are recognized by the education system and may lead to a formal qualification linked to the national qualifications framework. Those wishing to formalize their non-formal and informal learning must apply to an appropriate VET.

Life-long learning policy initiatives were also linked to the development of VET policies. One of the policy aims was to foster the participation of adult learning in non-formal education activities. The new changes to the Labor Code (new amendments since 2017) have introduced an entitlement to training leave for non-formal education activities for every employee.

An amendment to the Law on VET provides a legal base for apprenticeship (since 2013). National and European structural funding was allocated to a pilot project to develop apprenticeship since 2013. The person can choose whether to study at a vocational school or to go directly to work and attain a secondary education using distance-learning. The average of students using the apprenticeship in the OECD countries is over 30 per cent, in Lithuania –only 2 per. It has been recognized that there is insufficient focus on the development of apprenticeship. The Ministry of Education, Science and Sport aims to link closer the VET and the actual on-the-job training and to enable the trainee to obtain formal qualification based on competencies acquired through apprenticeship.

**(4) Aging of the teaching staff.** It has been recognized that one of the challenges of the VET system is aging teaching staff and very limited influx of the young generation of teachers. Approximately 40% of teachers are between the age of 50 and 59, around 30% of them are between 40 and 49 and only 3% to 5% of teachers are younger than 30 years old. The main reasons why the teaching profession is not attractive are the salaries (among the lowest in the EU), a limited possibility to upgrade professional qualifications and the unattractive image of the teacher's profession in society. Low salaries are one of the main constraints to attract young skilled personnel to the educational sectors, including the VET. In 2018 the new remuneration scheme was introduced with the aim to improve the working conditions of teachers, attract younger teachers and to increase the prestige of the profession.

This is also linked to the problems in the leadership of educational institutions. Reform was introduced, which limited the timeframe of one person to lead the educational institution. However, the changes implemented proved that it is difficult to attract new and motivated school heads. Low salaries, great responsibilities, administrative burdens, difficult competition when applying for the position and fixed-term contracts do not motivate people to apply for a managerial position.

### 4.3. Local governance systems

The sub-chapter 4.1. focuses on the contextual description of the local governance system including territorial policy goals, assignment of responsibilities and bodies within the VET policy area, the question of local autonomy and territorialization, funding mechanism, role of private actors, forms of public/private partnership and the role of municipalities. The analysis of VET system provided in chapter 4.1. underlines the specificity of VET system as a consolidated system supervised and controlled by central authorities. The municipal autonomy and functional discretion level are extremely limited in implementing VET policy. The Ministry of Education, Science and Sports is responsible for all stages of vocational policy system, including planning, monitoring, quality, staff and coordination of VET network. The ministry is the founder of all VET institutions which operate on municipal level but have no traces with local policies. The other central authorities, for example, The Ministry of Economy and Innovations has a minor consultation role in VET policies. They coordinate professional skills forecasting in the economy sectors, makes proposals for future skill needs and qualifications, organizes apprenticeships and other on-the-job training courses or manages the classification of professions. The Government Strategic Analysis Centre STRATA (according VET law in force since February 2018) ensures the monitoring framework for VET and providing forecast for the professional skills in different economic sectors.

We also we describe the basic aspects of VET system on local level that are characteristic for all three localities: urban, suburban and rural.

**Assignment of responsibilities and bodies within the VET policy area.** The Ministry of Education, Science and Sports is the founder of public VET institutions, which operate on municipal level. According to the Law on VET, the network of vocational training schools is centrally planned and controlled. As defined by the Vocational Guidance Act (2012), the main educational institutions that responsible for provision of VET services (career education, information and counselling) are general education schools and VET institutions (vocational schools) which operate on municipal level. Municipalities are responsible only for organization and coordination of guidance services at schools at municipal level.

**Territorial policy goals and VET system.** The overall situation of VET system is summarized in the chapter 3.1. In general, the system of vocational training in Lithuania demonstrate the example of consolidate system where the lower tiers of governance are not considered as an active part of the policy implementation. The vocational training could be formal and informal. According to recent data of 2020, the 67 public vocational schools and 3 private schools are responsible for the formal education programs leading to an EQF level 3 education certificates. The Law on Vocational Education and Training (approved in 1997, later amendments) defines the VET system are designed for different beneficiaries' groups: learners of different ages and educational backgrounds, learners who need to acquire a first vocational qualification and complete general lower or upper secondary education and improvement of an existing professional qualification. Another direction of vocational training is related to informal life-long learning and professional qualification programs. Formal continuing vocational training programs are carried out by 41 labour market training centres and other education institutions. As stated in legislation, non-formal vocational training is provided according to the needs of the business sector in territories or municipalities. However, the territorial policy goals are not clearly defined in the VET legislation. The exception is national strategic planning documents, for example, White Papers on Lithuania Regional Development for 2017-2030, National education strategy 2013-2022, Employment Fostering Program 2014-2020 or sectoral short-term strategic operational plans (for example, Plan for the Development of Public VET institutions, 2018). The documents define the general priority to focus on the labor market needs in terms of VET educational content and institutional network availability. Another strategic goal is related to the professional qualifications and development of skills needful for specific economic sectors. The regional policy focus is not covered in relation to the specific needs of individual regions.

**Funding mechanisms of VET.** In general, the state budget expenses for vocational training accounted for 99 million EUR which is only 9 per cent of total expenses for education in 2017. The public expenses for VET system estimate only 0.3. per cent of GDP that is the among the lowest rates compared to the other EU countries (VET Report, MOSTA, 2018). Funding for formal vocational training is allocated from the state budget and calculated as so-called „student basket“ that includes training costs per student (as approved by the government in 2008 by the Law of Education). The unit costs („student's basket“) include allocations for staff salaries, taxes and other teaching resources. In total the contribution from the national budget to formal vocational training comprises more than 83 per cent of total funding, approximately 16 per cent arrive from private funding, business sector and other funds (Report on Vocational Education and Training in Lithuania, 2018, CEDEFOP). The precise numbers of funding in EUR is provided in Table 1. Additionally, VET schools may receive additional income from the other business or public entities for services provided (such as training courses, rent of premises). This income is used for education and training purposes.

**Table 1.** Funding structure of VET institutions in Lithuania by source, mln. EUR.



<b>Financial sources</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
State budget	75,1	94,7	101,8	103
Private sources (physical and legal entities)	7,1	10,6	13,1	13,4
International organizations	17,8	9,9	4,5	4,7

Source: Statistics Lithuania, 2018.

Regarding informal training the EU funds were used to improve qualifications, knowledge and skills of company employees to meet the labour market changes. For example, the sectoral practical training centres in regions were financed from European Regional Development Fund (ERDF) and European Social Fund (ESF) investments of more than EUR 100 million during the first EU financial period of 2007-2013. Recently the training centres (41 institutions in total) challenges to ensure the VET sustainability. The centres lack of students' number. Contrary, the funding for informal life-long learning and training of employees is funded by the business sector or employees pay themselves.

**Local autonomy and territorialization.** The level of local municipalities (LAU) autonomy for implementing the VET is relatively low, except the indirect impact of answering the needs of local labour market and offering practical training for local employees in vocational schools or labour market training centres. Localities are involved in the VET only to the very limited degree and this is related to the specificity of national legislation on education services. The main VET policy implementation mechanism and instruments is defined in the Law on Vocational Education and Training (approved in 1997 with later amendments). As it was noticed before, the Ministry of Education, Science and Sport is responsible for all stages of vocational policy system, including planning, monitoring, quality and coordination of VET network. Municipalities are responsible only for organization and coordination of guidance services at schools at municipal level, which is defined as a minor role. The standardization and equalization of the VET policies between the territories is established through the financing mechanisms, especially in terms of developing a network of VET schools which are allocated equally all over the country.

The other aspect of territorializing is related to the funding mechanism of VET system. The VET funding is calculated in terms of so-called "student basket" which is allocated according to the total amount of students and teaching hours in an individual school. However, the continuous decreasing number of students in VET system encourages to optimize the network and minimize resources by municipal scale. According to the survey on regional accessibility of formal vocational training institutions, the lowest geographical accessibility was found in smaller rural regions of Taurage, Marijampolė and Telšiai. The best geographic accessibility of VET institutions is available in more urban regions of Alytus, Klaipėda, Kaunas, Šiauliai and Vilnius (Report on vocational training, Institute of Public Management and Policy, 2012).

**Role of private actors, forms of public/private partnership.** At national level, the main responsibility for development and implementation of qualifications system policy is delegated to the Ministry of Education and Science with a moderate assistance of the Ministry of Economy and other authorities that organizes research on future skill needs and coordinates recognition of regulated professions. The other social partners and different stakeholders participate in reforming the content of new qualification standards and VET programs, assessing that VET programs should correspond to labour market needs, and organizing practical training, for example, the Central Professional Committee and 41 sectoral professional committees (Lt. *Sektoriniai profesiniai komitetai*) were established to coordinate strategic issues to development of the qualifications system for vocational

training. Sectoral professional committees are advisory bodies which role has been strengthened in the new VET law (in force from February 2018). They ensure cooperation between all VET stakeholders and update and approve qualification standards and assess vocational training programs. They also submit proposals on qualifications that can be acquired through apprenticeships and new qualifications to be included in the national register of qualifications (the qualifications register).

The private companies are fostered to support participation in VET system by tax initiatives that have been in place since 2005. The Law on Corporate Income Tax (approved in 2002) allows deductions for continuing training courses of employees that are linked to their present occupation. The new Labor Code (approved in 2016) sets out training leave conditions for employees participating in a VET programs. The involvement of local municipalities is sporadic and limited (only collaborations in cultural or sports events).

**Main changes on municipal level.** On national level, the main responsibility for development and implementation of qualifications system policy is delegated to the Ministry of Education and Science with a moderate assistance of the Ministry of Economy that organizes research on future jobs needs and coordinates recognition of regulated professions. The other social partners participate in reforming the content of new qualification standards and VET programs, assessing that VET programs that should correspond to labour market needs. In 2018 the Ministry of Education and Science has adopted the *Plan for the Development of Public VET institutions*<sup>5</sup>, which among others sets the priority to optimize the supply of the VET study programs according “to the territorial principles”. The Plan underlines: “*New re-structuring and optimization provisions are intended to combine the content of training programs delivered in vocational training institutions with the needs of business companies in the regions*” (Plan for the Development of Public VET institutions, 2018).

Another part of recent changes is related to the VET teacher remuneration system. Since September 2018, a new teachers remuneration system has been introduced to suggest more favorable payment conditions for teachers. Salaries are calculated not only for actual lessons but for all the time spent working at school (Cedefop ReferNet VET in Lithuania report, 2018). The teachers remuneration system has an impact for the professional employment in VET system.

#### 4.3.1 Urban case: Kaunas city municipality

**Public bodies of VET implementation.** There are nine VET schools in Kaunas city jurisdiction (see Table 1). Two vocational education institutions have divisions. “Kaunas Food Industry and Trade Training Center” has 1 department and “Kaunas Construction and Services Training Center” has 5 departments. And only 7 VET institutions provide basic and secondary education.

Table 2. Kaunas city municipality vocational education institutions.

No.	Name of the vocational training institution	Name of the department of the VET institution	Vocational training institution providing basic education (ISCED level 3 and 4).
1.	Public Institution Kaunas Vocational Training Centre for Service Business Specialists		+
2.	Kaunas Vocational School of Household Services and Business		+

<sup>5</sup> Plan for the Development of Public VET institutions, approved in 2018 March 29, Ministry of Education and Science.

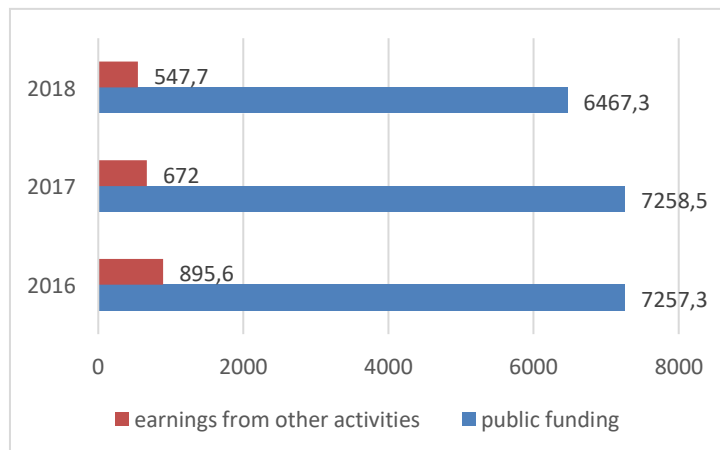
3.	Joint Stock Company Kaunas Naujamiestis Labor Market Training Center		-
4.	Kaunas Petrasiumai labour market training centre		-
5.	Kaunas Food industry and trade training center	1. Kaunas Food Industry and Trade Training Centre, Hotel and catering department	+
6.	Kaunas Construction and Services Training Centre	1. Practical training base in Kaunas construction and service training centre; 2. Practical work division in Kaunas Building and service training centre; 3. Rehabilitation Vocational Training Centre in Kaunas construction and service training center; 4. Construction sectorial practical training center in Kaunas construction and service training centre; 5. Zeimena department in Kaunas construction and service training centre	+
7.	Kaunas School of Applied Arts		+
8.	Kaunas Information Technology School		+
9.	Kaunas Technical Vocational Education Centre		+

In the case of Kaunas city municipality, the role of municipal administration in implementing VET policy is marginal. The financial autonomy of municipality to implement and control local VET is almost absent, except the career education, information and counselling in municipal secondary schools financed from the separate public funding on secondary schools' system. Our previous analysis in D.4.6. has demonstrated that there are no local level strategic planning documents dedicated to the VET policy development. The network of vocational training schools in Kaunas city municipality is centrally planned and controlled. Kaunas city municipality does not participate in implementing, coordinating and monitoring VET policy field.

**Role of private actors and forms of public/private partnerships.** Because of the national VET policies and their implementation mechanisms there is very little space for the innovative public/private partnerships and collaborations related to VET. The previous analysis in D.4.6. has demonstrated that there is a limited relationship between VET institutions in Kaunas city and the local labor market because of the centralized governance of the VET institutions in Lithuania. Moreover, the involvement of the Kaunas city municipality in VET field is very sporadic and ceremonial (cultural events, sports or educational events, etc.). As it was noted in D.4.6. analysis, VET institutions do not participate in the strategic planning process of Kaunas city and their involvement in the territorial governance is limited. The interviews with the local authorities in Kaunas city municipality have demonstrated that there is an indirect impact of VET system in the city on answering the needs of local labour market and offering practical training for local employees in vocational schools or labour market training centres.

**Funding.** The public funding level for Kaunas VET schools is decreasing. One of the reasons is related to the significant drop of number of students that allow to use so-called "student basket" funding mechanism. The other reason is inability of the schools to adopt to changing companies needs in providing high-quality re-qualification for the employees. For example, the financial budget of one of the largest schools in Kaunas city – Kaunas professional teaching center of Karalius Mindaugas demonstrates the discrepancies in public and private funding. The large share of public funding from the State budget are used for staff salaries, teaching infrastructure, updating training facilities.

**Figure 1.** The total amount of public funding and earnings from other activities in Kaunas Professional Teaching Center of Karalius Mindaugas, thousand EUR.



