

**Work Package 4 – Multilevel “Arenas” for Fighting Poverty and Social Exclusion**  
**National Report United Kingdom**

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FP7 project ‘Combating Poverty in Europe: Re-organising Active Inclusion through Participatory and Integrated Modes of Multilevel Governance’

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## Abbreviations

AI	Active Inclusion
ALMP	Active labour market policies
CS	City Strategy
CSP	City Strategy Pathfinder
CSR	Country Specific Recommendations
DWP	Department for Work and Pensions
EES	European Employment Strategy
ESF	European Social Fund
EU	European Union
JCP	Jobcentre Plus
LTU	Long-term unemployed
NAPs/Incl	National Action Plans against Poverty and Social Exclusion
NRP	National Reform Programme
NSR	National Social Report
NPM	New Public Management
OMC	Open Method of Coordination

## **Foreword**

Reducing poverty and social exclusion is one of the main challenges for ensuring social cohesion in Europe. The research project COPE – Combating Poverty in Europe: Re-organising Active Inclusion through Participatory and Integrated Modes of Multilevel Governance’ – analyses trends of poverty and social exclusion in Europe, and examines the dynamics of minimum income protection policies that potentially help alleviate the risk of poverty in Europe. A particular focus is on the situation of single parents, long-term unemployed and the working poor, who face particular risks of poverty and social exclusion. To what extent have minimum income policies functioned as last resort social security for these three groups, and in what sense can ‘active inclusion’ policies credited with protecting them from poverty and social exclusion?

Co-financed by the European Commission in the 7th Framework Programme, the COPE project unites researchers and stakeholders from six European countries, the UK, Italy, Poland, Sweden, and Norway. Having started in February 2012, COPE runs over a three-year period. COPE’s method is comparative – analysing developments in five European countries (Poland, Germany, UK, Sweden and Italy). Its focus is inherently multi-level, looking in turn at developments at European, national and local level.

## Section A: Europe 2020 Anti-poverty Dimension and National Strategies

### Introduction

The relationship between the UK and the European Union (EU) has historically been a tense and difficult one in general, and especially in the area of social policy. Arguably reinforced by the nature of the UK's political system and its (largely foreign owned) print media, domestic political debate generally fixates on the supposed negative impacts of the UK's EU membership and is very silent on the benefits. Though there was something of a warming of the UK's relationship with the EU during the 13-year period of New Labour governments (1997-2010), since the election of a Conservative-led coalition in May 2010 and in the context of the growing electoral success of the explicitly anti-European United Kingdom Independence Party (UKIP) relations have cooled markedly once again. The Conservative Party is, to the dismay of its fiercely pro-European coalition partners the Liberal Democrats, officially committed to offering the British people an 'in-out' referendum on EU membership by 2017, and the government it leads has since 2012 been in the process of carrying out a so-called balance of competences review, described as "an audit of what the EU does and how it affects the UK". The current context thus seems far from propitious for social policy strategies forged in Brussels to inspire or inflect policy making in Westminster and Whitehall.

Since 2010, however, the European Commission has in the framework of its Europe 2020 strategy developed new instruments and strategies to shape domestic social policy that might in principle appear to me more powerful and potentially transformational than the toolkit of the pre-existing Lisbon Agenda. These have not only seen social policies more fully integrated within the broader strategy for socio-economic coordination in the context of the so-called European Semester, but also led to the development of quantified targets in a number of areas, including in relation to poverty reduction. In principle these new instruments might be expected give the Commission greater leverage over domestic policies, whether through a 'saliency effect' resulting from the discipline of targets, or through stimulating new and more integrated modes of domestic policy making as member states are forced to approach issues in an explicitly cross-sectoral way in the framework of their annual reporting activities. Furthermore, in the context of the global economic crisis and its Europe-wide 'aftershocks' it could be imagined that increased domestic problem pressures in relation to poverty and unemployment may have opened a window of opportunity for greater acceptance of social policy initiatives at the European level, even while the countervailing forces of resurgent nationalism pull political and policy elites in the opposite direction.

This report looks in detail at the domestic impact of anti-poverty dimension of the Europe 2020 strategy in the particular case of the UK. It seeks to explore how far, how and why Europe 2020 has shaped, and is continuing to shape, British anti-poverty policy. To this end it in particular compares the interactions between the EU and the UK government (and, more broadly, policy making system) around issues of poverty in the period since the launch of Europe 2020 with pre-existing national-supranational interactions in this field during the Lisbon-OMC Social Inclusion era. It also offers a diachronic reading of the first three annual reporting cycles under Europe 2020 (2010-11; 2011-12; 2012-13) to seek to identify any changes in the nature of this interaction since the initiative was launched. In addition to focusing on the impact of Europe 2020 on the saliency of poverty issues and the extent to which they are addressed through an integrated, cross-sectoral approach, the report also seeks to establish how far European coordination has encouraged a more participatory approach to policy making, with reference to the involvement of both non-governmental actors and sub-national levels of government.

The UK case obviously represents a particularly demanding test of the ability of Europe 2020 to have impacts, whether substantive or procedural, on domestic anti-poverty policies. To the extent that it hasn't had such impact, the case can nonetheless help shed light on the relative importance of the various factors that have been identified within the literature as mediating or constraining European effects, as well as identifying new ones. Furthermore, as the report shows, at a time when British governance structures are somewhat fluid and contested, EU action has in some specific respects had a very real effect in shaping the re-ordering of the multi-level governance of anti-poverty policies in the UK.

The empirical basis of this report is a focused literature review, exploration of the media database Lexis-Nexis, analysis of a range of official and governmental documentary sources and data from around 25 semi-structured expert interviews with policy makers at the national, devolved and local levels of the British polity.

## **2 Background**

### **2.1 The national "model" to fight poverty**

The UK has long had a stronger focus on poverty in its welfare state than other member states of the EU. Social ('national') insurance benefits have always paid comparatively modest flat-rate amounts, with the intention that individuals should have incentives to make provision for their income security in the market (Wincott, 2011). In this context, a relatively large share of social expenditure (especially when expenditure on the universal National Health Service is excluded) is devoted to means-tested benefits, which are also needed to supplement low social insurance benefits in many cases. The social assistance system is thus a core part of the UK welfare state, and when British people say 'welfare' they are generally referring to means-tested benefits for people of working age, much as in the USA. Unlike in the USA, however, means-tested benefits are nationally regulated and centrally provided, and traditionally relatively generous in comparative perspective (especially when the support for housing costs that most low-income households receive is included), although not sufficient to lift claimants out of poverty. The UK also has a traditionally strong culture of 'welfare rights', and a rather active poverty lobby compared to many countries.

All social security benefits in the UK are strongly centralised, and the income maintenance side of British anti-poverty policies long ago abandoned the localised elements and strong links to social work services still found in many other European countries (Lødemel, 1997). This has resulted in an institutionalised disarticulation from much social services provision, which in the UK are coordinated by local authorities, and in Scotland and Wales have been the financial responsibility of the sub-national governments since devolution in 1998. Like social security, employment services were however excluded from the devolution settlement, and remain a so-called 'reserved' Westminster competence.

An emphasis on activation of benefit claimants has been growing in the UK welfare state since the late 1990s, first in relation to provision for the unemployed and more recently for other working-age groups as well (Clasen, 2011; Griggs et al, forthcoming). The UK was a relative pioneer with 'one-stop-shop' approaches to the integration of benefit and employment support, and Jobcentre Plus (JCP) came to be seen as something of an international model for the modern, activation-focused public employment service in the early 2000s. The New Labour government invested heavily – especially rhetorically, and to a lesser extent financially – in the development of various welfare-to-work programmes in its 13 years in office, and also emphasised conditionality ("balancing rights and responsibilities"). In parallel

a large and elaborate system of Tax Credits, administered not by the Department of Work and Pensions (DWP) but by the fiscal authorities (HM Treasury), were also developed to try to simultaneously combat poverty and improve incentives to work. Initially targeted on low income households with at least one member in work, these were later extended on somewhat different terms also to childless individuals.

Work was therefore very much at the centre of strategies to combat poverty in the UK under New Labour (McKnight, 2005), with ‘activation’ and ‘make work pay’ policies as the principal instruments of this approach, though families with children also benefited from generous redistributive measures that were not tied to employment (Child Tax Credits, notably) as the government tried to meet the ambitious child poverty target it first set in 1999. Somewhat unusual in comparative perspective, this quantified poverty was actually written into UK law in the dying days of the New Labour era, when the Child Poverty Act (2010) imposed a legal duty on British governments to work towards measures that would nearly eliminate child poverty by 2020.

Though relatively consensual at the time, and benefiting from cross-party support, the child poverty target has come under considerable critical scrutiny since the election of the Conservative-Liberal coalition government in May 2010. In 2012 the government published a consultation document describing the ‘poverty plus a pound’ focus on income in the existing child poverty target as ‘simplistic’, and seeking input on the construction of new multi-dimensional targets that would include factors such as living in a workless household, having parents in poor health and living in poor housing or a ‘troubled’ area (Cm 8483, 2012). Despite the government’s protestations to the contrary, it is widely perceived that this is a way of “redefining poverty downwards simply by adopting new measures associated with lower rates of poverty” (Lansley, 2013).

The current government’s social and labour market policies, in the broader context of a massive programme of debt and deficit reduction, also seem to represent an inflection in the British ‘model’ of fighting poverty. Cuts to social security benefits, including large reductions in tax credits and the introduction of a set ‘cap’ on benefits that can be received by workless households, are designed to reduce expenditure in this area by £20 billion. Alongside these retrenchment measures, the current government has also introduced important structural changes in both activation policies and the system of means-tested benefits and tax credits (for details, see Goerne and Clegg, 2013). Existing welfare-to-work programmes have since 2010 been replaced by a new ‘Work Programme’, with provision contracted out to profit-making companies and the voluntary sector on the basis of a heavily payment-by-results based funding system. At the same time, all means-tested benefits for working-age people and tax credits are in the process of being amalgamated into a new integrated means-tested working-age benefit called Universal Credit (UC). Universal Credit is designed to increase incentives for individuals to take up ‘mini jobs’, the hours rules for entitlement to Tax Credits having been abandoned. This is accompanied by a streamlined system of conditionality for claimants, including claimants in work but with low incomes, and underpinned by a considerably tougher sanctions regime. The current government are thus intensifying and radicalising an approach to anti-poverty policy that is based on the premise that (any) work is the best route out of poverty, and that an appropriately designed benefit and employment system will furnish the mix of ‘carrots’ and ‘sticks’ that are needed to get people into, and encourage them to progress in, employment.

In the period since 2010 it has however also become increasingly difficult to refer to a single, unified British approach to addressing problems of poverty. Since devolution in the late 1990s some of the historic nations from which the British state is composed have enjoyed very



substantial autonomy in social and economic policy, though not as mentioned above in relation to employment or social security, and without enjoying the same formal constitutional prerogatives (for example, the right to independent representation in the European Council of Ministers) as sub-state authorities in federal polities such as Belgium or Germany. Until 2007 intra-national divergence as a result of devolution was limited by the majority in both the Scottish and Welsh assemblies being held by the Labour Party, which was simultaneously in power in London. However, since nationalist parties of the centre-left won majorities in both Scotland and Wales in 2007, and especially since the election of the Conservative-led coalition in London in 2010, the expression of sub-state difference and the creative use of autonomous powers has been much a more visible feature of UK policy in a number of areas. The current nationalist-led Scottish government has been highly outspoken in its condemnation of UK-led welfare reforms, and used the scope for social policy divergence as one of its major arguments in campaigning for a ‘yes’ vote in a forthcoming referendum on Scottish independence, scheduled for September 2014.

## **2.2 Supranational-national relationship within the social inclusion OMC**

Traditionally an ‘awkward partner’ in the EU (George, 1998), the Lisbon era coincided with a notable normalization of EU-UK relationships following the election of New Labour in 1997 (Buller, 2011: 561). Through a variety of strategies Blair was able to successfully defuse the normally highly contentious issue of the effect of EU membership on the UK (Oppermann, 2008), allowing his government to pursue a much closer and more constructive relationship with Brussels and other EU capitals in a number of areas. In social policy this was most symbolically represented by the government asking, within weeks of its election victory in 1997, for an end to the British social policy opt-out that had been negotiated at Maastricht in 1989. In the social policy sphere the New Labour governments also seemed to be more open to ideas and influence from the EU (and other EU member states) than their Conservative predecessors had been. Their adoption of the language of ‘social exclusion’, a concept previously alien to UK social policy debate, is seen as symptomatic in this respect, with Ruth Lister referring to it as a “rare example in recent years of adoption by a UK government of a European rather than North American policy discourse” (quoted in Armstrong, 2006; 82).

