



PACE: International Literature Review

**Commissioned by the Scottish Government and Skills Development Scotland
on behalf of the PACE Partnership**

by Ekos Economic and Social Development

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EXECUTIVE SUMMARY

Introduction

1. This Summary presents the main findings of an International Literature Review to inform the continuous improvement and operation of the Scottish Government's Partnership Action for Continuing Employment (PACE) initiative. The research was commissioned by the Scottish Government (SG) in partnership with Skills Development Scotland (SDS).
2. The overall aim of the research was to identify and, where possible, critically appraise the international evidence base available on the policy and practices of other countries in providing support to individuals and employers facing redundancy. A case study approach was adopted for each comparator country which highlights examples of the support to individuals and employers facing redundancy.
3. The first step in identifying comparators involved a review of research previously commissioned by SG and SDS to assess international evidence on policy and practices of other countries in providing support to individuals and employers facing redundancy. An initial scan of documents, websites and other sources was also undertaken, and this resulted in the identification of eight comparators.

Comparator Countries	
UK	England, Northern Ireland, and Wales.
Europe	Denmark, Portugal, and Sweden.
Outwith Europe	Australia and Canada.

Key Findings

4. It should be noted that in many cases there was a lack of publicly available information and data on, for example, the total number of individuals made redundant and the number of individuals supported through related interventions across many of the comparator countries.
5. Crucially, most of the research is largely descriptive (what a particular country does) and even where it compares and contrasts between countries it does not say which approach works better either in comparative or in absolute terms. We can therefore identify other practice but it is difficult to say if this is "good practice".
6. While there is considerable literature on the subject, there are limited, consistent or robust evaluation data beyond some simple metrics such as "average time taken for displaced worker to obtain employment" – which is a useful measure of success. Even where there are evaluations (e.g. Wales – ReAct), the demand-led nature of the co-ordinated intervention has presented some challenges for accurately assessing progress against targets.
7. However, we are able to postulate some overall high-level conclusions which highlights what we would describe as good practice. This is based on our analysis, the frequency with which particular types of interventions are cited, and our experience in labour market research.
8. All developed countries have specific responses to deal with economic shocks and business closures. The extent to which comparators have a rapid response approach comparable to PACE varies.
9. While there is a strong rationale for public sector intervention to mitigate job losses, this is seen as a rational consequence of a well-functioning economy where resources are shifted to areas where they will maximise efficiency and productivity.

10. While there are national policy approaches there is also a recognition that local and sector specific circumstances are crucial. For example, a loss of high skilled engineering workers in a strong local economy will find little problems obtaining new employment while low skilled workers in areas of high unemployment will find it more challenging.
11. This underscores the “one size does not fit all” approach where the evidence shows that particular workers (older/lower skilled) are likely to require more support – flexibility in response is therefore critical for success.
12. There does appear to be a strong suggestion that displaced workers (particularly those older workers and/or those with lower skills) find it more difficult to obtain similar level/value of employment, at least in the short term.
13. Although interventions can be on either the supply side or demand side, there is no consistent approach – some countries have a strong demand side approach while others only operate on the supply side:
 - demand side initiatives – focus on the protection of existing jobs or the creation of new ones; and
 - supply side initiatives – focus on helping workers find new jobs.
14. While there is no clear cut or definitive right approach we believe that the evidence suggests that supply side interventions work best but that demand side interventions may be appropriate in particular circumstances: targeted support to slow firm closure may be justified in limited circumstances.
15. There is some evidence that the fall out from (larger) job losses can affect beyond the company and its workers and impact on the wider supply chains and local economy. We are however, unable to find many examples that provide particular types of responses to these indirect issues (an example, however, is Rapid Response Service in England).
16. Timing of interventions is seen as critical – the sooner the better. Some countries have procedures which allow interventions to occur immediately on being notified of job losses with early access to individuals for support. The focus here is on helping workers to enter new employment quickly.
17. The evidence suggests that job search assistance (CVs, interview skills, information, etc.) is the most effective and efficient types of intervention. There is mixed evidence over the effectiveness and value of general re-training programmes, although where bespoke training is linked to specific job opportunities it appears to become more effective. Developing strong market intelligence procedures or protocols that allow early warning of potential job losses is usually seen as an appropriate focus for attention.
18. There is no “single mix” of organisations involved in every country but while they are all different, a common theme is that there are always a number of players – no single organisation is ever responsible, and a partnership approach is considered critical to success.
19. While it is generally the case that the delivery organisations are public sector there is some evidence to suggest that a co-production approach could work better. This would engage employers; employees/trades unions; local community, etc. in the design of specific responses. While this may not be an efficient approach in all cases, it may be appropriate in larger scale projects.
20. The evidence suggests that a flexible labour market approach works best where government does not “artificially” try to support jobs but focuses instead on supporting the individual.

Recommendations

21. It is not possible to compare and contrast how Scotland performs compared to other nations but we have a strong sense that it compares well and is already delivering many of the aspects which appear to indicate good practice. Indeed, the previous research commissioned by SG and SDS (2011) identified PACE (and ReAct in Wales) as good practice examples of rapid response approaches.
22. In seeking to identify aspects which could be considered within a Scotland context, we suggest that there are two aspects to consider:
 - activities either outside the scope of Scotland's (current) devolved powers or ones which would require major long-term changes; and
 - more practical/short term opportunities.
23. In terms of the first, the evidence suggests that success can reflect light touch labour regulations coupled with strong welfare support or where the lead is taken by employers and trades unions through a collective bargaining approach. While these may indeed be "good practice" the implementation would not be realistically within the scope of the PACE Partnerships.
24. Instead, we have therefore focused on a few aspects which we believe could be delivered by the Partnerships and which would make a positive difference. In some cases, these are delivered (at least in part) by PACE and we would therefore suggest a possible strengthening of the approach.

Fore-sighting

25. Many of the countries with the highest positive outcomes have procedures to monitor the health of particular sectors/industries to identify potential threats at an early stage and provide consideration in an ex-ante basis as opposed to ex-post (once job losses are announced).

In particular, many countries have National Employment/Labour Market Organisations that look to monitor and measure the health of their industries now and in the future – an early warning system.
26. For example, while PACE responded robustly to the downturn in oil and gas activity following the price collapse it could, based on previous volatility, have perhaps been better prepared, started some preparatory work, designed and approved interventions, etc.
27. It may be that some formal approach to industry fore-sighting is developed with appropriate protocols and roles and responsibilities – and a first step would be to explore the extent to which these may already exist within partner organisations.

Co-production of Services

28. The approach currently delivered is largely based around tried and tested interventions which were largely designed by the public sector partners. There are few opportunities to reflect local differences (or needs) and develop bespoke solutions.
29. While it is recognised that having bespoke solutions in every case is unworkable, it may be that in particular circumstances a co-production approach could be developed. This would involve engaging with employers, employees, trades union and the local community to design an approach which best meets the specific needs of the specific case.

Early Intervention

30. The evidence strongly suggests that the earlier an intervention is made the more effective it is in dealing with the problem. Currently the PACE support is activated once notification of redundancy has been communicated. Some countries also offer an early intervention support prior to any final decision – a pre-notification service. This achieves two aims:
- it provides partners with information to be ready and gear up for possible intervention – hit the ground running; and
 - it provides information and support to those who are making or will be impacted by any decision.
31. Again, this may not be appropriate in all cases (or indeed be within the scope of devolved powers) but perhaps in fragile local economies it could provide a helpful addition.

Service Specification

32. The research highlighted that success was not the same for different groups with younger/better qualified individuals likely to have a much easier journey back to employment while older and/or lower qualified individuals had more difficulties.
33. In addition, the data showed that the specific local circumstances reflect the changes of success – for example with a more remote area with few employers being more challenging. This tends to suggest that direct approaches (scale and scope) may better reflect the specific local needs.
34. Consideration of perhaps a “tiered approach” would be appropriate – with the more complex situations receiving more support and the others a light touch approach.

Labour Mobility

35. While most redundant workers seek (and achieve) re-employment in their local areas, there may be situations where there are only limited local opportunities such as in rural or employment deprived areas. In these cases, support for travel or relocation could support re-employment, even if on a temporary basis. This should, however, be available to an extent through DWP as PACE Partners.

Monitoring Impacts

36. The lack of good quality monitoring or evaluation data has been highlighted through this research. It will be important in moving forward to really understand what works, what the impact is of the intervention and its relevant value for money.
37. The regular surveys conducted by the SG and SDS on behalf of the PACE Partnership are a good starting point and perhaps these could be developed to better reflect the need to understand impact and value data. For example, by conducting more in-depth and longitudinal surveys of supported individuals and recording data on employment hierarchy, wage level, new skills obtained, security of employment, etc.

1. INTRODUCTION

This report presents the main findings of an International Literature Review to inform the continuous improvement and operation of the Scottish Government's Partnership Action for Continuing Employment (PACE) initiative. The research was commissioned by the Scottish Government (SG) in partnership with Skills Development Scotland (SDS).

1.1 Study Objectives

The overall aim of the research was to identify and, where possible, critically appraise the international evidence base available on the policy and practices of other countries in providing support to individuals and employers facing redundancy. A case study approach was adopted for each comparator country which highlights examples of the support to individuals and employers facing redundancy, and covers:

- the type of support provided;
- how it is delivered;
- the links between the state of the economy, legislation, policy, practice, and evaluation; and
- how it could be implemented in Scotland.

1.2 Identifying Comparators

The first step in identifying comparators involved a review of research previously commissioned by SG and SDS to assess international evidence on policy and practices of other countries in providing support to individuals and employers facing redundancy.

The PACE Desk Research Report (2011)¹ included, among other things, an overview report and country-specific case studies covering elsewhere in the UK, Denmark, Sweden, Australia, New Zealand, United States of America, Germany, France, and Republic of Ireland.

This research report provided useful learning and insights, and was a good starting point for identifying potential comparators (and information/data sources) for this latest research study.

The study team then undertook a rapid scan of various websites and sources to identify the extent to which the necessary information for the case studies could be readily sourced for the countries listed above (i.e. from SG and SDS' previous research) and a wider search of other countries (e.g. Canada, Portugal).

Details of the approach taken to the literature scan is provided in **Appendix A**, with details of the literature reviewed in **Appendix B and Appendix C**.

¹ <https://www.webarchive.org.uk/wayback/archive/20180205161408/http://www.gov.scot/Topics/Education/skills-strategy/pace/PACEdeskresearchreport>

1.3 The Comparators

The initial scan of existing information and data sources was used to develop the final list of comparators. In seeking to finalise the comparator list with SG and SDS, we were also mindful of wider key considerations, including:

- the inclusion of countries of a similar population size and economic characteristics as Scotland;
- the ability to source data in English; and
- Brexit – as this presents significant risks and challenges for Scotland’s (and the UK) economy and labour market. Therefore, including other countries in the UK who are in the same position as Scotland was considered essential.

Eight comparator counties were identified, including those located elsewhere in the UK, Europe, and further afield, **Table 1.1**.

Table 1.1: Comparator Countries

Comparator Countries	
UK	England, Northern Ireland, and Wales.
Europe	Denmark, Portugal, and Sweden.
Outwith Europe	Australia and Canada.

It should be noted that in many cases there was a lack of publically available information and data on for example, the total number of individuals made redundant and the number of individuals supported through related interventions across many of the comparator countries.

1.4 Report Structure

The remainder of the report is structured as follows:

- **Chapter 2** provides an overview of the main messages from a review of labour market policies;
- **Chapter 3** provides an overview of the changes in Scotland’s labour and business markets since 2010, and relevant PACE data;
- **Chapters 4 to 11** presents the country by country case studies; and
- **Chapter 12** presents some conclusions and recommendations.

Further detail on the research approach and data sources are appended, including a Bibliography.

2. AN OVERVIEW OF LABOUR MARKET POLICIES

2.1 Introduction

This Chapter provides a general overview of the sourced labour market policy literature. The search terms used are detailed in **Table 2.1**.

Table 2.1: Labour Market Polices – Search Terms

Key Search Terms	
• Displaced workers.	• Evaluation and review.
• Responding to redundancy.	• Labour policies - what works.
• Mitigate impact of restructuring.	• Back to work.
• Responding to job losses.	• Continuing employment.

The analysis presented on the following pages is based on a review of a wide range of documents and we have provided links where available (**Appendix B**). We also set a cut-off date of post-2010 for the research to ensure where possible its currency.

It is not the intention to provide a detailed analysis of each document individually, but instead to tease out the key messages and consider how this could relate to Scotland. We have sought to review and synthesise the reports to identify key pointers of good or common practice, and in particular the effectiveness of particular interventions.

2.2 A Global Analysis

A report by the World Bank and International Labour Organisation (ILO) in 2012 sought to establish a database of Government responses to the 2008 economic and financial crisis and is probably the most comprehensive analysis available².

The report reveals that in most of the 55 low-income and middle-income and 22 high-income countries surveyed, unlike previous crises, there was considerable government intervention to mitigate the job-loss impacts of the downturn.

Not only did a majority of affected countries use expansionary fiscal and monetary policies to stimulate the economy, they also directly intervened to protect or create employment, preserve skills and facilitate the matching between jobseekers and employers, and protect the incomes of the unemployed and vulnerable groups.

On the demand side, high-income countries focused on facilitating access to credit, while low- and middle-income countries prioritised direct job creation and employment incentives, **Table 2.2**.

² Joint Synthesis Report, International Labour Organisation/World Bank, Inventory of Policy Responses to the Financial and Economic Crisis, April 2012.

Table 2.2: Policies to Protect or Create Employment, Preserve Skills and Support Jobseekers

Policies	
Low and Middle Income Countries:	
Direct job creation and employment incentives	66.95%
Subsidies to employers maintaining existing jobs	14.54%
Credit facilities/access to credit guarantee	12.97%
Special measures for SMEs	3.04%
Supportive regulatory environment	1.14%
Subsidies for job creation	0.61%
Lowering non-wage labour costs and other tax reductions	0.46%
Reduction of wages	0.29%
Total	100%
High Income Countries:	
Credit facilities/access to credit guarantee	56.12%
Direct job creation and employment incentives	18.56%
Special measures for SMEs	12.68%
Subsidies to employers maintaining existing jobs	9.42%
Lowering non-wage labour costs and other tax reductions	0.93%
Reduction of wages	0.89%
Supportive regulatory environment	0.86%
Subsidies for job creation	0.54%
Total	100%

Source: Budgets Allocated for Active Labour Market Policies 2008-2012 (World Bank 2013).

The World Bank and ILO report questions how well prepared countries were to respond to the economic crisis, particularly developing countries many of whom did not have significant social security programmes that could be scaled up during the crisis.

In addition, across the board, the coverage of social insurance programmes was low. Policies such as the increase in the level and duration of unemployment benefits, for example, were helpful, but in some cases, might have only benefited formal sector workers as opposed to part time/no-contract staff.

Active labour market programmes such as employment services, training, and wage subsidies, were also commonly used, but the report raises questions over their effectiveness. Finally, it also highlights that many countries lacked surveys or administrative data to track the impacts of the crisis on labour markets and workers.

Recommendations included the need to rethink the design of active labour market programmes, including those used to stimulate labour demand and investing in appropriate labour market information systems.

2.3 Overview Commentary

There are some general messages which can be identified from the wider labour market policy review, and these are highlighted below:

- much of the literature is descriptive – what was done but not what impact it had – therefore difficult to really identify what is good practice;
- the literature identifies that policy responses have two distinct focus which are quite different – some countries do both, others focus on one or other:
 - policy to support restructuring and impact on business (long-term)
 - policy to support restructuring and impact on employees (short-term);
 - there seems to be a common view that SME/individual's awareness of support policies can be limited and that marketing and awareness is a key factor;
- co-ordination across all stakeholders was generally seen as poor and needs to be improved – also wide partnerships seem more effective (including representation from the third sector/private sector, etc);
- focus on individual rather than job – flexible labour markets;
- improve and enhance the role and responsibility of employers through better social dialogue;
- should try and introduce anticipatory – early access measures – not wait till after the event;
- specific information on the effects of restructuring at a regional level and approaches to tackle its potential consequences for the local economy, labour market and society is scarce;
- the following success factors for regional approaches were identified:
 - openness to change – do not fight the inevitable
 - wider stakeholder approach – not one single organisation
 - early responses are better – even before formal termination
 - adequate income support for those displaced – use of insurance?
 - effective monitoring of economic environment – ex-ante basis;
- percentage of displaced workers re-employed within one year is highest in Scandinavia and Australasia where there is a more relaxed regulatory regime but strong support for individual workers;
- some (older/less qualified/part-time) struggle to find a new job and job quality tends to worsen;
- while workers in smaller companies have a higher rate of displacement it is the large companies where job losses are concentrated;
- many displaced workers do not require major re-training BUT, some move to a job with significantly lower skill requirements, leading to professional downgrading and more sizeable earnings losses, where training support is justified;
- include investment in quality training programmes and have a long-term focus on employment outcomes for workers, rather than a focus on short-term quick fixes; and
- (limited) evaluations of a wide range of active labour market programmes have produced three essential findings:
 - job search assistance programmes are the most cost-effective
 - large-scale public service employment programmes are the least cost-effective and most costly
 - job training programmes and employment subsidies fall somewhere in between, with the degree of cost-effectiveness dependent on proper targeting of assistance.