**Source:** National Audit Office, 2020.

**Main changes in the local system.** As it was noted before, the Ministry of Education, Science and Sports has adopted the *Plan for the Development of Public VET institutions*<sup>6</sup> in 2018, which defines the priority to optimize the supply of the VET study programs according “to the territorial principles”. The Plan underlines the importance to apply the needs of business companies in the regions by modifying the teaching content of VET curriculum. The strategic document also defines the directions for the optimization of VET institutions in the Kaunas city based on the analysis and the forecast of the labor force demand. The role of urban municipalities underlines the need to meet economic competitiveness goals: “*The priority is VET in major cities (Vilnius, Kaunas, Klaipėda) that should implement solutions leading to more specified schools’ specialization and more rational infrastructure use. The economic specializations of the cities are consolidated with the activities of practical training centers*”. According to the structure of economy, the VET institutions in Kaunas are aimed to implement the VET study programs related to the business administration, IT technologies, engineering and construction, labor force for furniture, paper industries and services. Document concludes, that generally, existing structure of the study programs corresponds to the demands of the local economy. However, there is duplication of some teaching programs in the VET institutions and this should be avoided. The Plan will be implemented by the end of 2020.

#### 4.3.2 Sub- urban case: Kaunas district municipality

**Public bodies of VET implementation.** The low engagement of municipality in vocational training system is related to the specificity of national legislation on education services with the major role of central authorities in coordinating, implementing and monitoring VET domain. There are only two VET institutions in Kaunas district municipality: one of them is specialized Lithuanian police school, which was established in 2015 by the Ministry of Internal Affairs and the second one - Vilkija agricultural school. Lithuanian police school has a special regulation and function defined by the Ministry of Internal Affairs that is not considered in the D.5.3. analysis.

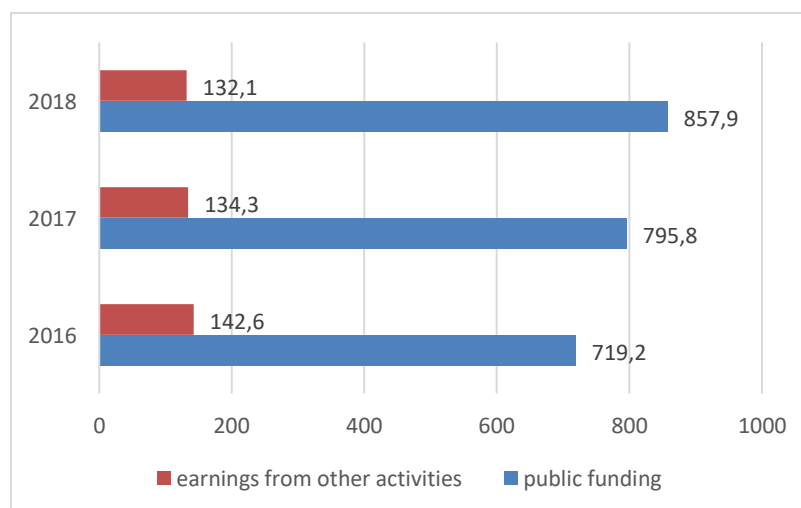
**Role of private actors and forms of public/private partnerships.** The analysis in D.4.4, D.4.5. and D.4.6. has demonstrated the weak relationships between local VET school and local authorities.

<sup>6</sup> Plan for the Development of Public VET institutions, approved in 2018 March 29, Ministry of Education and Science.

Vilkija agricultural school operates in rural eldership that is 30 km far from the metropolitan zone of Kaunas city. The school plays an important role for the local community in Vilkija eldership in participating in cultural or educational activities. The provision in the Strategic Plan of Vilkija agriculture school for 2018-2020 defines the measures to develop the partnership with local business in terms of signing cooperation agreements and practice places for students. However, the institutional partnerships with the business sector or other social stakeholders are not developed enough in the strategic document to sustain the territorial embeddedness.

**Funding.** The number of students in Vilkija agricultural school estimates to 356 pupils in 2018. The number of pupils remains stable over the last few years. According to the legislation on the public funding, the school funding mechanism is based on “student-basket” principle. The higher number of pupils allow to receive higher level of public expenses for the teachers’ salary, staff qualification, teaching content and quality and infrastructure maintenance. The general amount of public expenses was increasing from 2016 to 2018 mainly because of re-calculation of student “basket” unit costs. However, the amount of school earnings from the training and qualification activities remains significantly lower (see Figure 2).

**Figure 2.** The total amount of public funding and earnings from other activities in Vilkija agricultural school, Kaunas district municipality, thousand EUR.



**Source:** National Audit Office, 2020.

**Main changes in the local systems.** As it was already mentioned, the role of municipalities in developing and implementing VET policies is very limited in Lithuania. The Ministry of Education, Science and Sport plans has adopted the *Plan for the Development of Public VET institutions that mainly concerns VET institutions based in urban Kaunas city municipality*. However, Kaunas district municipality is discussed within the broader context of the Kaunas area. The Plan aims to secure the development of the national VET network in accordance with the local labor market demands and sectoral economy. The main economy fields in Kaunas district municipality are transport and logistic, construction, furniture, textile, plastic industries, agriculture. The Plan states that the existing VET institutions in Kaunas city municipality are enough to cover labor force demand in suburban Kaunas district municipality. The Plan sets direction to develop specialized VET schools because of overlapping teaching and qualification programs provided by different VET providers. The competition creates the discrepancies in attracting the enough students. Currently Vilkija agricultural school offers study programs not linked to the agricultural industry (except for the car mechanic).

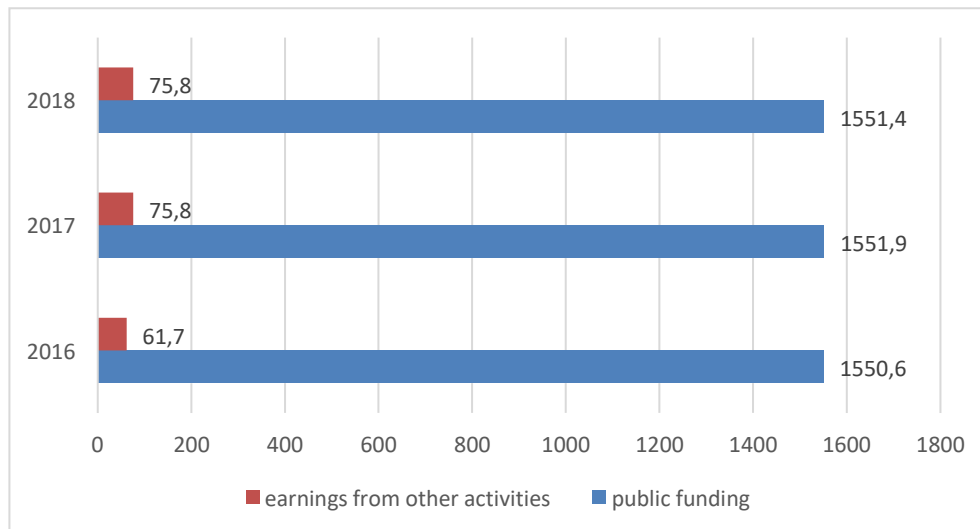
### 4.3.3 The rural case: Pakruojis district municipality

**Public bodies of VET implementation.** As it was presented above, the main VET policy implementation mechanism and instruments is defined by the provisions in the Law on VET (approved in 1997 with later amendments) that defines the level of institutional responsibilities and functions. Rural Pakruojis district municipality host only one VET institution – Žeimelis agricultural school located in the rural eldership on the border with Latvia. According to recent data, the school has 217 pupils in 2018. The number of students has dropped significantly by 37 percent from 2016 to 2018. The rural locality reflects the general tendency of low participation in VET at upper-secondary education level that remains one of the lowest among EU countries. The first cause is related to the preferences for higher education over VET by young persons and their parents. Another important reason is the VET system funding specificity for secondary and VET schools that depends on the number of students. The financial system leads to competition between these two educational levels in attracting and keeping pupils. The situation could be improved if VET service providers modify the VET programs based on professional skills forecasts in labor market.

**Role of private actors and forms of public/private partnerships.** The chapter 3.1. and 3.2. demonstrate that national level VET policies have resulted in VET schools offering educational programs, which do not correspond to the local economy demands. VET schools in rural Pakruojis district municipality had programs linked with the agriculture, but in the past decades shifted to the more general service sector programs (training of the salespersons, welder, cook, etc.). Zeimelis VET school had so far limited opportunities to participate in the lifelong learning programs because much of the short-term professional training was provided by the Labor exchange office, where the training was of the shorter duration compared to VET school. According to the abovementioned *Plan for the Development of Public VET institutions*, the VET institution in rural municipality will be merged with the gymnasium in 2020. Local community mobilized and protested this re-organization, however they failed to stop the initiative. Thereby, the role of private actors in providing VET educational services is absent.

**Funding.** According to the provision of national legislation on VET system, the funding mechanism depends on the actual number of students. The general amount of public expenses was increasing from 2016 to 2018 mainly because of re-calculation of student “basket” unit costs. VET providers may receive additional income from other entities for services provided (such as training courses, rent of premises). This income is used for education and training purposes. However, the total amount of Zeimelis agriculture school earnings from the training, qualification and other activities remains low (see Figure 3).

**Figure 3.** The total amount of public funding and earnings from other activities in Zeimelis agricultural school, Pakruojis district municipality, thousand EUR.



**Source:** National Audit Office, 2020.

**Main changes in the local systems.** The National Plan for the Development of the VET Network, adopted by the Ministry of Education, Science and Sports (2019) motivates the restructuring of the school based on the results of the analysis of the costs, efficiency and demographic trends in the area. The Plan extend the recommendation to the Municipal Council to merge the Žeimelis agricultural school and Žeimelis gymnasium in one educational institution that provides ISCED level 2 and ISCED level 3 education. It is planned that in 2020 Žeimelis agricultural school become a branch of Joniškėlis vocational school located in neighboring municipality.

## 5 Part 2 – Activities and services

### 5.1. Description

Looking from the regional level, there are no significant differences among VET institutions in terms of the beneficiaries, main goals and priorities, expenditures and personnel requirements. As it was already described in D.4.1., D.4.4. and D.4.5., the localities (rural, urban and suburban municipalities) are involved in the VET policies only to the very limited degree. The low engagement of municipalities is related to the specificity of national legislation on education VET services. The main VET policy implementation mechanism and instruments is defined in the Law on Vocational Education and Training (approved in 1997 with later amendments). Ministry of Education, Science and Sport is responsible for all stages of vocational policy system, including planning, monitoring, quality and coordination of VET network. The Ministry is a founder of all VET institutions, which operate on municipal level. Municipalities are responsible only for organization and coordination of guidance services at schools at municipal level, which is defined as a minor role. The level of local municipalities (LAU) autonomy for implementing the VET is relatively low, except the indirect impact for suggesting the professional skills needed for local labor market.

The main activities, goals and beneficiaries of VET institutions are defined in national legislation and applied for all institutional network. For example, the Law on Vocational Education and Training regulates the overall system of VET institutions, learning outcomes, the profile of VET services providers, creation of conditions for validating non-formal and informal learning as one of the key aims of the vocational education and training system. The law also recognizes the right of a

student to receive recognition of non-formal and informal learning. The VET school can organize the enrolment of the students independently following the basic rules and procedures defined by the Ministry. The studies are free of charge (subsidized by the state) for the students; however, the VET institution could organize commercial VET courses for the local business or companies as it's complementary activity. In terms of the apprenticeship, the national program was introduced in 2013 and pilot program implementation mostly funded by the EU Funding. The person can choose whether to study at a vocational school or to go directly to work and attain a secondary education using distance-learning. The person who participates in the apprenticeship program is fully subsidized by the state funding. VET school is responsible for the collaboration with the local companies and business for apprenticeship programs and employment of the students.

The D.5.3. chapter 4.1. and 4.2. provides a general overview of the main aspects of VET policy as a consolidated system supervised and controlled by central authorities, including targets, goals, beneficiaries, funding mechanism and recent reforms.

## 5.2 Main changes and innovations introduced in the last ten years

The detailed overview of recent changes in VET policy is provided in chapter 4.2. The general trends of participation in VET system remains negative. The total number of pupils has decreased by 28 % in the period of 2016 and 2018 (National Audit Office, 2020). According to Eurostat, the share of pupils who graduates VET programs at lower secondary education (ISCED level 2) is only 2,1 %, at ISCED level 3 is 26,8 % in 2015 in Lithuania. The total share of pupils in VET system is substantially below the EU average which is 48 per cent (Eurostat, 2018). The adult participation in professional learning also remains low in 2018 at 6.6 %, which is significantly below the EU average of 10.8 %. However, the decreasing number of students involved in the system threatens the established network of VET institutions. VET students have some exposure to the world of work during their studies, (57 % of VET graduates took part in mandatory unpaid traineeships), but only 1.9 per cent had access to apprenticeship-type training in 2018-2019. The employment rate of recent upper secondary VET graduates dropped to 71.5 % in 2017, while the rate improved across the EU, reaching 76.6 % (Education and Training Monitor, 2018, Lithuania).

Summarizing the main trends in the policy field over the decade, it would be possible to define four main aspects that also affect localities: (1) optimization of VET institutional network due to decreasing number of students, (2) changes in VET educational curriculum to meet labour market demands, (3) encouragement of adults to participate in non-formal education; (4) apprenticeship programs.

(1) In 2018 the Ministry of Education, Science and Sport has adopted the Plan for the Development of Public VET institutions<sup>7</sup>, which among others sets the priority to optimize the supply of the VET study programs according “to the territorial principles”. The Plan underlines: “New restructuring and optimization provisions are intended to combine the content of training programs delivered in vocational training institutions with the needs of business companies in the regions”. The Plan will be implemented by the end of 2020. Thus, there is no horizontal coordination regarding VET, local stakeholders are not involved in the VET domain. In 2020 January the Ministry of Education, Science and Sports has suggested to foster the optimization of VET institutional network. Out of the 61 currently operating VET institutions, five are proposed to be fully merged, and 25 are proposed to enter into joint action agreements with general education schools on general education programs. Other options are offered to the rest of VET schools, for example by simply transferring

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<sup>7</sup> Plan for the Development of Public VET institutions, approved in 2018 March 29, Ministry of Education and Science, later amendments, 2020 January.



their existing units on campus to a separate vocational training unit in secondary schools. There would also be adult education units in four VET schools. Among other initiatives, it is proposed that vocational training should be pursued as part of a non-formal learning, with the possibility of obtaining a vocational school diploma at a later stage.

(2) The new initiatives of developing and changing VET policies were introduced recently, mostly by the initiatives of the central government and EU policy requirements for the financing period of 2014-2020. The recent changes have the hardly evaluated indirect effect for municipalities in terms of professional qualifications and labour market dynamics; however, the impact of VET qualification programs for the labor market was not monitored. First, the changes in reforming the concept of VET to meet the actual labour market needs and become more economic changes relevant. 10 qualification standards and 60 modular programs were developed according to this initiative by the Ministry of Education and Science.

(3) Another policy initiative is related to foster the participation in adult learning in non-formal education activities. The new changes to the Labour Code (since 2017) have introduced an entitlement to training leave for non-formal education activities for every employee. Another recent initiative is voucher system which was introduced by the Ministry of Social Security and Labour for funding training for the unemployed in 2012. An amendment to the Law on VET provides a legal base for apprenticeship (since 2013). National and European structural funding was allocated to a pilot project to develop apprenticeship since 2013. The person can choose whether to study at a vocational school or to go directly to work and attain a secondary education using distance-learning. The average of students using the apprenticeship in the OECD countries is over 30 per cent, in Lithuania –only 2 per cent.