Though since the late 1990s the UK’s employment-centred approach to tackling poverty has been “remarkably in line with European initiatives” (Hopkin and van Wijnbergen, 2011: 255), it would however be erroneous to conclude that supranational initiatives have been of direct significance in shaping UK anti-poverty policy in this period. Careful reconstruction of policy processes instead show that innovations of the Blair era such as the welfare-to-work policies and ‘make work pay’ strategy were of primarily domestic inspiration, rooted in processes of policy reformulation on the centre-left that considerably pre-dated not only the National Action Plan against Poverty and Social Exclusion (NAPs/incl) process, but also the older European Employment Strategy (EES) (*ibid*; McPhail, 2010). Armstrong (2005) has shown that EU and UK planning cycles in the social policy field were not coordinated, and UK policy priorities were generally set in advance of the EU policy-cycle; policies and strategies were thus reported in the NAPs/incl process, but they were not developed through it. In general, it is perceived that the OMC has had a very limited public and media impact in the UK (Ardy and Umbach, 2004; Meyer, 2005), and the various OMC processes, with their battery of performance indicators, have not been used in ‘shaming exercises’ in domestic UK politics as happens in some other EU member states (de Ruiter, 2010). Duina and Raunio (2007) have also shown the UK MPs have not shown great interest in reports produced in the context of the OMC processes, as these sit definitively outside the usual processes of policy

making and parliamentary scrutiny, and because they judge their domestic impact to be negligible.

Many have actually argued that the policy influence in the EU-UK relationship mainly ran in the other direction in the Lisbon period; that the UK was a significant player in shaping the objectives and programmatic orientations of Lisbon-era social policy (see Heidenreich and Bischoff, 2008; McPhail, 2010). Blair's approach to being 'at the heart of Europe' involved not so much an openness to mainstream European policy approaches – which as Hopkin and van Wijnbergen (2011: 273-274) note were frequently held up in the UK policy debate as examples of what *not* to do – but rather an attempt to preach the virtues of the UK approach to poverty reduction and welfare state and labour market reform in Europe. This was the period of 'Third Way evangelism', when Blair was actively seeking converts to his vision of 'progressive governance' in Europe and beyond. As Clift (2011: 923) puts it, "the Blair governments sought to be the source, rather than the recipients, of lessons on social model reform". Indeed, the Portuguese Presidency in 2000 coincided with what was probably the high-water-mark of Third Way ideas, which left their mark on the Lisbon strategy in a number of ways.

In relation to more procedural dimensions of open coordination, the picture of UK-EU interactions in the Lisbon era is somewhat more ambivalent. For one thing, it is more difficult to unambiguously classify the UK as a case of 'fit' or 'misfit' with EU approaches to social governance than it is with respect to substantive policy content. On the one hand, the use of objectives, targets and indicators in Lisbon-era social policy was quite congruent with New Labour's own – and notoriously 'technocratic' – approach to governance, which similarly relied on the use of so-called Public Service Agreements, associated with specific targets, to try to leverage alignment of economic, employment and social inclusion policies domestically (Armstrong, 2005: 294-295). On the other hand, however, it can be argued that "with its explicit involvement of multiple levels of authority and societal actors, and its implicit quest for consensus", the OMC processes are "in terms of institutional fit perhaps furthest away from established practices in Britain" (Hopkin and van Wijnbergen, 2011: 271-272), where a majoritarian electoral system results in a highly confrontational style of political deliberation, and where policy-making has traditionally been highly centralised and strongly insulated from societal interests.

Moreover, existing research has reached rather different conclusions about the leverage effect of the OMC in relation to different aspects of social governance in the UK (Armstrong, 2005; 2006; Schönheinz, 2014). On the upside, and in rather stark contrast to experience with the EES (and later National Lisbon Reform Programme process into which the EES was absorbed), there is real evidence that the NAPs/incl process stimulated a much more open approach to policy making in UK central government as regards the involvement of social actors, particularly from the second and subsequent reporting cycles. The DWP established strong contacts and regular working relationships with national and sub-national NGOs, especially the various anti-poverty networks, which are numerous and active in the UK context. A Social Inclusion Advisory Group was established to provide a formal mechanism for the engagement of these actors with government policy and its reporting at EU level. A so-called Participation Working Group was also established, with the support of DWP and the anti-poverty networks, to feed the views of people experiencing poverty into this reporting process. Though it may not have been central to the direct formulation of policy, the DWP manifested an apparently genuine commitment to this EU-levered process of dialogue with actors from civil society, and openly boasted of a 'cultural change' in its approach to national policy dialogue (cited in Schönheinz, 2014: 184). The procedural effect of the NAPs/incl process in the UK may even have opened some avenues for more substantive impacts; some,

for example, have suggested that processes of stakeholder engagement around the NAPs/incl were crucial in placing the theme of in-work poverty on the UK policy agenda (*ibid.*). Enthusiasm for the participatory process around the NAPs/incl was one of the main reasons that the DWP (unsuccessfully) resisted its closer integration with the other social protection OMCs, and continued for some time to run the process autonomously even after ‘streamlining’.

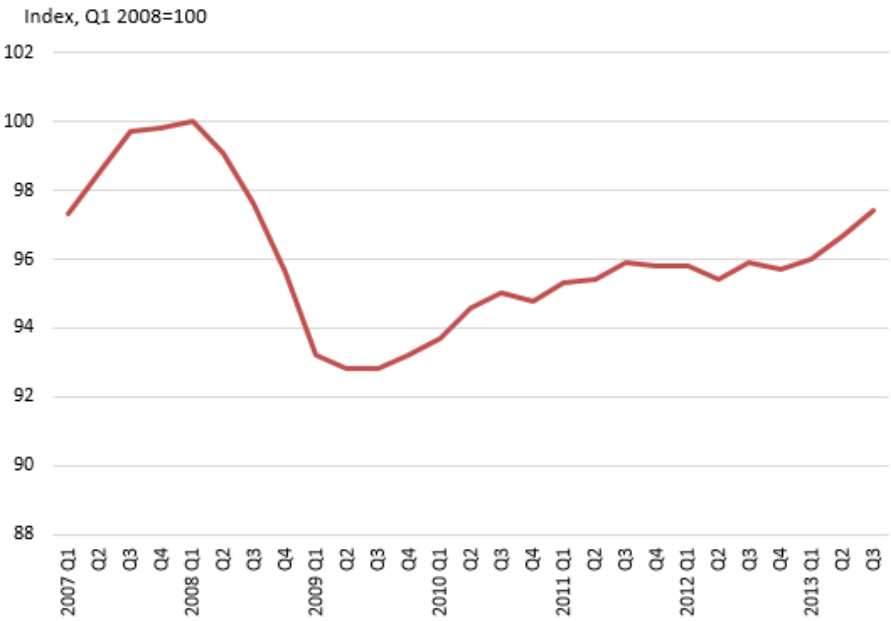
More negatively, however, there has been rather limited evidence of joint dialogue or coordination across different levels of government in the NAPs/incl process, despite the manifest need for this in the UK’s post-devolution context, with large areas of policy relevant for social inclusion (including for example childcare, education and social services) now a sub-national responsibility. The devolved authorities in Northern Ireland, Scotland and Wales however reportedly showed little interest in the NAPs/incl process, possibly as they were more concerned with the use of their newly gained powers for the development of sub-national strategies (Armstrong, 2005: 299), and possibly because of the alignment of political majorities across the UK until 2007 (MacPhail, 2010). Though they received ‘inputs’ from civil servants in the devolved administrations of Northern Ireland, Scotland and Wales, the NAPs/incl were essentially centrally coordinated by DWP, in this respect much like the NAPs under the EES. To the extent that social actors and the poverty lobby addressed their anti-poverty policy concerns directly to DWP in the context of the NAPs/incl, the process might actually have reinforced the role of central government in an historically already over-centralised policy making system.

### **2.3 Problem pressure**

The UK experienced relatively strong economic growth in the first half of the first decade of the new millennium, with GDP growth rates that were consistently somewhat above the average for the European Union (both EU-15 and EU-27). Strong internal demand was driven by rising house prices and a sharp extension in access to credit, rather than the success of the British ‘real economy’. As a result of this, as well as the scale of the bailout required to rescue the very large British banks, the UK was relatively badly affected by the global financial crisis, experiencing a contraction of GDP of more than 5% in 2009. Not least due to the stringency of the austerity policies that have been implemented by the Coalition government that was elected in spring 2010, growth has also been slow to return. The decline peaked at -2.5 in the first quarter of 2009 and continued throughout 2010 and 2011 and the UK narrowly avoided negative GDP growth in 2012 and 2013.

Currently the UK economy is in an early and fragile period of improvement as continual growth was recorded throughout 2013, albeit at a much slower rate than pre-recession levels. It has been predominately driven by consumer and household expenditure which has positively impacted on the performance of the service sector. Whilst some economists and politicians claim that the UK’s economy is therefore in recovery, there are some notable frailties. Despite the increase in household spending, business investment has remained stagnant, suggesting that it is too soon to claim that an economic recovery is truly underway (ONS, 2014). The IMF (2013) reported that the UK’s recovery remains weak in part due to a dramatic decline in manufacturing and exports (2% below pre-downturn levels) and the UK’s balance of trade deficit for 2013 was the largest on record (ONS, 2014). This export decline is predominately linked to low levels of demand within the EU, which is the UK’s main export market.

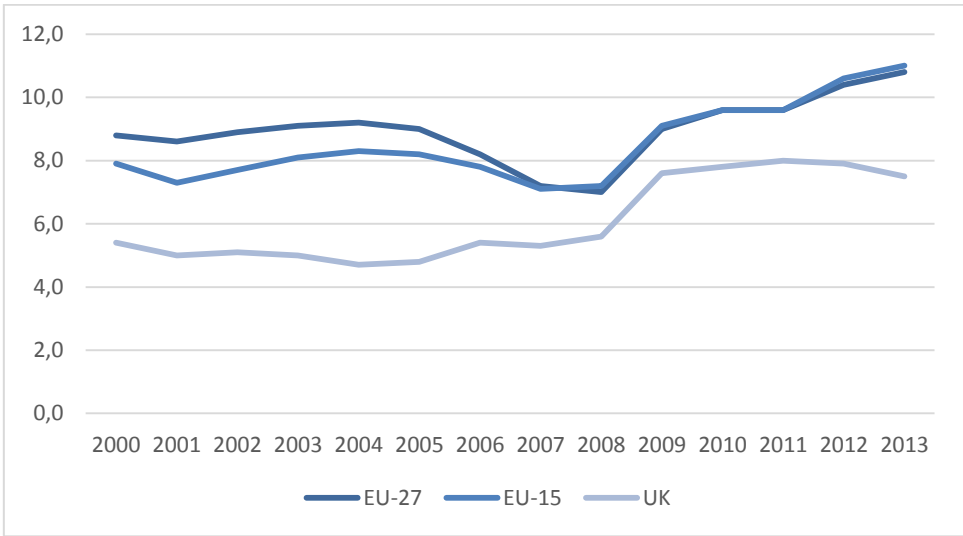
**Figure 1: UK output relative to the pre-downturn peak, constant prices, seasonally adjusted**



Source: ONS

Unemployment in the UK was consistently below the European average during the 2000s. It tended to slightly decline in the first part of the decade, from around 6% in 2000 to less than 5% by mid-decade. Since the onset of the crisis it has certainly increased, but not by the proportions seen in some other EU member states, and currently stands at around 7%. One explanation for the relatively modest rise in unemployment (given the scale of the economic shock the UK experienced and the unimpressive performance of the UK economy since) is the high flexibility of employment in the UK, which has allowed employers to unilaterally reduce both hours and wages of employees as an alternative to redundancy, with the effect that under-employment has increased substantially. The level of unemployment nonetheless increased from 1.6 million people in 2008 to peak at 2.7 million people the end of 2011.