2.4 What (Appears To) Work

While there is no clear and recent evaluation evidence from which to draw unambiguous conclusions, we are able to present some aspects that appear consistent through the research and which provide a flavour of the kinds of interventions which work best. These include:

- **most assistance packages involve a combination of supply and demand side measures**
 - the most successful policy responses: target both demand and supply sides of labour markets; engage workers and the local community to understand their needs; and reflect early planning conducted with a strategic, longer-term view;
- **in certain circumstances, there may be a prima facie case for carefully targeted and/or limited assistance to delay a firm closure**
 - the literature suggests that labour market outcomes for individuals may be substantially improved when there is an intervention to slow the closure process itself;
- **firm closures are often expected – few are surprises**
 - even without formal notification of an impending firm closure, planning can get underway to consider the likely impact and to develop responses that align with wider strategy for regional and/or industry development;
- **policy responses to large firm closures have varied, but a mixed approach seems best – no one size fits all**
 - all examples reviewed show that responses are very much mixed with a range of different types of interventions. Job search programmes are considered to offer the best value;

- **wide partnership across a range of stakeholders**
 - just as no one size response fits all, so no single organisation can (or should) seek to address the challenges. In all cases there are a mix of different stakeholders – although the key is for clear roles and responsibilities

In some cases a co-production approach is used where all stakeholders (employer/employees/trades unions and public sector) are involved in designing the responses;

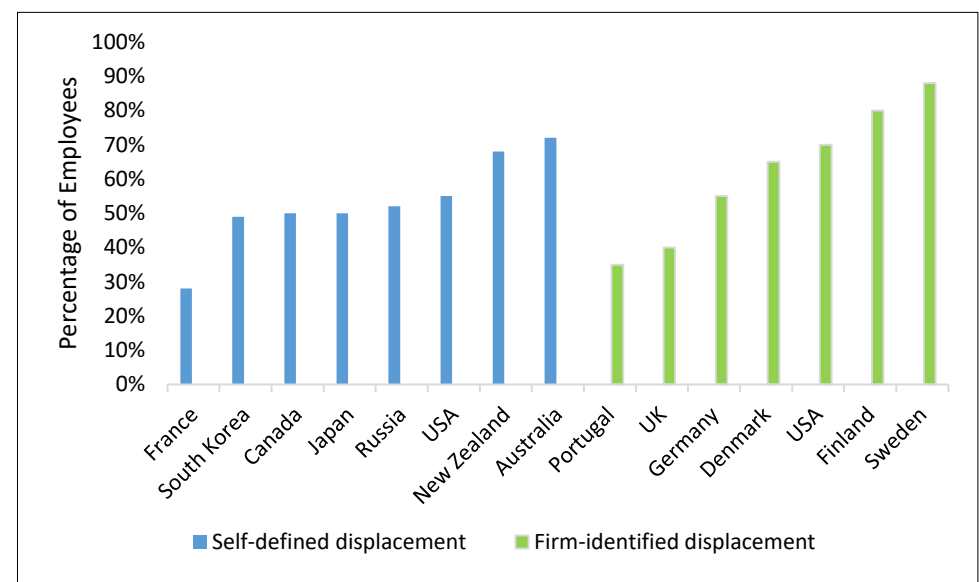
- **monitoring and fore-sighting³**
 - all the successful Scandinavian programmes have a strong monitoring and fore-sighting aspect to understand and help plan for possible future interventions – an early warning system
 - such tools are generally considered to be of particular relevance for anticipating movements of the labour market and anticipating restructuring, which then enable partners to put a strategy into place early to address particular issues
 - there are, however, considered to be a number of conditions that need to be met for labour market forecasting and anticipation tools to be effective:
 - the data itself must be accurate, complete and up to date (though this is not always the case). In addition, data becomes out of date quickly given the fast pace of change
 - to be of practical use, the data needs to feed directly into policy-making – it is not enough to collect it
 - see also the range of economic and labour market anticipation measures that exist in the 27 EU Member States (Table 1 – Annex II)⁴;

3 EU Synthesis Report 27 National Seminars on Anticipating and Managing Restructuring – A.R.E.N.A.S. (Service contract VC/2008/0667) SEE also Policy Database appendix

4 As above.

- **not all employees are the same – a one dimension approach may not be appropriate**⁵
 - the needs of all employees are different and the evidence shows that younger better qualified full-time staff have an easier return to the labour market and that different levels/types of support for different groups may be appropriate
 - the evidence suggests that older (casual and part-time workers) have much lower chances to find a new job – suggesting a need for more tailored support for some displaced workers (e.g. older workers)
 - see link below for good practice examples (Australia) for helping displaced older workers get back into employment⁶ (e.g. using age – and experience-appropriate advisors, recognising the health risks linked with job displacement, being aware of low levels of literacy among some older workers, including IT and numeracy skills); and
- **no impact data but in terms of outcomes**
 - while we were unable to find any impact evaluations, in terms of the case study examples explored in more detail as part of the research, including from OECD research, the Scandinavian and Australasian approach appear to deliver the best outcomes in terms of time taken for displaced individuals to return to employment, **Figure 2.1**.

Figure 2.1: Percentage of Displaced Workers Re-employed Within One Year (2000-2008)



Source: EKOS chart recreated from OECD Back to Work, 2016.

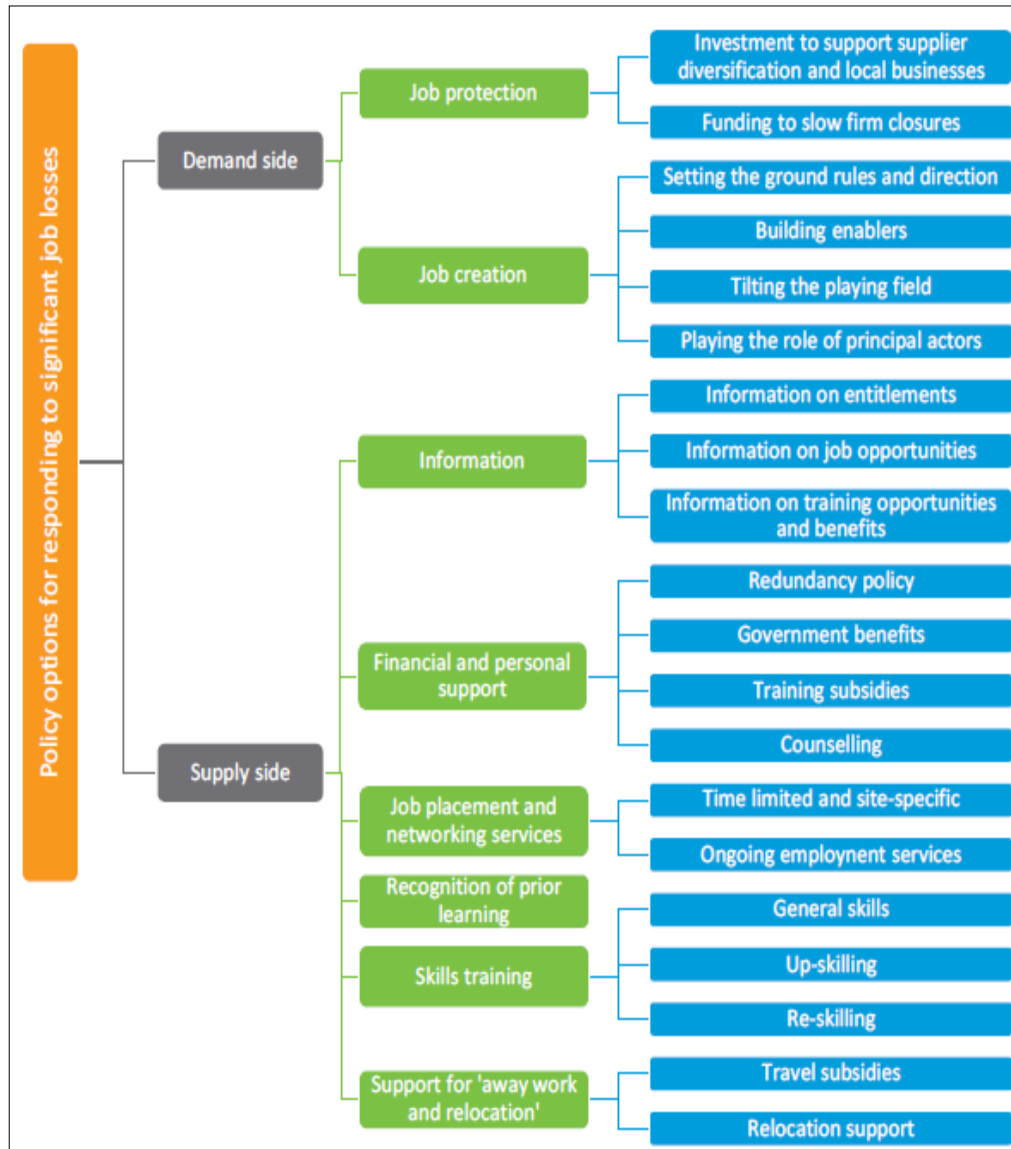
Note: Raw data for this table was not available, percentages shown are estimates based on chart in publication.

⁵ What support is needed for workers who are displaced? An overview of OECD practices Directorate for Employment, Labour and Social Affairs

⁶ <https://www.ncver.edu.au/publications/publications/all-publications/helping-displaced-older-workers-get-back-into-employment-good-practice-guide>

We have also replicated below an assessment of the different policy options used by the various players, **Figure 2.2**.

Figure 2.2: Review of Policy Options



Source: Lessons learnt from large firm closures: Department of Industry, Innovation, Science, Research and Tertiary Education (AUS) 2013.

2.5 Implications for Scotland

It was highlighted earlier that there is no clear cut and unambiguous data on what policy options and interventions work best, never mind any formal impact assessments.

The literature provides extensive information on a wide range of different interventions (500+), and it is not clear which of these work best or if a particular combination is required. However, based on our research, we have a sense the Scotland (PACE) offering addresses most of the aspects seen as good practice (as highlighted earlier).

Some of the issues perhaps worth further consideration by SG and SDS include:

- monitoring/fore-sighting;
- co-production of services;
- an early intervention programme; and
- services for specific target groups.

3. SCOTLAND'S LABOUR AND BUSINESS MARKETS

3.1 Introduction

This Chapter provides a brief overview of some of the changes in Scotland's labour and business markets since 2010, and provides a sense of what has been happening in a wider context to support our broader understanding.

3.2 Background Datasets

Table 3.1 provides an extract from the PACE Activity Paper (2017)⁷ showing activity by Local Authority over time. The data shows the number of individuals and the number of employers supported by local authority by year between 2010/11 and 2016/17. It should be noted that many are individuals to whom simply a PACE Guide has been made available.

Table 3.1: PACE Activity, 2010 to 2017

Local Authority		2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	Total(s)
Aberdeen City	Employers	4	29	23	16	47	107	84	310
	Individuals	48	665	612	448	2,665	6,058	4,871	15,367
Aberdeenshire	Employers	5	13	20	12	17	20	16	103
	Individuals	227	131	556	280	931	2,299	353	4,777
Angus	Employers	4	11	2	3	2	8	8	38
	Individuals	51	161	22	24	99	61	226	644
Argyll & Bute	Employers	4	6	5	6	7	3	4	35
	Individuals	81	71	103	42	53	70	219	639
Clackmannanshire	Employers	2	1	3	2	3	5	4	20
	Individuals	125	80	43	65	56	35	12	416
CES	Employers	10	11	6	8	3	4	3	45
	Individuals	68	111	172	49	69	49	11	529
Dumfries & Galloway	Employers	20	33	32	34	12	7	10	148
	Individuals	439	424	409	353	56	89	268	2,038
Dundee City	Employers	11	18	16	11	13	9	10	88
	Individuals	569	282	414	171	436	246	394	2,512
East Ayrshire	Employers	8	18	11	6	11	2	8	64
	Individuals	185	293	164	437	265	193	168	1,705

⁷ Provided by SDS - PACE Activity for PACE Debate Paper, April 2017.

Local Authority		2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	Total(s)
East Dunbartonshire	Employers	2	4	5	5		3	1	20
	Individuals	98	17	40	35		66	10	266
East Lothian	Employers	5	6	3		5	1		20
	Individuals	224	90	123		52	39		528
East Renfrewshire	Employers	2	2	2	3	1	2	1	13
	Individuals	23	8	35	151	4	23	6	250
Edinburgh City	Employers	24	42	47	24	30	15	20	202
	Individuals	1,277	1,113	822	469	657	278	890	5,506
Falkirk	Employers	9	13	20	11	12	4	9	78
	Individuals	214	404	318	293	214	50	367	1,860
Fife	Employers	24	54	34	33	30	32	30	227
	Individuals	1,486	1,749	464	1,001	987	1,517	1,147	8,351
Glasgow City	Employers	49	74	68	71	54	42	51	409
	Individuals	1,276	1,611	1,699	3,507	2,688	1,549	1,130	13,460
Highland	Employers	17	32	33	33	16	24	16	171
	Individuals	682	696	503	396	509	311	586	3,683
Inverclyde	Employers	7	8	6	13	5	7	8	54
	Individuals	244	106	130	160	109	283	463	1,495
Midlothian	Employers	4	7	6	3	1	1	3	25
	Individuals	136	147	254	27	14	29	124	731
Moray	Employers	15	27	9	7	8	2	4	72
	Individuals	221	561	66	142	128	13	68	1,199
North Ayrshire	Employers	4	12	10	8	11	8	10	63
	Individuals	105	193	251	161	125	310	176	1,321
North Lanarkshire	Employers	19	27	24	17	15	15	18	135
	Individuals	834	702	431	487	385	513	692	4,044
Orkney Islands	Employers	8	13	6	2	1		2	32
	Individuals	169	127	139	57	6		2	500
Perth and Kinross	Employers	9	18	11	8	5	7	4	62
	Individuals	332	247	125	285	68	117	169	1,343
Renfrewshire	Employers	8	15	17	10	12	8	3	73
	Individuals	135	441	486	246	311	81	261	1,961

Local Authority		2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	Total(s)
Scottish Borders	Employers	12	12	10	12	9	13	8	76
	Individuals	317	274	120	135	115	576	143	1,680
Shetland Islands	Employers	1	6	7	8	6	11	7	46
	Individuals	3	88	98	111	37	2,033	136	2,506
South Ayrshire	Employers	9	16	13	11	7	4	10	70
	Individuals	285	176	467	267	207	130	200	1,732
South Lanarkshire	Employers	12	29	28	29	19	6	18	141
	Individuals	285	1,009	519	1,195	465	317	472	4,262
Stirling	Employers	9	13	12	8	6	1	4	53
	Individuals	220	148	271	66	128	10	276	1,119
West Dunbartonshire	Employers	3	12	11	8	3	6	5	48
	Individuals	81	190	93	139	50	111	409	1,073
West Lothian	Employers	13	15	16	16	19	8	17	104
	Individuals	483	487	1,954	357	261	365	797	4,704
Total(Employers)		333	600	523	445	392	392	406	3,091
Total(Individuals)		10,923	13,017	12,014	11,674	12,161	17,883	15,167	92,839

Source: Provided by SDS - PACE Activity for PACE Debate Paper, April 2017

The data shows that Glasgow City has the largest activity across the 32 Local Authorities, but that at a regional level it is Aberdeen (City and Shire) which has had most support. This has been in direct response to the downturn in the oil and gas industry since 2014.

Table 3.2 below shows the percentage activity across those regions with the largest activity.

Table 3.2: PACE Activity by Region

Region	Employers	Individuals
Aberdeen City and Shire	13%	22%
Glasgow	13%	14%
Lothian	12%	13%
Lanarkshire	9%	9%
Fife	7%	9%
Highlands	6%	4%

Source: Provided by SDS - PACE Activity for PACE Debate Paper, April 2017.

Table 3.3 shows the total business death rates⁸ across similar regions. It can be seen that there is a good and consistent read across between actual business deaths and actual PACE activity.