(4) The new initiatives for fostering apprenticeship. The Law on VET provides a legal basis for apprenticeship. It clarifies the provisions for managing and organizing apprenticeship by using an apprenticeship labor contract (between the employer and the VET student) and a VET contract among an apprentice and a VET provider. The Law on VET also states that sectoral professional committees should participate in planning the in-take of apprentices. However, apprenticeship still receives little attention from VET providers and companies. The usage of apprenticeship programs is very limited and not trusted by local companies.

## 5.3 Local Policies

### 5.3.1 Urban case: Kaunas city municipality

At the beginning of the 2019-2020 school year, there were 9 vocational schools in Kaunas City municipality. And only 7 VET institutions provide basic and secondary education (further statistics are provided by 7 institutions). According to the data of Statistics Lithuania, at the beginning of the 2018-2019 school year there were 7 vocational education institutions with 34154 students in urban Kaunas city municipality.

**Users and service coverage.** During the 2014-2015-2018-2019 school year, the number of students in vocational education institutions has decreased by about 25 percent (2 550 students) (see Table 4).

**Table 4.** Number of vocational training institutions and number of students in vocational training institutions in Kaunas city municipality.

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
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<b>Number of vocational training institutions</b>	8	8	7	7	7
<b>Number of students in vocational training institutions</b>	10 182	10 509	10 923	9 656	7 632

Source: Database of Lithuanian Department of Statistics

During the 2014-2018 period, the number of students admitted to vocational institutions decreased and the number of graduates increased in Kaunas city municipality (see Table 5).

**Table 5.** Students admitted to vocational training institutions and Graduates of vocational training institutions in Kaunas City Municipality

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Students admitted to vocational training institutions</b>	5 323	5 439	5 811	4 445	3 439
<b>Graduates of vocational training institutions</b>	3367	3658	3915	3897	3716

Source: Database of Lithuanian Department of Statistics

**Main goals and targets.** The VET schools in Kaunas city municipality define their goals and targets according to the provisions in The Law on VET and other related legislation. The main strategic goals of the schools are defined in their strategic and operational plans. For example, the goal is to help a person acquire qualifications and competences that correspond to the changes in science, technology, economics and culture. VET education should help to compete in the changing labor market, also contribute to the national economy. Another part of the strategic goals emphasizes the aim to provide students' possibilities to learn throughout their adult lives and update their qualifications. The strategic documents underline the availability and quality of VET services for students with different needs and competences. Also, the focus is on the professional qualifications that meet the needs of the national economy.

**Services and their territorial distribution.** VET institutions in Kaunas city carry out relevant training programs, which allow graduates not only to work or continue their professional studies, start their own business, but also to do internships in Lithuanian companies or abroad. Vocational training institutions in Kaunas city provides basic teaching programs and qualifications such as: arts, business and administration, information and communication technologies, engineering and engineering professions, manufacturing and processing, architecture and construction, agriculture, forestry, fisheries, health care, social welfare, personal services, security services, transport services. The provisional list of offered VET teaching programs mostly reflects the needs for services sector or industries in Kaunas region. However, a focus is on IT professional skills and professions in HORECA sector (hotel, restaurant, café) and beauty industries.

**Personnel (requirements, working conditions).** The provisions by the Law on VET defines the responsibilities of VET institutions in terms of services provision and personnel. VET provider

may be any VET institution, a freelance teacher or any other provider (general education school, enterprise, organization whose main activity is other than VET) authorized to develop and implement VET programs. There are two types of teachers in VET institutions: general education subject teachers and vocational teachers. On average, vocational teachers represent more than half of all teaching personnel. Institutions that focus on training the (un)employed (such as labor market training centers) may introduce additional positions for trainers, for example, in-company trainers.

VET teachers must have a vocational and a pedagogical qualification or must have participated in a basic course on pedagogy and psychology. VET teacher training follows a consecutive model whereby a vocational qualification is studied first, followed by studies on pedagogy and didactics (Cedefop report, 2018). Table 6 provides an overview of pedagogical staff of VET institutions in Kaunas city municipality. The number of teaching personnel is decreasing mainly because of number of students at VET schools.

**Table 6.** Pedagogical staff of vocational education institutions in Kaunas city municipality

Pedagogical staff	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Total:	609	584	617	571	544
Director	8	7	6	5	6
Deputy Directors, Heads of Units	43	44	40	39	35
Practice guides	0	2	0	0	0
Teachers	138	117	121	120	114
Vocational teachers	381	375	409	369	349
Educators, dormitory educators	17	20	19	19	16
Social educators	8	8	7	6	8
Special Educators	3	1	2	2	3
Psychologists	2	2	4	6	6
Methodists	7	6	7	3	5
Driving Instructors	2	2	2	2	2

Source: <http://svis.emokykla.lt/profesinis-mokymas/>

**Facilities.** The VET schools in Kaunas city municipality can use a wide range of facilities for VET educational purposes (Table 7). However, the National Audit Office (2020) states the inefficient use of the facilities and building that require high level of investment and maintenance. Nevertheless, the EU Structural Funds were used to modernize teaching facilities and equipment. For example, one of VET system priorities set by central authorities were focusing on developing larger regional VET institutions and strengthening institutions where Sectoral Practical training centers have been established (in total 42 institutions). The where Sectoral Practical training centers were equipped with modern facilities and learning laboratories for students. The main aim of these centres is to assure that learners gain practical skills that match labour market needs using state-of-the-art technologies and equipment (Cedefop report, 2018). The recent report by National Audit Office (2020) concludes

that the establishment of where Sectoral Practical training centers is overlapping with the other VET schools and competing in number of students.

**Table 7.** Resources of VET schools in Kaunas City Municipality

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Area of school premises (total floor space / area of training facilities) m <sup>2</sup>	80.428,9 / 25.823,6 m <sup>2</sup>	79.029,7 / 23.587,23 m <sup>2</sup>	82.240,2 / 37.464,54 m <sup>2</sup>	82.341,05 / 37.549,54 m <sup>2</sup>	82.570,42 / 37.618,81 m <sup>2</sup>
Number of school dormitories (units)	7	6	6	6	6
Number of places in school dormitories	1782	1382	1366	1393	1419
School dormitory area, m <sup>2</sup>	23159,53 m <sup>2</sup>	17182,72 m <sup>2</sup>	13416,88 m <sup>2</sup>	18124,1 m <sup>2</sup>	14 258,1 m <sup>2</sup>
School computers (units)	1393	1393	1394	1458	1521

Source: <http://svis.emokykla.lt/profesinis-mokymas/>

### 5.3.2 Sub-urban case: Kaunas district municipality

**Main goals and targets.** Only one VET institution - Vilkija agricultural school is in Kaunas district municipality. The goals and targets of the institution is defined in their operational and strategic plan. Among the general priorities of VET school as a provider of ISCED level 3 and 4 education and other qualification programs for the local students, the goal is improving educational services, vocational training programs and content, taking into account the needs of students and the local labor market. Another part of institutional goals is related to the number of students and their achievements by improving student attendance rates, encouraging learning motivation and personal progress. The school seeks to adapt to changing requirements of VET modular learning by “*successfully organizing vocational training according to modular vocational training programs, to plan and prepare new training programs*”. A focus on the teaching personnel is also important: “*Provide employees with the opportunity to develop their general and professional competences according to their needs, the relevance of the training they provide*”. The institution defines its priorities based on general requirements and provisions in national VET legislation. However, the local focus is not covered by looking at the local labor needs and options for institutional collaborations.

**Users and service coverage.** The largest part of the students is from the localities around the school. The number of students has increasing by 12 percent from 2014 to 2019 and remains stable (Table 8).

**Table 8.** Students admitted to Vilkija agricultural school in Kaunas district Municipality.

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Students admitted to vocational training institution	332	351	347	333	364

<b>Graduates with secondary education diploma</b>	92	96	79	96	100
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**Source:** Vilkija agricultural school annual report, 2019.

**Services and their territorial distribution.** Vilkija agricultural school offers teaching programs in services sector. Students who complete or complete secondary education are admitted to vocational training programs: automotive mechanic, chef, nurse assistant, social worker assistant, accountant and cashier. The agriculture qualification programs are offered only for adults as non-formal education.

**Personnel (requirements, working conditions).** The general requirements for VET personnel in Kaunas district municipality are defined in the Law on VET. The qualification and professional requirements of VET teachers are regulated by central authorities that periodically evaluates their progress. Vilkija agricultural school does not have a functional discretion in modifying the teaching personnel requirements, excluding the supportive and administrative staff (Table 6).

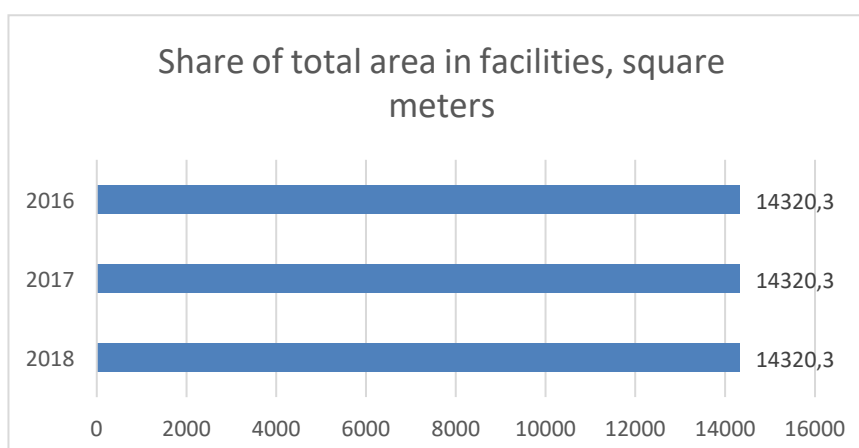
**Table 6.** Pedagogical staff and their qualification in Kaunas district municipality, 2018

	<b>Teacher experts</b>	<b>Senior teachers</b>	<b>Junior teachers</b>	<b>Non-qualified teachers</b>	<b>Total</b>
Teachers	6	3	4	0	13
Vocational teachers	4	8	9	8	29

**Source:** Vilkija agricultural school annual report, 2019.

**Facilities.** The recent report by National Audit Office (2020) concludes that the VET schools inefficiently use the facilities and buildings that require high level of investment and maintenance. Thereby there is a huge problem of the number of facilities that is not compatible with the decreasing number of students and need a lot of public expenses for infrastructural maintenance (see Figure 4). The Strategic plan for Vilkija agricultural school for 2020 concludes, that the facilities “*requires external and partial renovation of training block, hands-on workshop, canteen*”. However, other VET schools can provide different services of renting the facilities for the local business or other purposes.

**Figure 4.** Number of facilities in Vilkija agriculture school, sq. meters, share of total and unused area.



Source: National Audit Office, 2020.

### 5.3.3 Rural case: Pakruojis district municipality

**Main goals and targets.** Rural Pakruojis district municipality hosts only one VET school - Žeimelis agricultural school that has admitted 217 pupils in 2018. The goals and targets of the institution is defined in their strategic plan for 2017-2020 (Žeimelis agricultural school strategic development and operational plan for 2017-2020). Among the general priorities of VET school as a provider of ISCED level 3 and 4 education the institution is focusing on three strategic pillars. The first goal is to provide opportunities for the student to achieve the profession they want and that responds to job market needs. The modernization of teaching programs' content, the learning facilities and technologies, encouragement of pupils' motivation is also important. Another pillar is related to the qualification of VET teachers that should be modernized according to the requirement of modern vocational training and pedagogy. Finally, VET institution defines the importance to strengthen the collaboration with local community and social stakeholders by providing adult teaching courses, non-formal education and other related services. Žeimelis agricultural school defines the priority to become an educational center of the remote rural eldership in the municipality.

**Users and service coverage.** In 2016 336 pupils attended the VET school, 43% of them were from Pakruojis district municipality and 22% from neighboring Joniškis district, 7% - from Pasvalys district, 5% - from Šiauliai district municipality. Due to demographic changes, the tendency in number of students is negative in the locality. The number of students has dropped significantly by 37 percent from 2016 to 2018 (see Table 9).

**Table 9.** Students admitted to vocational training institution in Pakruojis district municipality.

	2016	2017	2018
<b>Students admitted to vocational training institutions</b>	349	282	217
<b>Rate of dropouts, %</b>	14	17	n/a

Source: Žeimelis agricultural school strategic development and operational plan for 2017-2020.

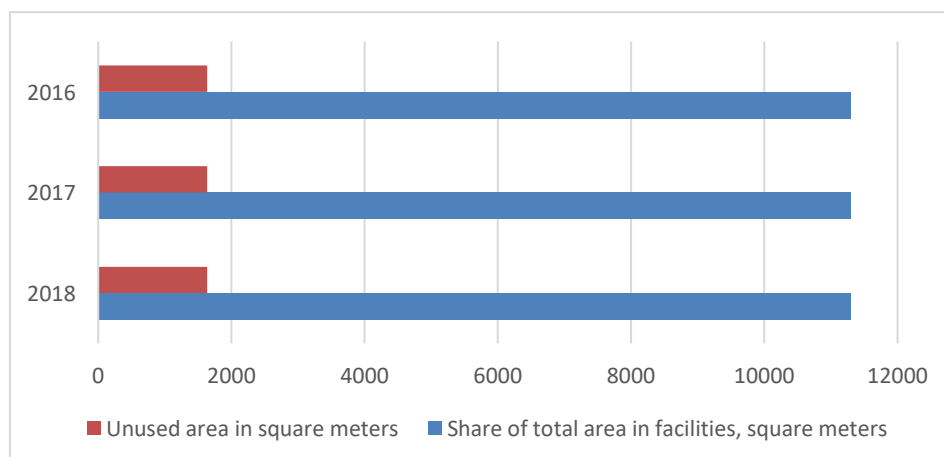
**Services and their territorial distribution.** In the 2015-2016 school year, students were trained in professions such as automotive mechanics, welders, vocational training programs for builders,

salesmen and cooks. In 2017 VET school has offered vocational training programs for vendors and welders for secondary education for graduates, including modular VET programs. In 2017 - 2019 new vocational programs were offered (car electricians, accountants and cashiers (within the framework of a modular vocational training program), confectioner). Looking from the territorial perspective, the range of professional training courses reflect the needs for employment in low-income services sector rather than agricultural sector.

**Personnel (requirements, working conditions).** The general requirements for VET personnel in Kaunas district municipality are defined in the Law on VET. The qualification and professional requirements of VET teachers are regulated by central authorities that periodically evaluates their progress. Pakruojis Zeimelio agricultural school does not have an autonomy in defining the teaching personnel requirements, excluding the supportive and administrative staff. According to data in Zeimelis agricultural school strategic development and operational plan for 2017-2020, in 2016 there were 70 employees, 29 of them pedagogical staff. The teaching staff consists of 17 vocational teachers and 11 general education subject's teacher and 1 dorm teacher. 14 teachers have the qualification of senior vocational teacher, 5 of them are in the category of expert-teacher.

**Facilities.** As it was noted in previous sections, the VET schools face the problem of discrepancies between decreasing student number and inefficiently use the facilities and buildings. In rural locality case, VET school has a large building at their disposal that could be used for the community needs. The total share of facilities is shown in Figure 5 that demonstrates that the VET school has a challenge of employing unused infrastructural services for the local community needs.