**Figure 2: Unemployment Rates, UK and EU**

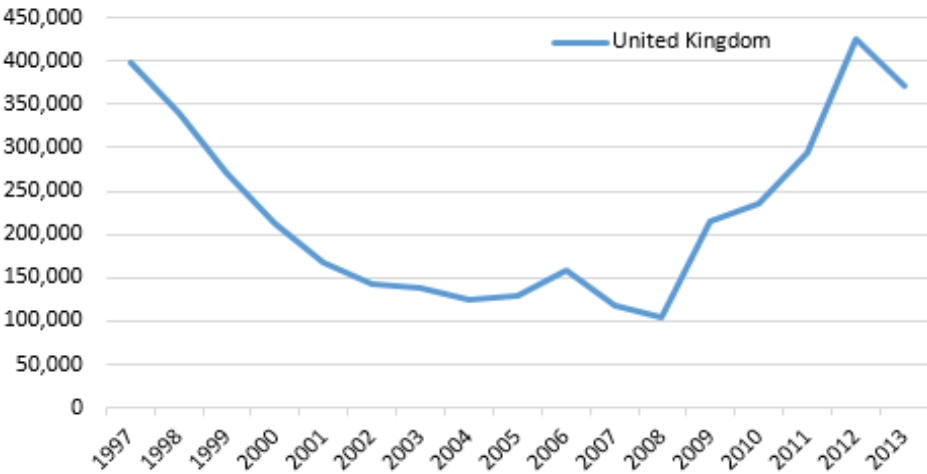


Source: Eurostat

As elsewhere, the youth labour market has been most seriously affected by the crisis. In truth youth unemployment rates were already increasing in the UK prior to the onset of the crisis, potentially because the focus of UK labour market policy shifted away from young people (who had been the main target of New Labour’s first ‘New Deal’ programmes) and towards the economically inactive. But since the crisis youth unemployment rates have increased far faster, and now stand at more than 20%. Given very high rates of youth labour market participation in the UK this represents around 1 million unemployed young people, far more than in countries with comparable populations and often higher rates of youth unemployment.

Despite recent improvements in the employment figures, long-term unemployment is also a current concern in the UK. Throughout the 2000s the UK had considerably lower rates of long-term unemployment than many comparable European countries. In part this was a result of UK labour market policy, which targeted much activation at the long-term unemployed as well, initially, as the young. However, as the crisis has increased the flow of individuals into unemployment, the long-term unemployed have become less of a political priority, while competition for scarce jobs has increased. The total number of individuals claiming JSA for 12 months or over grew substantially from the end of 2008 and more than doubled in 2009. In 2012 it peaked at just over 425,000 people before dropping to 370,450 by the end of 2013. The current extent of long-term unemployment is three times higher than in 2007 and more akin to the LTU levels of the mid-1990s.

**Figure 2: Long term claimant count (12 months and over)**



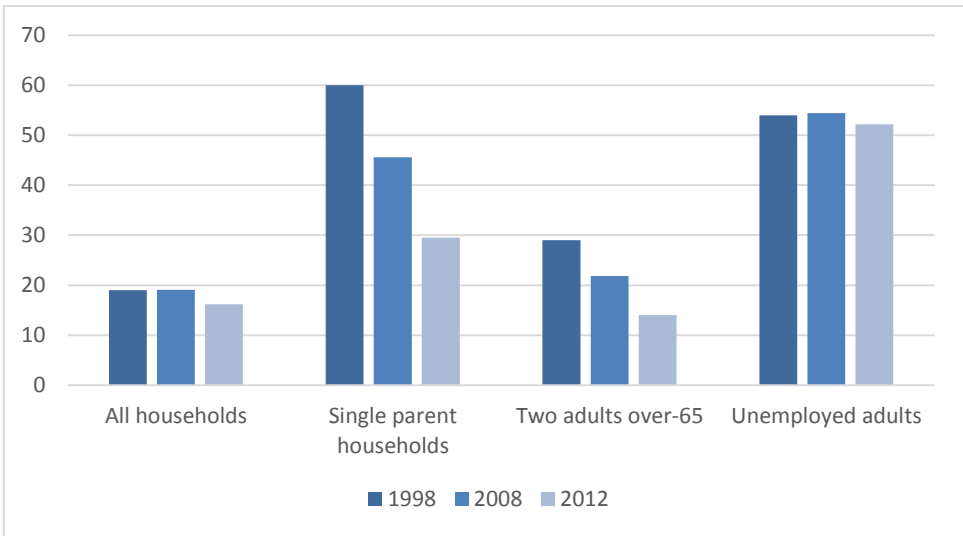
Source: ONS (not seasonally adjusted-based on claimant count figures for December in each year)

During the 1980s and 1990s the UK had poverty rates that were substantially above the average of comparable European countries and above the average for EU-15. The New Labour government elected in 1997 made a reduction in poverty – and especially in child poverty – one of its core pledges. It achieved some success in this, as in the first half of the 2000s the UK poverty rate fell by around 2 percentage points, at a time when poverty elsewhere in Europe was tending to increase. However, by 2008 the poverty rate was little difference from a decade earlier (see Figure 4). Furthermore, any gains were not shared equally across the population. Poverty fell particularly strongly among pensioners (among whom poverty has fallen to its lowest level since 1961) and families with children, and most sharply among lone parent families, whose poverty rate declined from nearly 60% in the 1998

to around 45% a decade later. The latter was as a result of redistributive measures directed at households with children, as well as a large increase in the employment rate of single parents. Figures from 2013 suggest that relative child poverty has fallen along with rates of poverty for lone parents and couples with children (JRF, 2013). Conversely, poverty rates among the unemployed increased between 2000 and 2007, while the incomes of low-income working-age adults without dependent children rose very little over the period, with the result that their relative poverty rate also increased (Joyce and Sibieta, 2013: 198).

Since the onset of the economic crisis relative poverty rates have actually fallen in the UK, though this is largely explained by a sharp decline in median incomes. It is predicted that the effects of the current government’s welfare reforms (see section 2.1 above) and broader austerity programme will soon be for poverty to rise again, particularly among people of working age on whom the cuts have been most targeted, with pensioners having been largely being spared (MacInnes *et al*, 2013). The austerity programme involves “cutbacks of an exceptional scale, speed, composition and distributional impact” (Taylor-Gooby, 2013: 63). Planned cuts are equivalent to about 13 per cent of 2010 public expenditure, with an original intention to cut the deficit from 8.4% of GDP in 2009 to only 0.4% in four years, ten years more quickly than recommended by the OECD. Cuts to services and transfers weigh much more heavily in the austerity plan than tax increases, and fall most heavily on working-age social security benefits and local government spending. The opposition argue that the scale of the austerity programme is one reason for the UK’s relatively slow economic recovery, and thus a factor in unemployment not falling faster. The austerity programme has also been one factor in stagnation in levels of real pay, which on average increased more slowly than inflation for all but four months of the period between June 2008 and January 2014. Wage stagnation has been particularly stark in the public sector, and by 2018-19 public sector pay is predicted to be 6.4% lower relative to private sector pay than it was in 2007-08. It is therefore likely that in-work poverty – which is more closely associated with low pay in the UK than in many other countries (Ponthieux, 2010) – will continue to be a problem in the UK economy in the years ahead, challenging the effectiveness of an anti-poverty policy that is largely centred around moving people from unemployment/inactivity to work.

**Figure 4: UK Poverty rates (60% threshold), by selected household type/activity status**



Source: Eurostat – EU-SILC

### 3 An iterative process: the European Semester and anti-poverty strategies

#### 3.1 Europe 2020's genetic moment

The genetic moment of the Europe 2020 strategy coincided with a period of political uncertainty and upheaval in the UK. Prime Minister at the time of the unveiling of the Commission's draft proposals for the strategy in late 2009, New Labour's Gordon Brown knew that he would have to call a general election by June 2010 at the latest. Trailing the Conservative Party by around 15% in the opinion polls at this time, he also knew that it was unlikely the New Labour would be returned for a fourth consecutive term of office.

New Labour's response to the Commission's proposals was nonetheless relatively offensive. In the wake of the economic crisis, when observers such as the Nobel prize winning economist Paul Krugman had praised the British administration for "a combination of clarity and decisiveness [that] hasn't been matched by any other Western government" (Krugman, 2008), Gordon Brown saw himself and his government as exercising a leadership role in Europe and indeed the world, and emphasising this as one of his few arguments for an unlikely re-election in the forthcoming vote. This probably explains the rather didactic tone of the British response to the Commission consultation (HM Government, 2010), which did not limit itself to providing the requested comments on the Commission proposals, but instead formulated what was essentially a counter-proposal, with the identification of six 'key priorities' for the successor to the Lisbon strategy, and an extended discussion of the appropriate division of responsibility for the strategy – or what the UK government termed a 'Compact for Jobs and Growth' - between the European and national levels.

The six key priorities identified in the UK proposal were decidedly economic in tone, including removing remaining barriers in the single market, opening up global markets to trade and investment, and promoting a robust and competitive financial sector. The government's 'jobs and growth' framing of what should be the main focus of the new European-level strategy oriented it naturally towards identifying economic, rather than social, issues as central. This in principle left little place for a poverty focus in Britain's vision of the future Europe 2020, as government minister Ian Pearson explained in Parliament; "we see poverty as a social issue as well as an economic one, and when looking at growth and jobs, the priorities perhaps lie in other areas, which is why we have talked about capital services as a measure, and about some other measures that we would like to see as targets. That is not to downplay the importance of poverty as an issue; we just do not think that it is necessarily appropriate for Europe as part of the strategy." (House of Commons, 2010, Column 13)

The UK government's proposed priority 2, 'Create new jobs and equip our workforce with skills for the new economy', did however touch necessarily and directly on the social dimension. Under this priority, furthermore, the government actually suggested that member states should set targets to reduce child poverty, as the UK itself had done a decade earlier. The outgoing New Labour government was therefore not averse to the setting of targets as part of the Europe 2020 strategy, including on the issue of poverty; on the contrary, it made an explicit case for the definition of "measurable national targets" and for governments to be "held accountable for progress towards these targets through intergovernmental peer review" (*ibid*: 37). However, it is important to note that the New Labour government was equally explicit that the setting of targets should be responsibility of member states, with the role of the Commission limited to the identification of broad objectives and to conducting "rigorous and evidence-based analysis of the impact of EU and national reforms" in meeting these

(*ibid*). The Economic Secretary to the Treasury summarised the UK approach in evidence to the UK Parliament's European Scrutiny committee in March 2010;

*"We in the UK do not believe that a top-down approach of EU-wide targets, which are then agreed individually at member state level, is the right one"* (House of Commons, 2010, column 5) ... *"We believe strongly that it should be up to individual member states to decide what targets are appropriate. For instance, if a target on employment rates across the European Union is to be agreed, it should be for the UK to look at its own circumstances and to decide what a stretching target should be. It should then be for us to be accountable to UK stakeholders on progress towards that target. However, we would expect there to be some scrutiny at a European level, as there is under the excessive deficit procedure, and that the Commission would write reports."* (*ibid*: column 7)

True to what had been witnessed in the Lisbon era, the UK approach to engagement with the nascent Europe 2020 was less oriented to the benefits for the country of closer cooperation with their European partners than with encouraging other member states to draw inspiration from British policies, which were implicitly or explicitly presented as superior; what Caune *et al* (2011) have with reference to France termed the 'boasting strategy'. A Labour MP thus suggested that the main virtue of establishing national targets through Europe 2020 was in "encouraging our European colleagues to step up to the plate and burden share" (Claire Curtis-Thomas in House of Commons, 2010, column 12). The perception was that if the UK would benefit from Europe 2020, it would be through the indirect benefits to the UK economy and trade of stronger growth elsewhere in Europe as a result of other member states following Britain's lead in structural reform. Many of the UK's own and rather idiosyncratic policies were suggested as templates for action across Europe, with the national child poverty target being a good example.

This somewhat condescending and censorious approach to European cooperation continued and even intensified following New Labour's defeat in the May 2010 elections and replacement with a Conservative-led coalition government. However, the change of government did bring some changes to the UK position on Europe 2020. On the one hand, and unsurprisingly given the strong Eurosceptic currents within the Conservative Party, the government position evolved to become even more vigilant with regard to the risk of Europe 2020 being a 'Trojan Horse' for competence creep. On the other, and as described above (see section 2.1), the incoming government was generally more critical than its predecessor of targets, whether domestic or European. As a Treasury Minister put it before Parliament, the government felt that "too often over the past decade Government put in place targets that were ultimately and unfortunately a substitute for strategy, which is why so many of the targets were not met" (Justine Greening in House of Commons, 2011, column 19-20). The result of these two factors combined was a considerable hardening of British opposition to the Europe 2020 targets in the discussions leading up to the June 2010 European council. This was manifested most clearly in the area of education where, invoking the subsidiarity principle, the British government flatly refused the principle of setting a national target. In other areas the new government opted to avoid explicit confrontation with the Commission, but made it clear that it accepted the existence of headline targets only because they were in no sense binding on member states. It furthermore intimated that it would not necessarily feel obliged to set a new national target in relation to them, and would instead try to 'fit' them to pre-existing targets, whether national or for government departments, in relevant areas (Chris Grayling in House of Commons, 2011, column 9-13).