Table 3.3: Business Deaths Scotland (Average 2013-2016)

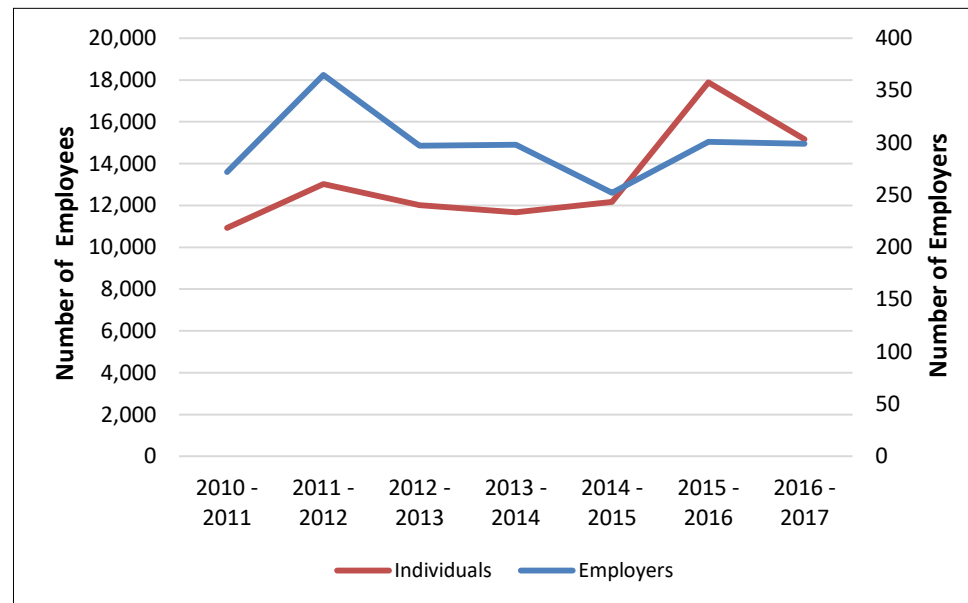
Region	Percentage of Scotland Business Deaths by Region
Lothian	17%
Glasgow City	14%
Aberdeen City and Shire	11%
Lanarkshire	9%
Highlands and Islands	7%
Fife	6%

Source: ONS/Business birth and death rates by region, UK, 2015

We have also compared PACE activity in more detail with a number of other indicators to provide a sense of PACE activity in light of wider economic changes.

Figure 3.1 shows the trend of PACE activity over time. The data show that PACE has tended to support more individuals over time with a decrease in employer numbers which suggests that the average size of supported company is becoming larger.

Figure 3.1: Number of Employees and Employers Supported Through PACE

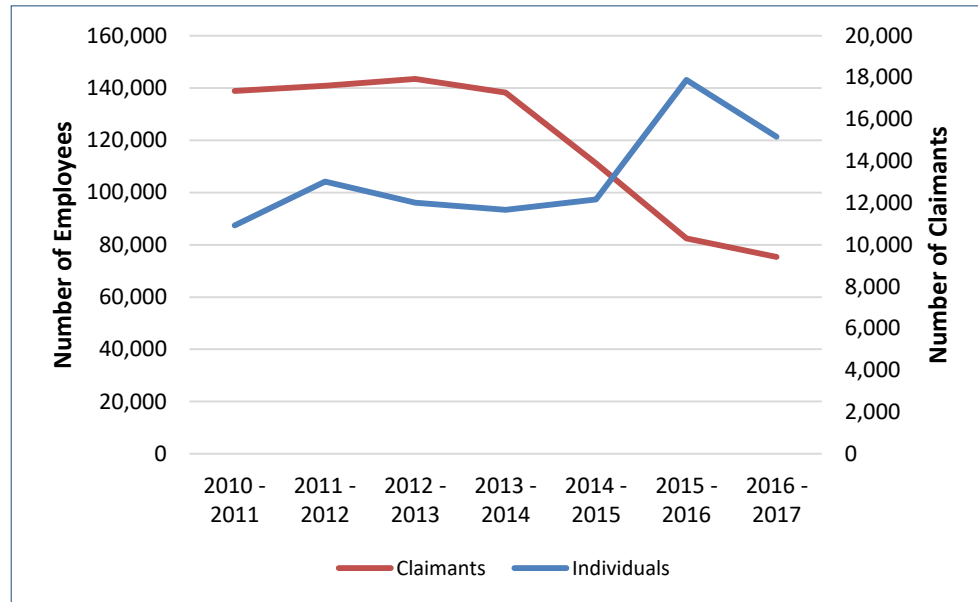


Source: Provided by SDS - PACE Activity for PACE Debate Paper, April 2017.

⁸ Businesses that have ceased to trade (identified through de-registration of the administrative units, that is, VAT and Pay As You Earn (PAYE)) are referred to as business deaths and the death rate is calculated using the number of deaths as a proportion of the active businesses.

Figure 3.2 shows the number of individuals supported by PACE compared to changes in claimant count (a proxy for registered unemployment). The data show that as unemployment has fallen, PACE has supported more individuals which suggests an increase in overall penetration rates.

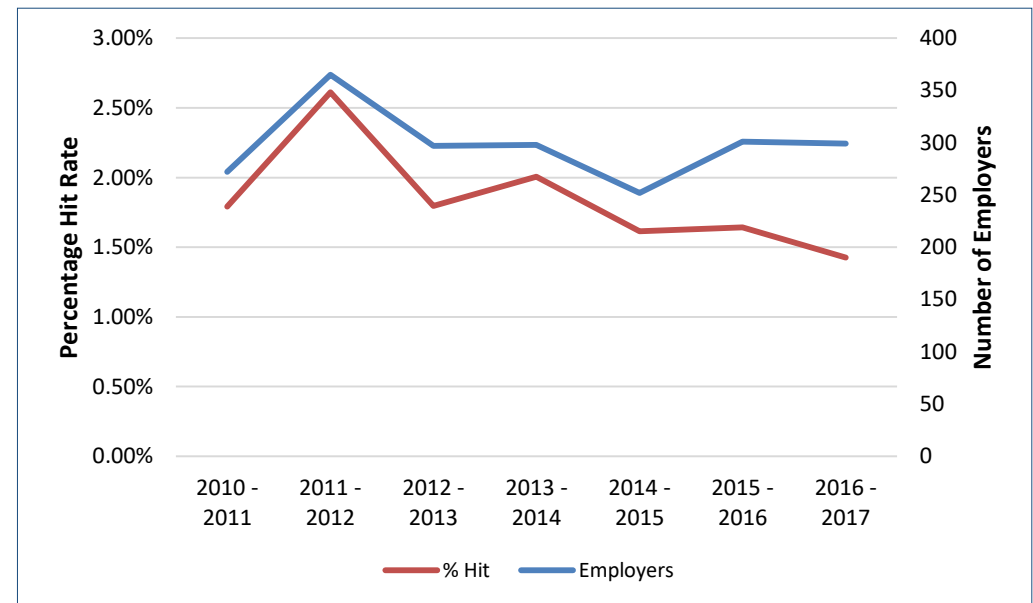
Figure 3.2: Change in Numbers Supported Compared to Claimant Count



Source: ONS/Claimant Counts

Figure 3.3 shows the number of employers supported by PACE compared to the percentage of total business deaths supported through PACE (“hit rate”). The data shows a strong correlation between the number of employers supported and the actual percentage of total business deaths (i.e. PACE has responded to business closures).

Figure 3.3: Penetration Rate of PACE to Employers⁹

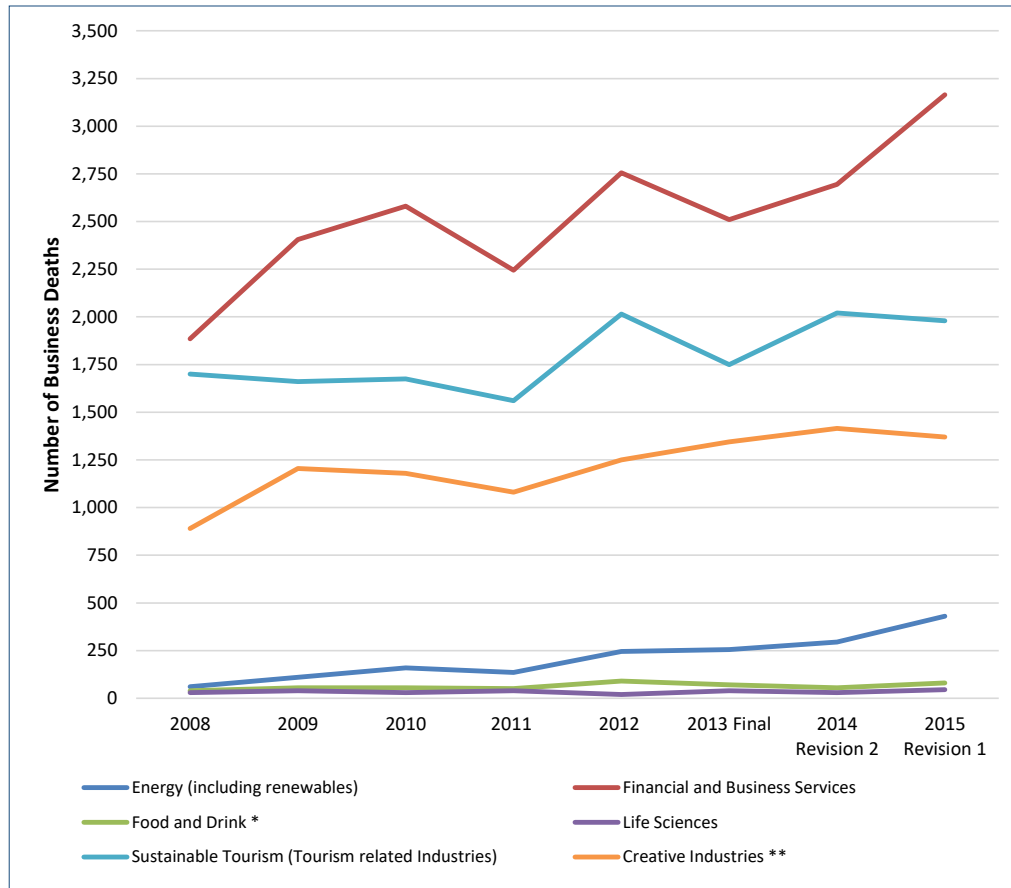


Source: ONS/Business Deaths

⁹ Data not available for individuals.

Figure 3.4 shows changes in business deaths¹⁰ for Scotland’s key sectors. It is not possible to map this against PACE activity, however, it does appear that there is again a consistent correlation (i.e. PACE has responded to key sector business closures).

Figure 3.4: Business Deaths in Key Sectors



Source: ONS Business Counts/Deaths

Note: data on the number of notified redundancies at regional level is not consistently available over the last five years and as such it is not possible to offer any robust sense of penetration rates.

¹⁰ See definition at Footnote 8.

3.3 PACE Client Experience Surveys

Much of the existing intelligence on PACE confirms that the initiative continues to perform well, and over the years it has evolved and learned lessons from elsewhere and has identified specific areas for improvement. There are regular (bi-annual) surveys¹¹ undertaken of PACE activities to review the experience of supported individuals and determine what works/is good (latest report was published in 2016). These surveys provide a good understanding of how effective the PACE interventions have been and allow a longitudinal comparison.

A detailed review is outwith the scope of this research, however, key points worth highlighting include:

- in line with the literature analysis job search and interview support services are the most highly rated;
- these services are also considered the most relevant to individuals and have been improving over time;
- there are issues around individuals securing lower paid/lower skilled jobs than held previously;
- there are also similar issues around challenges for older workers to secure similar paid and skilled employment which perhaps signals the issue as relevant as identified earlier;
- although not a majority there was a significant number stating that the service was “too late” – which relates to the early intervention issue raised earlier. This suggests a need to raise awareness of PACE so that individuals can access support directly rather than the service only being available when an employer agrees that PACE can come in;
- again in line with other research there was limited training prior to obtaining new employment (25% of survey respondents) which is perhaps a missed opportunity to focus on workforce development; and
- there is a potential “dumbing down” of the skills (based on pay levels) following redundancy – replacing higher value with lower value jobs. This reflects that an individual’s main priority will be to obtain a job. However, this has an obvious impact on Scotland’s economic growth progress in terms of economic output.

These points will be considered further later in the report.

¹¹ Can be found here: <https://www.webarchive.org.uk/wayback/archive/20180205133740/http://www.gov.scot/Topics/Education/skills-strategy/pace>

4. ENGLAND

Key Messages:

- Jobcentre Plus delivers the Rapid Response Service (RRS) in the event of threatened (or actual) redundancies in England, providing support to employers and employees (such as on-site advice surgeries, links and referrals to other agencies, and information and advice about job-search, vacancies and training opportunities).
- A ‘fast-track’ service for large-scale redundancies is available, although only in cases where 20 or more redundancies are planned.
- While Jobcentre Plus is responsible for co-ordinating RRS, the delivery of support is through a partnership arrangement. Partner organisations vary according to location and the specific requirements of each redundancy situation, but include for example local authorities, colleges, and local enterprise partnerships.
- The successful delivery of RRS is considered to be due to the nature and extent of partnership working and partners combined knowledge of the local labour market.

Variances between Scotland and England:

- RRS/DWP is part of PACE in Scotland. The RRS support and advice delivered to employers and employees by Jobcentre Plus is already delivered through PACE in Scotland.

Policy Approach

Active labour market policies (ALMPs) are government programmes that intervene in the labour market to help the unemployed find work. The three main categories of ALMP in England are:

- **public employment services** – Jobcentre Plus helps people improve their job search effort by disseminating information on vacancies and by providing assistance with interview skills and writing a CV;
- **training schemes** – classes and apprenticeships help people to improve their vocational skills and employability prospects; and
- **employment subsidies** – either in the public or private sector, and directly create jobs for the unemployed. These are typically short-term measures which are designed to allow an individual to build up work experience and prevent skill atrophy.

Jobcentre Plus delivers one of the most notable instruments for managing ‘negative’ restructuring – the **RRS** – in the event of threatened (or actual) redundancies. RRS provides support to both employers and employees, such as on-site advice surgeries, links and referrals to other agencies, and information and advice about job-search, vacancies and training opportunities.

RRS is available to both private and public sector employers (third sector employers are also eligible where the job losses affect paid workers). The volunteer workforce is not eligible for RRS support, but may be signposted to other sources of local support¹².

A ‘fast-track’ service for large-scale redundancies is available through RRS, leading to a speedier response and closer relationships between Jobcentre Plus and employers. The fast-track service is provided ‘proactively’, but only in cases where 20 or more redundancies are planned. This means that micro and very small businesses cannot access this particular aspect of the RRS service.

¹² <https://www.whatdotheyknow.com/request/174768/response/430961/attach/37/RRS%20Guidance.pdf>

Key Stakeholders

Jobcentre Plus is responsible for co-ordinating RRS, however, the delivery of support is through a partnership arrangement. Partner organisations vary according to location and the specific requirements of each redundancy situation, but may include for example: Skills Funding Council; Department for Business, Innovation and Skills (BIS Local); Acas; HMRC; Money Advice Service; Local Authorities; educational institutions; Local Enterprise Partnerships (LEPs); and other government agencies.

Wider points to note include:

- **Education and Skills Funding Agency (ESFA):** employers with plans to make redundancies (both large and small scale) may be able to access fully funded training for employees at risk of redundancy;
- **Jobcentre Plus:** help employers/employees through redundancy situations, providing support and advice through its role in the RRS – and also provide on-site support for large scale redundancies;
- **National Careers Service¹³:** provide information, advice and guidance to help inform decisions on learning, training and work; and
- **third sector organisations:** national organisations such as Turn2us¹⁴ provide advice, information, and support to people in financial need. This includes support to access welfare benefits, charitable funds including grants for welfare or educational purposes, etc.

¹³ <https://nationalcareersservice.direct.gov.uk/>

¹⁴ <https://www.turn2us.org.uk/>

Outputs and Outcomes

Recent statistics relating to the effectiveness of RRS are not available. However, while the following data is out-of-date (April 2002 and January 2003) it shows that:

- RRS provided new and continued support to 178 projects covering over 210 companies that were making over 70,000 people redundant;
- around 10,000 people took up services offered under RRS, with the majority (7,900 individuals) receiving information, advice and guidance, and skills and training analysis (3,300 individuals);
- training was offered to 970 people; and
- over 60% of individuals (whose destinations were known) moved into employment following RRS, and the majority were still in work four weeks later¹⁵.

RRS plays a particularly important role in ensuring that the public employment services in the UK play a central role in establishing and pursuing a regional and local dimension to the European Employment Strategy.