**Figure 5.** Share of facilities in Zeimelio agriculture school, sq. meters, share of total and unused area.



**Source:** National Audit Office, 2020.

### 5.3.4 Similarities and differences among the three case studies

We could summarize the similarities and differences among three case studies (urban, suburban and rural municipalities) that demonstrate the specificity of the VET policy implementation profile in each area (see Table 10).

**Table 10.** Similarities and differences in VET policies in three localities.

	Localities	Characteristics
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Similarities	Kaunas city municipality (urban)	<ol style="list-style-type: none"> <li>1. Negative impact of decreasing number of students on institutional network and costs optimization.</li> <li>2. Dependence on public funding mechanism defined by “student-basket” unit costs.</li> <li>3. Low attractiveness of VET programs for students.</li> <li>4. Low support for youth entrepreneurship and self-employment and fostering re-qualification programs for adults.</li> <li>5. Not clear traces of local labour market needs and focus on low-income services sector professions.</li> <li>6. Low participation of social and business stakeholders in school boards and modification of training and qualification programs adopted to local needs.</li> <li>7. Low level of outsourcing and innovative teaching practices.</li> </ol>
	Kaunas district municipality (suburban)	
	Pakruojis district municipality (rural)	
Differences	Kaunas city municipality (urban)	<ol style="list-style-type: none"> <li>6 Higher competition between VET school in the urban area (Kaunas city) and supply and demand in VET programs and non-formal education for students and adults.</li> <li>1. Focus on low-qualification services, HORECA and beauty industry sectors in vocational programs supply. Local business needs are not fully covered.</li> <li>7 Low level of inter-institutional cooperation and engagement in local policy agenda on labour market needs, professional skills and re-shaping qualifications.</li> </ol>
	Kaunas district municipality (suburban)	<ol style="list-style-type: none"> <li>5. Low competition and supply and demand in VET programs and non-formal education for students and adults.</li> <li>6. Low engagement in recognizing local needs and advantages.</li> <li>7. Focus on low-qualification services and HORECA sectors in vocational programs supply. Local business needs are not covered.</li> </ol>
	Pakruojis district municipality (rural)	<ol style="list-style-type: none"> <li>3. Low competition and supply and demand in VET programs and non-formal education for students and adults.</li> <li>4. High level of engagement in recognizing local needs and advantages and encouraging local community participation in VET policies and educational activities.</li> <li>5. High negative impact of demographic decline and spatial remoteness of the VET school.</li> <li>6. Spatial coverage of students from neighboring municipalities.</li> </ol>



## 6 Priorities and Social Investment Strategy

### 6.1 Diagnosis

Summarizing, vocational education and training system in Lithuania challenges different problems in terms of the attractiveness of VET studies, modification of formal and non-formal teaching programs to local labor market needs, inclusiveness of adult learning, marketization and consolidation policy pressure. This is reflected by a low number of students and other employees' groups participating in the vocational training in all levels of VET system. The negative stereotype that VET institutions are chosen by the least advanced students are typical among youngsters and their families. The national level challenges and problems of VET system also creates the tension on municipal level to sustain the inclusiveness of the overall system to the territorial governance. The analysis of VET also suggests proposals to increase the capacity of the system and define the priorities of the overall policy field.

**(1) The decreasing number of students and re-modification of VET institutional network.** The participation in VET system is relatively low in terms of number of students and attractiveness for the adult employees in Lithuania. The government initiatives to improve the balance between VET system and labour market demand by developing formal and informal VET programs, supporting youth entrepreneurship and self-employment, fostering re-qualification programs are not operating effectively. To face the challenge of attractive and good quality VET system which should therefore prepare employees for working with new innovative technologies, a network of sectoral practical training centres was established since 2016. The centres should cooperate more actively with social partners. However, the collaboration initiatives are rare and not effective. The top-down advisory institutions (the Vocational Education and Training Council, the Central Professional Committee, the Centre for Quality Assurance in Higher Education, and others) are expected to foster this process by continuing efforts to collaborate with local companies and other social stakeholders.

The other policy measure to balance the decreasing number of students is the conversion of VET curriculum into a modular one fostered by central authorities. Modular training enables faster training, focusing on skills of relevance to business. Moreover, there is a duplication of formal and non-formal teaching programs provided by the same VET schools, especially in institutions in the same vicinity.

The policy measure to optimize the VET school network is being implemented since 2018 by the efforts of the Ministry of Education, Science and Sports (Operational Plan for Development VET schools' network, 2018 -2020). The reform plan defines the principles of merging VET schools with secondary schools in the same municipality. The proposal suggests to fully merge 5 institutions out of the 61 currently operating VET schools. 25 VET institutions are proposed to arrange joint action agreements with secondary schools. Other options are offered are transferring schools to a separate vocational training unit in secondary education schools. Four VET schools would also have an adult non-formal education unit.

**(2) The financial mechanism of VET system.** The financing mechanism of VET institutions are based on centrally allocated "student basket" which means the more intensive competitiveness among the vocational schools to attract higher numbers of students by offering them attractive learning programs. The supply and demand of VET teaching programs is mostly depending on free market principle by offering the attractive programs rather than applying to local business needs. All public vocational schools are established by the Ministry of Education and Science according to the Law on Vocational Education and Training which maintains the main control and steering of the vocational policy, teaching programs and professional qualification systems. Municipalities' impact on funding

mechanism in policy implementation is minimal. The adequate and effective financing of VET system is needed to apply the municipal needs. The financial challenge is also related to the demographic structure of vocational and general education teachers where elder teachers comprise the largest share of the overall VET institutions staff. To address the problem, it would be important to enable young personnel to work as vocational education teachers. Currently, there is a new model for staff remuneration (since 2018), that should provide more opportunities and attract more qualified people to work in VET policy field.

**(3) Regional dispersion.** The Ministry of Education, Science and Sports intends to implement the reform of VET by 2020. The VET reform focuses on the fact that VET programs available in the largest cities of the country would be subjected to specialization (limiting to 2-3 specialties). To this regard VET institutions in the regions should offer a wider range of teaching programs referring to the territorial needs and economy and employment structure. The VET reform is more tailored to apply the needs of large regions and cities rather than focusing on peripheral ones. It reflects the main tendencies of the state regional policy to foster the economic growth in urban regions. Furthermore, there are provisional plans to merge VET institutions in smaller Lithuanian municipalities and localities to ensure better learning conditions. The reformed VET is expected to attract more students.

**(4) Participation of social stakeholders and recognition of territorial needs.** The New Skills Agenda for Europe (adopted on 10 June 2016) invites the social partners, industry and other stakeholders to raise the quality and relevance of professional skills training to enable better career choices for employees. In case of Lithuanian VET policy field, the network of social and private stakeholders in enhancing and restructuring VET system is not efficient enough. For example, the trade unions and business associations have a very limited interest in tailoring VET policies, mostly because of the low image of VET students' qualifications and skills. The participation of local municipalities is very vague and having no direct impact on policy implementation. One of the most recent political initiatives is defined in the "White Papers on Lithuania Regional Development for 2017-2030" (approved on 2017 December 12). The strategic document states that the several related pilot regional economic specialization initiatives will be implemented in 2018. One of them is to develop and modify vocational education programs which could apply to the needs of foreign and local investments and specialized business infrastructural needs.

**(5) Better inclusiveness of beneficiaries with different socio-economic backgrounds.** Providing learning opportunities for people from disadvantaged socio-economic backgrounds or those with special needs is still a challenge. The more open enrolment policy is introduced by few VET institutions that reflects the general state educational guidelines fostering better inclusiveness of children with disadvantageous backgrounds. In the 2018-2019 school year, 26 vocational education institutions (out of 67) had admitted students with special education needs, and there is a lack of educational support staff in schools. Another challenge is scholarships and material support to reduce social exclusion of students. Student scholarships are low, and most parents are socially disadvantaged, job seekers, or have young children in their family. The cost of living is difficult for some students from socially excluded families. A significant number of students entering vocational schools have poor health which complicates their learning. Many VET students are at different risk groups: they consume alcohol, are victims of violence, and avoid schooling. Because of low family income, many young people go to low-skilled and low-paid jobs after completing their primary education, and employers do not require qualifications. The number of children not attending school and the young people who have not acquired their profession are increasing (this is especially important for small towns and rural areas).

**(5) Apprenticeship.** The last challenge is insufficient focus on the development of apprenticeship programs in Lithuanian VET policy. Referring to the amendments to the Law on VET, the Law on Education, the Law on employment, the Law on Higher Education and Research, and the Law on Public Institutions, the primary intention is to make changes in linking closer the VET and the on-

the-job- training process. The goal of the central authorities is enabling the VET student to obtain professional qualification based on the competencies acquired through apprenticeship. However, the number of students in Vocational Training Apprentices was about 1.9 percent in 2018-2019. 40 percent of VET schools did not apply apprenticeship programs at all because of the lack of teaching competencies, organizational skills, municipal support and poor relationships with local business. The state's ambition to increase the number of students by 20 percent in apprenticeship form was not implemented. Referring the National Audit Office Report (2020), a quarter of surveyed employers (larger companies) work with VET schools on professional training or in-service training. Larger companies and those working with VET schools are more likely to employ a skilled worker rather than low-qualification ones.

## 6.2 Priorities

Summarizing we could set the list of main priorities in the local policy agenda for developing VET policy field in terms of targeting users, increasing accessibility and quality and participation of stakeholders in defining local needs in relation to the priorities of Social investment approach (SI).

- (1) **Curriculum of VET.** Special attention should be paid to VET measures that support lifelong learning, assessment and recognition of formal and informal learning, and adult requalification mechanisms and their interrelation with the labor market needs in individual regions. The statistical situation indicates the growing demand for younger labor force. However, the increasing outmigration rates enables us to discuss on the more active involvement of older generations and their professional qualifications.
- (2) **Socio-demographic profile of students.** The issues of decreasing number of pupils in VET institutions and changing labor market needs also needs to be considered especially in the rural (mostly, border) regions which has the highest drop in population size and outmigration rates.
- (3) **VET network consolidation.** The restructuring and concentration of the regionally based vocational schools' network (since 2018) and its effect on vocational training policies on municipal level also needs to be considered as a priority. The government plans to establish several multi-profile regional vocational VET centers and schools that apply to the needs of recent labor market needs and meet local employers' expectations. The initiative to re-organize the VET institutional network is related to the further development of Free Economic Zones in the regions and the needs of foreign companies located in these zones. However, the government still lacks of clear vision on the use of VET schools, mostly because of dramatically decreasing number of young students in peripheral regions.
- (4) **Cooperative initiatives.** The aspect of attractiveness of VET system to students by fostering the effective of cooperation between employers, local NGOS, trade unions, state labor exchange agencies, local municipalities and VET institutions should also be considered. The aspect of how to involve all municipal stakeholders and social partners in VET qualifications development is important. Social partners, VET providers, and other stakeholders should be able to initiate a VET programs in new professional qualifications; to prepare highly skilled employees for the local economies.
- (5) **Local autonomy.** The aspect on the more active involvement of local municipalities in implementing VET policy could be also prioritized. Based on VET legislation, the role and responsibilities of local municipalities is very limited in this process.

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# Early Childhood Education and Care (ECEC)

## Executive summary

The chapter focuses on the case of early childcare education and care policy (ECEC) in Lithuania. The chapter demonstrates that the main responsibility for the implementation of ECEC policy is allocated to the municipal authorities, monitored by the Ministry of Education, Science and Sports. In Lithuania, the central authorities provide state-allocated funding for the ECEC system and regulates the teaching provisions and the qualifications of the ECEC teachers. The role of municipalities is related to regulation of the institutional network of ECEC institutions, quality of the childcare services and for the procedures of enrolment, discounts, and fee policies. The chapter provides the contextual description of the local governance system including national and territorial policy goals, assignment of responsibilities and bodies within the ECEC policy area, the question of local autonomy, funding mechanism, role of private actors, forms of public/private partnership, coverage of services and personnel. The report chapter also reveals the current ECEC situation in three localities of urban (Kaunas city), suburban (Kaunas district) and rural municipality (Pakruojis district) referring to the beneficiaries, financial mechanism, service coverage, the division of institutional responsibilities, personnel recruitment policy. Finally, recommendations for the Social investment approach are provided, focusing on curriculum and quality of ECEC services, institutional network development and spatial coverage, improvement of service provision for children with special needs, the issues of accessibility and availability and importance of private initiatives and innovative models for formal childcare.

## 7 Part - 1 The governance system

### 7.1 National institutional setting

**Division of responsibility among different administrative levels.** Law on Education (Žin., 1991, Nr. 23-593) defines general aims, mechanisms and policy actors responsible for the ECEC in Lithuania. Strategic goals of the Education are defined in the National Strategy of Education, which is prepared by the Government for the ten year period and approved by the Parliament. Ministry of Education is responsible for the policy formation, quality and coordination of the educational policies. Municipalities are responsible for the network of ECEC institutions, quality of the services; they are independent in developing the network of ECEC institutions. Municipalities are also responsible for the procedures of enrolment, discounts and fee policies. Municipalities might partially reimburse the costs of the private child-care services to the families. Thus, the responsibilities for ECEC is decentralized in Lithuania.

**ECEC policy goals.** General goals of the ECEC in Lithuania are: provision of the high quality services, accesibility of the services, high quality personnel, efficient system of monitoring and evaluation of the ECEC services, sufficient financing and effective governance. Currently there are several policy goals. First, the expansion of the participation in the ECEC in the rural areas, which is expected to growth. In addition, expansion in urban areas is expected to be implemented by creating "sustainable and equitable funding models" (Education in Lithuania, 2017). The next goal is the development of the comprehensive quality control system, which includes two levels – internal (municipal) and external (National Agency fo School Evaluation). Standardization of the services for the children with special needs is set as the other policy goal in Lithuania. In addition, the goals linked with the rising of the professional competences of the ECEC personnel are also prioritized.

**Expenditures and policy funding mechanisms.** Lithuania spends 0,7 % of GDP for the ECEC, which is close to the OECD average (Education in Lithuania, 2017). Public institutions of ECEC are free of charge; however, parents pay for the meals. Private expenditures comprise 15 % of the total expenditures on ECEC. The number of private institutions is rising.

EU funds are allocated for the development of the early childhood education programs, training of the personnel, inter-sectorial co-operation, creating the multifunctional centers, modernization of the infrastructure, availability of the educational tools aimed at the development of child's creativity and self-regulation. "Yellow bus" program is also partially financed from EU funds and is aimed to increasing the accessibility of services for children from remote areas, for example, the EU funding of 6 mln Eur was allocated for a centralized purchase of 140 school buses for the period of 2014-2020 (information of the Ministry of Science, Education and Sports, 2019)<sup>8</sup>.

The standardization and equalization of the ECEC policies between the territories is established through the national level financing mechanisms. The ECEC is funded jointly by governmental funds and municipalities. Government provides basic funds for the 20 hours per week for each child and municipalities might supplement the funding. There are no additional special policies for standardization and equalization of ECEC.

In 2011 the financing model of "student basket" had been introduced (each child is entitled for the "student basket" and 100% funded by the state subsidies) disregarding of the type of the ECEC institution (public or private). Children with special needs are offered the "student basket" of higher amount, this affects the inclusion. The level of the centralized funding is too low to secure the high-quality services in all territorial units, thus, the responsibility for the supply and the quality of the ECEC is transferred to the municipalities. Thus, there is high spatial variation in securing the ECEC services. Some municipalities subsidize family expenses in the private ECEC institutions, but the size of subsidy and share of families receiving it differ. Only part of the municipalities provides the free transportation services.