Discussion of these issues was largely confined to central government circles and occasional phases of Parliamentary oversight, essentially within specialised committees in the lower and



upper chambers (see also section 4.1). Strikingly, in discussions in these fora the 7 flagship initiatives that had also been proposed as part of Europe 2020, including the European Platform against Poverty and Social Exclusion, received basically no discussion. The only passing references made to these initiatives are furthermore critical, questioning both the value-added of European action in these areas and highlighting risks of duplication with other EU initiatives (House of Commons, 2010, column 17).

## **2.1 The three Europe 2020 cycles: Planning, reporting, recommending, negotiating**

### **2010-2011 Cycle**

The UK's first National Reform Programme, for the cycle 2010-2011, had a very limited emphasis on poverty or on social policy more generally, though this was also true of the 2011 Annual Growth Survey that had been published by the Commission. Much of the 2011 NRP was structured around the five 'bottlenecks' to economic growth that had been identified by ECOFIN for the UK (and other member states) in June 2010, which the UK government claimed were more useful than the integrated guidelines (House of Lords, 2012: 5). While there is some overlap between the ECOFIN bottlenecks and the six economic policy guidelines (guidelines 1-6), they however relate poorly to the social policy issues, including combating social inclusion and poverty, that are covered by guidelines 7-10. Indeed only one of the identified bottlenecks had an obvious social policy dimension, namely the low level of skills among British workers.

Social policy issues are discussed most in the parts of the NRP that assess UK performance in the context of (but definitely not 'against') the Europe 2020 headline targets. Each headline target is considered as a sub-section of a single chapter of the NRP, entitled 'Performance and Transparency' (HM Government, 2011: 33-66). The sub-section on employment (*ibid*: 34-41) captures well the more general approach of the British 'accommodation' to the Europe 2020 targets. At the top of the sub-section the Europe 2020 target is simply stated, without further comment, by a citation from the conclusions of the European Council. Thereafter the UK government's objectives are stated, though without these being quantified or related to a target in any way. In relation to employment, this stated "The government is committed to increasing employment opportunities for all by providing support mechanisms and benefit systems that encourage work and reduce worklessness, to ensure that individuals can fulfil their potential in the labour market" (*ibid*: 33). Finally, a number of indicators are listed, generally based on the departmental performance targets established as part of the comprehensive spending review process, and often with little direct relationship to the headline target. In the case of employment, the three indicators presented by the UK government are 'proportion of children living in workless households', 'number of people on out of work benefits' and 'the number of sustained job entries through the work programme'. The current level of UK performance against these indicators is stated<sup>1</sup>, but no target level of performance is set as an objective. The remainder of the section then lays out details of the most significant current UK policies in the area, which in the employment section of the 2011 NRP entailed an extensive discussion of the Work Programme and Universal Credit, both of which were at that time at the stage of conception.

While this describes well the general UK approach to Europe 2020 targets, the UK's approach in the area of poverty, described in the transparency section on social exclusion (*ibid*: 48-53),

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<sup>1</sup> No current performance is stated in relation to job entries through the Work Programme, as this had not yet been fully implemented.

is somewhat different. Here the NRP *does* report a specific national target, against which current UK performance is measured. This target, however, is simply the existing UK child poverty target, which had been written into UK law, with cross-party support, in the 2010 Child Poverty Act (see section 2.1)<sup>2</sup>. The target is an ambitious one, and combines (absolute and relative) income poverty, persistent poverty and material deprivation dimensions (see Table 1). However, it is largely unrelated to any of the three possible indicators for the Europe 2020 poverty target (overall at-risk-of-poverty rate; rate of overall material deprivation; rate of jobless or low-work-intensity households).

**Table 1: UK (Child) Poverty Targets**

<b>Indicator</b>	<b>Target</b>	<b>Level as of 2011</b>
Relative low income – proportion of children living in households where income is less than 60% median before housing costs in financial year	<10% by 2020/21	22%
Absolute low income – proportion of children living in households where income is less than 60% median income before housing costs in 2010-11 adjusted for prices	<5% by 2020/21	Equivalent 12%
Low income and material deprivation - proportion of children who experience material deprivation and live in households where income is less than 70% median before housing costs in financial year	<5% by 2020/21	17%
Persistent poverty - proportion of children living in households where income is less than 60% median before housing costs in financial year for at least 3 of the last 4 years	To be defined by regulations in 2015	12%

Source: UK National Reform Programme 2011, p. 48

The question of the fit between the general European poverty reduction objective and the specific UK child poverty target was raised in discussion of the draft NRP before a Parliamentary committee. The minister’s position was that “if we lift children out of poverty, by definition we lift their parents or carers out of poverty, because the two are integrally linked”, and that as such government analysis showed that meeting the domestic child poverty goal would be “sufficient to allow us to make our contribution towards the overall European goal” (Chris Grayling, in House of Commons, 2011: column 10-11). However, it is interesting that the UK government chose not to take the apparent opportunity presented by the Europe 2020 poverty target to retreat from the existing domestic child poverty commitment, towards which it was known to be critical, especially for its relativistic operationalisation. Rather than aligning on one of the operational indicators related to material deprivation or worklessness, the government preferred to retain a nationally-defined indicator with this strong relative dimension. In this instance hostility to European interference in domestic policy thus appeared to trump a chance of strategically ‘using’ Europe to legitimise domestic change.

<sup>2</sup> A similar approach prevailed in the climate change and energy section, where pre-existing targets (for England, Northern Ireland, Scotland and Wales) were substituted for any of the suggested European measures.

The remainder of the sub-section on social exclusion in the NRP discusses the relevant UK policies for achieving objectives in this field. It explains that the most relevant policies are mainly detailed in the employment and education sections of the transparency chapter, and that attention in the social exclusion chapter is therefore primarily devoted to child poverty aspects of the overall approach, including the child poverty strategy and principles of early intervention. Relevant activities of devolved administrations in Scotland, Wales and Northern Ireland are also detailed.

The UK did not receive any country-specific recommendations (CSRs) directly concerned with poverty in response to its 2011 NRP and convergence programme, though it did receive a comment for specific action on the area of workless households. In the Commission proposal for a CSR, this referred explicitly to the need to increase the supply of childcare provision to facilitate single parents' and second earners' labour market participation (European Commission, 2011). However, following negotiation and agreement by the Council, this was rendered as a need to "take measures, within current budgetary plans, to reduce the number of workless households by targeting those who are inactive because of caring responsibilities, including lone parents" (Council, 2011). Other recommendations received focused on the reduction of the UK's large budget deficit, improving the functioning of the housing market, tackling youth unemployment and addressing skills shortages and encouraging banking sector competition to increase the flow of finance to Small and Medium Sized Enterprises.

### **2011-2012 Cycle**

With the exception of the transparency section, the 2012 NRP was organised around the five CSRs that the UK had received, which thus had a rather prominent place in the UK NRP compared to reporting styles prevailing in some other member states. This also meant that the 2012 NRP was therefore rather different from the 2011 version in presentational terms, though this is largely explained by the latter having been prepared without CSRs to refer to and in a degree of haste. While the NRP reported that the government agreed with all the CSRs that had been addressed to the UK, Parliamentary discussions of the 2012 annual growth survey betrayed a somewhat different appreciation by ministers, though mainly as regards the deficit reduction recommendation (House of Commons, 2012). Indeed, one feature of the (limited) parliamentary scrutiny of the processes within the European semester is a tendency to focus on economic and fiscal policy issues to the detriment of any serious engagement with social policy questions.

The UK government's response to the agreed CSR on reducing numbers of jobless households is reframed in relation to its efforts at tackling 'welfare dependency', with extensive discussion of the Work Programme and Universal Credit in supporting and incentivising people to move into work (HM Government, 2012: 28-29). Having been expunged from the agreed version of the CSR, reference is however made to childcare, notably in relation to the enhanced access to means-tested childcare support in the context of the Universal Credit reforms. The government also responds directly to the Commission's emphasis on lone parents, though the main measures detailed in support of this group are greater financial incentives to work through the introduction of Universal Credit, the movement of lone parents from inactive benefits and 'into the labour market', and allowing voluntary early access to the Work Programme to lone parents.

Universal Credit and the Work Programme are again detailed in the employment sub-section (*ibid.*: 41-45) of the transparency section, which also discusses the introduction of a 'benefit

cap' that will limit the overall amount of benefits that a household on out-of-work benefits can receive as a proportion of average weekly earnings. The section on social exclusion (*ibid*: 52-59) again deals with child poverty, and covers essentially the same policy ground as the 2011 NRP.

In response to the 2012 NRP the UK did receive a CSR directly addressed to the issue of poverty, which also reiterated the concern about jobless households and once again addressed the issue of childcare. On this occasion there was no discrepancy between the Commission's proposed recommendation (European Commission, 2012) and that agreed by the Council (Council, 2012); it is not clear why the childcare reference was following negotiation allowed to remain in the CSR when the previous year it has been deleted. The agreed CSR stated that the UK should "step up measures to facilitate the labour market integration of people from jobless households; ensure that planned welfare reforms do not translate into increased child poverty; fully implement measures aimed at facilitating access to childcare services". Interestingly the poverty recommendation was framed in relation to child poverty, with the Commission apparently adjusting to the UK's specific attention to this issue. Furthermore, the CSRs in 2012 were considerably more specific than those formulated in 2011, making nominal reference to actual UK policies such as Universal Credit (and, in the housing field, policies such as 'Help to Buy').

The UK 2012 National Social Report was published in May 2012 (DWP, 2012). At 19 pages it is a noticeably shorter, and also less polished, document than the NRP. While it mentions Universal Credit and the Work Programme, it devotes far more space in the section on Poverty and Social Exclusion to a then new (published March 2012) 'Social Justice Strategy', a plan for 'tackling poverty in all its forms' by facilitating and encouraging local level action across policy areas according to principles of early intervention and prevention, with a heavy focus on children and young people.

### **2012-13 Cycle**

The 2013 NRP responded in differing degrees of detail to the three social policy points raised in the CSR. On tackling worklessness, the NRP again detailed Universal Credit (implementation of which was by now imminent), the Work Programme and the benefit cap, while also discussing the planned limitation on the uprating of out-of-work benefits to 1% for three years from 2013-14, presumably perceived by the government as a response to worklessness (UK Government, 2013, 29-31). Only two brief paragraphs were addressed to the issue of child poverty; the first noted that the UK government had narrowly failed to meet its own target – inherited from the previous administrations – for halving child poverty by 2010, a report on which had been published in 2012. It also noted that some of the recent success in tackling (relative) child poverty had resulted from a fall in median income, taking the opportunity to state the government's position that "targets based on income cannot capture the full picture", and announcing that a consultation had been launched into "multi-dimensional measures of child poverty which will capture the reality of poverty and ensure that its causes can be addressed better" (*ibid*: 31). The response to the CSR was notably silent on the risk of the government's welfare reform agenda leading to increased child poverty. Childcare was addressed in greater detail, with a particular focus on a measure unveiled in the 2013 Budget that will offer tax-free childcare for working parents, but is focused on higher earners (*ibid*: 31-32).

The sections of the transparency chapter on the employment and social exclusion objectives are noticeably shorter than in the 2011 and 2012 NRPs. The employment section (*ibid*: 50-52) details the initiatives already described in previous years. The explicit child poverty focus of

the social exclusion section that was evident in 2011 and 2012 is entirely absent from the 2013 NRP (though the UK targets detailed at the start of the section still relate to child poverty), which alongside familiar measures discussed in earlier NRPs as well as in early sections of the 2013 report (Universal Credit, efforts to move lone parents into work...) also details the government's new 'troubled families' initiative, a new fund to support local authorities in working with families with "at least one adult in the family not in work, children not being in school and family members being involved in crime and anti-social behaviour" (*ibid*: 63). The broader social justice strategy that had been extensively detailed in the 2012 National Social Report curiously receives a mere paragraph of description in the NRP.