It would appear, however that evaluations of the RRS to date have been undertaken at a regional level rather than an overall assessment of the efficiency, effectiveness and impact at a national (England-wide) level. For example, this includes the Mid-term Evaluation of the Redundancy Support Service in the South East of England¹⁶.

This research study found that the RRS is “*a programme that has performed well across the South East, consistently exceeding targets set by SEEDA in terms of jobs created and safeguarded, number of people assisted and businesses created and demonstrating growth after 12 months*”. Key success factors included strong collaboration between South East of England Development Agency and Jobcentre Plus.

¹⁵ http://pdf.mutual-learning-employment.net/pdf/uk03/FinalreportUK03_NM.pdf

¹⁶ http://www.secouncils.gov.uk/wp-content/uploads/pdfs/_publications/RedundancySupportService_finalreport.pdf

Table 4.1: RRS South East – Targets and Actual Outputs (2004 – 2007)

Performance Indicator	2004/05		2005/06		2006/07	
	Target	Actual	Target	Actual	Target	Actual
No. of jobs created/safeguarded	40	71	40	87	40	62
No. of people assisted to get a job	4,000	7,072	4,000	7,532	6,250	7,574
No. of new businesses created and demonstrating growth after 12 months ¹	N/A	N/A	28	45	28	29

Source: DTZ Consulting and Research Report (http://www.secouncils.gov.uk/wp-content/uploads/pdfs/publications/RedundancySupportService_finalreport.pdf)

¹ Information for this target was only gathered from 2005/06

Key Learning Points

The main learning points to highlight from the England approach are detailed below:

- according to research carried out by Leeds Business School, instances where employer engagement with ALMP programmes are considered successful, tend to be as a result of trusting relationships brokered with employers by Jobcentre Plus and contracted providers, rather than the programmes themselves. The research also found that relationship-building takes time, and is at times hindered by changes to programmes, contracts and regulations, etc¹⁷;
- the fast-track service for large-scale redundancies is an on-site measure, and it is a fast and responsive service. It leads to an improved relationship between Jobcentre Plus and employers, and to improved use of labour market information at regional and local levels; and

- all individuals impacted by redundancy are eligible to access RRS services, including those:
 - under threat of redundancy but who are still employed
 - under notice of redundancy but who are still employed
 - who lose their jobs in companies which are in the supply chain of a larger company making redundancies and those who lose their jobs in a location designated as having RRS status by Jobcentre Plus
 - indirectly losing their jobs as a result of the redundancy
 - whose redundancy period has elapsed – regardless of whether or not they have made a claim for benefits.

Compare and Contrast

Points to note in comparing and contrasting the England and Scotland approaches include:

- similarly to the PACE model in Scotland, England has a co-ordinated response to supporting individuals and employers facing redundancy;
- partnership working is key to the successful delivery of RRS, as is knowledge of the local labour market;
- RRS helps in two ways: early intervention is a priority objective, helping some workers into new jobs before they have lost their current employment, and secondly, Jobcentre Plus offers workers an enhanced range of options not normally available to jobseekers; and
- Jobcentre Plus emphasises the flexibility of the RRS, which means that there is not a “typical” menu of assistance. Other businesses (such as major suppliers) who are impacted by the redundancy may be supported if they are negatively impacted as a result.

Transferability

RRS/DWP is part of PACE in Scotland. The RRS support and advice delivered to employers and employees by Jobcentre Plus is already delivered through PACE in Scotland.

¹⁷ <https://business.leeds.ac.uk/research-and-innovation/blog/article/government-help-for-the-unemployed/>

5. NORTHERN IRELAND

Key Messages:

- There is a robust network of partnerships at a local level in Northern Ireland involved in a wide range of employment, training, economic and community development initiatives.
- The main bodies involved in supporting displaced workers in Northern Ireland are: Jobcentre Plus; Department for the Economy (DfE); the Department for Employment and Learning; the Labour Relations Agency (LRA); the Department for Communities; Northern Ireland Committee of the Irish Congress of Trade Unions (NIC-ICTU); and Citizens Advice Northern Ireland.
- Jobcentre Plus services are delivered through a network of 35 Jobs and Benefit Offices across Northern Ireland. The main activities span helping people who are not job ready to develop the skills and competences to become employable, to matching unemployed people to suitable job opportunities, as well as the administration of welfare benefits.
- Free advice relating to issues on employment rights can be accessed from the LRA and Citizens Advice Northern Ireland.

Variances between Scotland and Northern Ireland:

- There does not appear to be a support service similar to PACE in Northern Ireland that supports individuals and employers facing redundancy.

Policy Approach

The policy framework for employment and economic development in Northern Ireland is outlined in various strategic documents¹⁸. Responsibility for delivery of the Economic and Skills Strategies sits primarily with the Department for the Economy – DfE – (formerly the Departments for Enterprise, Trade and Investment (DETI) and for Employment and Learning (DELNI)).

Table 5.1: Northern Ireland Workforce Related Strategies

New Workforce Entrants	Existing Workforce	Excluded from Workforce
Graduating to Success	Employer Engagement Plan	Pathways to Success
Access to Success	Training for Success	Working for Success
Further Education Means	Apprenticeships in NI Programme	Youth Employment Service
Success Through STEM	Skills Solutions Service	Economic Inactivity Strategy
	Assured Skills Programme	
	Leading to Success	

Source: Policy Context for Employment and Skills in Northern Ireland (OECD)

For many years, Government policy in Northern Ireland was that employment law should be broadly in line with the law in Great Britain and the only main distinction was discrimination on grounds of religious belief and political opinion. However, there have been signs of a distinct divergence between the employment laws in Northern Ireland and those in Great Britain, which is set to continue. The main areas of divergence include: discrimination legislation; disciplinary and grievance procedures; conciliation and tribunal procedures; redundancy consultation; and compromise agreements.

¹⁸ The Programme for Northern Ireland (<https://www.northernireland.gov.uk/programme-government>); The Economic Strategy for Northern Ireland (https://www.northernireland.gov.uk/sites/default/files/publications/nigov/ni-economic-strategy-revised-130312_0.pdf); Success Through Skills - Transforming Futures (<https://www.economy-ni.gov.uk/sites/default/files/publications/economy/Success-through-Skills-Transforming-Futures.pdf>)

There does not appear to be a co-ordinated response in Northern Ireland to supporting individuals or employers facing redundancy. In Northern Ireland, Jobcentre Plus services are delivered through its network of 35 Jobs and Benefit Offices.

Its services include helping people who are not job ready to develop the skills and competence to become employable; matching unemployed people to suitable job opportunities; and administering a variety of benefits.

Between 2016 and 2017, there were 2,493 confirmed redundancies – a decrease of 22% from the previous year (3,205)¹⁹. However, companies are only legally required to notify impending redundancies of 20 or more employees, and those with fewer redundancies are not included in the statistics. As a result, the figure is likely to be an underestimate of total job losses (although it is not possible to quantify the extent of the shortfall) as Northern Ireland is a relatively small business economy²⁰. Similarly, there are no figures available on the number of redundant individuals supported.

As part of the European Social Fund, there are, however, projects for people living in Northern Ireland who are out of work, although not specifically aimed at those at risk of redundancy, **Table 5.2**.

Table 5.2 ESF Projects (Northern Ireland) Supporting Unemployed People

Project	Target Group
Exploring Enterprise Programme	16-25 year olds from disadvantaged backgrounds, lone parents, ex-offenders, people who have been made redundant, young people and women
Externworks	Over 18s, homeless, ex-offenders and refugees
Jobmatch	Long-term unemployed; ex-offenders; ones with drug/alcohol problems; carers; economically inactive; unemployed; young people not in education, employment or training
LEMIS+ Project	All people of working age, both unemployed and economically inactive
Path 2 Employment (P2E)	Unemployed and economically inactive people who are 18 and over
PROSPER 2	Women aged 16 and older
Skills2020	Unemployed and economically inactive
Step Into Employment	People aged 25 years and older
Training For Employment	Unemployed and economically inactive
Work Routes NI	People aged 18 or older – those furthest removed from the job market due to addictions, convictions, homelessness and so on

Source: Northern Ireland Government
<https://www.nidirect.gov.uk/contacts/european-social-fund-projects-people-out-work>

¹⁹ Northern Ireland Statistics and Research Agency (NISRA)

²⁰ SMEs account for 75% of private sector turnover in Northern Ireland, and sustain more jobs than all large businesses and the public sector combined – Research carried out for Federation of Small Businesses (FSB) by Ulster University's Centre for SME Development

Key Stakeholders

The main bodies involved in supporting displaced workers in Northern Ireland are:

- **Jobcentre Plus** – as outlined earlier, services are delivered through the network of Jobs and Benefit Offices across the country;
- **Department for the Economy (DfE)**²¹ – this government department has responsibility for skills and business development;
- **Department for Employment and Learning** – promotes learning and skills (preparing people for work, supporting the economy);
- **Labour Relations Agency (LRA)**²² – a non-departmental public body with responsibility for promoting the improvement of employment relations in Northern Ireland;
- **Department for Communities**²³ – has strategic responsibility for areas relating to work and inclusion (e.g. finding employment, benefits and pensions);
- **Northern Ireland Committee of the Irish Congress of Trade Unions**²⁴ – this is the elected council of the trade union movement in Northern Ireland; and
- **Citizens Advice Northern Ireland**²⁵ – the largest advice charity in Northern Ireland, deals with a range of issues including benefits, debt, and employment issues.

21 <https://www.economy-ni.gov.uk/>

22 <https://www.lra.org.uk/>

23 Formed in May 2016 the Department for Communities was established following the restructuring of Northern Ireland Departments - <https://www.communities-ni.gov.uk/>

24 <https://www.ictuni.org/>

25 <https://www.citizensadvice.org.uk/nireland/>

Outputs and Outcomes

Given that there is not a co-ordinated response in Northern Ireland to supporting individuals or employers facing redundancy, it is difficult to report on outputs and outcomes. As highlighted earlier, there were 2,493 confirmed redundancies between 2016 and 2017, but there are no figures readily available on the number of redundant individuals supported, nor on time taken to find new employment, etc.

The unemployment rate, however, in Northern Ireland is 3.9% – below the UK average of 4.3%²⁶, and is also below the European Union (7.5%) and Republic of Ireland (6.1%) rates.

Key Learning Points

The main learning points to highlight from the Northern Ireland approach are detailed below:

- there does not appear to be a co-ordinated response to those facing redundancy in Northern Ireland (as there is in Scotland, England and Wales);
- there does, however, appear to be a robust network of partnerships at a local level involved in a wide range of employment, training, economic and community development initiatives;
- Workforce Development Forums used to exist in Northern Ireland, but proved unsuccessful. Arguably, a key issue was that they were used as a governance tool, rather than delivering strategic guidance; and
- whilst the Careers Service in Northern Ireland appears to provide a good service to young people, career planning for adults is less effective, as it is not well linked with training providers.

26 NI Labour Force Survey data (Dec 2017).

Compare and Contrast

Broadly speaking, employment law in Northern Ireland is similar to Scotland, England, and Wales – however, the main difference is that the law is devolved to the Northern Ireland Assembly. Some rules will be found in a different piece of legislation (to the rest of the UK), sometimes only a portion of the rules will apply in Northern Ireland and often the rules apply from a different date.

In Scotland, the collective redundancy consultation period where an employer proposes to make 100 or more employees redundant was reduced from 90 days to 45 days in Britain. However, in Northern Ireland, it remains at 90 days.

Other differences in employment law between Northern Ireland and Great Britain include:

- the Agency Workers Regulations which came into force on 1 October 2011 in England/Scotland/Wales (Great Britain), came into force in Northern Ireland on 5 December 2011;
- the one year qualifying period to claim unfair dismissal still applies (this was increased to two years in Great Britain from April 2012);
- the statutory dispute/disciplinary procedure that was repealed in Great Britain in April 2009 has not been repealed in Northern Ireland and so the three-step statutory dismissal and disciplinary procedure still applies for any disciplinary action and dismissals relating to conduct, capability, redundancy and non-renewal of a fixed term contract in Northern Ireland;
- the ACAS code of practice on Disciplinary and Grievance Procedures that applies in Great Britain does not apply in Northern Ireland – the Labour Relations Agency in Northern Ireland has an equivalent (but more detailed) code that was introduced on 3 April 2011; and
- ACAS does not operate in Northern Ireland (the LRA do).

Transferability

Scotland is ahead of the game in terms of having a more co-ordinated rapid response to supporting individuals and employers facing redundancy than is the case in Northern Ireland.

In terms of transferability though, it must also be recognised that whilst most employees' entitlements and obligations will be the same in Northern Ireland as in the rest of Great Britain, the particular legal references may be different due to Northern Ireland specific legislation.

6. WALES

Key Messages:

- Wales has had two main co-ordinated responses to supporting individuals and employers facing redundancy over the years.
- Redundancy Action Scheme (ReAct) is now the main response, and is a long-established and well-supported intervention. It has a dual focus on redundant individuals and on employer recruitment and training of redundant workers.
- Evaluations of ReAct conclude that it has been a successful and effective intervention.
- The various partnerships involved in the delivery of ReAct are considered effective and successful.
- The demand-led approach of the intervention is a strength and considered effective.
- Financial support with workers' wages is also valued by employers – and most workers recruited with Employer Recruitment Subsidy had job roles with similar levels of responsibility.
- The support has resulted in softer benefits for clients – attitudinal and motivational benefits as well as improved confidence. This aligns with the high levels of satisfaction overall with the support.
- ReAct has been less effective in supporting women, older people and people with health conditions/disability – in part, this might reflect the demand-led nature of the intervention.

Variances between Scotland and Wales:

- Wales, like Scotland has a more co-ordinated response to supporting individuals facing redundancy.
- However, Wales also supports employers which is different to PACE where the focus is on individuals.
- ReAct has a dual focus on redundant individuals and on employer recruitment and training of redundant workers.

Policy Approach

Like Scotland (and the PACE initiative), Wales has a more co-ordinated response to supporting individuals and employers facing redundancy.

ProAct, which was launched in 2009, helped businesses to retain staff who were at risk of being made redundant²⁷. For example, during the course of the recession, some businesses had introduced short-time working, and could tap into support, including: a subsidy of up to £2,000 per worker towards training costs and a wage subsidy of up to £2,000 per worker while the subsidised training was undertaken (for a period of up to 12 months). The initiative is no longer operational, and has been replaced by other initiatives over the years – ProAct Skills Growth Wales, Skills Growth Wales, and Job Growth Wales. The fundamental difference is that these initiatives are not aimed directly at businesses facing the threat of redundancies, rather the focus has been on, for example supporting business and job growth.

The main intervention to support individuals and employers facing redundancy in Wales is the **ReAct**. ReAct can be described as a funding programme (training) for people living in Wales who are facing redundancy²⁸. ReAct has been delivered in various phases since it was first established in 2004²⁹, and has been funded through a combination of European Social Fund and Welsh Assembly

²⁷ Originally focused on the automotive sector but was later extended to other key sectors.

²⁸ ReAct builds on the original Redundancy Action Fund (1999), established by the West Wales Training and Enterprise Council, and other projects including Rapid Response to Redundancy and East Wales Redundancy Action Fund (2001 to 2004).

²⁹ Redundancy Action/ReAct (2004-2008), ReAct 1 (2008-2011), ReAct II (2011-2014), and ReAct III (2015-2018).

Government funding. It has secured significant levels of funding (ReAct had a total budget of £76.10 million – 2008/14)³⁰.

Similar to PACE, ReAct is a well-established intervention and its focus continues to be on helping workers to enter new employment quickly. It aims *“to prevent long-term unemployment by providing pathways to employment for those recently or about to become unemployed”*. There have been some adjustments to the levels of grant made over the years, however, its objectives have largely remained the same: grants to help pay for individual redundant workers’ training; work subsidy to employers to employ a redundant worker; and support to employers to meet the cost of updating the skills of the redundant worker, and to improve the likelihood of the employment continuing.

There continues to be a dual focus on redundant individuals and on employer recruitment and training of redundant workers, and its services are outlined below.

Table 6.1: Adjustments between ReAct I and ReAct II

ReAct Programme	
ReAct I 2008-2011	<p>Individual Support:</p> <ul style="list-style-type: none"> • Individual Discretionary Award (Vocational Training) – grant of 100% of the costs of individual vocational training requirements up to a maximum of £2,500. • Individual Discretionary Award (Misc/Extra Support) – up to £1,000 to assist with costs associated with receiving training (e.g. costs of travel, accommodation, childcare, books, etc). <p>Employer Support:</p> <ul style="list-style-type: none"> • Employer Recruitment Subsidy – up to £2,080 paid directly to employers as a contribution towards wage costs. • Employer Training Subsidy – up to 70% of the costs of a new recruit’s job-related training, up to a maximum of £1,000, paid directly to employers.