**The role of private actors.** The role of the private sector in ECEC is growing in the recent years as the result of the reforms related to the liberalization of the hygiene norms and the introduction of the 'student basket' financing mechanism. The liberalization of the hygiene norms allowed to provide the ECEC services in various establishments and thus, in positive way affected the supply of the services. Since 2011 after the reform, the number of private institutions is growing, particularly in urban areas (Reviews of National Policies, 2017). However, private sector comprises only very small part of the ECEC system. In 2017, only 6% were enrolled in private institutions, a similar share to other Eastern European countries (OECD Education at glance, 2019). The private actors are also eligible for the 'student basket', however, parents have to cover additional expenses related to the service provision and the overall price for childcare in private institutions is high.

**Policy monitoring, controls and evaluation activities.** The responsibility for the curricula of the ECEC and quality of the services is decentralized and thus, there is no comprehensive system of the quality control. The internal evaluation is done by institution and the external one by the municipalities, however, municipalities lack clear guidelines and instruments of the quality control and in many cases also lack the competence for the assessment (exception could be the large urban municipalities). Thus, the level of quality of the services might be different between the municipalities. Recent policy developments stress also the role of the external control. It is expected that the external quality assurance could be implemented by the National Agency for School Evaluation. (Education in Lithuania, 2019). This legal entity is responsible for the quality control at the primary and secondary school level. It is also expected that the implementation of this measure

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<sup>8</sup> Project information of the Ministry of Science, Education and Sports, available at: <https://www.sac.smm.lt/projektai-ir-programos/projektai/vykdomi-projektai/es-projektai/>.

ensures “that municipalities do not experience conflicting interests that arise from being founder, funder and quality monitor” (Education in Lithuania, 2019).

Currently, the parents as the stakeholders are to the very limited extent involved in the governance, supervision of the service quality of the ECEC. Although this is common problem, however, in urban areas, where the parental formal and informal associations have overall higher capacities, the involvement is stronger.

## 7.2 Shifts in the last ten years

The ECEC policy development in the past decade included several reforms. Overall, during the period, the field was dominated by the policies targeting the expansion of the access to the ECEC. In addition to this, there is a recent policy shift towards the higher level of the centralization of the quality control of the ECEC services. The additional policy development targets the inclusion of children with the special needs. The workforce of the ECEC is another policy issue. In the following we will discuss each of the ECEC policy shifts.

**Policy shifts related to the expansion of participation in ECEC system.** The policy reform of 2011 eased the hygiene norms for the premises, which provide the childcare services and education. Following this, the childcare institutions could be established in private homes, multi-functional centers and other multipurpose housings (Aidukiene 2014). The new legislation changed the norms, which existed since the soviet period. The lift of the hygiene restrictions created the pre-conditions for the establishment of the childcare institutions by the private sector, but also created more favorable conditions for the municipalities to adapt the existing infrastructure to the childcare.

In the same year the new model of financing of the ECEC was introduced, the so-called “student basket” model. According to it, each child is entitled to the amount of money for the care and education and the principle of “money follow the child” was introduced and implemented. State subsidy follows the child disregarding of the type of the ECEC institution attended, i.e. public or private. Children with special needs are offered the “student basket” of higher amount, in order to increase the inclusion of this group of children in the ECEC. The methodology for setting the amount of the student basket is updated from time to time. As the outcome of these policy measures the share of children participating in the ECEC significantly increased. For example, enrolment among children 3-6 years increased from 70 per cent in 2005 to 88,7 in 2018 (Education in Lithuania, 2017, Statistic Lithuania, 2020). However, the increase is much more pronounced in urban areas, where almost all children of the age group 3-6 attend the ECEC. In the rural areas the rise was very moderate, in 2010 the participation was 35 per cent, while in 2018 – 46 per cent (Statistics Lithuania, 2020).

The introduced legislative reforms also diversified the field of ECEC. In addition to the public ECEC institutions the private sector started to expand. In 2010 -2011 there were only four private childcare institutions and in 2017-2018 already 138 (Statistics Lithuania, 2020). However, it is mostly concentrated in the urban areas and the part of the childcare services provided by private sector remains low. As it was already mentioned previously, only 6 per cent of all children attend the private childcare facilities.

The policies aimed at the expansion of the ECEC education also include the measure of the obligatory pre-school education. This type of education was optional previously. In 2012 several financial incentives were introduced to the families in order to promote this type of early education. The measures were targeting the disadvantaged families and offered the discounts for pre-school education for the children from single parent families, children from families with three and more children, families receiving social benefits (Aidukiene 2014). Next step in the expansion of the pre-school education was made in 2015, when the amendments were made to the Law on Education. The changes introduced the obligatory one-year pre-school education for all children from the age of 6 years. One of the implicit goals of the amendment was the aim to increase the participation in the

formal pre-school education of the children from rural areas and to improve the educational chances of more deprived children from rural areas.

Accessibility of the ECEC was also increased by introduction of the smaller scale policy initiatives. For example, in rural areas the existing infrastructure was adapted to the changing needs of the population and constructing/renovating the multi-functional centers and co-funding these activities from municipal and EU Structural funds. In addition, municipalities introduced the yellow bus services and preschoolers from remote areas can reach the ECEC institutions or schools.

In order to increase accessibility many municipalities also introduced the e-queuing system, when the enrollment in the public institutions is possible only through the e-system and flows of enrollment are monitored by the municipality.

The accessibility of ECEC is also promoted by partial coverage of the childcare services fee for the families if the municipalities are not in the capacity to provide the publicly funded place. It means that the municipality decides itself to cover a part of ECEC fees for the private service providers if the supply not covered by the municipal services infrastructure. The level of municipal subsidies for the families varies in different municipalities.

*Quality of the ECEC services.* In 2007 Lithuania introduced the legislation which decentralized the quality control of the childcare and pre-school education services (Reviews of National Policies, 2017). The curricula of the child education and quality control responsibilities were assigned to the institutions. The Ministry of Education, Science and Sport took non-directive role and provided only guidance and methodological advice. Revision of the curricula also became part of the municipal responsibilities. Thus, municipalities became the founder, funder and the provider of the services and this condition in some cases mitigated the quality standards. After the decade in 2016 the Ministry of Education, Science and Sport initiated the discussions on the quality control in the ECEC services. The process was also backed by the external experts and international organizations (for example OECD). It has been discussed that the quality control could be implemented by activating the role of the Ministry of Education, Science and Sport and also by delegating part of the quality assurance functions to the national level institutions. The Ministry could prepare the guiding templates, which could be used by the municipality officials in the quality evaluation process. The National Agency of School Evaluation could be also included in the process and become the external evaluator. The policy discussions also stress that parents are not included in the quality assurance and this also calls for the actions.

*Expansion of services for children with special needs.* Inclusion of children with special needs into the ECEC system also becomes a policy issue. It has been recognized that there are problems related to the use of facilities and infrastructure, but also related to the shortages of the specially trained personnel. The problems are particularly relevant in the rural areas, where there is shortage of the specialists, but on the other hand, more children are exposed to the disadvantageous conditions. The discussions are ongoing about the creation of more intense collaboration between the health specialists and the ECEC.

*Workforce of the ECEC.* There are active policy discussions about the workforce in the educational system in Lithuania, including the ECEC subsector. Ageing of the ECEC teachers is seen as one of the problems. Due to the low salaries in the subsector the profession of the ECEC teacher is not attractive and young people do not enroll in the studies related to the ECEC. In addition, growing demand for the ECEC services also increase the demand in teaching staff, however, young qualified personnel do not enter the subsector. The shortage of the personnel is especially high in rural areas, however, even the large urban centers experience it (Siarova, Buinauskas 2017). Although the high quality ECEC services are set as a priority, the system of the competence development of the ECEC teachers still has the space for the improvement. According to the legislation, the ECEC teachers are “entitled to five days per year for their professional development, they are not obliged to make use of this opportunity” (Siarova, Buinauskas 2017).



### 7.3 Local governance systems

The sub-chapter 7.3. focuses on the contextual description of the local governance system including territorial policy goals, assignment of responsibilities and bodies within the ECEC policy area, the question of local autonomy, funding mechanism, role of private actors, forms of public/private partnership. The national level analysis of ECEC system provided in chapter 7.1. underlines the main characteristics of childcare provision system as a unitary system supervised and controlled by central authorities. In Lithuania, the central authorities provide funding for the ECEC system and regulates the teaching provisions and the qualifications of the ECEC teachers. However, the municipalities can regulate the institutional network of ECEC institutions. Municipalities are responsible for the network of pre-school child-care institutions, quality of the childcare services and for the procedures of enrolment, discounts and fee policies.

The Ministry of Education, Science and Sports is responsible for only several functions of ECEC system, including monitoring of childcare provision, requirements for the staff qualification and providing public funds for ECEC system. Nevertheless, the municipalities are the founders of all ECEC institutions which operate on municipal level. Several relevant points could be noted. First, the national funding scheme of ECEC partially covers expenses using “child basket” principle, thus, municipalities contributes partially, for example, covering the expenses for the families at social risk or unemployed parents. Second, on the national level the responsibility for the curricula of the ECEC and quality of the services is decentralized and thus, there is no comprehensive system of the childcare quality control nor unified curriculum for the education content. Third, parents as the stakeholders are to the very limited extent involved in the governance of the ECEC institutions.

We define the basic aspects of ECEC system on local (municipal) level that are characteristic for all three analyzed localities: urban, suburban and rural municipalities.

**Assignment of responsibilities and bodies within the ECEC policy area.** The main ECEC policy implementation mechanism and instruments are defined in the Law on Education (approved in 1997 with later amendments). Ministry of Education, Science and Sports is responsible for the ECEC policy formation, quality and coordination of the overall preschool and pre-primary education in the country. All public ECEC institutions are established by the municipal authorities, except the private childcare institutions. The private childcare providers operate in accordance with the order established by the Minister for Education, Science and Sports. In 2016 pre-primary education became compulsory that means the higher level of responsibility to the municipalities to establish and maintain pre-primary classes. The Minister for Education, Science and Sports approves the criteria for the preschool education program. An educational institution providing preschool education prepares and implements its preschool education program according to the approved criteria. The network of ECEC institutions mostly depends on decisions taken by municipalities. Municipalities are responsible for organization and coordination of ECEC establishments, the procedure of admission, the priority enrolment, admission of children with special needs, recruitment of teachers and other staff, fee policies and maintaining of facilities. In 2003, the Minister for Education, Science and Sports has approved the ‘Guidance for Municipalities on Centralized Admission of Children to Groups of Preschool and Pre-Primary Education of ECEC providers. According to the document, the admission to an ECEC institution may not be administered directly by the provider of the services but by the educational departments of municipal administrations. Thereby, the Ministry also regulates the grouping and age of children to ECEC institutions according to their the physiological and age characteristics related to the organization of the child’s day and educational activities. The central recommendations also regulate the day schedule of the childcare, including day regime, napping time, nutrition and educational activities. The exclusion is the duration of the operational hours of preschool groups that may vary to a great extent. Some preschool institutions operate for from 3 to 12 hours on weekdays and others (weekly

kindergartens) operate for 24 hours a day. Some ECEC institutions apply the operational hours accordingly to the parental needs (earlier opening and later closing). In all groups where educational activities last for more than four hours per day, children are provided with facilities for hot meals and nap time (bedrooms).

**Territorial policy goals and ECEC system.** The overall situation of national ECEC system is summarized in the chapter 4.1. The main territorial policy goals for ECEC system is related to the accessibility in urban and rural areas, educational quality and better inclusion of children from the families at social risk and poverty.

The participation in early childhood education and care (ECEC) for children from 3 to 6 years of age, which is the age of compulsory start of the school, is close to the EU average in Lithuania and in 2018 was 88,7 per cent (EU target – 95 %) (Education and Training Monitor 2017). Currently, the attendance of children 1 to 2 years of age is 44 per cent and constantly increasing since 2000 (Figure 1, Statistics Lithuania 2020).

**Figure 1.** Enrolment of children to ECEC system in Lithuania.

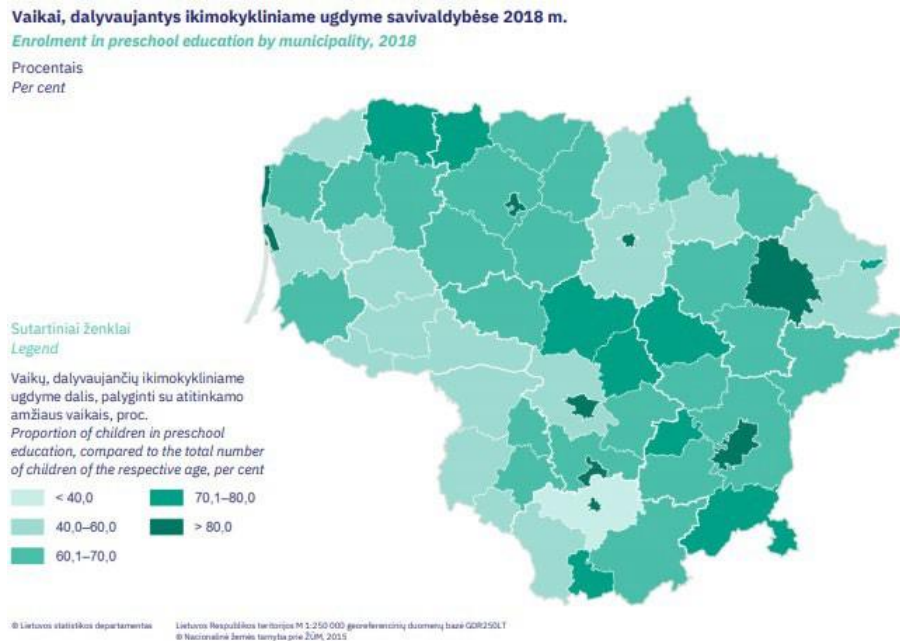


Source: Statistics Lithuania, 2020. <https://osp.stat.gov.lt/services-portlet/pub-edition-file?id=33460>

Although the participation rates are increasing, there is significant urban-rural difference, which reflects the main territorial policy challenge (see Figure 2). The rate for children 1 to 2 years of age is 12,5 % in rural areas and 47,6 % in urban areas, while for 3 to 6 years of age 36,8 % and 98,2 % correspondingly (Statistics Lithuania, 2018). There are spatial disparities in the dispersion and availability of ECEC places in rural and urban municipalities. For example, in urban Vilnius region the proportion of children in ECEC education was over 80 per cent compared to more rural Utena region with less than 60 per cent of enrolment rate. Urbanized Vilnius and Kaunas regions suffers with a lack of ECEC places for all families. Paradoxically, in Utena, Panevzys, Alytus regions, that are most demographically aged, the availability of the places at ECEC institutions is the highest. Thus, there are two challenges: first, access to the ECEC in rural areas, where the poverty rates and disadvantage is high, and 2) enough supply in urban areas (Education in Lithuania, 2018). Access to early education is not ensured for all children: in 9 out of 60 municipalities, kindergartens do not have enough places for all requires. Third (3), there is another regional policy challenge of participation of

children aged 3 to the mandatory school age from households at risk of poverty and social exclusion. The Education and Training Monitor (2019) finds out that the gap between enrollment of children from social risk families and children from a more advantaged background is 15.7 per cent (The Education and Training Monitor (2019)).