The 2012-13 cycle once again saw the UK receive a CSR focused on issues of poverty. The Commission's staff working document (European Commission, 2013a) raised concerns about the ability of the Work Programme to improve outcomes for harder-to-help clients, and criticised the distribution of cuts in the UK benefit system, specifically the targeting of means-tested benefits but not pensions or universal measures. It also questioned the government's new social justice strategy mainly focused on 'prevention', being forced to recall that "income poverty remains an important issue". The CSR proposed by the Commission (European Commission, 2013b) and reprised by the Council (Council, 2013) encouraged the UK to "enhance efforts to support low-income households and reduce child poverty by ensuring that the Universal Credit and other welfare reforms deliver a fair tax-benefit system with clearer work incentives and support services; accelerate the implementation of planned measures to reduce the costs of childcare and improve its quality and availability". It is noteworthy that the CSRs once again specifically and nominally mentioned the need for the UK to consider the impact of the Work Programme and the Universal Credit on labour market outcomes for the hard-to-help and on child poverty rates, as these initiatives have since the start of the Europe 2020 process been held up by the UK government as their main response to poverty and joblessness.

Despite the iterated nature of the Europe 2020 process, it is difficult in the UK case to discern any obvious changes of emphasis across the three cycles analysed here. This may in part be over-determined by the particular context of UK social policy in this period. The first cycle of Europe 2020 coincided with the UK government unveiling two extremely large and 'structural' reform initiatives, in the shape of the Work Programme and Universal Credit. Much time and energy in government across the whole period analysed here has thus been focused on the adoption and implementation of these measures, which in the case of Universal Credit will not be complete for a number of years yet. Not least to justify their scale and disruptiveness, these policies are very much presented by the government as 'magic bullets' for problems related to both employment and poverty; they are, in other words, the government's answer to basically everything. Moreover, it is unlikely if anything – with the possible exception of a general election – would be liable to inflect or interfere with these domestic policy juggernauts, such is the political investment in them. In combination these factors probably explain the considerable consistency – bordering on tedious repetitiveness – in the content of the UK NRPs since 2011. The main change over the period appears to relate more to the Commission's style of engagement with UK policy, which has become increasingly specific and ready to engage critically with named UK policies, and especially the 'big two'.

## 4 EU2020: actor participation and integrated actions to combat poverty

### 4.1 Actor Participation

The question of the participatory nature of Europe 2020 must be addressed at a number of different levels; in relation to the interest of the general public and groups in society, including as reflected through the prominence of the strategy in the print media; in the opportunities for engagement of citizens' elected or appointed representatives through various forms of Parliamentary scrutiny; in the structured involvement in the elaboration of NRPs of social actors such as NGOs, trade unions and business representatives; and finally through the involvement in the process of different levels of government.

It could be imagined that the device of establishing of unified, Europe-wide targets in relation to poverty and other issues might have helped to make Europe 2020 more newsworthy and visible to the general public than forms of soft policy coordination have proved in the past, at least in the UK. However, a search of all UK newspapers between 2009 and 2014 produces less than 50 results even mentioning Europe 2020, and many of the articles where the strategy was mentioned focused on the availability of, or reduction in, European funding (particularly in regards to rural development funds or higher education). There was no specific UK newspaper coverage at the time of the launch of the 2020 strategy in 2010, though it was on occasion mentioned in passing in articles focusing on the European economic and currency crisis. Social inclusion and employment aspects were notably absent from the very limited media coverage.

Perhaps more strikingly, even specialised groups with interests in poverty and employment seemed ignorant of or indifferent to the existence of Europe 2020 in its genetic moment. The Trade Union Congress (TUC), for example, published a long discussion and analysis of poverty measurement in mid-2010, just after the election of the coalition government (TUC, 2010). Though this was precisely the moment when debates around the new European poverty target were concluding, no reference was made to this in the TUC analysis, which retained a purely British focus. Only those organisations – such as Poverty Alliance, the Scottish 'arm' of the European Anti-Poverty Network – with good relays in Brussels sought to mobilise around the European poverty target (Poverty Alliance, 2010), but with limited domestic success.

With respect to Parliamentary involvement, the European scrutiny committee of the House of Commons has referred a number of documents generated in the context of Europe 2020 for further debate, though generally in committee and not on the floor of the house. In 2010 these included the Commission staff working documents on the successor to the Lisbon strategy and the Commission's formal proposal for Europe 2020; in 2011 the later detailing of the proposed integrated guidelines; and in 2012 the draft CSRs directed to the UK. The Annual Growth Surveys 2011 and 2012 were also debated in the European Committee, but not that for 2013. Furthermore, the House of Lords EU select committee published a report in 2011 on the first UK NRP (House of Lords, 2011), in which it proposed that the production of the NRP be synchronised with the presentation of the UK's Convergence Programme, and the two simultaneously debated on an annual basis by Parliament. This recommendation – which echoed a similar plea from the Lords for greater Parliamentary oversight of soft governance in the Lisbon era (House of Lords, 2006) – has not however had any material effect, and the Lords have not taken evidence on subsequent NRPs. There is an annual debate in Parliament on the Convergence Programme under section 5 of the European Communities (Amendment) Act 1993. In 2013, for example, this however made no reference to the UK's NRP, nor to any issues related to poverty (House of Commons, 2013). Altogether, then, Parliamentary scrutiny

of and engagement with Europe 2020 has been sporadic and unsystematic, and very largely focused on economic dimensions of European coordination.

While the UK has always manifested its differences with the European Commission as regards the question of stakeholder involvement in European policy coordination processes in general, the NAP/incl process did see the emergence in the UK of a more participatory approach to reporting, fostering structured linkages between the DWP and social NGOs and UK anti-poverty associations (see section 2.2). Government officials acknowledge that these structures were useful to them, not least because they allowed the government to learn about non-governmental and local-level initiatives in the area of anti-poverty policy which it could then refer to in the NRP, helping to “add a local dimension to [the UK’s] reporting” (Interview, DWP). Under Europe 2020, however, this participatory dimension of European coordination appears to have been lost, evidenced not least in the disbanding of bodies such as the Social Inclusion Advisory Group.

According to a respondent at DWP, a major part of the reason for this is financial;

*“The sad fact was that the previous administration decided - times are hard - that we didn't have the resources to basically fund the staffing time, the secretariat, the engagement. And also there was the view that this was very useful for us, but it was about various reporting obligations - this was not the way we engage with stakeholders on policy formation, which is what our focus needed to be. Anyway, under the new administration with huge reductions in government spending - my own unit has lost a third of its people, and we will lose some more - and this is common across members states - there is actually no credible likelihood that we would reinstate such a mechanism. It's unfortunate, but it would definitively be in the category of one of these useful, very nice things to have, but you could not sacrifice core services and core resources for that.”* (Interview, DWP)

The UK’s current approach to what it calls ‘stakeholder engagement’ under Europe 2020 is laid out in the introduction to the 2011 UK NRP (HM Government, 2011), and reiterated in the NSR (DWP, 2012: 4). This explains that the individual policies discussed in the NRP have all been individually subject to ‘extensive public consultation’, using the standard mechanism under the ‘Government Code of Practice on Consultation’ of inviting written submissions from interested parties on government proposals. It also cites the NRP being placed on the Treasury website for ‘comment by the public’ as an instance of stakeholder engagement. When the draft 2011 NRP was discussed in the EU committee of the House of Lords, the Lords pressed the government spokesman on consultation with local authorities, trade unions and business and other stakeholders, and was informed that the government was intending to ‘go out and consult’ ahead of the final draft (House of Lords, 2010: 2). However, there is no evidence that this actually occurred either in 2011 or for subsequent NRPs. Furthermore, responses from officials in DWP question the sincerity of any stated commitment to broad stakeholder engagement, and suggest a retreat under Europe 2020 to a more conventional ‘British’ perspective on this issue;

*“The UK believes it consults in the proper way. We consult at the policy formation stage, where it actually makes a difference. So, if we're having a new policy, it would be subject to a public consultation, some informal soundings as part of the creative thinking stages. There'd be various events that we would attend or possibly host. We'd even look at some of the academic research. And then it gets to a more formal stage, which is classically a green paper, then a white paper, and off we go. The Commission is quite critical of the UK because when it comes to what in OUR view are REPORTS, like the NRP REPORT, all the policy in there is existing - whether agreed or planned - policy. And it's exactly the same with the NSR.*

*And we consult stakeholders widely at the concrete policy formation stage. But the Commission is quite critical that we don't actually have a series of events around the way the report is drafted. But this is a statement of government policy, full stop! So I think that is a bit of a shame, because we're not going to change government policy. Ministers sign off the final report, and they will have the final say, so that's just something where we choose to differ. And there a number of reasons for this. It's got nothing to do with the political complexion of the current government - this is just the way we work. In particular, the UK does not have the classic EU social partnership arrangement. We have trade unions, we have CBI and business representatives, but they are not embedded in the mechanisms of government as they are in many member states, both in policy formation, but even in policy and service delivery. We simply don't have that. And again, the Commission will say, 'we understand that', but then they don't really understand it..." (Interview, DWP)*

With respect, finally, to the participation of different levels of government in the preparation of the NRP, the prevailing practice seems to mirror that under the reporting processes of the Lisbon strategy. While local authorities have not been involved, 'inputs' are requested from the devolved administrations in Northern Ireland, Scotland and Wales. Devolved initiatives are briefly detailed in each UK NRP, in individual boxes that are set out alongside UK policy in the text. Though policy divergence between the devolved administrations and the UK government has been growing in recent years (see 2.1 above), there is no further comment on this in the NRPs. The process of seeking inputs to the NRP drafting is furthermore performed purely as a reporting exercise, and not used as an opportunity for inter-governmental discussions on the implications of cross-cutting initiatives or overlaps and interactions between national and devolved policies.

A novel feature of Europe 2020 as compared to the Lisbon era, however, is the autonomous engagement with the process of some devolved administrations in the UK. Since the start of Europe 2020 the Scottish government (under majority Nationalist (SNP) control since 2010) has taken the annual initiative to publish its own NRPs to highlight its "commitment to engage positively with EU institutions and fully represent Scottish interests and highlight particular Scottish strengths" (Scottish Government, 2011: 3). The development of the Scottish NRP is furthermore based on a far more participatory approach than the UK counterpart, with the annual organisation of a stakeholder conference in around February of each year – in which issues related to poverty and social exclusion have a prominent position – to inform the drafting of the NRP. This influence is reflected in the content of the Scottish NRPs, which for example make references to the importance of the European Platform against Poverty and Social Exclusion, not referred to once in the UK NRPs.

The reasons for Scotland's strong engagement with Europe 2020 is, according to interview respondents, partly instrumental, related to concerns about being able to access and influence financial resources from the European level (such as ESF funding);

*"[Our thinking is] simply that the more you are getting involved with it, the more likely you are to get something out of it. The more you engage with the Commission, the more likely you are to find out about funding streams that organisations in Scotland might be able to access ... It's like with any government, like with us: if we have regular contact with an organisation, and then at some subsequent point they ask us for money, we know something about them, and instinctively think they are a worthy organisation. I would think the same thing about the Commission. If we engage with them a bit, they know a bit about who we are and what we're doing, and therefore they might be more likely to fund things. Also if we could influence the scope of some of their calls for funding ... Again my experience is that the UK's approach is not to get involved in any level of detail like that, because they're really not that bothered. So*



*sometimes it's quite easy to influence [the Commission's] response, because it gives them something to say. So the UK not being particularly interested in these things is sometimes helpful for us".* (Interview, Scottish Government)

In addition, with the growing confidence of the Scottish government as an autonomous political actor and following the election of a nationalist government, there is also clearly a political desire to use the EU to help Scotland project itself in the European context; "it is about saying 'here we are, we are Scotland, we are a country. We are taking this seriously, as if we were a member state. This is not us messing about as part of a UK thing, we're doing our own one'" (*ibid.*). Europe 2020 has thus served as a resource for the Scottish government in their bids to enhance both their international profile and, through the promise of enhanced access to EU funding, their autonomous policy making capacity.

#### **4.2 Policy integration**

One of the possible virtues of the more integrated approach to reporting on economic, social and other policies taken by Europe 2020 is the potential for stimulating cross-sectoral working domestically, for breaking down policy silos and rendering more visible the interactions between government strategies in different areas. According to government officials, however, such collaborative cross-policy coordination is already well embedded in the UK policy process, at least at Ministerial-level in central government. This has facilitated the preparation of the NRP, but not been stimulated by it;

*"In the UK, we have very much a tradition of working in collaboration. That premise is enshrined through collective government responsibility, so we have cabinet-level committees and decisions, which brings ministers from different departments together. We have a very strong centre to govern in the UK, so Cabinet Office primarily, but in international work also the Foreign and Commonwealth Office have a coordinating role. And they ensure that departments are thinking about the implications of domestic policies on other government departments but equally on the EU level. There is a lot of coordination to make sure that we're taking a uniform approach. And that entire mechanism is reflected in things like the NRP."* (Interview, DWP)

In evidence before the House of Lords, a Treasury official however acknowledged that the form of cross-sectoral coordination that had prevailed in preparation of the 2011 NRP was "essentially top down", based on a "dedicated team at the centre that are really making sure this is all stitched together" (Lord Sassoon in House of Lords, 2011: 3). This team at the centre of the Europe 2020 process is in the Treasury (Ministry of Finance), which leads the process and whose Ministerial head, the Chancellor of the Exchequer (Minister of Finance), ultimately signs off on the NRP. Ownership of the NRP thus rests clearly with the 'economic' parts of UK government, something that was justified by a respondent in DWP on the basis that the NRP is "mostly about economic policy" (*ibid.*). The empowerment of the Treasury to the detriment of other parts of government had already been observed with reference to the impact on the EES of the re-launched Lisbon strategy, and is thus visible in an even broader way with Europe 2020.