ReAct II 2011-2014	<ul style="list-style-type: none"> • Removed previous entitlement to support individuals living outside Wales (working in Wales) whilst under notice of redundancy. • Reduced the maximum of vocational training grant from £2,500 to £1,500. • Increased the wage subsidy from £2,080 to £3,000. • Removed support for workbooks and training materials from the Extra Support element. • Limited the remaining Extra Support element to a maximum grant of £200. • Reduced the contribution towards in-work training costs from 70% to 50%. • Removed the level of wage subsidy payable for part-time workers.
ReAct III 2015-2018	<ul style="list-style-type: none"> • As ReAct II. See Table 6.2 also.

Source: Final Evaluation of the ReAct Programme 2008-2014.

Some of the ReAct services are therefore similar to those of PACE in Scotland. This includes, for example awareness training, meeting with employers, and presentations to employees who are facing the threat of redundancies. ReAct, however, also undertakes individual skills assessment and provides funding for job-focussed training. There is wider access for clients to the Careers Wales help line and website (PACE has this too), and over the years an extensive database of courses have been developed.

While PACE does connect businesses looking to hire new people with those making redundancies, ReAct goes a step further, and provides subsidies to employers to employ a redundant worker (contribution to wages/training).

30 Final Evaluation of the ReAct Programme 2008-2014, published July 2016.

Table 6.2: ReAct III – Current Eligibility Criteria and Support Available

Who is Eligible	What is Available
Individuals	
<ul style="list-style-type: none"> • Have become unemployed in the last three months (was previously up to six months) as a result of redundancy, are currently unemployed, and who have not been in continuous employment for six weeks or more since being made redundant. • Are currently under notice of redundancy. • Have not undertaken any publicly funded training since being made redundant, including the work-based learning suite of programmes. 	<ul style="list-style-type: none"> • A contribution towards agreed training up to a maximum of £1,500. • Help towards the cost of travelling to training courses. • Overnight accommodation costs, where appropriate. • A contribution towards childcare costs whilst training. • Exceptional help with the cost of equipment for individuals with a learning difficulty, disability, or a work-limiting health condition.
Employers	
<ul style="list-style-type: none"> • Employer Recruitment Support funds employers who recruit individuals made redundant in the past three months. The award offers up to £3,000 paid in four instalments as a contribution towards wage costs • Employer Training Support is a separate discretionary fund of up to £1,000 that an employer can put towards the cost of the new recruit's job-related training. 	<ul style="list-style-type: none"> • Available to a business if the individual they wish to recruit is either under formal notice of redundancy or has become unemployed in the last three months as a result of redundancy. • The individual must have been a resident in Wales at the time they first became eligible for ReAct. • Individuals working 25 hours per week or more will attract a full wage subsidy whilst those employed between 16-24 hours per week will receive a wage subsidy equal to 50% of the full time rate. Employees who work less than 16 hours per week are not eligible for funding.

Source: ReAct Guidance Notes, available on Welsh Government website.

Key Stakeholders

Careers Wales³¹ is the lead organisation for ReAct, and the main entry point to the support. It works in partnership with agencies including Jobcentre Plus, Wales Trades Union Congress, Trade Unions, Welsh Government, and Sector Skills Councils.

Outputs and Outcomes

ReAct is one of the few examples we have come across that have been subject to independent evaluation. There have been mid-term, interim and final evaluations (a focus on ReAct I and ReAct II) – with reports published in 2008, 2011 and 2016.

Notably, targets were set for the programme as a whole, but the evaluation highlights some challenges. The main challenge relates to the demand-led nature of the initiative, and that it is inherently difficult to say with any real degree of accuracy the number of people that: would be made redundant, would become aware of the support, and would seek support in any given year. Nevertheless, the evaluation concludes that ReAct is “*widely successful in what it seeks to do*”. It has supported **26,498 participants**, **2,085 employers**, and **19,174 qualifications were achieved**, **Table 6.3** and **Table 6.4**. The evaluation notes the strong performance of ReAct – increases in demand for support and funding (2008-2014). The number of people supported was more than double the number originally envisaged, and a number of targets were exceeded.

31 National careers guidance service for Wales. In relation to its current service to support adults back into work, the priorities are unemployed adults and those facing redundancy. Wholly owned subsidiary of the Welsh Government.

Table 6.3: Achievement against Targets 2008-2014 (selected)

	Originally Approved	Achieved	% Achieved
Convergence Area (ESF Funding Priority 2, Theme 1: Increasing Employment and Tackling Economic Inactivity)			
Number of participants	8,567	17,028	199%
Participants gaining qualifications	5,862	12,291	210%
Qualification levels			
Basic skills	2,519	3,293	131%
Level 2	3,144	6,201	197%
Level 3	176	2,414	1,372%
Level 4+	23	383	1,665%
Participants entering employment	6,790	7,744	114%
Employers assisted	772	1,335	173%

Source: Final Evaluation of the ReAct Programme 2008-2014.

Table 6.4: Achievement against Targets 2008-2014 (selected)

	Originally Approved	Achieved	% Achieved
Competitiveness Area (ESF Funding Priority 1: Increasing Employment and Tackling Economic Inactivity)			
Number of participants	3,672	9,470	258%
Participants gaining qualifications	2,512	6,883	274%
Qualification levels			
Basic	1,080	1,910	177%
Level 2	1,347	3,149	234%
Level 3	75	1,446	1,928%
Level 4+	10	378	3,780%
Participants entering employment	2,910	4,329	149%
Employers assisted	331	750	227%

Source: Final Evaluation of the ReAct Programme 2008-2014.

There is nothing in the evaluation evidence that highlights further information or detail on presentations to employees or wider support activity (e.g. help with CV, job search, career planning, etc.) over and above that presented earlier. However, the evaluation does note that the main reason for undertaking the ReAct training was to find a job, but it was also to help improve career prospects. It was much less to do with improving CVs.

Key findings from the latest evaluation include that:

- partnership working is effective – co-operation has increased, including good examples of co-location of Career Wales and Jobcentre Plus staff;
- Careers Wales role is that of an “honest broker” – the impartial advice and guidance is seen as crucial;
- vocationally-specific and short courses have been effective in securing employment for participants;

- overall, positive feedback from individuals supported: 90% were satisfied/very satisfied with the training courses; 79% reported job-specific skills gained; 80% reported benefits such as greater confidence, better job or career prospects, being clearer about available opportunities, and feeling better about themselves; 81% of ex-participants were in employment (difficulties in assessing extent to which return to work was “sustainable”); 85% were satisfied with their new job; and
- positive feedback from employers: a wide range of benefits for employers – gaining motivated skilled workers which brought further benefits including increased capacity and efficiency; and 96% rated contact with the ReAct team as fairly/very helpful.

Key Learning Points

The main learning points to highlight from the Wales approach are detailed below:

- evaluations of ReAct conclude that it has been a successful and effective intervention;
- ReAct is a well-established intervention – it has secured substantial investment and support from the Welsh Government (and others);
- the various partnerships involved in the delivery of ReAct are considered effective/successful – it is not the role of one organisation;
- the demand-led approach is a strength and is considered effective (i.e. with guidance, individuals and employer identify the training they want);
- short courses and vocationally-specific training are most valued by clients;
- financial support with workers’ wages is valued by employers – and most workers recruited with Employer Recruitment Subsidy had job roles with similar levels of responsibility;
- many softer benefits were gained by clients – attitudinal and motivational benefits as well as improved confidence. This aligns with the high levels of satisfaction overall with the support; and

- ReAct has been less effective in supporting women, older people and people with health conditions/disability – in part, this might reflect the demand-led nature of the intervention.

Compare and Contrast

In terms of comparing and contrasting the Wales and Scotland approaches the following points are worth noting:

- Wales, like Scotland has a more co-ordinated response to supporting individuals facing redundancy;
- however, Wales also supports employers which is different to PACE where the focus is on individuals;
- ReAct has a dual focus on redundant individuals and on employer recruitment and training of redundant workers;
- the previous Scottish Government (SG) and Skills Development Scotland (SDS) research (2011)³² identifies both PACE and ReAct as good examples of rapid response approaches; and
- the previous research report also identified that ReAct relies heavily on a funding approach – although highly effective – may be under threat in times of austerity. A number of years on from the previous research, this continues to be a relevant point.

Transferability

Like Scotland, Wales has an established model to support those facing redundancy. While PACE provides clients with information about training and possible funding sources, the ReAct service actually goes a step further and provides grants for individual redundant workers’ training. The other area of interest is that ReAct provides a work subsidy to employers to accelerate their recruitment policies and employ a redundant worker and additional support to help the employer meet the cost of updating the skills of the redundant worker.

32 <https://www.webarchive.org.uk/wayback/archive/20180205161408/http://www.gov.scot/Topics/Education/skills-strategy/pace/PACEdeskresearchreport>

7. DENMARK

Key Messages:

- Denmark has policies in place that seek to assist people who are faced with losing their job (e.g. re-employment support, securing adequate income in periods of unemployment, etc).
- Compared to many other countries, the Danish rules on termination of employment are relatively flexible. Continuous skills development is therefore seen as crucial in ensuring a flexible workforce that is adaptable to change.
- The key approach (the Danish model) is based around flexicurity – flexible employment policies, strong social support, and wide and intensive active labour market programmes.
- Specific government grants are available from the Warning Pool in the event of major job reductions which are defined as at least 50% of the employees at a workplace with at least 100 employees. The aim is to ensure a prompt and active response to major business closures or major redundancies of great importance to a local community. This supports activities including: information meetings for dismissed employees; fee-paying meetings with consultants at the job centres; courses in job searching; skill development (subject fields need to be in areas in which the employees have good or very good opportunities of obtaining employment); and drawing up job plans.
- Not every displaced worker, however, can benefit from the same amount of support. Larger firms where there are collective dismissals receive both better and faster support, when compared to small businesses or individual dismissals.
- Similar to that identified elsewhere, lower-skilled and older displaced workers find it more difficult to re-enter the labour market.

Variances between Scotland and Denmark:

- There is no formal partnership approach similar to PACE but there are three distinct components of the overall approach. This spans Information and Fore-Sighting, Ex-Ante Interventions, and Ex-Post Interventions (Active Labour Market Programmes).

Policy Approach

Labour and employment legislation in Denmark is generally light touch – although it is largely based around **Active Labour Market Policy** (ALMP). Labour market issues (e.g. wages, working hours, working conditions, the right to strike) are regulated by agreements between employer and employees. Labour market policy is an independent economic policy area with a particular focus on employment and workforce development. It is increasingly being co-ordinated with local economic development policies, and evaluations show that the labour market policy reforms have been a crucial element in the successful economic policy of recent years³³.

Key agencies are employers' associations and trades unions, and historically they have played a very active and significant role in the development of the labour market in Denmark (e.g. collective bargaining agreements). The Danish labour market has a high unionisation rate with around two million employees being members of a trade union in 2009 (72% of the total workforce). The focus is on supporting the employee and not protecting the job which has allowed Denmark to address the fast changing pace of economic restructuring.

Compared to many other countries, the Danish rules on termination of employment are relatively flexible.

A Danish Model – Flexicurity³⁴

“When people talk about the Danish labour market they often use the term “flexicurity” to describe the model which is successfully managing the challenges of globalisation and securing steady economic growth and employment”³⁵.

The Danish labour market is seen as flexible as the British labour market, but at the same time employees benefit from a degree of security that is similar to that offered by other Scandinavian markets. A combination of “flexibility and security”, it is referred to as “flexicurity”. This model provides:

- flexible rules on recruitment and dismissal;
- security through relatively high levels of social benefits; and
- an active labour market policy concerning the duty and right to participate in welfare to work programmes.

This combination of flexible labour market with high levels of social support and extensive support is seen as the key aspect of the Danish model. The aim is to promote employment security over job security, and the model has the dual advantages of ensuring employers a flexible labour force while employees enjoy the safety net of an unemployment benefit system and an active employment policy.

The Danish Approach

Danish law specifies “mass redundancies” which in turn set a particular approach in motion – generally where over 120 employees are potentially involved in redundancy. This specifies the process and procedures which employers must follow (e.g. consultations/review of alternatives, specific notice periods, final support packages).

Specific government grants are available from the **Warning Pool** in the event of major job reductions which are defined as at least 50% of the employees at a workplace with at least 100 employees. The aim is to ensure a prompt and active response to major business closures or major redundancies of great importance to a local community. It is up to the Employment Regions to administer the grants from the Warning Pool. In practice the initiative works in the following way: a firm undergoing mass redundancies must write an application for funding from the Warning Pool in cooperation with the local job centre; the application must among other things specifically describe the initiatives intended for the funding; applications are then sent to the Regional Employment Regions, where they will be handled.

If the application is accepted, it is up to the firm and the local job centre together to make sure that the initiatives are accomplished in accordance with the application description. The following types of activities can be supported:

- information meetings for the dismissed employees;
- fee-paying meetings with consultants at the job centres for the dismissed employees;
- courses in job searching for up to two weeks within the notice period;
- skills development, including further education of the employees for up to eight weeks within the notice period;
- drawing up job plans for the dismissed workers; and
- establishment and operation of an office at the workplace where warned or dismissed workers can seek help and assistance.

³⁴ Combines the virtues of a liberal labour market and a social welfare state: OECD.

³⁵ Denmark: The official website.

As regards skills development, it is a requirement that the subject fields are in areas in which the employees have good or very good opportunities of obtaining employment. The final initiative, which is part of the Danish Government's effort to mitigate the impact of the financial crisis, is the establishment of a national preparedness system managed by the four Regional Employment Regions. This is to ensure that dismissed workers have the best chances of finding a new job during the warning period before they technically become unemployed (e.g. targeted job search programmes and qualified training programmes).

Key Stakeholders³⁶

No specific programmes focused at displaced or redundant workers although JobCentres provide a range of support services (e.g. training) through a caseworker approach. On being made redundant, an employee is referred to their local Job Centre where they are allocated a caseworker for frequent and intensive engagement and participation in ALMP based on a bespoke approach.

Key support agencies include: The Danish Agency for Labour Market and Recruitment, The Labour Market and Recruitment Board, Jobservice Denmark JobCentres, Social Partners, and Jobeffekter.dk.

Skills Panorama – Denmark conducts skills anticipation activities³⁷ (e.g. skills forecasting, skills assessments, employer surveys) to provide individuals with better opportunities to obtain employment (targeted at young people transitioning from school to employment, jobseekers, training providers and employers, and increasingly also people in employment as a basis for upskilling).

Key Learning Points

The main learning points to highlight from the Denmark approach are detailed below:

- no specific programme – with displaced individuals from redundancy situations being dealt with in a similar manner to all unemployed people;
- similar to other Scandinavian countries, the system provides a shift of responsibility from the state to the social partners (employers and trades unions) to provide the framework for dealing with redundancies;
- the key approach (the Danish model) is based around flexicurity – flexible employment policies, strong social support, and wide and intensive active labour market programmes;
- three aspects to the system of intervention – (1) information/market intelligence/fore-sighting; (2) ex-ante interventions; and (3) ex-post interventions;
- online access to wide range of labour market data and research (similar to that provided by SDS) but provided by employer and trade union organisations;
- support is less effective for older or lower skilled workers and there appears to be less focus on supporting those workers – low hanging fruit first (there does not appear to be enhanced support for older workers);
- success rates in re-employment are relatively high (71% after one year) – but not as high as Sweden;
- there is strong evidence that job counselling on average increases the chances of the unemployed finding work. There is evidence from the literature that job guidance is more effective than monitoring;
- there is strong evidence that subsidised employment in private companies on average increases the chances of unemployed persons getting back into work;

³⁶ See also <https://www.eurofound.europa.eu/country/denmark#actors-and-institutions>

³⁷ Works in collaboration and dialogue with ministries, public authorities and stakeholders.

- as regards vulnerable groups, there is also evidence that subsidised employment in private companies and company-based training on average increase the chances of these persons entering employment or education. There is also evidence that mentoring helps vulnerable groups into education or jobs; and
- profiling is about the extrapolation of information about the unemployed in order to estimate who is likely to gain employment quickly and who is at risk of long-term unemployment.

Compare and Contrast

There is no formal partnership approach similar to PACE but there are three distinct components of the overall approach:

Information and Fore-Sighting – observatories attached to trade organisations and trade unions collect and analyse information on organisations, employment and training in their sector, as well as analysing and anticipating the impact of economic, technological, regulatory or demographic changes on trends in employment and training requirements. Skills anticipation activities are based on collaboration and dialogue amongst ministries, public authorities and stakeholders. The main skills anticipation activities include: skills, skills foresights, and employer surveys.