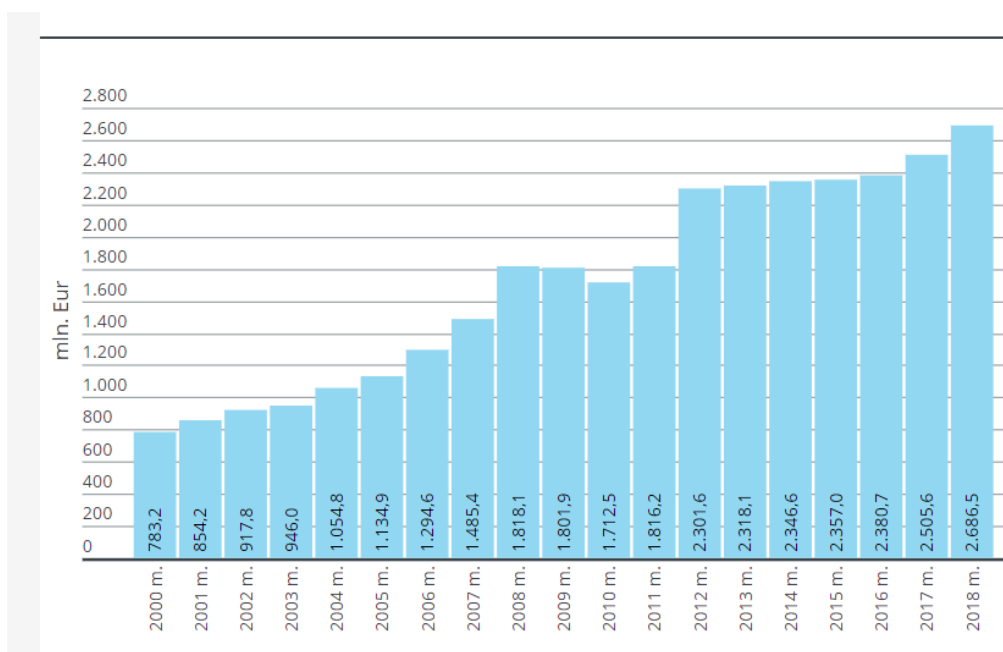
**Figure 2.** Enrolment of children to ECEC system in municipalities, 2018.



Source: Statistics Lithuania, 2020. <https://osp.stat.gov.lt/services-portlet/pub-edition-file?id=33460>

**Funding mechanisms of ECEC.** The ECEC is funded jointly by governmental funds and municipalities. The standardization and equalization of the ECEC policies between the territories is established through the financing mechanism within “pupil basket financial principle”. This is a purposive state subsidy – a basket (firstly introduced in 2008), part of which is directly allocated to the ECEC school and municipalities receive a smaller part for further reallocation. In 2018, a mixed funding method replaced the ‘pupil’s basket’ by a so-called ‘class basket’. The majority of the funds are calculated for kindergarten group and some costs according to the number of children. Additionally, through differed programmes, the state can allocate investment funds for the development of education, for example, for the construction, renovation or restructuring of facilities, or the development of human resources. Government provides basic funds for the 20 hours per week for each child. Municipalities might partially reimburse the costs of the private child-care services to the families at a social risk. Municipalities might also supplement the funding for the extra personnel, for example, social care employees, logopedics specialists and psychologists. The general overview of total educational expenses on municipal level is provided in Table 1 that demonstrates the significant increase of public funding for educational policies.

**Table 1.** Funding of municipal expenses to educational institutions (ECEC, primary and secondary) in Lithuania, mln. EUR.



Source: Ministry of Finance, 2019.

As municipal councils are the founders of public ECEC institutions, it is the municipal council of every municipality that establishes the fees for a childcare services. Parents must pay for the provision of meals for children. As mentioned before, private expenditures comprise 15 % of the total expenditures on ECEC. The number of private institutions is rising. The increasing number of private providers is making ECEC service more accessible, but mainly in urban areas. Moreover, the proportion of the costs of privately provided ECEC reimbursed through public subsidies varies by municipality, and not all families receive a subsidy (European Commission, 2019).

EU funds are allocated for the development of the early childhood education programs, training of the personnel, inter-sectorial co-operation, creating the multifunctional centres, modernization of the infrastructure, availability of the educational tools aimed at the development of child's creativity and self-regulation. "Yellow bus" program is also partially financed from EU funds and is aimed to increasing the accessibility of services for children from remote areas.

**Local autonomy and territorialization.** The level of local municipalities (LAU) autonomy for implementing ECEC system is relatively high. Law on Education (Žin., 1991, Nr. 23-593) defines general aims, mechanisms and policy actors responsible for the ECEC. Strategic goals of the Education are defined in the National Strategy of Education, which is prepared by the Government for the ten-year period and approved by the Parliament. As it was noticed above, municipalities are responsible for the network of ECEC institutions, quality of the services; they are independent in developing the network of ECEC institutions. Municipalities are also responsible for the procedures of enrolment, accessibility, availability, discounts and fee policies.

Table 2. The number of preschool establishments in Lithuania in rural and urban areas, 1995-2018.

**Ikimokyklinio ugdymo įstaigos**  
*Preschool education establishments*

Metų pabaigoje  
*End of the year*

	1995	2000	2005	2010	2015	2016	2017	2018	
<b>Ikimokyklinio ugdymo įstaigų skaičius</b>	<b>741</b>	<b>714</b>	<b>656</b>	<b>626</b>	<b>721</b>	<b>737</b>	<b>738</b>	<b>731</b>	<i>Number of establishments</i>
Mieste	502	501	491	499	614	633	639	632	<i>Urban areas</i>
Kaime	239	213	165	127	107	104	99	99	<i>Rural areas</i>
<b>Jose vaikų, tūkst.</b>	<b>90,3</b>	<b>90,1</b>	<b>90,0</b>	<b>94,7</b>	<b>115,6</b>	<b>116,8</b>	<b>119,3</b>	<b>120,9</b>	<i>Number of children in them, thous.</i>
Mieste	81,2	80,6	79,9	84,3	100,7	101,5	103,7	105,1	<i>Urban areas</i>
Kaime	9,1	9,5	10,1	10,5	14,9	15,3	15,6	15,8	<i>Rural areas</i>

Source: Statistics Lithuania, 2020. <https://osp.stat.gov.lt/services-portlet/pub-edition-file?id=33460>

In general, the number of preschool education providers is changing differently in urban and rural areas (Table 2). During the years 1995-2018 the number of preschool education institutions slightly increases excluding the pick of closures in 2005-2010. From 2011 the number of ECC institutions started to increase due to liberal changes to the requirements for establishing preschool education institutions. In 2018 there were 731 institutions providing preschool education in municipalities. However, the number of rural ECEC institutions is significantly declining due to urban-rural migration and demographic decline. Contrary, the number of childcare providers is increasing in urban municipalities (632 institutions in 2018).

**Role of private actors, forms of public/private partnership.** Considering the role of private ECEC providers, the total number of private ECEC institutions increases mostly in the largest urban cities of Vilnius, Kaunas and Klaipėda. The main cause is the lack of availability to ECEC places and educational quality. In 2012 the public consultations–discussions have started about the variety of ECEC organisational models in Lithuanian municipalities. A national level competition to introduce innovative models of ECEC organisation was organised with 143 applications from 45 municipalities. The variety of ECEC models included “green schools”, outdoor kindergarden, other alternative educational systems (Ministry of Education, Science and Sports, 2019). It should be noted that the education in private ECEC institutions is also funded through the ‘class basket’ principle. Even though private kindergarden receives a ‘class basket’ for their children education, they may also charge fees for covering other education-related costs. The amount for this additional contribution is determined by the private ECEC institution founder and paid on a contractual basis with parents.

#### **Main changes on municipal level.**

In order to expand access to ECEC provision and ensure territorial policy goals, the Ministry of Education, Science and Sports made the following changes. The changes also affected the municipal level for implementing different recommendations and provision on teaching qualifications, nutrition of children, establishment of private kindergarden, etc.

1. The legal regulations were introduced that would allow ECEC education to be partially funded by applying the principles of “money follows the student” as they are applied to general schools. Since 1 September 2019, a mixed funding method called a ‘class basket’ has been applied to municipal and private schools. It is a basket of basic education costs, linked with the implementation of education content. This means that a formula is calculated for each

- school according to the actual number of hours needed to implement the education plan and number of children in a class is counted.
2. Simplified hygiene norms for the establishment of preschool institutions, including private ones.
  3. Liberalization of the requirements for the buildings and premises applicable to individual providers seeking to establish ECEC institution.
  4. Establishment of universal multi-functional centers in rural areas that also provide childcare and preschool education (in 2019 there were 38 centers on country level);
  5. Preschool education groups with prolonged hours were established with the aim of supporting parents who have prolonged working hours.
  6. As part of the Pre-School and Pre-Primary Education Development Programme for 2011–2013, the Ministry of Education, Science and Sports has introduced on-going trainings for pre-school educators, social teachers and education support specialists who work with children and families at social risk to enroll more children to ECEC institutions.
  7. Changes in catering and healthy nutrition recommendations for public ECEC institutions. In 2018 the Minister of Health has approved the recommendations "on the Approval of the Description of the Procedure for the Organization of Catering in Preschool, Comprehensive and School Social Care Institutions" (2018 April 10 Order no. V-394) that implements the changes in diet in children nutrition.

### 7.3.1 Urban case: Kaunas city municipality

**Public bodies of ECEC implementation.** In the Kaunas city municipality ECEC services are provided by both public and private institutions. There are institutions, which provide only the pre-school childcare services and the ones, which provide ECEC services together with the primary education. In total in the municipality there are 97 public early childcare and pre-school institutions (kindergartens or crèches-kindergartens), and 19 private ECEC institutions. In the period of 2014-2018 additional 400 places were created in various ECEC institutions (see Table 3).

**Table 3.** Kaunas city municipality ECEC institutions (only for public) \*

	Year	Enrolment of children to ECEC, thousands	Number of ECEC establishments
Kaunas city municipality	2018	14800	97
	2017	14672	100
	2016	14657	98
	2015	14769	97
	2014	14403	93

\***Source:** Official statistic portal

Considering the problem of availability and accessibility to ECEC institutions, Kaunas city municipality has developed the initiative to secure more transparent admission to the ECEC institutions. The e-portal has been developed, which enables to submit the online applications for parents. The personnel of the municipality administration are responsible for the ranking of the applications based on the submission time, residence place or parents, families at social risk and poverty and other ranking criteria. Referring to national recommendations in *the Pre-School and Pre-Primary Education Development Programme for 2011–2013*, the municipality has also approved the

guidelines of the content of the education for the ECEC institutions. Guidelines also set the rules for the size of the groups, number of hours dedicated to the educational content etc.

**Role of private actors and forms of public/private partnerships.** There are 19 private ECEC providers in Kaunas city municipality; some of them combine early childcare, pre-school and primary education services. There are more innovative approaches to apply alternative educational methods, for example, outdoor kindergarten that still are not very popular among parents. The more detailed information on the scope of private ECEC providers is not provided on the official municipal website. Kaunas city municipality reimburses the partial costs of the private child-care services for the families, who applied, but did not received the place at the public ECEC institution. The financial support depends on the family incomes and could reach up to 100 euros per month (for lower income families up to 175 euros). However, the involvement of local communities and economic stakeholders in ECEC field, especially private kindergarten developers or parental councils is invisible in the policy development.

**Funding.** Strategic development plan of Kaunas city municipality for the period till 2022 acknowledges the need to improve the access to the ECEC services. The suggested measures include the expansion of the places at the public ECEC institutions and more active involvement of the private childcare providers. The need to improve the material conditions of the ECEC services is also acknowledged (renovation of the buildings, infrastructure, educational inventory etc.). The largest share of public funding for ECEC system in Kaunas city municipality is financed using a mixed funding method called a ‘class basket’ (since 2019) that depends not only on the amount of educational hours but also on the size of children in the care group. The total share of state subsidies is 149 mln EUR for the fiscal year of 2019 and the subsidies is constantly increasing. The projected public funds are increasing by 10 per cent in 2020 for total educational policy (ECEC, primary and secondary schools) and comprise the largest share of public subsidies in municipal budget (Kaunas city municipality information, 2020).

**Main changes in the local system.** The previous analysis of *Strategic plan of the Kaunas municipality (2013-2022)* and *Kaunas city municipality Advancement of Education Report (2018)* has demonstrated the main challenges of ECEC system in locality: *accessibility, quality of the infrastructure and capacity building of ECEC providers*. As defined in Amendment of *Smart and Civic Society Development Program* within the *Strategic plan of the Kaunas municipality 2019-2021*, one of the main goals is to develop effective network of formal and informal (for extra-curriculum activities) educational institutions. The keywords of ECEC services availability with the effective use of public-private partnerships is considered as important approach for locality: *“to ensure access to pre-school education by smartly combining initiatives of municipal and private preschool initiatives”*. The main recent changes in the local system are:

1. **Improvement to accessibility of ECEC.** *Strategic plan of the Kaunas municipality (2013-2022)* identifies elderships (Šilainiai and Centras) with the highest shortage of places of the ECEC. Along with the municipality, private ECEC institutions are recognized as relevant actors in provision of the ECEC services. Moreover, the shift towards the re-distribution of the municipal responsibilities between public and private sectors is institutionalized through the introduction of the financial support mechanism (partial compensation of the private ECEC costs for the families). Also, the establishment of additional ECEC places in the public kindergartens or multifunctional centers is acknowledged.
2. **Better nutrition in ECEC institutions.** One of the recent initiatives of the municipality is linked with the improvement of the quality of nutrition in the public kindergartens that was implemented under the central regulations in 2018 *on Children Nutrition in Public Schools*. There has been developed centralized system of the product acquisition, which changed the previous one, when the provision was made individually by the childcare institutions. The introduction of the system was fiercely criticized by the stakeholders (“Lithuanian parents’

- forum”, Committees of Parents in the ECEC institutions) because the implementation was not discussed with the parents and ECEC institutions.
3. **Reconstruction of ECEC facilities.** *The Kaunas city Strategic Plan for the period of 2019-2021* sets the goals to renovate the buildings, heating, drainage systems, do the reconstruction and maintenance using of EU Structural Funds. Nevertheless, only 3 kindergartens out of 27 are defined as a target infrastructural modernization objects focusing on the centrally located elderships of Zaliakalnis and Dainava.
  4. **Changes of fees policy since 2020.** The ongoing political conflict between Kaunas city and Kaunas district municipality on territorial amalgamation initiatives, has developed the changes in fees policy for ECEC institutions. Kaunas city municipality has decided to increase the fees for ECEC institutions for the families not registered in Kaunas city territory. The recent changes forced the wide public discontent in terms of children right to public ECEC institutions, family status and other issues.

### 7.3.2 Sub-urban case: Kaunas district municipality

**Public bodies of ECEC implementation.** Kaunas district municipality provides childcare services in 26 public institutions (17 kindergartens and primary schools-kindergartens) and in 9 private institutions (see Table 4). Since 2014 the total share of enrolled children to ECEC system is constantly increasing. The admission to the public ECEC is implemented through the e-portal or paper applications, which are administered by the municipality Department of Education. Strategic decisions regarding the childcare services are taken by the Kaunas district municipality Council and the implementing body is the Department of Education.