Those chapters of the NRP that concern areas of responsibility of government departments other than the Treasury are of course in practice prepared and drafted by those departments, or specialised units within them. Different units in DWP have thus led on the 'transparency' reporting under the employment and poverty and social exclusion headings. It appeared that the poverty reporting involved some cross-unit and/or inter-departmental cooperation with relatively cognate areas such as work-life balance, but had not involved direct work with

officials from the Treasury (interview, DWP). It was also noteworthy from our interviews that respondents that did not have specific 'European' responsibilities within departments like the DWP seemed largely ignorant of EU policy and of the reporting apparatus surrounding it. As such, effective collaborative working in reporting across government appears to be confined to European specialists in closely related departments/areas, and not to go far beyond that.

Respondents observed that the need for the involvement and collaboration of different parts of government is strongly structured by the reporting requirements, which in view of the way the UK structures its NRP are themselves (since the second NRP in 2012 onwards) largely determined by the CSRs delivered to the UK, as the latter form the basis for sub-sections in the report. To the extent that it can use the CSRs to raise issues that cut across departmental responsibilities, as it did in relation to the links between poverty and childcare for example, the Commission arguably does have some limited leverage over patterns of collaboration within government. However, the Commission has also tended to emphasise such linkages only in relatively cognate areas. While the UK received a CSR related to deficit reduction in 2012, for example, this itself made no reference to the need to avoid increasing poverty. In the 2013 NRP the UK government could thus cite its welfare reforms as a central plank of its deficit reduction strategy, without referring to the risks of increased poverty that in another 2012 CSR the Commission had seen in the UK's welfare reform agenda. In general, all the UK NRPs tend to speak about social and economic policy in splendid isolation from one another.

## 5 Europe 2020 and the local dimension of anti-poverty policies

One result of the highly centralised and Whitehall-driven process through which the NRPs are produced in the UK is that Europe 2020 has a very low local profile in the country as a whole. In evidence to the House of Lords, a Treasury spokesman essentially acknowledged that UK local authorities are not seen as stakeholders in Europe 2020, despite their potentially crucial role in the effective delivery of anti-poverty strategies, especially in relation to the active inclusion agenda. This seems to be largely a by-product of the predominant focus on economic policy within the NRP, for which local authorities are not seen as relevant actors (except, perhaps, as a source of opposition to cuts to local budgets); “probably asking local authorities some of the big questions about reducing deficit, in which they share the burden of course, wouldn’t be productive ... I think the thing is to not get over-focused on them as a stakeholder group but to recognise that, yes, they play a role and that we must allow them to put in any thoughts” (Lord Sassoon, House of Lords, 2011; 4). At UK level there is however no obvious mechanism for local authorities to feed ‘their thoughts’ into the NRP or more broadly into government socio-economic policy, and little evidence that they have done so.

As discussed above (see section 4.1) the Scottish government has voluntarily produced its own NRPs in the context of Europe 2020, and taken a far more participatory approach than the UK government to the production of these documents, inviting also the involvement of Scottish local authorities and other local actors. Furthermore, the Scottish government has demonstrated its commitment to Europe 2020, and its eagerness to secure European funding, by identifying a list of priority areas for devolved spending that are closely in line with the objectives of the Europe 2020 strategy (Scottish Government, 2012), something the European Commission has been keen to promote more generally. In view of Scotland’s long and established history of receiving support through the European Structural Funds, and the resulting importance of European funding to Scottish local authorities and voluntary organisations, it could therefore be anticipated that awareness of Europe 2020 and its implications in the anti-poverty field would be rather greater in Scotland than elsewhere in the UK.

In the Scottish context this should arguably be especially true in Glasgow. The city of Glasgow is a member of Eurocities, and operates a highly visible and ambitious anti-poverty strategy, much of it supported financially by the European Social Fund (ESF). However, while the local-level actors in anti-poverty policy in Glasgow that were interviewed for this research were very familiar with ‘ESF money’ and its role in supporting local projects promoting social inclusion and employment, they at the same time demonstrated an extremely limited awareness of Europe 2020 (many had not even heard of the strategy), the (Scottish or UK) NRPs or the European poverty targets or programmes. Local respondents in Glasgow clearly saw themselves as working in an environment shaped predominantly by Scottish and UK government policies, and in particular emphasised the importance for their work of the UK welfare reform agenda and broader austerity measures. Some respondents even echoed the sentiment sometimes expressed at national level, namely the European policy is not relevant to anti-poverty strategy in the UK because “the UK has always been so far ahead of the average” (Interview, UK local third sector manager).

The apparent puzzle of Scottish local actors’ simultaneous heavy reliance on European funding for the funding of their anti-poverty work and very limited knowledge of the Europe 2020 strategy and its anti-poverty dimensions arguably has an institutional explanation. In part to respond to local actors’ criticisms of the process of applying for and managing

European funding (reiterated by many respondents interviewed for this research), but also with the aim of better aligning EU funding with national (e.g. Scottish) government priorities, at the start of the 2007-2013 funding round the Scottish government took the decision to route ESF resources through so-called Community Planning Partnerships (CPPs), bodies established by the 2003 Local Government Act Scotland to encourage local authorities to work with other public agencies and the community to better plan and deliver local services (on the CPPs, see Bennett and Clegg, 2013). For the 2007-2013 funding period the existing system of delivery organisations directly bidding both for structural funds and match funding was replaced with a system of so-called co-financing, under which Scotland's EU funds were lodged with public bodies which then sought single bids from interested parties and contributed funding to the successful local projects. The CPP linked to Glasgow City Council used a tendering process to establish contracts for the delivery of activities against targets that it established. In this way the ESF has come to be very much embedded in local policy arrangements, allowing it to be adjusted over time to synchronise with changing Scottish policy priorities.

While this delivery mechanism was deemed to have “avoided bureaucratic and compliance burdens and ... delivered better value for money” (Scottish Government, 2012: 7), it also has some limitations. Some local authorities felt that while it had allowed European funded projects to be aligned with Scottish-level priorities, there was a risk that varying local priorities might in the process be eclipsed (*ibid*: 10). Furthermore, the voluntary organisations which are at the centre of much anti-poverty work in cities like Glasgow received notably less funding in the 2007-2013 programme than previously, a fact attributed to the understandable but regrettable tendency for the local authority-led CPPs to use the funding – especially in a context of austerity - to support core local authority services (*ibid*: 6). Quite obviously and indeed deliberately, it is a model that obviates the need for local delivery organisations to engage directly with European funding priorities or processes, as the CPP does this on their behalf (Interview, UK local respondent, public/third sector). As organisations do not have to bid competitively for European funding *per se*, it has become less important for them to focus specifically on gaining knowledge of or information about European issues (*ibid*.). Rather, the focus of local level actors is on ensuring their activities align with CPP targets and objectives, which though based on the aligned Scottish and European priorities may differ somewhat in language and emphasis. The ultimate result is increased distance between the actors working on anti-poverty activities at the local level (and delivering programmes which access ESF funding) and the overarching Europe 2020 policy documents and language. Many organisations which rely on European funding for their work to tackle social exclusion, unemployment and poverty locally never engage with the European literature due to the role played by the CPPs and ultimately the Scottish Government as institutional ‘buffers’.

In the Scottish context, the European agenda has in this way become the preserve of a few specialised local organisations, rather than there being generalised local engagement. To an extent this reflects patterns on the national level (including in bodies such as DWP) whereby EU policy and project teams remain rather separate from those involved in mainstream domestic policy. Partly it is also due to Scotland's long history with the European Structural Funds, which tends to naturally give rise over time to the development of ‘expert’ organisations and actors that are able to attract and deeply embed EU funding locally. However, it is also clearly results from the administrative changes described above, which have been adopted precisely with the aim of increasing the benefit the Scottish government can derive from EU funding to enhance its independent policy autonomy and capacity in poverty, employment and other fields. The strategic use of European funding in the context of Europe 2020 by one devolved level of government thus serves, in the Scottish context, to diminish the visibility of European action in the poverty field more locally. To the extent that

this strategic usage has also resulted in funding flowing more freely and frequently to local authorities than to voluntary organisations, it may also have reduced its effectiveness and ability to support social innovation on the ground.

## **6 Europe 2020 and the fight against poverty: Towards a multi-level, multi-stakeholder and integrated arena?**

The substantive impacts of the social dimension of Europe 2020, including its anti-poverty focus, have without question been very limited in the case of the UK. The UK strategy for combating poverty and social exclusion has since the election of the coalition government in 2010 revolved almost entirely around the Work Programme welfare-to-work policy and structural reform of minimum income benefits through the planned introduction of Universal Credit, and the successive reporting cycles under Europe 2020 have offered little more than another forum in which the (presumed) virtues of these major policies are rehearsed.

In this context, there is little evidence that the cognitive frameworks that shape discussion of anti-poverty policy in the UK have been open or subject to any possible external influence or learning effects. For example, the generally broader framing of poverty issues at European level has done nothing to diminish the emphasis within the UK political and policy debate on child poverty specifically; indeed, the evidence from the CSRs received on poverty issues by the UK suggests that the Commission is adapting its policy advice to the contours of the UK debate, rather than *vice versa*. Partly because of their vagueness, UK policy actors are easily able to reconcile European anti-poverty initiatives with existing domestic policy. A case in point is the Active Inclusion strategy, which DWP officials see as a “perfect fit” for the UK, but largely because they define it simply to refer to activation (interview, DWP).

Government ministers and officials in the UK are generally very reluctant to accept that the European Commission, with only “a few desk officers and good intentions”, might be able to provide meaningful or useful guidance on domestic policies (interview, DWP). Country specific recommendations in the social field have not been more controversial only because the DWP have felt able “to accommodate their specifics ... within our own interpretation” (*ibid.*). The UK government is very clear that the NRPs are devices for reporting existing policy, and certainly not opportunities for engaging in reflexive self-assessment. As one Minister put it, the NRP “is just a reinforcement of what the Government is anyway focused on doing ... I would be disappointed if we were using the NRP as a driver of policy” (Lord Sassoon, quoted in House of Lords, 2011: 6).

On paper, perhaps the biggest potential for Europe 2020 to leverage substantive domestic social policy change lies in the capacity for its headline targets to enhance the visibility and saliency of certain social issues, such as poverty and unemployment, in domestic political debates and galvanise action aimed at tackling them in new ways in domestic policy making activities. In the UK this effect has however not been at all in evidence. As the UK has a well-established culture of setting departmental and occasionally national policy targets, and indeed was one of the member states pushing the Commission to build (national) targets in areas such as child poverty into the Lisbon strategy successor when New Labour was still in office, the target instrument itself did not have particularly transformational potential for UK social policy making or public debates. While the UK government is not in principle favourable to common targets defined at European level, it has largely avoided open and potentially visible conflict with the Commission on these, even since the election of the

Conservative-led coalition. Instead, it has simply quietly substituted its pre-existing national or departmental targets for the European ones in all Europe 2020 reporting without further comment. The upshot is that no new debates have been stimulated or actions mobilised in the process of the UK ‘fulfilling’ its Europe 2020 reporting obligations.

The conclusion of limited substantive or policy impacts also characterised most studies of the EES and Lisbon-era social OMCs in the UK (e.g. Hopkin and van Wijnbergen, 2011; Schöheinz, 2014). With respect to procedural impacts the story was however a little different, with the NAPs/incl process in particular having been argued to have led to a genuine shift – or even a ‘culture change’ - towards a more open and participatory mode of policy making in UK government, specifically the DWP. Under Europe 2020 this apparent progress would however appear to have been reversed, with the various fora that had been established for the engagement of stakeholders from civil society having been disbanded and the production of the NRPs having reverted to the more ‘governmental’ mode that always characterised the EES. To the extent that stakeholder engagement under the NAPs/incl may have to some extent influenced agenda-setting in DWP, its abandonment under Europe 2020 has further limited the scope for any substantive policy effects from the UK’s engagement in European coordination.