Ex-Ante Interventions – conducted prior to any redundancies there is a requirement that consideration be given to other options, although there is no requirement for employers to adhere to any options (e.g. wage reduction, wage subsidies, early retirements, training and upskilling, and job flexibility – job sharing).

Ex-Post Interventions (Active Labour Market Programmes) – Specific government grants are available in the case of major job reductions defined as at least 50% of the employees at a workplace with at least 100 employees. The aim is to ensure a prompt and active response to major business closures or major redundancies of great importance to a local community. The following initiatives are carried out within this measure: job search assistance, personal consultation, vocational training, job fairs, re-training under final pressure guidance and skill development, internships, and employment with wage subsidy. In an international comparison, Denmark has been relatively successful in minimising the adverse consequences for workers who bear the brunt of structural adjustment. The OECD (2015)³⁸ report found that 70% of workers made redundant find a new job within one year although the figure is significantly lower for older or less skilled workers. Spending on active labour market programmes in Denmark is significantly higher than the wider OECD.

Transferability

While there appears to be a strong policy and evidence base available through STAR, much of this is not translated, although a similar approach in Scotland may be worth consideration.

8. PORTUGAL

Key Messages:

- Portugal used to have a fairly restrictive labour market and employment framework which constrained their ability to address economic restructuring. This is beginning to change, and Portugal now has more flexible employment laws with a supportive social security framework.
- There are a number of initiatives that target the re-employment of dismissed workers. These measures are not directly related to the economic redundancy procedure but are delivered through the Institute for Employment and Vocational Training (IEFP).
- Financial support and incentives that the IEFP has to promote employment include: support for hiring; internships/placements; active youth employment; business start-up; employment-Insertion; professional rehabilitation of people with a disability; incentive to accept job offers for the unemployed; and sector or geographical measures.
- OECD data show that Portugal has an average on year displacement rate of around 4% (mid table) but the lowest re-employment rate in the study at around 35%.

Variances between Scotland and Portugal:

- While at one level, Portugal has some similarities to Scotland, its less flexible labour market seems to have impacted on their ability to manage the structural changes brought about by economic, social and technological changes.
- The overall level of qualification (skills) is also lower than Scotland. Portugal appears to do little fore-sighting or Labour Market Information (LMI) activities, and we can find no indication of formal or regular employer engagement.
- It does have an interesting approach to supporting regional mobility. This could be an approach in particular rural areas in Scotland who suffer from tight labour markets.

Policy Approach

In a general sense, Portugal has less of a social contract/collective bargaining approach compared to Scandinavia with a (previously) much stricter requirement on employers³⁹. Portugal significantly reduced severance pay and eased the definition of fair dismissals as part of one of the most substantial reforms of Employment Protection Legislation (EPL) among OECD countries in recent years.

Although the law does not rigidly provide a definition of the acceptable grounds for redundancy, it does list market, structural and technological reasons. In the case of mass redundancies, the employer must inform the staff representatives or individual employees in writing, and the Ministry of Labour. The employer must initiate negotiations with the staff representatives in order to reach an agreement on the size and effects of the measures to be applied and on strategies to decrease the proposed number of redundancies (e.g. temporary suspension of the labour contract, reduced working hours, early retirement).

A number of initiatives target re-employment of dismissed workers. These measures are not directly related to the economic redundancy procedure but are delivered through the Institute for Employment and Vocational Training (IEFP), as discussed on next page.

³⁹ According to the Eurobank Global Market Outlook it had the strictest EPL across the OECD.

Key Stakeholders

Ministry of Labour, Solidarity, and Social Security: approves and implements policies related to employment, vocational and qualification training, labour market and industrial relations through the Directorate-General for Employment and Labour Relations (DGERT) and Authority for Working Conditions (ACT).

Public Employment Service: the IEFP is the national public employment service, and its mission is to promote the creation and quality of employment and to combat unemployment through the implementation of active employment policies, including vocational training. Financial support and incentives that the IEFP has to promote employment include: support for hiring; internships/placements; active youth employment; business start-up; employment-Insertion; professional rehabilitation of people with a disability; incentive to accept job offers for the unemployed; and sector or geographical measures.

Employee/Employer: there are two trade union confederations (CGTP and UGT) that have access to tripartite social concertation at macro level (Standing Committee for Social Concertation, CPCS). The main employer organisation is the Entrepreneurial Confederation of Portugal. It should be noted that employee representation at workplace level is only 8% compared to 33% EU average.

Portuguese Integrated Intervention Office for Business Restructuring (AGIIRE), which is part of the Ministry of Economy, Innovation, and Development, provides: information regarding service and career guidance; incentives for redundant and displaced workers to become self-employed; vocational training courses to update, extend or recycle the skills of the restructuring firm's workforce; training opportunities for employees that want additional education; and complementary social protection. These activities help to prepare workers, companies or regions for change occurring in the event of a restructuring process. They involve efforts to monitor trends and their potential effects at micro-economic level and to map and implement responses before the actual change occurs.

In Portugal, there are measures to help employees experiencing short-time working or temporary lay-offs by compensating them for their temporary income loss and to maintain long-term jobs in the company.

Outputs and Outcomes

OECD data⁴⁰ show that Portugal has an average on year displacement rate of around 4% (mid table) but the lowest re-employment rate in the study at around 35% (see **Figure 2.2, Page 10**). The research also show extensive variation between regions. Of those made redundant, 35% who obtain employment change occupation (similar to the UK). We have been unable to source any formal evaluation of intervention programmes.

Key Learning Points

The main learning points to highlight from the Portugal approach are detailed below:

- Portugal used to have a fairly restrictive labour market and employment framework which constrained their ability to address economic restructuring. As a result of post-recession support the country now has more flexible employment laws with a supportive social security framework;
- incentives to regional mobility – incentives aim to promote movement of the unemployed in regions of high unemployment to regions with high capacity to create new jobs. The unemployed must live in an area in which he/she could not find a job but who was hired with an open-ended contract or with a contract of at least two years in another area. Financial support is given to help with expenses associated with the change in residence. This includes mobility benefits (i.e. financial support to help the unemployed with the expenses associated with his/her and family's travel costs and with the packing costs) and re-settlement benefits. The financial support is complemented by other types of support, namely with the transfer of children to a new school (if required);

⁴⁰ Back to Work: Re-employment, Earnings and Skill Use after Job Displacement: OECD 2013.

- identified key issues include: limited capacity to anticipate restructuring and to develop joint solutions involving relevant stakeholders; social dialogue needs to be enforced; lack of cooperation between local, regional, national, and sector stakeholders to overcome the structural problems of the Portuguese labour market (low education levels) and the mismatch between training offers and firms' needs; and strong dependence on state intervention. Moreover, employers also face a high rate of taxes and social security contributions on minimum wage workers (23.75% versus 19% across the OECD on average); and
- the Portugal approach has traditionally been very different to the Scandia-model (although it is changing). It is high on state direction and intervention and low on social contracts – the focus has been on the job rather than the employee. This approach has apparently made it more difficult to deal with structural changes in the economy.

Compare and Contrast

There are some similarities with Scotland in terms of the key delivery organisations. Support for redundant workers in Portugal appears to operate in a similar manner to PACE – although it is responsive – the firms need to contact the service for support.

Firms facing a restructuring, insolvency or bankruptcy process have to contact AGIIRE which, whenever appropriate, will then designate a **Rapid Personalised Intervention Unit (NIRP)**.

These units are composed of a group of specialists from the Public Employment Service, Social Security, and other relevant bodies. The diversity of specialists is explained by the fact that restructuring aid can take various forms. NIRP will go to the restructuring firm, make an assessment of the situation and prepare a plan of preventative/remedial actions for the company/workers. This type of intervention should have one advantage when compared with other methods: the NIRPs present integrated solutions to the firm's problems, exploring the synergies between the available instruments, which is only possible when there is an in-depth knowledge of the possibilities within each area. The role of the **IEFP** is much wider than any single organisation in Scotland (perhaps closest to SDS).

Their role is to: promote better adjustment between labour demand and supply, to stimulate job creation and introduce incentives to decrease job reductions; develop the qualifications of young people by expanding the offer of dual certification learning opportunities and adults through adequate training offers, adjusted to their needs and to the development of the economy; facilitate labour market movements by individuals with low employability; manage active labour market programmes; monitor job search efforts and apply sanctions to unemployment insurance beneficiaries that fail to meet their obligations; provide advice and assistance to job seekers; and assist employers wishing to hire workers.

Transferability

While at one level, Portugal has some similarities to Scotland, its less flexible labour market seems to have impacted on their ability to manage the structural changes brought about by economic, social and technological changes. The overall level of qualification (skills) is also lower than Scotland. They appear to do little fore-sighting or Labour Market Information (LMI) activities and we can find no indication of formal or regular employer engagement. An interesting approach relates to regional mobility as detailed above. This could be an approach in particular rural areas in Scotland who suffer from tight labour markets.

9. SWEDEN

Key Messages:

- The approach in Sweden provides generous notice periods combined with extensive re-employment support before dismissal actually takes place.
- All employers are required to provide early indications of possible redundancies to the Job Security Councils (JSCs), and often these are initiated by some form of counselling, guidance meetings or advisory seminars used to undertake initial awareness raising and information provision. This is followed, if necessary, by further measures in the form of training/education, personal development activities, studies or support in finding new employment or starting a new business. Services provided to individuals include counselling, training, finance for upskilling, help with job search/CVs, etc. While they cover most of the workforce there are still gaps where certain workers are not supported.
- Sweden has been successful in minimising the adverse consequences for workers who bear the brunt of structural adjustment. An OECD report found that 85% of workers made redundant find a new job within one year which is higher in Sweden than in any other OECD country which is impressive. According to the OECD, Sweden has the highest percentage of workers who return to employment within one year of being displaced of all OECD countries. There is some evidence reported that the most effective interventions are around one to one support and counselling and job search support. Approach typically works less well for blue-collar workers, and young lower qualified or lower skilled individuals where new employment often means lower wages.

Variances between Scotland and Sweden:

- The Swedish approach has been successful in promoting labour market adaptability by strongly supporting workers rather than preserving unviable jobs. It must be recognised that some aspects of the Swedish model are long-term engrained in society and some relate to aspects over which the Scottish Government has limited control. Specific services which may be of interest include: employer paying for labour consultant/advisor, early risk service, focus of support on one to one services, temporary wage support, and individual interventions required as soon as notices issued.

Policy Approach

Although there is an overarching Government regulatory framework, the approach to employment regulation in Sweden is strongly characterised by shared responsibility (social partnerships) and collective agreements between employers and the country's trade unions which themselves have an almost statutory nature⁴¹.

The approach in Sweden provides generous notice periods combined with extensive re-employment support before dismissal actually takes place. Public policy places particular focus on anticipating and managing structural change⁴² through strong dialogue between the social and public partners and Job Security Councils (JSCs).

In contrast, the government is more focused on displaced workers once they become redundant and not so much during the notice period. It is clearly focused on strongly supporting workers rather than supporting unviable jobs or employers and as such is geared to a fast changing economic environment.

⁴¹ For more information see <http://ec.europa.eu/social/main.jsp?catId=819&langId=en>

⁴² See also Ibid 1 Measures and tools for anticipating restructuring

The overall approach and services provided can be characterised as follows:

- strong social partnerships between employers and trades union through a long history of collective bargaining;
- early warning/labour market information, including ability to work with employers who may be “in danger” of having to make redundancies;
- support for company restructuring before redundancy (e.g. wage subsidies to support cost reduction programmes through early intervention);
- long notice periods with intensive support provided through the JSCs and using outsourced specialists during the notice period;
- generous social security and unemployment benefits with some form of wage guarantee in response to lower paid jobs⁴³; and
- the focus is always on the individual and NOT the post. This is based on the desire to actively support change in the economy as one of their clear economic policy goals.

Key Stakeholders

National Government – The Ministry of Employment is responsible for mainstream employment services, labour market programmes and benefits, and for the provision of labour market information. Redundant workers are generally not the target group of the activities of public policy who are primarily designed to care for particularly vulnerable groups who are already unemployed or suffer long-term unemployment. The public role in restructuring is heavily focussed on anticipating and managing change rather than direct market interventions or provision of training.

Public Employment Service (PES) – is the central authority for general labour market matters and is similar to DWP in the UK. It directs, co-ordinates and develops labour market policy and allocates government funds in this field. They work to improve the way the labour market operates by effectively uniting those seeking work with those seeking workers – prioritising those who are furthest removed from the labour market and helping to permanently raise long-term employment levels. In the case of redundant workers, PES generally (although not always) plays its role after the notice period and when the workers are actually redundant.

Job Security Councils (JSC)⁴⁴ – are non-profit organisations based around collective agreements between employers and trades unions and funded through social partner contributions with no direct state contributions. All employers are required to provide early indications of possible redundancies to the JSCs, and often these are initiated by some form of counselling, guidance meetings or advisory seminars used to undertake initial awareness raising and information provision.

These initial activities are usually followed, if necessary, by further measures in the form of training/education, personal development activities, studies or support in finding new employment or starting a new business. JSCs play a strong role at various stages of the restructuring process and their support programmes may take different forms including providing advice and consultation to employers and trade unions as well as tailored transition services and guidance to workers to find new jobs. Services provided to individuals include counselling, training, finance for upskilling; help with job search/CVs etc. While they cover most of the workforce there are currently still gaps where certain workers are not supported.

⁴³ Job Security Agreements make provisions for the payment of the difference over a limited period. These activities are financed through fees from the companies concerned that are calculated and expressed as a percentage of the sum of salaries and wage (0,03% of the wage bill)

⁴⁴ <https://www.arbetsformedlingen.se/Globalmeny/Other-languages/Languages/English-engelska.html>

Outputs and Outcomes

On average, each year around 2.1% of Swedish workers with at least one year of employment involuntarily lose their job⁴⁵ (note: actual numbers not available).

The available research⁴⁶ concluded that it was *“difficult to determine how many employees have been made redundant or recruited due to specific restructuring events since SMEs are not in general studied as much as larger enterprises”*.

In an international comparison, Sweden has been successful in minimising the adverse consequences for workers who bear the brunt of structural adjustment. The OECD report⁴⁷ found that 85% of workers made redundant find a new job within one year which is higher in Sweden than in any other OECD country⁴⁸ which is impressive (see also **Figure 2.2, Page 10**). Sweden has the highest percentage of workers who return to employment within one year of being displaced of all OECD countries. Even during the recession, about 80% of those who lost their jobs found new jobs within one year. However, since the job security agreements do not generally provide transition services for workers with alternative work arrangements (fixed-term contracts/part-time employees), many are not eligible for support

There is some evidence reported that the most effective interventions are around one to one support and counselling and job search support⁴⁹ and that training interventions are less effective. Indeed Swedish policy has put more restrictions on the use of training as a labour market policy in favour of measures to stimulate employers to employ the long-term unemployed – job guarantee programmes.

Overall we were unable to find any robust evaluation and two quotes from reviewed reports highlight the following: there is no literature available on private support for SMEs to manage restructuring; while JSCs are successful in re-employment rigorous evaluations

are missing; and despite the many public agencies and councils that support SMEs in restructuring not much research literature has been produced in this field. There are therefore no evaluations of the effectiveness of these measures to manage restructuring.