**Table 4.** Kaunas district municipality ECEC institutions (public and private).

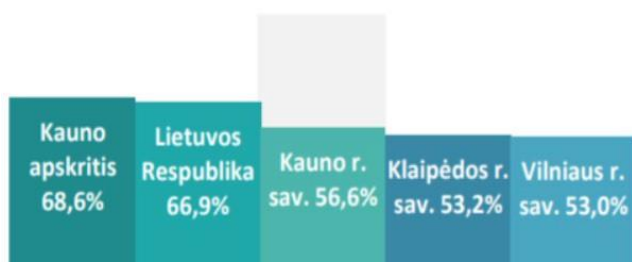
	Year	Enrolment of children to ECEC, thousands	Number of ECEC establishments
Kaunas district municipality	2018	3228	26
	2017	3119	27
	2016	2949	26
	2015	2734	25
	2014	2508	24

Source: Statistics Lithuania, 2020.

The comparative statistical data of urban Lithuanian municipalities demonstrate that Kaunas district municipality has admitted 56,6 per cent of children to ECEC system that is only 10 per cent lower compared to national average. Among the other so-called “ring” municipalities Kaunas district municipality has the highest record of enrolment rate of children to ECEC (Figure 2).

**Figure 2.** Share of total number of children in ECEC system, 2017.





**Source:** Strategic plan of Kaunas district municipality for 2021-2027.

**Role of private actors and forms of public/private partnerships.** Kaunas district municipality accounts 9 private ECEC providers. Due to liberalization of the requirements for the buildings and premises applicable to individual ECEC providers, the number is slowly increasing. The recent innovation in providing ECEC services is “family kindergartens” that allows to organize childcare services in private homes for small groups of kids (4-6). Referring to the information by Kaunas district municipality there were 15 “family kindergartens” registered in 2020 (Kaunas district municipality information, 2020). The innovative approach to services provision allows to solve the problem of the accessibility to formal childcare for working parents.

**Funding.** Kaunas district municipality was among the first in the country, which introduced the reimbursement fees for families, who were not accepted to the public ECEC institutions. Recently the municipality compensate 73 euros for child, which was registered, but not admitted to the public kindergarten.

Concerning public subsidies, 54.3 percent of the municipal public funds are devoted to education in 2020. Education, culture and non-formal education account for as much as 38 percent of municipal budget (7 million EUR) that is higher than last year. The Table 5 demonstrates the increasing municipal funding and state subsidies for ECEC policy field (Table 6). Most of state subsidies will be used for the development and reconstruction of infrastructure of educational institutions. For example, modular buildings for kindergarten groups established in the elderships of the Academy, Domeikava, Garliava, Užliedžiai, reconstruction of Garliava and Raudonvaris kindergartens will be carried out. More than 4 million EUR is planned to invest for the overall development of pre-school infrastructure. “*Creating new places in kindergartens is one of our strategic goals. We are determined to create about 1000 new places in Kaunas district this year,*” says Mayor of Kaunas District (Kaunas district municipality information, 2020).

**Table 6.** Expences for ECEC in Kaunas district municipality, thousand EUR.

	2013, thousand EUR		2014, thousand EUR		2015, thousand EUR		2016, thousand EUR		2017, thousand EUR	
	Municipal funds	State subsidies	Municipal funds	State subsidies	Municipal funds	State subsidies	Municipal funds	State subsidies	Municipal funds	State subsidies
<b>ECEC education</b>	2 226,3	1 517,13	2 564,95	1 696,17	2 563,77	1 703,93	3 296,39	1 947,61	3 130,7	2 212,7

Source: Kaunas district municipality, 2018.

**Main changes in the local systems.** The general guidelines for the ECEC policy priorities are set in the *Strategic Plan of the Kaunas district municipality for the period of 2013-2020 and for period*

2021-2027. The main changes are defined in the field of infrastructure development, ECEC availability, fee policies and innovative childcare models:

1. **Development of ECEC infrastructure.** The municipality defines the goal of a “rationally planned development of the educational institutions and modernization of existing educational infrastructure”. In areas, which are closer to Kaunas city municipality, demand for the ECEC places is higher than supply. The main challenge is to reconstruct the outdated infrastructure and improve the material and educational conditions of the childcare services (i.e. Raudondvario, Karmėlavos, Garliavos elderships). In more distant localities the policy challenge is to adapt the existing infrastructure to the shrinkage of the population and to reconstruct the existing kindergartens into the multifunctional centers to meet the changing community needs (i.e. Čekiškės, Vilkijos, Zapyškis elderships).
2. **Fee policy.** Kaunas district municipality was the first in Lithuania to implement the partial coverage of the family expenses related to the formal childcare. This policy measure catalyzed the growth of the private childcare institution. As the result, the municipality expects to solve the problem of vacancies in the pre-school childcare (one year prior the school, which is obligatory for all children) and also in childcare for children from 2,5 years to 6 years old by the next year of 2021.
3. **Quality of the childcare and pre-school education.** The municipality stresses the importance of the various qualification courses for the ECEC teachers provided as formal adult education.
4. **Innovative models in service provision.** In 2020 February the family kindergartens (home teaching for small groups of children) were introduced to solve the problem of shortage of available places in ECEC institutions, especially important to elderships closer to urban area. One person will be able to care for up to 5 children in their home or rented accommodation. They will be open to children aged 2 to 5 living in Kaunas district municipality. Children will be able to stay in the family kindergarten as needed - up to 10 hours during the working day. The family kindergartens will become branches of the municipal kindergartens, the founders will be employed in pre-school institutions, the municipality will pay them salary and provide all social guarantees.

### 7.3.3 The rural case: Pakruojis district municipality

**Public bodies of ECEC implementation.** Municipality has 6 public and 1 private kindergarten in 2018. The demographic situation conditions a rather comfortable access to the ECEC services in rural and urban elderships. However, the total number of ECEC establishments is constantly decreasing in the period from 2014 to 2018 (see Table 5). The total number of children enrolled to ECEC system has increased by 9,8 percent in the same period mostly because the pre-school year became obligatory in 2016.

**Table 5.** Pakruojis district municipality ECEC institutions (public and private).

	Year	Enrolment of children to ECEC, thousands	Number of ECEC establishments
	2018	610	7

Pakruojis district municipality	2017	596	7
	2016	610	8
	2015	593	9
	2014	553	9

\*Source: Official statistic portal

**Role of private actors and forms of public/private partnerships.** The demand for innovative childcare solutions is relatively low. The role of private services providers is almost absent with the only one exclusion of 1 private kindergarten (catholic kindergarten) run by the church. Stakeholders (parents) are represented by the Parental Committees, which collaborates with the administration of the ECEC institutions.

**Funding.** The ECEC institutions in Pakruojis district municipality is funded using the same funding principles defines in the Chapter 4.3. Private institution receives the state granted funding (‘student basket’) for 20 hours per week for each child. In 2020 the total municipal budget accounts for 25 mln EUR. Referring to state subsidies for municipal budget, 39 percent of total state funding is shared for education field (including ECEC, primary and secondary schooling).

**Main changes in the local system.** The recent changes in ECEC system in Pakruojis district municipality are mostly related to national level recommendations on children nutrition, re-organization of ECEC institutional system and better access of children to childcare institutions:

1. **Re-organization of ECEC institutional network.** The main policy challenges associated with the demographic change (ageing of the population, shrinking number of children) enabled municipality to establish multifunctional centers within the special rooms for childcare in rural areas. Thus, on the one hand the existing childcare service infrastructure has been renovated, but it should be also adapted to the changing needs of community by establishing new facilities.
2. **Catering and better nutrition of children.** One of the recent initiatives of the municipality is linked with the improvement of the quality of nutrition in the public kindergartens that was implemented under the central regulations in 2018 *on Children Nutrition in Public Schools*. The initiative is related to higher consumption of healthy products and vegetables in children diet. The kitchens of ECEC institutions adopted new menu for children daily hot meals.
3. **Transportation of early age children by school buses.** Referring the parental needs in formal childcare services in rural areas, the municipality has adopted the changes in using school buses for early age children transferring to ECEC institutions (safety seats in the buses).

## 8 Part 2 – Activities and services

### 8.1 Description

Local municipalities are responsible for organizing ECEC system in Lithuania. The network of institutions depends on decisions taken by individual municipalities. As a result, the municipalities across the country differ greatly by geographical spread of institutions offering ECEC services in rural and urban areas. However, there are no significant differences among ECEC institutions in terms of the services, beneficiaries, main goals and priorities, expenditures and personnel requirements. Municipalities have a relatively high autonomy in implementing and managing ECEC institutional

network, setting the priorities for the fee policy, ensuring availability and accessibility of places for childcare, personnel policy and maintenance of facilities. Ministry of Education, Science and Sport is responsible for the quality of ECEC education, requirements for the pedagogical staff and monitoring of overall system functions. The D.5.3. chapter 7.1. and 7.2. provides a general overview of the main aspects of ECEC policy, including targets, goals, beneficiaries, funding mechanism and recent reforms. The next chapter focuses on the implementation of ECEC policies (activities and services) in analyzed urban, suburban and rural localities.

## 8.2 Local Policies

### 8.2.1 Urban case: Kaunas city municipality

**Users and service coverage.** According to the data of Statistics Lithuania, at the beginning of the 2018-2019 school year there were 97 ECEC education institutions with 14800 children in urban Kaunas city municipality. During the 2014-2019 school year, the number of children in ECEC institutions has slightly increased by about 8 percent (see Table 4). The users profile is set up in national provisions on age groups. Preschool children groups are formed of children of the same or different age referring to their psychological and age characteristics from 0 years old to 6 years old. The maximum number of children in groups of all ages is regulated by the Hygiene Norms and Rules approved by the Minister for Health. The admission of children to ECEC institutions varies in municipalities. But in general the procedure for admission of children to ECEC provider is determined by the municipal authorities itself. In 2003, the Minister for Education and Science approved the “*Guidance for Municipalities on Centralised Admission of Children to Groups of Preschool and Pre-Primary Education of ECEC providers*”. According to the Guidance, admission to ECEC institutions is administered directly by the educational departments of municipal administration using e-services platform. Priority enrolment is granted to children whose parents are assigned to the residence place close to the institution and for children from families at social risk and poverty. Referring to the information by Kaunas city municipality, the service coverage involves all urban elderships and territories and recently cover the demand of all ECEC places.

**Main goals and targets.** The ECEC institutions in Kaunas city municipality define their goals and targets according to the national provisions in The Law of Education and other related recommendations and guidance. The main strategic goals of the ECEC are defined in the municipal strategic and operational plans in relation to national provisions. For example, the main strategic goals defined in *Strategic plan of the Kaunas municipality (2013-2022)* and *Kaunas city municipality Advancement of Education Report (2018)* includes accessibility, quality of the infrastructure and capacity building of ECEC providers.

**Services and their territorial distribution.** All ECEC institutions in Kaunas city carry out relevant early childcare educational programs defined in national regulations on ECEC teaching content, including daily regime, nutrition, rest, playgrounds and educational games of children. The pre-school education content is regulated in the national level *Pre-primary Education General Curriculum* that came into force in 2015 and was approved by the Minister for Education, Science and Sports. The territorial distribution of ECEC services is homogenous in urban area. However, the municipality reports that there is shortage of affordable ECEC places in the central area of the city.

**Personnel (requirements, working conditions).** At national level, the main responsibility for development and implementation of qualifications system and payment system is delegated to the Ministry of Education, Science and Sports that defines the requirements for pedagogical staff of ECEC teachers. ECEC teachers in pre-school groups must have a pedagogical. The Kaunas city municipality reports, that there is a high demand of teaching personnel in ECEC institutions that is declining mostly because of low payment and high requirements. For example, the average teaching

personnel net salary varies from 575 EUR to 842 EUR/month in 2019 that reflects the lowest rate of the average Lithuanian monthly salary of 857 EUR in 2019 (Statistics Lithuania, 2020). In order to increase the working conditions for ECEC teachers, a new [Guidance on Pay for the Staff of Educational Institutions and Educational Staff of Other Institutions](#) was approved in 2019 by the Ministry of Education. The Guidance sets out in detail the salaries of pedagogues, pedagogical staff and heads of education institutions.

**Table 6.** Pedagogical staff in Kaunas city municipality (ECEC), 2018.

	Number of educators	Female	Higher education	Vocational education	Secondary education	Working experience below 4 years	Working experience below 4-9 years	Working experience more than 10 years	Working experience more than 15 years
Kaunas city municipality	1967	1941	1629	293	45	314	217	189	1247

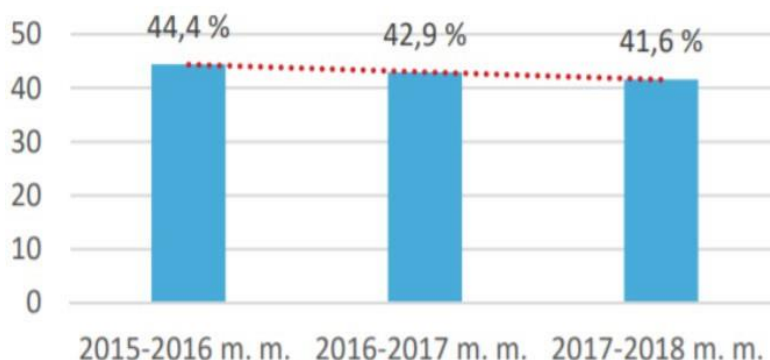
**Source:** National Report on Education system in 2018, Ministry of Education, Science and Sports.

Also the national regulations set the rules for the ratio of children in one group and number of teachers. A group of children aged from birth to one year of age (typically no more than 12 kids per group) must have at least two educators and a group of children from 1 to 7 years of age must have at least two employees, including at least one pedagogue (a preschool educator or pre-primary class teacher). Every group usually has its own support staff for care and nutrition of children.

Additionally, the other challenge is related to the payment for ECEC teachers relevant to all Lithuanian municipalities. National Audit Office (2019) reports that the wages of ECEC teachers set by law, is 36 percent lower than general education teacher salary.

The final problem in relation to the staff in ECEC institutions is the increasing share of elder teachers and decreasing number of younger ones. National Audit Office demonstrates that percentage of teachers aged 30-49 in pre-school institutions decreases every year. After the competition for the position of a teacher, only 40 percent of applicants apply for the position on the first call (National Audit Office 2019).

**Figure 5.** The share of ECEC teachers in the age group of 30-49.



**Source.** National Audit Office, 2019.

**Facilities.** Kaunas city municipality prioritize the investments to the reconstruction of ECEC buildings and facilities; however, the renovation process is rather determined by the financial

restrictions of the national, municipal and EU funds. Most of ECEC facilities and buildings require high level of investment and maintenance and need a long-run investment policy.

## 8.2.2 Sub-urban case: Kaunas district municipality

**Users and service coverage.** ECEC system in Kaunas district municipality experiences annual growth by almost 26 percent in the period from 2013 to 2017. The main reason is growing population (young families with small kids) in suburban areas that need ECEC services. The constant growth of children challenges local ECEC system in terms of availability and accessibility of vacancies for children. The number of children is also the highest compared to other “ring” municipalities of Klaipeda and Vilnius (Table 8).

**Table 8.** Enrolment to ECEC institutions in Kaunas district, Vilnius district and Klaipeda district municipalities in 2013-2017, thousands.