If there appears to have been a perhaps unsurprising regression with regard to the participatory dimension of European coordination in the UK under Europe 2020, it would also seem that there has been little real change from the Lisbon era with regard to its degree of horizontal integration of the process across government that may compensate for this. Reporting activities are still ‘parcelled out’ to the relevant units within central government departments, with the Treasury team responsible for overseeing the production of the NRPs taking responsibility for assembling the constituent parts into the final report. This is perceived to require active collaboration across units and government departments only when the report wants to address ‘cross-cutting’ themes. As the structure of the UK NRP is determined by the CSRs it receives, the limited need for much inter-departmental collaboration to date is in large part a consequence of the CSRs issued by the Commission generally being quite traditionally ‘sectoral’. There is therefore limited evidence that the NRP has stimulated greater integration across government, despite its broader scope. If anything the perception that the NRP is ‘mostly about economic policy’ has reinforced the role of the Treasury, and encouraged the simple subordination of social aspects to economic and fiscal considerations. Within government there is furthermore little evidence of Europe 2020 having achieved higher visibility for European coordination activities, which remain the preserve of specialist units in relevant government departments and seem to be largely unknown to those working on day-to-day domestic policy.

There has also been little obvious change under Europe 2020 in the extent to which the UK’s European reporting generates ‘vertical coordination’ across different levels of government. The NRP remains, like the NAPs before it, a central government production. Local authorities have no structured role in contributing to the report, and while inputs are sought from the devolved governments in the UK’s historic constituent nations, devolved policies are simply set out alongside UK-wide measures without further comment on divergent policy approaches or the effectiveness of alternative policy instruments and strategies – despite the differences between UK and devolved policies having tended to grow increasingly apparent in the years since the launch of Europe 2020.

What has changed from the Lisbon era, however, is the practice of the devolved administration in one of the UK’s historic nations, Scotland, producing its own and autonomous NRP. This *sui generis* form of voluntary engagement with European

coordination by a non-member or applicant state of the union is both strategic and symbolic, seeking on the one hand to better position Scotland in the competition for European funding on which it depends heavily to support its autonomous policy capacity, and on the other to allow the current nationalist government to project Scotland's image as a potentially independent political entity internationally. This then is an instance of the broader phenomenon of "creative appropriation" of European coordination processes by domestic political actors to advance their own agendas (Zeitlin *et al.*, 2014), with the specificity that it is less particular objectives, guidelines or recommendations that are the object of appropriation in this instance than the process as a whole. The encompassing nature of Europe 2020 NRPs has no doubt increased the incentives for the Scottish government to engage with the process in this way, as it allows the government to illustrate that its policy activities span nearly the whole range of functions of the modern independent democratic state it aspires to be. Interestingly, however, the Scottish government's approach to Europe 2020 has not in every respect been more 'open' than that of its UK counterpart. While participatory stakeholder events are organised in Scotland around the production of the NRP, the Scottish government has for example been no more willing than the government in London to report its performance against European headline targets, preferring like the latter to instead substitute its own pre-existing policy targets and benchmarks. And despite Scotland's history as a beneficiary of ESF resources the current European anti-poverty agenda is not noticeably more visible 'on the ground' in Scotland than elsewhere, in part because the Scottish government is now strategically bundling European financial resources with its own to increase the visibility and scale of national (i.e. Scottish) policy initiatives.

The creative appropriation of Europe 2020 by the Scottish government is evidently explained by a rather unusual set of domestic political circumstances, specifically the impending referendum on outright Scottish independence from the UK. The broader story of the impact of Europe 2020 in the UK however helps to confirm some of the better-known arguments about the factors that mediate the effect of supranational governance mechanisms on domestic (social) policy (see e.g. Graziano *et al.*, 2011; Weishaupt, 2014). It is clear that the UK, as a result of both its size and its non-membership of the Eurozone, feels little underlying need or compulsion to manifest that it is a good member of the 'EU club'. This helps to explain the often rather censorious approach to Europe 2020 that has prevailed in the UK, and the 'cheerful uncooperativeness' that the UK government has manifested towards many aspects of the 2020 process, for example in simply not setting any direct national variants of the EU headline targets. This is of course reinforced by the historically very negative attitude to the EU among the British public and elites, which means that critical suspicion of EU initiatives is both a reflex and an electoral argument for most British political actors. The election of a coalition government led by the strongly Eurosceptic Conservative Party in 2010 has also meant that Europe 2020 has been implemented under more unfavourable political circumstances than Lisbon-era European coordination mechanisms, to which the previous New Labour government adopted a generally benign attitude.

Notions of fit and misfit often feature strongly in discussions of the role of the existing policy structures and environments on filtering the possible domestic impact of supranational initiatives, but it is not clear that they are most helpful in explaining the effects in the UK of Europe 2020, particularly relative to earlier Lisbon-era European coordination. This is not to say that the UK policy context has not been of any importance. For one thing, the tradition in the UK of steering domestic social policies through national and departmental targets – including a long-standing national child poverty target – robbed Europe 2020 of the potentially disruptive 'focusing impact' that its headline targets might have been expected to have in contexts where targets for such matters are less common. Secondly, the public finance context was reported by many respondents interviewed for this research to have been crucial

shaping the implementation of Europe 2020. In a context where public budgets are being slashed and government departments facing considerable reductions in staffing, European coordination activities have been increasingly perceived within UK government as a wasteful use of increasingly scarce human and financial resources. It was thus largely to save money that the stakeholder engagement activities that characterised the NAP/incl process were disbanded prior to the start of Europe 2020 process and have not been revived subsequently (interview, DWP). The UK government feels that it should devote its energies as far as possible to policy work rather than to bureaucratic reporting obligations, and Europe 2020 is definitively seen as the latter rather than the former.

A final factor in the UK policy environment that has clearly been crucial in explaining the limited substantive impact of the social dimension of Europe 2020 has been the monopolisation of the domestic policy space around social issues by two very large and complicated reform initiatives, namely the Work Programme and Universal Credit. Both announced just prior to the start of Europe 2020, an enormous amount of political capital has been invested in these initiatives and a huge deal of energy and time is being absorbed by them in the UK social policy community. As these policies have defined the agenda of UK anti-poverty strategy for the foreseeable future and basically fixed the cognitive horizon of most political and policy actors, there is at the present time very limited appetite or scope for more reflexive policy activity. Because the roll-out of these measures is progressive and gradual there is still considerable uncertainty as to their eventual effects, which even deprives their opponents and critics of the possibility to effectively critique them, including eventually by drawing on European resources (which would in any case be a rhetorically unpromising strategy in the UK context). The drawn-out implementation of these very large and ambitious measures also likely explains why there is so little evidence in the UK case of iterative effects or changes of emphasis in reporting across the three first cycles of Europe 2020. These measures have had the effect of foreclosing or at least postponing many areas of policy debate, including those that might be stimulated by multi-level interactions.

Finally, while the integration of social policy coordination with macroeconomic and fiscal surveillance under Europe 2020 and the European Semester has a general tendency to reinforce the influence of national finance ministries over thematic coordination issues such as poverty and employment, in the UK this has occurred in a context where the Treasury was already a very strong voice in domestic social policy as a result of the strengthening of its role in employment and social security policy under New Labour. This is arguably one reason why the integrated NRP process has not led to a more balanced treatment of economic and social policy considerations in the UK, but instead resulted in the latter being largely subsumed by the former. Notwithstanding its oft-cited enthusiasm for the former NAPs/incl process, the DWP appears to have been relatively willing to cede ownership of social reporting to the Treasury under Europe 2020, and has not exploited opportunities – such as that offered by the production of the NSR – to maintain the visibility of a specific and distinct social dimension of European coordination.

## **7 Conclusions**

Though the Europe 2020 strategy has been subject to considerable criticism from trade unions and the social NGOs since its launch in 2010, aspects of the strategy do seem at least on paper to have the potential to raise the profile and effectiveness of European policy coordination on matters of poverty and social exclusion. The inclusion for the first time of quantitative targets for poverty reduction in particular seems to carry the potential for increasing the saliency of



poverty as a policy issue domestically and for mobilising actors to coalesce around this goal. Moreover, the embedding of the social policy coordination in macroeconomic and fiscal policy coordination carries the promise of an improved balance between the two being achieved and more effective coordination of socio-economic policy across government being leveraged.

Analysis of the impact of Europe 2020 on anti-poverty policy in the UK does not however lend considerable support to this more optimistic reading of the strategy. There is no evidence that Europe 2020 is any more visible to the general public and policy actors in the UK context than earlier European coordination mechanisms, or that it has played any role in raising the profile and saliency of issues like poverty and unemployment. The hypothesised stimulation of greater coordination across economic and social policy is not observable; rather, the shift from Lisbon to Europe 2020 appears to have further strengthened the hand of economic relative to social ministries within UK government. In the process, the more participatory approach to stakeholder engagement which characterised the later NAPs/incl processes in the UK, and was considered the major *acquis* of European social governance in the UK case, has been lost.

To be sure, the UK represents a particularly stern test of the ability of Europe 2020 to shape domestic social policies. As a large country outside the Eurozone, with a tradition of public and elite hostility to European integration and a Conservative-led government since 2010, the UK manifested many of the characteristics that on the basis of the existing literature one would expect to constrain and limit the domestic influence of European social governance. Furthermore, the UK social policy environment arguably further limited the scope for supranational influence in this area. With a tradition of national targets, the policy system was able to absorb and deflect the potentially disruptive potential of the Europe 2020 headline targets with ease; and with very major and disruptive reforms to both welfare-to-work and minimum income policies having been announced on the eve of Europe 2020's commencement, there was little appetite for fresh 'puzzling' activities within the UK social policy community.

On the whole, there is limited evidence of any creative appropriation of Europe 2020 by domestic policy actors in the UK; even more so than the Lisbon era social OMCs it is the preserve of a limited number of specialised actors in a few central government ministries whose main concern has been to discharge the UK's responsibilities under the strategy with few resources and even less interrogation of existing domestic policy. The exception to this is in Scotland, where the devolved nationalist government's voluntary participation in Europe 2020 has been an opportunity for it to position itself as a trusted interlocutor of the Commission and project Scotland internationally as an autonomous level of governance. This usage of Europe 2020 is however more about politics than about policy, and is in some ways paradoxical with respect to the supposed 'democratising destabilisation' effect of supranational policy coordination; the Scottish government cares little about appropriating Europe 2020 to enhance the social dimension of UK policy, as it seeks to challenge the very integrity of the UK itself.

## Section B: The peer review meetings

### 1. Introduction: short outline of the selected peer review meeting

The Peer Review analysed here was entitled ‘The City Strategy for Tackling Unemployment and Child Poverty’, and took place in London on 6<sup>th</sup> and 7<sup>th</sup> July 2009. The meeting was hosted by the UK Department for Work and Pensions (DWP), the central government department with ownership of the City Strategy (CS), the policy under review. The meeting was held at a newly built hotel in the Docklands area of East London, which was at that time undergoing substantial redevelopment in preparation for the 2012 London Olympic Games. In addition to presentations and discussions, the Peer Review also involved a site visit to nearby Hackney in East London, one of the 15 pilot areas in the UK for the CS.

The meeting was chaired by a UK-based academic whose research centre is contracted by the Commission, in partnership with the Austrian organisation OESB, to organise Peer Reviews and the similar Mutual Learning Programme meetings. His participation was a last-minute arrangement due to the Austrian who it was originally intended would chair the event being unwell. Though the meeting had been arranged on behalf of the host country by the now defunct European Unit in DWP, no members of this unit intended. The host delegation instead included the CS lead in DWP and a number of representatives of his team, as well as an academic who was at that time involved in conducting the official interim evaluation of the CS. The meeting was attended by representatives of nine member states, Austria, Bulgaria, Czech Republic, Greece, Latvia, Lithuania, Norway, Portugal and Serbia. Of the individuals whose organizational affiliation is known, they were a mix of officials from the main social affairs ministries (3 cases), officials from municipal governments or their national representatives (2 cases) and academics and researchers (3 cases) (see table 2).

Table 2: Participant Countries and Organizations

<i>Participant Country</i>	<i>Organization</i>
Austria	Vienna City Administration
Bulgaria	Ministry of Labour and Social Policy
Czech Republic	Research Institute for Labour and Social Affairs
Greece	Ministry of Employment and Social Protection
Latvia	Association of Local and Regional Governments
Lithuania	Ministry of Social Security and Labour
Norway	Fafo and Fami Research Institutes
Portugal	University of Minho
Serbia	Ministry of Labour and Social Policy

In addition, the meeting was attended by the representative of the European Commission who was at that time in charge of the Active Inclusion strategy, and representatives of the European stakeholders Eurocities and the European Social Network. The thematic expert for the Peer Review was a Belgian academic who has played this role in other Peer Reviews previously. The expert was selected by OESB due to his previous involvement in Peer Reviews and knowledge on poverty and social exclusion.