Key Learning Points

The main learning points from the Sweden approach are outlined below:

- an early risk service is available through some JSCs to provide advice and support to all workers in a company before notices are issued – usually for a period of between three and five months – to better prepare employees for potential future shocks;
- the PES are developing an approach to support recognition of prior learning (RPL) as part of their support package;
- the Swedish system represents a shift of responsibility from the state to the social partners (employers and trades unions) to deal with the problems of restructuring in the Swedish labour market through central collective agreements;
- Government policy is focused on providing a clear legislative framework (process) and in delivering unemployment/social security provision;
- comparatively long notice periods allow support to be delivered early and to maximise opportunities for early new employment – up to six months in many cases;
- success rates in re-employment are higher for white-collar than blue-collar workers⁵⁰;
- one key point was that Sweden has limited support for part-time/temporary or restricted contract workers – lots of support if you were in full-time employment through counselling or access to training;
- approach works less well for young lower qualified or lower skilled individuals where new employment is often associated with lower wages;

45 OECD: Back to Work Sweden 2015

46 Eurofound: Restructuring in Sweden 2013

47 OECD: Back to Work Sweden 2015

48 Source: OECD (2013), Employment Outlook, Chapter 4

49 National Background Paper: Sweden

50 http://www.keepeek.com/Digital-Asset-Management/oecd/employment/back-to-work-sweden_9789264246812-en#page78
– page 16

- training-related expenditure in total active labour market programme spending has collapsed over the past 15 years, and has been attributed to a number of policy evaluations demonstrating that training has been an ineffective instrument in helping unemployed people into new jobs⁵¹;
- public sector support for groups not covered by JCSs often fails to deliver timely and tailored support to this group. Intensive re-employment support comes in too late, usually only after one year of unemployment, and is often reserved for the most disadvantaged groups in the labour market;
- there appear to be similar numbers of key actors as in Scotland but with the focus clearly on employers and the JSCs and limited direct input from government; and
- when a company is facing restructuring or a change, a labour consultant can be hired (paid for by the company) to analyse the situation and provide a second opinion on the proposed change. This provides a possibility for trade unions, works councils or social partners to obtain an independent analysis on the situation within the company.
- redundancies in Sweden are mainly as a result of restructuring (outsourcing/acquisition etc) than company closure;
- 88% of Swedish employees provided with redundancy support rated it very good compared to PACE average satisfaction score 76% (PACE – Client Experience Survey 2016);
- there is a stated poor co-ordination between the main support organisations – JSCs and PES (JSC during notice and PES after redundancy) although it is not clear how this compares to PACE; and
- we did not get a sense that the support for employees was strongly marketed to individuals which is likely to be as a result of the strong role of trades unions, works councils and the JSCs.

Transferability

The Swedish approach has been successful in promoting labour market adaptability by strongly supporting workers rather than preserving unviable jobs, and thus responding well to the challenges of globalisation and technology change, while being able to protect workers who bear the brunt of economic restructuring.

In terms of transferability it must be recognised that some aspects of the Swedish model are long-term engrained in society and some relate to aspects over which the Scottish Government has limited control.

From a Scotland perspective it is perhaps the specific services which may be of interest, such as:

- employer paying for labour consultant/advisor;
- early risk service;
- focus of support on one to one services;
- temporary wage support; and
- individual interventions required as soon as notices issued.

Compare and Contrast

The Sweden model is recognised (by OECD) as successful due to its long-term and strong social cohesion, the established role of employers and trades unions and collective bargaining and generous welfare policy and as such not easily replicable elsewhere. Much of the available services are similar to PACE and we would suggest the main difference is in the social contract approach, focus on early intervention and the generous social security system.

Where we are able to compare and contrast this is detailed below.

- Sweden has an employment success rate of around 85% compared to Scotland 71%⁵².
- Sweden has 32% business death rate after three years similar to Scotland 33%⁵³;

51 However, OECD have highlighted that both the Swedish and international literature that tracks employment outcomes for a long period (five years or more after entry into a training programme) find that a focus on training and skills has a long-term positive impact on participants' employment and earnings, especially for displaced workers with low skills and limited formal schooling.

52 Source: OECD (2013), Employment Outlook, Chapter 4.

53 Source: Scottish Business Statistics.

10. AUSTRALIA

Key Messages:

- There is not a rapid response service in Australia that provides support to individuals and employers facing redundancy. There are a range of wider services and programmes, but these support unemployed workers more generally (including displaced workers). “What’s Next” – is a light touch intervention and is intended to be used as a starting point for those who have been or may be made redundant (e.g. information on benefits support, etc).
- While evidence is more limited (e.g. in terms of numbers, etc), research does identify the types of workers that are particularly vulnerable to redundancy, and this chimes with the evidence provided across other case studies. This includes older workers, workers with lower education levels, casual workers and non-permanent workers, and those employed in small businesses.
- Australia has one of the highest percentages of workers who return to employment within one year of being made redundant. When compared to other OECD countries, Australia’s performance within this context falls behind only Sweden and Finland. While a large majority of workers find another job quickly, a significant number experience lower job quality, a switch to casual work contracts and part-time work, and reductions in pay.
- As redundant workers cannot access Income Support until any severance/redundancy pay has been spent, the Government places the onus on workers to quickly find another job – this helps explain the decline in job quality that is experienced by many displaced workers. In addition short notice periods for those being made redundant give individuals little time to access re-employment support services or undertake job search activity before their employment is terminated.

Variances between Scotland and Australia:

- PACE is a co-ordinated response service which is dedicated to supporting those going through the process of redundancy. This does not exist in Australia.
- Unlike PACE, none of the re-employment services offered by the Australian Government could be considered as rapid response approaches as workers are not able to interact with services until after they have been made redundant.

Policy Approach

The Department for Jobs and Small Businesses in Australia is responsible for creating and maintaining national employment policies, services and programmes to help the country maintain a productive and competitive labour market.

The Fair Work Commission (FWC)⁵⁴ is Australia’s industrial relations tribunal and its main purpose is to regulate a number of laws and policies regarding employment, including: minimum wages, employment conditions, termination of employment and unfair dismissals. It introduced the National Workplace Relations System (NWRS), a collection of employment policies that apply to the majority of employees and employers in Australia⁵⁵.

Notice of termination and redundancy pay guidelines are part of Australia’s National Employment Standards (NES)⁵⁶, and apply to all employees covered by the NWRS. In terms of termination and redundancy, the NES has established the:

- minimum notice period, or payment in lieu of notice, that an employer must give to employees who are being terminated/made redundant; and
- amount of redundancy/severance pay that employees are entitled to, which is dependent on the number of years of continuous service.

⁵⁴ Fair Work Commission Website: <https://www.fwc.gov.au/>

⁵⁵ NWRS Website: <https://www.fwc.gov.au/about-us/the-national-workplace-relations-system/coverage>

⁵⁶ NES Website: <https://www.fairwork.gov.au/employee-entitlements/national-employment-standards>

Key Stakeholders

There are no targeted or co-ordinated programmes in Australia which focus specifically on displaced or redundant workers.

The main national programmes that support unemployed workers more generally, including those who have been made redundant, are typically provided by the Australian Government.

JobActive Australia⁵⁷ – is the Australian Government’s employment services programme that supports job seekers and employers. It helps those who are out of work and searching for a job, whilst also helping employers to find the staff that they need.

The main services offered by the programme are:

- job search training (i.e. guidance and advice on CVs and the best ways to find work);
- access to telephones, computers and employment vacancy listings; and
- access to training and skills development resources.

Community Development Programme⁵⁸ – is the Australian Government’s employment and community development service which focuses specifically on helping those living in remote areas. Beneficiaries receive skills training from the CDP to help improve their chances of finding employment within their local area.

Income Support⁵⁹ – the Australian Government also provides Income Support (IS), a form of unemployment benefits, to those who meet the eligibility criteria. However, for many people who have been made redundant, there is an ‘*Income Maintenance Period*’, during which they cannot receive IS as they are required to exhaust any severance/redundancy pay they may have received before they are eligible to apply.

What’s Next⁶⁰ – is an online resource provided by the Australian Government, and is intended to be used as a starting point for those who have been or may be made redundant. It houses information on the support available nationwide and provides links to suitable support services such as JobActive and Income Support. The website is worth mentioning, as although it is not a service like PACE, there is information and guidance provided to help workers plan their first steps should they be, or if they have been made redundant.

Outputs and Outcomes

While evidence is more limited (e.g. in terms of numbers, etc), it does identify the types of workers that are particularly vulnerable to redundancy, and this chimes with the evidence provided across other case studies. In Australia this includes:

- older workers;
- workers with lower education levels;
- casual workers and non-permanent workers; and
- those employed in smaller-scale businesses⁶¹.

Workers being made redundant due to economic restructuring is commonplace. Between 2002 and 2013, an average of 2.3% of employees had their employment terminated for economic reasons (e.g. corporate downsizing or closure)⁶².

However, on a positive note, Australia has one of the highest percentages of workers who return to employment within one year of being many redundant. When compared to other OECD countries, Australia’s performance within this context falls behind only Sweden and Finland – as shown in **Figure 2.2 (Page 10)**⁶³.

57 JobActive Website: <https://jobactive.gov.au/>

58 Community Development Programme website: <https://www.pmc.gov.au/indigenous-affairs/employment/community-development-programme-cdp>

59 Australian Government Department for Human Services (Income Support Information): <https://www.humanservices.gov.au/individuals/subjects/retrenched-or-made-redundant#a2>

60 What’s Next website: <https://whatsnext.jobs.gov.au/>

61 Back to Work: Australia. Improving the Re-employment Prospects of Displaced Workers. OECD (2016).

62 As above.

63 As above.

The latest OECD research provides a number of other insights, including⁶⁴:

- older, casual and part-time workers in Australia often find it harder to get another job;
- while a large majority of workers find another job quickly, a significant number experience lower job quality and wider implications, such as:
 - experiencing a switch from permanent to casual work contracts
 - gaining only part-time as opposed to full-time work
 - reductions in pay;
- a reduction in wages could be explained by skills downgrading which sees their new roles requiring fewer skills than their previous job – and might reflect that the priority for many will be to find another job as quickly as is possible; and
- those workers who do experience a positive wage change are likely to have found a “casual-loading” employment contract which typically offers higher wages as compensation for the loss of other job benefits (e.g. job protection, holiday pay, sick leave).

The findings⁶⁵ suggest that although there is a degree of flexibility within the Australian labour market, some groups of workers still find it difficult to re-enter employment, and others experience lower job quality.

In Australia there is no limit to the number of redundancies that employers can make for economic reasons. There is also no strict legislations on how employers should hire and fire their employees, but there is protection in place for employees who feel they have been dismissed unfairly. This could explain why there are high levels of labour mobility, and how displaced workers are able to find new employment so quickly within the country.

There is no redundancy-specific income support scheme in Australia, only IS which is available to anyone who is unemployed for whatever reason. As previously mentioned, many redundant workers cannot access this benefit initially due to the “*Income Maintenance Period*”. Severance/redundancy pay can delay a persons IS eligibility by up to 13 weeks. Additionally, a strict set of income tests are in place for IS, which means that redundant workers may not qualify for benefits at all, if for example, they have a working spouse/partner.

Research has also concluded that up to two years after being made redundant, one in ten displaced workers are still not receiving IS even though they are unemployed, not retired and not in full-time education. Additionally, those who successfully apply and receive IS consider their benefit payments to be low⁶⁶. Taken together, this suggests that many displaced workers will be in financial need.

64 Back to Work: Australia. Improving the Re-employment Prospects of Displaced Workers. OECD (2016).

65 Back to Work: Australia. Improving the Re-employment Prospects of Displaced Workers. OECD (2016).

66 As above.

Key Learning Points

The main learning points to highlight from the Australia approach are:

- the services and programmes offered focus on all unemployed workers – there is not a specific targeted/enhanced focus on supporting displaced or redundant workers – the exception being What’s Next – which is a fairly light touch intervention (an online resource intended to be used as a starting point for those who have been or may be made redundant);
- until June 2015, redundant workers were not able to access the standard employment services offer by the government even after they had been made redundant⁶⁷;
- as redundant workers cannot access Income Support until any severance/redundancy pay has been spent, the Australian Government places the onus on workers to quickly find another job which could explain the decline in job quality that is experienced by many displaced workers;
- short notice periods for those being made redundant can give people little time to access re-employment support services or undertake job searches before their employment is terminated;
- unemployment support services in Australia do not always serve those with stable employment histories prior to being made redundant even though they often need help because they have not had to search for a job in some time or might not have the necessary skills needed to fill current vacancies; and
- although re-employment rates are positive and indicate that the Australian labour market is in an overall good condition – it appears that more could be done to support displaced workers.

Compare and Contrast

The key difference between the Scotland and Australia approaches are that: PACE is a service which is dedicated to those going through the process of redundancy, and a service like this is not up and running in Australia. Unlike PACE, none of the re-employment services offered by the Australian Government could be considered as rapid response approaches as workers are not able to interact with services until after they have been made redundant.

Transferability

The transferability of the approach to Scotland is low. PACE already provides to Scotland a service which focuses solely on those who have been made redundant, and a service like this is not available in Australia.

67 As above.

11. CANADA

Key Messages:

- Canada has a range of programmes and services in place to help avoid unnecessary redundancies (e.g. the Work-Sharing Program), which can have a particular positive effect on workers who could be affected by redundancy/mass redundancy.
- Employment Insurance (EI) support can have a limited positive impact as people can only receive it for so long (up to 45 weeks), and before this they must exhaust their severance/redundancy pay.
- On average, around 2.2% of Canadian workers find themselves redundant each year. Once displaced, some find new jobs quite quickly whilst others experience longer periods of unemployment (e.g. older workers). Just under half of workers are re-employed within one year with a further two-thirds re-employed within two years.
- Canada's performance falls behind a number of other OECD countries including Australia, New Zealand, Sweden and the United States.
- Although some workers do find a new job within the first year, research has found that new jobs tend to involve a drop in quality for some workers. Some of the key findings with regards to job quality include that workers are likely to experience hourly wage cuts, fewer working hours, and part-time and temporary jobs.

Variances between Scotland and Canada:

- PACE is a service which is dedicated to those going through the process of redundancy, and a service like this is not available in Canada.
- PACE focuses on redundant employees, whilst Canada places more emphasis on providing support to companies and employees in order to prevent redundancies.

Policy Approach

Employment and Social Development Canada (ESDC) is part of the Canadian Government, and is responsible for implementing employment programmes and monitoring the performance of the labour market. The ESDC aims to:

- improve the standard of living within the country;
- encourage a workforce that is highly skilled; and
- help to create a labour market which works well for all Canadians.

The responsibility to provide employment and income support is split between different jurisdictions in Canada. At a federal level the government provides Employment Insurance (EI) to eligible redundant workers, while unemployment and re-employment support services are provided by the provinces/territories.

In terms of the redundancy/severance pay policies, these fall under the country's Labour Standards, and are regulated by the Canada Labour Code.

Key Stakeholders

Like Australia, Canada has no specific or co-ordinated redundancy support service like PACE in Scotland. However, there are a few programmes which target employers to help prevent redundancies from taking place.

Next Steps Canada⁶⁸ is a private sector organisation that provides support to businesses who are experiencing job losses for whatever reason. Their services focus on helping former employees to re-enter the labour market and transition to new jobs. The main services include:

- career transition coaching;
- specialised workshops;
- networking sessions; and
- 24/7 access to their online Career Transition support tools.

Employment Insurance – the Government of Canada’s Employment Insurance (EI)⁶⁹ is a benefits system which was created to support workers who have lost their jobs through no fault of their own, who are able to work but cannot find a job. Those made redundant can apply for EI as soon as they stop working, and must not delay filing by more than four weeks, as after this time they may no longer be entitled to support. The amount of EI received can differ from person to person as it is dependent on how much they earned previously.

As of January 2018, the maximum amount of EI people are entitled to equates to \$547 per week. Like other forms of income support, individuals can only receive EI for a certain length of time. This timeframe depends on the unemployment rate in their province/territory when they first filed for EI (average is 14 and 45 weeks).

Work Sharing Programme – the Canadian Government Work-Sharing Program (WSP)⁷⁰ is a redundancy programme designed to prevent redundancies/mass redundancies from taking place within companies. The WSP targets businesses which are going through a temporary period of low business activity (i.e. not a cyclical/recurring slowdown), and who feel they may need to make employees (some/all) redundant. Employees involved in the Program agree to work less hours until business performance stabilises or the need for redundancy is more apparent. During the time when employees are working less hours, the WSP also helps those who are eligible receive EI to help compensate.

Job Bank – is an online listing of all job vacancies across Canada, and is provided by the Government of Canada⁷¹.

Outputs and Outcomes

On average, around 2.2% of Canadian workers find themselves redundant each year⁷².

Once displaced, some find new jobs quite quickly whilst others experience longer periods of unemployment (e.g. older workers)⁷³. Just under half of workers are re-employed within one year with a further two-thirds re-employed within two years.

However, Canada’s performance falls behind a number of other OECD countries such as Australia, New Zealand, Sweden and the United States. Canada is similar to Japan and Korea in this context – see **Figure 2.2 (Page 10)**⁷⁴.

68 Next Steps Canada website: <http://www.nextstepscanada.com/>

69 Employment Insurance Website: <https://www.canada.ca/en/services/benefits/ei.html>

70 Work-Sharing Programme Website: <https://www.canada.ca/en/employment-social-development/services/work-sharing.html>

71 Job Bank Canada: <https://www.jobbank.gc.ca/home-eng.do?lang=eng>

72 Back to Work: Canada. Improving the Re-employment Prospects of Displaced Workers. OECD (2016).

73 As above.

74 Back to Work: Re-employment, Earnings and Skill Use after Job Displacement: OECD (2013)

Although some workers do find a new job within the first year, research has found that new jobs tend to involve a drop in quality for some workers. Some of the key findings with regards to job quality include⁷⁵:

- one in five workers find that their new jobs involve hourly wage cuts of 25%+ compared to their previous roles;
- lower hourly rates and fewer working hours in their new job roles; and
- more workers are able to find only part-time and temporary jobs.