**Source:** Strategic plan of Kaunas district municipality for 2021-2027.

**Services and their territorial distribution.** The territorial distribution is very important for ECEC system in suburban locality to secure accessibility of childcare vacancies for all parents. The highest demand of ECEC places are noticed in the urban elderships, closer to Kaunas city territory. To solve the problem Kaunas district municipality has established 5 preschool groups (1 in Linksmakalnis school and 4 in Giraitė kindergarten) where 82 preschool children were admitted in 2019. However, about 600 smaller children (1.5 to 2.5 years old) cannot receive public ECEC services, 354 of whom do not attend any educational institution, the rest attend other educational childcare institutions of Kaunas district, Kaunas city or private. In total, 8 private kindergartens operate in Kaunas district, with 183 children of Kaunas district attending 16 educational groups. Based on the needs of local communities and adapting the existing school buildings in Batniava and Panevezys, new types of institutions have been established - school-multifunctional centers. The need for pre-school education services for children younger than 2.5 years remains in urban elderships of Užliedžiai, Domeikava, Garliava, Akademija, Raudondvaris, Lapiai, Samylai, Ringaudai (Kaunas district municipality information, 2020).

**Main goals and targets.** One of the main strategic goals of Kaunas district municipality defined in *Kaunas District Strategic Plan for 2021-2027* (in progress, Kaunas district municipality, 2020) is increasing educational services for different social groups. Another strategic goal defines the priority

to “renew and / or expand Kaunas District municipal childcare and preschool infrastructure and environment of educational institutions” and “establish universal multifunctional centers in Kaunas district municipal territory”. Although there are innovative solutions for new models of kindergartens (family kindergartens or private providers), ECEC system lacks highly skilled educators and cannot satisfy the needs of families.

The ECEC institutions defines its priorities based on general requirements and provisions in national ECEC legislation, requirements and recommendations. However, the local focus is not covered by looking at the local needs for childcare and options for institutional collaborations.

**Personnel (requirements, working conditions).** As it was mentioned in the chapter 4.1. on Kaunas city municipality, the central regulations and requirements define the qualifications of ECEC teachers and other pedagogical personnel. The qualification and professional requirements and wage policy of ECEC teachers is regulated by the Ministry of Education, Science and Sports that periodically evaluates their progress. ECEC institutions do not have a functional discretion in modifying the teaching personnel requirements, excluding the supportive and administrative staff. However, as in the urban case, the main problem of ECEC personell is aging factor (the average age of teachers in the municipality is 49 years old), low salary and limited options for professional qualificartion.

**Table 6.** Pedagogical staff in Kaunas district municipality (ECEC), 2018.

	Number of educators	Female	Higher education	Vocational education	Secondary education	Working experience below 4 years	Working experience below 4-9 years	Working experience more than 10 years	Working experience more than 15 years
Kaunas district municipality	416	407	336	71	9	86	57	45	228

**Source:** National Report on Education system in 2018, Ministry of Education, Science and Sports.

**Facilities.** The recent report by National Audit Office (2019) concludes that the ECEC facilities and buildings that require high level of investment and maintenance made both by municipal and state subsidies. The number of facilities is not compatible with the increasing number of small children and need a lot of public expenses for infrastructural maintenance. The data demonstrate that the municipal and state expenses for renovation of educational facilities is constantly growing in Kaunas district municipality to meet the growing demand of ECEC availability in the territory (see Table 7).

**Table 7.** Number of reconstructions of educational buildings in Kaunas district municipality (all educational levels), 2015-2017.

Year	Number of educational institutions	Municipal funding (Eur)	Number of educational institutions	State subsidies and investments (Eur)
2017	16	3777957,3	3	328200
2016	9	1960099,8	3	455900
2015	8	2511813,4	2	377400

**Source:** Kaunas district municipality information, Report on Education system in 2018.

### 8.2.3 Rural case: Pakruojis district municipality

**Users and service coverage.** In 2018, 610 children from 1 to 7 years old attended the ECEC institutions in rural Pakruojis district municipality. Due to demographic changes, the tendency in number of children is negative in the territory. The number of admissions to ECEC institutions has dropped significantly by 10 percent from 2014 to 2018 (see Table 5). The official documents of Pakruojis district municipality emphasize the importance of territorial coverage of ECC services for all beneficiaries, especially in rural and remote elderships. The National Audit Office (2019) states that there are significant differences between district municipalities: some municipalities are able to ensure that between 61 percent and 67 percent children under 5 receives ECEC services, for others - only 14-35 percent of children are able to attend ECEC institutions. The national legislation underlines that ECEC availability and accessibility is important, but the situation is different in urban and rural municipalities (National Audit Office (2019)). The other challenge is childcare provision for small children below 2 years old. In Pakruojis municipality the enrollment of early age children is 51,9 percent.

**Main goals and targets.** The main strategic goals and priorities of rural ECEC institutions are defined by national legislation and recommendations by the Ministry of Education, Science and Sports. However, *Strategic Plan of Pakruojis district municipality for 2019-2021* defines the general goal of education policy and states the goals of “*promotion of high-quality education and life- long learning*” and “*provision of the education services, which are of high quality, accessible and oriented towards the needs of population*”. The main strategic pillars are related to the increase of ECEC system accessibility and availability, modernization of ECEC facilities and re-organization of multi-functional centers in rural elderships.

**Services and their territorial distribution.** All ECEC institutions provide the unified childcare services as it is defined and regulated in national legislations and recommendations by the Ministry of Education, Science and Sports. In 2017 the municipality has initiated the service provision in rural multi-functional centers to provide formal childcare by up to 4 hours a day, including the safe transportation of children to childcare rooms. The service became very popular among the parents and was extended to full-day occupancy.

**Personnel (requirements, working conditions).** The general requirements for ECEC personnel in Pakruojis district municipality are defined in the national regulations that sets the rules for teachers qualifications. The qualification and professional requirements of ECEC teachers are regulated by central authorities that periodically evaluates their progress. Pakruojis ECEC institutions do not have an autonomy in defining the teaching personnel requirements, excluding the supportive and administrative staff. According to data, in 2018 the teaching staff consists of 90 teachers, most of them are female with higher education and have more than 15 years of professional experience.

**Table 6.** Pedagogical staff in Pakruojis district municipality (ECEC), 2018.

	Number of educators	Female	Higher education	Vocational education	Secondary education	Working experience below 4 years	Working experience below 4-9 years	Working experience more than 10 years	Working experience more than 15 years
Pakruojis district municipality	90	87	62	27	1	5	7	6	72

**Source:** National Report on Education system in 2018, Ministry of Education, Science and Sports.



**Facilities.** As it was noted in previous sections, the ECEC institutions face the problems of renovating ECEC facilities and modernizing the buildings that would fit the childcare requirements. Another challenge of employing infrastructural services for the local community needs, for example, the reconstruction of multi-functional centers and childcare rooms in rural areas.

## 8.2.4 Similarities and differences among the three case studies

We could summarize the similarities and differences among three case studies in urban, suburban and rural municipalities that reflects the changes in ECEC policy field.

**Table 10.** Similarities and differences in ECEC policies in three localities.

	Localities	Characteristics
Similarities	Kaunas city municipality (urban)	<ul style="list-style-type: none"> <li>8. Accessibility and availability of ECEC services in more remote areas and beneficiaries targeting problems (ensuring equal access for families with kids needed an assistance or disabilities).</li> <li>9. Low participation of children aged 3 to the mandatory school age from households at risk of poverty and social exclusion.</li> <li>10. Insufficient childcare provision for early age children below 2 years old.</li> <li>11. Re-organization of ECEC institutional network and costs optimization strategies.</li> <li>12. Issues in balancing supply and demand of ECEC vacancies based on territorial needs.</li> <li>13. Dependence on public funding mechanism defined by “student-basket” and “mixed funding method” principles.</li> <li>14. The increasing number of private ECEC providers is targeting ECEC service that are more accessible in urban areas for higher income families.</li> <li>15. Low participation of social stakeholders in ECEC institution boards.</li> <li>16. Poor working conditions for ECEC teachers and low engagement of professional qualifications.</li> <li>17. Municipal efforts for the renovation of ECEC facilities and buildings.</li> </ul>
	Kaunas district municipality (suburban)	
	Pakruojis district municipality (rural)	
Differences	Kaunas city municipality (urban)	<ul style="list-style-type: none"> <li>2. Insufficient supply and demand of ECEC services in central and peripheral urban areas.</li> <li>3. High costs of private ECEC providers that are available only for families with higher income.</li> <li>4. Changes of fees policy since 2020 for the families that are not registered in territory of Kaunas city municipality and prioritizing of ECEC service beneficiaries.</li> </ul>

	Kaunas district municipality (suburban)	<ol style="list-style-type: none"> <li>8. High competition for ECEC vacancies and insufficient supply of ECEC services in rural and urban elderships (territorial units).</li> <li>9. Accessibility and availability of ECEC services in more remote areas.</li> <li>10. Spatial distribution of ECEC services in more rural and more urban elderships (territorial units).</li> <li>11. High level of municipal and public investments to renovation of ECEC facilities and establishments.</li> <li>12. Innovative models of ECEC services (family kindergartens) and increasing number of private providers.</li> </ol>
	Pakruojis district municipality (rural)	<ol style="list-style-type: none"> <li>7. Enough supply for the ECEC services demand</li> <li>8. Transportation problems for children in remote rural areas (where children are at a higher risk of poverty and exclusion)</li> <li>9. High negative impact of demographic decline and spatial remoteness of the ECEC institutions.</li> <li>10. Accessibility and availability of ECEC services in more remote rural areas and spatial distribution of services.</li> <li>11. The need for the reconstruction of multi-functional centers and childcare rooms in rural areas.</li> </ol>

## 9 Priorities and Social Investment Strategy

### 9.1 Diagnosis

Summarizing, ECEC system in Lithuania challenges different problems in terms of funding, services provision, services coverage, educational curriculum and quality. In 2007 most functions of ECEC system were decentralized providing municipalities more options for effective services provision on territorial level. The higher number of children enrolled to ECEC system demonstrates the positive changes in the policy. The analysis of ECEC suggests few policy proposals to define the policy priorities and increase the capacity of the system.

**(1) The growing number of enrollment of children to ECEC institutions.** The enrolment of children in ECEC system is constantly growing in all ages groups. However, the participation of children aged less than 3 has also improved between 2010 and 2017; by 2017 it had reached 20.3 percent in 2017, but the enrolment is still below the EU average. If we compare the participation of children aged 3 from households at risk of poverty and social exclusion with children from a more advantaged background, the gap is 15.7 percent. The municipalities are trying to solve the problem of supply and demand of ECEC services by renovating old facilities and establishing multi-functional centers in rural areas.

**(2) The higher participation of female employment.** Referring to statistical data, in 2019, there were 75,216 women without work in Lithuania, accounting for 8.6 % of all women of working age. Compared with the previous year registered women's unemployment increased only by 0.4 % (in 2018 the number accounted for 8.2 %). In general the trends of employment are very positive.

According to data from national Employment service office, women account for 44.5 % and men for 55.5% of all registered unemployed persons (Employment service office, 2019). Women's employment rate grew from 60.2% in 2016 up to 77 % in 2018 reaching one of the highest employment rates among the other EU countries. The Lithuanian women mostly work on full-time contracts reflecting the similar trends in the Northern Europe.

**(3) The equalization of financial mechanism of ECEC system.** The funding scheme of the ECEC (mixed model of funding based on “student basket” and “class basket” principles) allows the low level of standardization of the ECEC policies between the territorial units, because only the basic funds (“student basket”) are provided from the national budget. The level of the centralized funding is too low to secure the high-quality services in all territorial units, thus, the responsibility for the supply and the quality of the ECEC is transferred to the municipalities. Thus, there is high spatial variation in securing the ECEC services. Some municipalities subsidize family expenses in the private ECEC institutions, but the size of subsidy and share of families receiving it differ. Only part of the municipalities provides the free transportation services.

**(4) Regional dispersion and better accessibility.** According to National Audit Office (2019) there are territorial disparities regarding the supply and the demand of the pre-school childcare in Lithuania. The demand for the childcare services is substantially higher in urban than in rural areas, however, the supply is higher in rural areas. Nonetheless, the childcare attendance rate in rural areas is significantly lower and this has been recognized as the key challenge to territorial cohesion and social inclusion (Education and training Monitor, Lithuania, 2017). Thus, there is need to increase the demand in rural areas (through increased accessibility, rising of parental awareness on the benefits of the child's participation in ECEC). On the other hand, there is need to increase the supply and accessibility in urban areas, where there is shortage of the places in the public ECEC institutions.

**(5) Educational quality.** The responsibility for the curricula of the ECEC and quality of the services is decentralized and thus, there is no comprehensive system of the quality control. The internal evaluation is done by institution and the external one by the municipalities, however, municipalities lack clear guidelines and instruments of the quality control and in many cases also lack the competence for the assessment (exception could be the large urban municipalities). Thus, the level of quality of the ECEC services might be different between the municipalities.

## 9.2 Priorities

Summarizing we could set the list of main priorities in the local policy agenda for developing ECEC policy field in terms of increasing accessibility and availability of ECEC places, especially for families with different socio-economic status, educational quality and participation of stakeholders in defining local needs. The priorities reflect the main goals of Social investment approach (SI).

1. **ECEC institutional network development and spatial coverage.** The criteria of urban – rural distribution of ECEC services coverage in the municipalities should be applied. When analyzing rural municipalities, the criteria of the participation rates in the ECEC should be considered (i.e. inclusion of the rural municipalities where the enrolment rates of children are relatively lower, especially in families at social risk and poverty). When referring to urban municipalities, the criteria of the public-private structure of the ECEC institution should be considered. It is important to consider differently the urban municipalities with high and moderate shortage of the places in ECEC. Thereby, the coverage of municipal subsidies provided by the municipality to cover the expenses in private ECEC institutions should be considered.
2. **Improvement of service provision for children with special needs.** The current ECEC system needs more efficient instruments to improve the access of children with special needs to formal childcare services. The higher inclusiveness could be fostered by financial

- instruments by municipalities and better qualifications of ECEC teachers. Thereby, the investment to the workforce and their qualifications is needed.
3. **Accessibility and availability of ECEC services.** Considering the urban-rural inequalities in participation in the ECEC the special attention should be given to the issues linked with the role of the municipalities in rising the parental awareness on the benefits of the ECEC, particularly for the children from socio-economically disadvantaged. Thereby, issues on the organization of the transportation services provided by municipalities are very important (funding, problems in organizing transportation and keeping safety rules for transporting small children).
  4. **Private initiatives and innovative models for formal childcare.** The aspect of how to involve all municipal stakeholders and social partners in ECEC services development is important. The innovative models of providing formal childcare are only on the initiative phase and implemented by few municipalities (suburban Kaunas district municipality). From the other hand, the private providers are more important in urban municipalities what challenge supply-demand problem of affordable ECEC services and have higher income families.

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Annex 1. List of the policy actor interviews.

<b>Interview code</b>	<b>Policy Field</b>	<b>Role of interviewee</b>	<b>Locality</b>
ECEC-GOV1	ECEC	Head of ECEC institution (municipal level)	Urban
ECEC-GOV21	ECEC	Head of ECEC institution (municipal level)	Urban
ECEC-GOV3	ECEC	Head of ECEC institution (municipal level)	Suburban
ALMP-GOV1	ALMP	Head (CEO) of National Employment Service	National level
ALMP-GOV1	ALMP	Official of national employment service office, Department of Service Quality	National level
VET-GOV1	VET	Head of the VET school, municipal level	Urban municipality
VET-GOV2	VET	Head of the VET school, municipal level, member of professional national association	Urban municipality/ regional level