Because the responsibility to provide income and unemployment support is split between different jurisdictions in Canada, displaced/redundant workers can at times find it hard to navigate and access services. Whilst the federal government provides EI to eligible workers, re-employment support is delivered by the various provinces/territories and co-funded by both. Other problems that arise are⁷⁶:

- it can be harder to monitor jobseekers/establish whether or not they are undertaking job searches as responsibility lies with different parts of the government;
- accessing re-employment services can be difficult as they are not always available throughout the country; and
- training and up-skilling services can differ across provinces and territories, meaning that similar training qualifications can have different requirements across the country. This means that it can be harder for workers to move between provinces and territories and find jobs in their field of work, as they may not meet the necessary training requirements in one province despite meeting them elsewhere.

Canadian workers with steady work histories can find it easier to receive EI whilst they search for a new job. However, with all EI ending after 45 weeks, those experiencing longer periods of unemployment could face a dip in their standard of living⁷⁷.

Whilst allowing people to rely on benefits for a shorter period of time can encourage them to find new jobs quicker, it can also negatively impact those who are unable to find new jobs and could make them more vulnerable to poverty. The strict eligibility criteria of unemployment support can also cause this situation to arise⁷⁸.

EI requires claimants to exhaust their severance/redundancy pay before applying. This criterion can be more of a disadvantage to older displaced workers who receive larger severance/redundancy payments. This then means that these workers must go without re-employment support, which could prolong how long they remain unemployed⁷⁹.

The Work-Sharing Program (WSP) has been found to be useful to businesses that are experiencing a period of reduced business activity, as it helps prevent them from making employees/more employees redundant. The WSP has performed well and research has found that it has helped to preserve jobs⁸⁰. Canadian employers do not have to take responsibility for the costs of their employees who are using the WSP, and whilst this can help encourage businesses to participate, if employers did take on these costs it might make them more likely to only enrol the employees they wish to retain at the end of the temporary period, allowing others to undertake job searches and re-enter the labour market sooner.

77 As above.

78 As above.

79 Back to Work: Canada. Improving the Re-employment Prospects of Displaced Workers. OECD (2016).

80 As above.

75 Back to Work: Canada. Improving the Re-employment Prospects of Displaced Workers. OECD (2016).

76 Back to Work: Canada. Improving the Re-employment Prospects of Displaced Workers. OECD (2016).

An evaluation of the WSP (2016) concluded that there is an ongoing need for such an intervention, in particular during periods of economic recession (or for unforeseen events)⁸¹. Of note is that it reported that larger companies (typically with more resources and expertise) found it easier to develop comprehensive recovery plans than smaller firms. Some recommendations included:

- explore ways to improve the speed of the delivery of benefits to employees;
- explore ways to improve reporting processes for smaller companies;
- ensure greater consistency in program delivery across the country;
- improve program efficiency by learning from the region's best practices;
- increase outreach activities to employers – increase awareness; and
- increase outreach activities to employees – greater clarity on the program's benefits, criteria and all the associated implications to their participation.

Key Learning Points

Key learning points from Canada's approach to redundancy support are that: Canada has a range of services in place to avoid unnecessary redundancies (e.g. WSP), which can have a particular positive effect on workers who could be affected by redundancy/mass redundancy; there is no specific service which focuses on supporting workers who have been made redundant at a national level, like PACE; and EI support can have a limited positive impact as people can only receive it for so long (i.e. 45 weeks), and before this they must exhaust their severance/redundancy pay.

Compare and Contrast

The key differences between the Scotland and Canada approaches are that: PACE is a service which is dedicated to those going through the process of redundancy, and a service like this is not available in Canada; and PACE focuses on redundant employees, whilst Canada places more emphasis on providing support to companies and employees in order to prevent redundancies.

Transferability

It would be suggested that the transferability of the redundancy services provided by Canada to Scotland is low as PACE provides a service which focuses solely on workers who have been made redundant, and this is a service which is currently not available in Canada. The only comparable element of the support available in Canada would be the focus that the country places on preventing redundancies before they happen by supporting businesses that are experiencing a period of reduced economic activity and are considering making some of their employees redundant (i.e. the WSP). This is a service which PACE does not offer, however PACE Partners do (e.g. Scottish Enterprise and Highlands and Islands Enterprise).

12. CONCLUSIONS AND RECOMMENDATIONS

12.1 Introduction

While the focus of the research has been on developing case studies, it is important not to lose sight of the "so what" – how should the research outcomes influence future actions or activity for PACE in Scotland.

We have therefore sought to synthesise the research to both propose some high level conclusions and more importantly suggest how these might apply in a future Scotland context. This builds on the conclusions presented throughout the report.

12.2 Overall Conclusions

Crucially, most of the research is largely descriptive (what a particular country does) and even where it compares and contrasts between countries it does not say which approach works better either in comparative or in absolute terms. We can therefore identify other practice but it is difficult to say if this is "good practice".

While there is considerable literature on the subject there are limited consistent or robust evaluation data beyond some simple metrics such as "average time taken for displaced worker to obtain employment" – which is a useful measure of success.

Even where there are evaluations (e.g. Wales), the demand-led nature of the co-ordinated intervention has presented some challenges for accurately assessing progress against targets.

However, we are able to postulate some overall high level conclusions which highlights what we would describe as good practice. This is based on our analysis, the frequency with which particular types of interventions are cited, and our experience in labour market research.

These are detailed below:

- all developed countries have specific responses to deal with economic shocks and business closures;
- the extent to which comparators have a rapid response approach comparable to PACE varies;
- while there is a strong rationale for public sector intervention to mitigate job losses this is seen as a rational consequence of a well-functioning economy where resources are shifted to areas where they will maximise efficiency and productivity;
- while there are national policy approaches, there is also a recognition that local and sector specific circumstances are crucial. For example, a loss of high skilled engineering jobs in a strong local economy will find little problems obtaining new employment while low skilled workers in areas of high unemployment will find it more challenging;
- this underscores the "one size does not fit all" approach where the evidence shows that particular workers (older/lower skilled) are likely to require more support – flexibility in response is therefore critical for success;
- there does appear to be a strong suggestion that displaced workers (particularly those older workers and/or those with lower skills) find it more difficult to obtain similar level/value of employment, at least in the short-term;
- although interventions can be on either the supply side or demand side, there is no consistent approach – some countries have a strong demand side approach while others only operate on the supply side:
 - demand side initiatives – focus on the protection of existing jobs or the creation of new ones
 - supply side initiatives – focus on helping workers find new jobs.

- while there is no clear cut or definitive right approach we believe that the evidence suggests that supply side interventions work best but that demand side interventions may be appropriate in particular circumstances:
 - targeted support to slow firm closure may be justified in limited circumstances
- there is some evidence that the fall-out from (larger) job losses can affect beyond the company and its workers and impact on the wider supply chains and local economy. We are however, unable to find many examples that provide particular types of responses to these indirect issues (an example, however, is RRS in England⁸²);
- timing of interventions is seen as critical – the sooner the better. Some countries have procedures which allow interventions to occur immediately on being notified of job losses with early access to individuals for support. The focus here is on helping workers to enter new employment quickly;
- the evidence suggests that job search assistance (CVs, interview skills, information, etc.) is the most effective and efficient types of intervention;
- there is mixed evidence over the effectiveness and value of general re-training programmes, although where bespoke training is linked to specific job opportunities it appears to become more effective;
- developing strong market intelligence procedures or protocols that allows early warning of potential job losses is usually seen as an appropriate focus for attention;
- there is no “single mix” of organisations involved in every country but while they are all different, a common theme is that there are always a number of players – no single organisation is ever responsible, and a partnership approach is considered critical to success;
- while it is generally the case that the delivery organisations are public sector there is some evidence to suggest that a co-production approach could work better. This would engage employers; employees/trades unions; local community, etc in the design of specific responses. While this may not be an efficient approach in all cases it may be appropriate in larger scale projects; and
- the evidence suggests that a flexible labour market approach works best where government does not “artificially” try to support jobs but focuses instead on supporting the individual.

82 The flexibility of the RRS approach is emphasised, including that other businesses (such as major suppliers) who are impacted by the redundancy may be supported if they are negatively impacted as a result.

12.3 Recommendations

It is not possible to compare and contrast how Scotland performs compared to other nations but we have a strong sense that it compares well and is already delivering many of the aspects which appear to indicate good practice.

Indeed, the previous research commissioned by SG and SDS (2011) identified PACE (and ReAct in Wales) as good practice examples of rapid response approaches.

In seeking to identify aspects which could be considered within a Scotland context, we suggest that there are two aspects to consider:

- activities either outside the scope of Scotland's (current) devolved powers or ones which would require major long-term changes; and
- more practical/short-term opportunities.

In terms of the first, the evidence suggests that success can reflect light touch labour regulations coupled with strong welfare support or where the lead is taken by employers and trades unions through a collective bargaining approach. While these may indeed be "good practice" the implementation would not be realistically within the scope of the PACE Partnerships.

Instead, we have therefore focused on a few aspects which we believe could be delivered by the Partnerships and which would make a positive difference. In some cases these are delivered (at least in part) by PACE and we would therefore suggest a possible strengthening of the approach.

Fore-sighting

Many of the countries with the highest positive outcomes have procedures to monitor the health of particular sectors/industries to identify potential threats at an early stage and provide consideration in an ex-ante basis as opposed to ex-post (once job losses are announced). These can be formal organisations whose role is to produce regular reports on the likely future health of their economic sectors and flag up any potential areas of concern.

For example, while PACE responded robustly to the downturn in oil and gas activity following the price collapse, it could have perhaps been better prepared, started some preparatory work, designed and approved interventions, etc. It was well known that that particular industry is volatile and as such a closer monitoring or an "already made" response could have perhaps been appropriate.

It may be that some formal approach to industry fore-sighting is developed with appropriate protocols and roles and responsibilities – and a first step would be to explore the extent to which these may already exist within partner organisations.

Co-production of Services

The approach currently delivered is largely based around tried and tested interventions which were largely designed by the public sector partners. There are few opportunities to reflect local differences (or needs) and develop bespoke solutions.

While it is recognised that having bespoke solutions in every case is unworkable, it may be that in particular circumstances a co-production approach could be developed. This would involve engaging with employers, employees, trades union and the local community to design an approach which best meets the specific needs of the specific case.

Early Intervention

The evidence strongly suggests that the earlier an intervention is made, the more effective it is in dealing with the problem. Currently the PACE support is activated once notification of redundancy has been communicated. Some countries also offer an early intervention support prior to any final decision – a pre-notification service. This achieves two aims:

- it provides partners with information to be ready and gear up for possible intervention – hit the ground running; and
- it provides information and support to those who are making or will be impacted by any decision.

Again, this may not be appropriate in all cases (or indeed be within the scope of devolved powers) but perhaps in fragile local economies it could provide a helpful addition.

Service Specification

The research highlighted that success was not the same for different groups with younger/better qualified individuals likely to have a much easier journey back to employment while older and/or lower qualified individuals had more difficulties.

In addition, the data showed that the specific local circumstances reflect the changes of success – for example with a more remote area with few employers being more challenging.

This tends to suggest that direct approaches (scale and scope) may better reflect the specific local needs. Consideration of perhaps a “tiered approach” would be appropriate – with the more complex situations receiving more support and the others a light touch approach.

Labour Mobility

While most redundant workers seek (and achieve) re-employment in their local areas, there may be situations where there are only limited local opportunities such as in rural or employment deprived areas. In these cases, support for travel or relocation could support re-employment, even if on a temporary basis. This should, however, be available to an extent through DWP as PACE Partners.

Monitoring impacts

The lack of good quality monitoring or evaluation data has been highlighted through this research. It will be important in moving forward to really understand what works, what the impact is of the intervention and its relevant value for money.

The regular surveys conducted by the SG and SDS on behalf of the PACE Partnership are a good starting point and perhaps these could be developed to better reflect the need to understand impact and value data. This could include data on job type, level, wage, new skills obtained, security of employment, etc.

APPENDIX A: LITERATURE SCAN

The approach taken to identify comparator countries included a scan of websites and sources including:

- accessing information and reports held by SDS and the SG;
- an online search of government and key agency websites for strategy and policy documents, background information on initiatives, any research/evaluation reports, etc;
- a broad internet scan using a range of search criteria (e.g. models of redundancy support, collective redundancies, collective dismissals, employment restructuring, compassionate downsizing, re-skilling, etc);
- accessing any relevant documents or publications from specialist and/or international government agencies – for example, Cedefop, Improvement and Development Agency, European Employment Policy Observatory, European Foundation for the Improvement of Living and Working Conditions (Eurofound), European Commission, etc; and
- accessing relevant academic sources (e.g. Academia.eu) to source relevant academic literature on initiatives for responding to redundancy situations in the selected models/ countries.

The documents sourced are now listed in **Appendix B** and **Appendix C**.

APPENDIX B: LABOUR MARKET POLICY DOCUMENTS

A review was undertaken of the following documents:

- International Labour Organisation (IOL) Knowledge Sharing Platform
<http://www.skillsforemployment.org/KSP/en/AboutThePlatform/index.htm>
- Public policy and support for restructuring in SMEs: Eurofound (2013)
<https://www.eurofound.europa.eu/publications/report/2013/labour-market-business/public-policy-and-support-for-restructuring-in-smes>
- Effects of restructuring at regional level and approaches to dealing with the consequences Eurofound (2014)
<https://www.eurofound.europa.eu/publications/report/2014/labour-market-business/effects-of-restructuring-at-regional-level-and-approaches-to-dealing-with-the-consequences>
- What Support Is Needed For Workers Who Are Displaced – An Overview Of OECD Practices: OECD (2017)
http://www.oecd.org/els/soc/12_Singh_Supporting_Displaced_Workers.pdf
- Lessons learnt from large firm closures: Department of Industry, Innovation, Science, Research and Tertiary Education (AUS) 2013 <https://docs.education.gov.au/collections/lessons-learnt-large-firm-closures>
- Addressing The Labour Market Challenges Of The Economic Downturn: OECD (2010)
<http://www.oecd.org/employment/emp/43732441.pdf>
- Back to Work: Re-employment, Earnings and Skill Use after Job Displacement: OECD (2013)
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- Joint public-private local partnerships for employment to cope with the recession: European Foundation for the Improvement of Living and Working Conditions (2011)
<https://www.eurofound.europa.eu/observatories/emcc/comparative-information/joint-public-private-local-partnerships-for-employment-to-cope-with-the-recession>
- Managing Restructuring: A European Synthesis Report: European Commission Employment, Social Affairs and Equal opportunities (2010)
- Partnerships Among Public Employment Services: European Job Mobility Laboratory (September 2011)
- Inventory of Policy Responses to the Financial and Economic Crisis: World Bank/ILO (2013) <https://openknowledge.worldbank.org/handle/10986/16610>
- Recovering from the crisis: A Global Jobs Pact: ILO (2010)
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3. The Mire Project (<http://www.mire-restructuring.eu/>)
4. The National Audit Office (<https://www.nao.org.uk/>)
5. Working Transitions (<https://www.workingtransitions.com/outplacement>)
6. National Careers Service (<https://nationalcareersservice.direct.gov.uk/>)
7. ACAS (<http://www.acas.org.uk/index.aspx?articleid=1461>)
8. Public Authorities Involved in Regulating Working Life: <https://www.eurofound.europa.eu/country/united-kingdom#actors-and-institutions>
9. General Federation of Trade Unions: <http://www.gftu.org.uk/>
10. Lep Network: <https://www.lepnetwork.net/about-leps/>
11. Business Help for the Unemployed – Leeds Business School (Dec 2017): <https://business.leeds.ac.uk/research-and-innovation/blog/article/government-help-for-the-unemployed/>

Northern Ireland

1. Information about the Programme for Government for Northern Ireland: <https://www.northernireland.gov.uk/programme-government>
2. Economic Strategy for Northern Ireland: https://www.northernireland.gov.uk/sites/default/files/publications/nigov/ni-economic-strategy-revised-130312_0.pdf
3. Advice on Handling Redundancy: https://www.lra.org.uk/images/publications/Advice_on_Handling_Redundancy_February_2016.pdf
4. Redundancy Guidelines for Northern Ireland Assembly Members: http://www.niassembly.gov.uk/globalassets/documents/your_mlas/election/redundancy-guidelines-long-form.pdf
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