The aim of this analysis of the Peer Review is to further explore the expectations and motivations of the participants, and especially of the hosts, the dynamics of interaction and exchange within the meeting and the eventual consequences of the meeting, both domestically and at the European level. The Peer Review is understood as a privileged site for observing

the nature of multi-level and multi-actor interactions within ‘soft’ governance mechanisms, as well as for assessing the effects these interactions can have. The analysis is based on a detailed reading of the 15 documents directly produced in the context of this Peer Review (whether for or following the meeting), the minutes of the meeting and 5 semi-structured interviews with participants, including the chair, 2 members of the host delegation, 1 participating stakeholder and the representative of the European Commission who attended. The interviews have transcribed, coded and analysed. All respondents have been anonymised.

## **2. The peer review in “context”: the links with European and domestic agendas**

### **2.1. Description of the policy/practice under review**

The CS was an initiative that had grown out of the 2006 Welfare Reform Green Paper published under the then New Labour government. The main focus of the Green Paper and the UK government’s broader welfare reform agenda at this time was achievement of a 75% employment rate by increasing labour market participation amongst all groups. The CS was thus described in the host country paper as “part of the UK government’s drive to reform the welfare system” (Green *et al*, 2009: 1). However it was a relatively minor and specific part of this broader agenda, with a considerably lower political profile than measures such as the New Deal welfare-to-work programme. Indeed, the CS was at the time of Peer Review not even a fully-fledged national policy, but rather a pilot programme that had been introduced in 15 selected areas across the UK for an initial 2 year period up to 2009 (though at the time of the Peer Review meeting it had already been proposed to extend the funding period to 2011). While the DWP invested some modest resources in getting the CS off the ground, the expectation was that each CS partnership would ultimately be able to lever a large part of their funding from other sources such as the ESF, and also influence local expenditure by government departments previously not connected from employment support initiatives and activation programmes.

Despite its small scale and the limited budgetary commitment from DWP, the CS however was however presented as being rather innovative in the UK social policy context, as it was based on the then (and still) fashionable principle of increased ‘localisation’ and seen as an exemplar of “a vision of a modern, devolved welfare state in which there is a sharing between State and communities of the responsibility for tackling worklessness and poverty” (*ibid*). Concretely, the CS involved the creation of local partnerships that would develop strategies to meet targets to reduce the numbers of individuals in receipt of out of work benefits and to increase employment rates. In addition to these core CS targets, pilot (or so-called ‘pathfinder’) areas were also encouraged to identify and set additional local targets, based on the problem profile of the local area, and harness the efforts of public, private and voluntary sector organisations in the local areas to develop new ways of addressing them. The aim of the CS was to facilitate partnership working at the local level by allowing actors to pool resources to facilitate cooperation across different policy areas, particularly skills, employment and health. The government framed the CS in terms of ‘aligning efforts’, ‘sharing priorities’, and ‘tailoring services to local needs’ (Green and Adam, 2011). The piloting of the CS also included an emphasis on learning, best practice and sharing reflected in the creation of the ‘CS Learning Network’ (Green and Adam, 2011; CSLN, 2011).

Though the CS represented an interesting new frontier in the broader UK approach to welfare reform, there was not considerable debate or ‘puzzling’ over its performance, reform or future at the time that the Peer Review was hosted. One reason is that the policy itself was still very new; the evaluation of the pilots was only at its mid-way point and it was therefore too soon

for the DWP to have reached conclusions about its performance or posed questions over its possible reform. Furthermore, by mid-2009 it was obvious to all in UK government that it was highly likely that the New Labour government would lose office in the rapidly approaching general elections, and that initiatives such as the CS would most likely be withdrawn or re-thought at that time anyway. Finally, the CS had been introduced at a time when the key focus of policy was in reaching the ‘hard-core’ of workless people in areas of high deprivation who had not benefited from generally increasing rates of employment over the previous decade. By 2009, however, the economic downturn had modified the policy agenda, with the most pressing concern now less the ‘stock’ of the ‘hardest to help’ than the growing ‘flow’ of the regular unemployed (interview, UK rep 1). As such, even though the policy was still in its infancy at the time of the Peer Review, its future had already been compromised by the changed political and economic context in the UK.

The title of the peer review presented the CS as aiming to address two problems; unemployment and child poverty. In point of fact, on paper the CS was far more about the former than the latter; even though CS pathfinders were free to adopt local targets in areas of their choice, the policy’s core targets were, as noted above, reducing worklessness and receipt of out-of-work benefits. Reflecting this, the host country paper presenting the initiative mentioned child poverty only once and in passing, one third of the way into the paper (Green *et al*, 2009: 6). The explanation for the child poverty ‘branding’ of the peer review seems to have been the keenness across UK government at that time to emphasise the child poverty dimension of *all* policies that could possibly have one, as there was much domestic media discussion of the likelihood of the national child poverty targets being missed (interviews, review chair and UK rep 2). This dissonance between the branding of the policy and its actual content was however a source of some confusion for the participants in the peer review, and impacted on the tenor of the discussions at the event (see section 4).

## **2.2. Relevance of the topic at the EU level**

At the time of the peer review, the European Commission was trying to promote its Active Inclusion strategy, based around the pillars of minimum income provision, social services and labour market support. It was eager to identify policies that illustrated the – on paper, somewhat abstract – aim of better coordinating and articulating these different provision pillars (interview, Commission rep) while at the same time increasingly convinced that the Active Inclusion strategy required the strong involvement of local authorities (interview, European stakeholder). The CS, with its explicit local/spatial focus and emphasis on ‘aligning efforts’ across traditionally separate policy fields, responded to both concerns, and was thus a good fit with the EU policy agenda at the time. The local focus of the CS was in other respects more problematic, as it placed the policy ‘at the limit’ of the competence of the Social Protection Committee, given overlaps with the activities of DG Regio.

The Commission clearly saw the CS as a potential ‘best practice’ policy, from which lessons could be drawn that were relevant to the implementation of Active Inclusion strategy elsewhere (interview, Commission rep). Interestingly, this contrasted with the perception of the thematic expert, who saw the CS as anything but best practice, complaining notably about its lack of a clear aim and focus (interview, thematic expert). This may however have been caused by the specific ‘branding’ of the policy in the peer review rather than the policy itself.

### 2.3. Participating country mix

Among the nine participating states (see table 2), we find five countries of Central and Eastern Europe (including two Baltic states), two Southern European countries, and one country each from Scandinavia and West-Central Europe. The thematic expert noted the relatively high presence of representatives of what he called “peripheral” countries that are much less wealthy than the UK, suggesting that this limited the possibility for genuine two-way exchange (Interview, thematic expert). Others also noted that in this Peer Review the makeup was “slightly skewed” and suggested that the meeting could have benefited from more representation of Nordic countries or Belgium, Germany or the Netherlands with regards to improving the potential for mutual learning and discussion (Interview, review chair).

From the papers put to the meeting by the participants, it does appear that the countries that are closer to the UK in terms of national wealth, and have been members of the EU (or of the European Economic Area) for longer, had a greater experience with the implementation of strategies that were similar to the CS. Local employment or social policy partnerships have a long tradition in Austria (‘territorial employment pacts’) and Norway, while Portugal’s policy on so-called ‘social networks’ is in many respects similar to the CS in its aims (Böhm and Harrer, 2009; Nuland, 2009; Gonçalves, 2009). By contrast, many of the participants from Central and Eastern Europe observed that they basically lacked any tradition of local level partnership working, largely as a legacy of both municipal governance structures and civil society institutions such as NGOs having been suppressed during the period in which these countries were under Communist rule (Kuchařová, 2009; Kremelina and Bozov, 2009; Radovanovic and Katic, 2009). Partly as a result of ongoing efforts to move beyond this legacy, however, localisation/decentralisation and building local-level policy capacity was at the time of the peer review far higher on the reform agenda in the latter countries than in countries such as Austria, Norway and Portugal. The Austrian and Portuguese representatives explicitly noted that the scope for transferring lessons from the CS to their own countries were different, because of solidly entrenched institutional and policy differences to the UK (Böhm and Harrer, 2009; Gonçalves, 2009).

The participating countries also manifested very wide differences in relation to the saliency and nature of issues of unemployment and poverty, and the relationship between them. It was for example explicitly noted by the Latvian representative that the focus of the CS on those most distant from the labour market was inappropriate in the Latvian context, where (at that time steeply rising) short-term unemployment was the main concern of government policy (Kaupuza and Simfa, 2009). Even disregarding the impact of the economic crisis on the ongoing relevance of the CS targets (which was also an issue in the UK, see section 2.1 above), a number of the countries – such as Serbia, which in 2006 had an unemployment rate of over 20% - had such structurally different labour market contexts that the practice would have been of limited domestic relevance even pre-crisis (Radovanovic and Katic, 2009). To the extent that the CS had an anti-poverty focus, this was based on the assumption in the UK that tackling unemployment would in itself contribute to combating the most extreme forms of poverty. However, in Greece and Portugal unemployment is concentrated in urban areas while poverty remains most entrenched in rural communities (Gonçalves, 2009; Kokkori and Yfantopoulos, 2009). A number of participants were also preoccupied by issues of entrenched poverty and social exclusion among particular and overtly discriminated minorities –notably Roma populations - that have little obviously parallel in the UK context.

### 3. The participants: motivations and expectations

#### 3.1. The drivers behind the organisation of the meeting: host country's motivations and expectations

It cannot be known for certain what the UK's motivation or decision for hosting the peer review was. According to a UK respondent, an important motivation for the UK to host the peer review was for the DWP to be seen to be better engaging with European partners. Hosting a peer review was seen as an instrument for that, and the CS was seen as a good candidate for the peer review because a preliminary evaluation had just been completed.

*"I wasn't involved in the decision, but my understanding was that it has come up in DWP that they should do something at one of these meetings. The CS was felt to be a useful candidate. The international team at DWP were keen to engage more broadly with partners in Europe, that's my understanding."* (Interview, UK rep)

This is a possibility; a different respondent claimed that the CS team from the DWP (who were present at the event) were invited to talk as a guest speaker about the CS by the EU unit from within the DWP (now disbanded) after the unit had sent speculative emails looking for projects to feature. He claimed it was the CS team that put forward the project as something which may be of interest and without any reference or knowledge of the EU agenda (Interview, UK rep 2). However, interviews on the European level (interview, European Commission rep; interview, European Stakeholder) imply but don't state that the DWP may have been encouraged to propose a peer review based around the CS given its interest to the Commission and good fit with the Commission's Active Inclusion agenda. It was similarly noted that it was possibility that that the Social Protection Committee or the Commission had identified the CS as a policy of interest and suggested it to the DWP's EU unit (Interview, UK rep 3).

It is certainly plausible that the European Commission was more interested than the UK government in learning lessons from an in-depth discussion of this specific policy. As the elections were upcoming in the UK it was unlikely that the CS would ever be rolled-out nationally anyway, and the thematic expert complained that the UK did not send detailed documentation about the policy to him to prepare the meeting (interview, thematic expert), which would be a prerequisite for a serious exercise in policy learning.

Pre-event the DWP attendees had a different expectation of the event than what they went on to experience (discussed in section 4.4). Their original expectation of the event was that their role was to act as the policy expert, offer knowledge and insight into the policy by acting as guest speakers. They would then leave the event after giving a half-day presentation and arranging some of the site visits. There was manifestly no expectation that they would learn from the attendees; they had limited pre-event knowledge of the other individuals attending, and they did not even know that they would be acting as the official 'host' (Interview, UK rep 2).

Perhaps the DWP's expectations of the meeting reflect the lack of experience and interaction between DWP policy makers and the European policy events or simply reflect the overall impact of a number of logistical errors which occurred over the two days. The DWP respondent stated that in advance of this peer review the team did not have much knowledge on how it was organised or managed and that they did not know what the role of the European

organisers was in the event. The lack of pre-event knowledge about the Peer Review process suggests that the DWP did not initiate the event and they were not expecting to engage in mutual learning.

### **3.2. Other actors' motivations and expectations**

The motivation of the peer countries for attending the meeting appear to have varied to quite a degree, which relates on the one hand to the very different policy contexts of the participating countries, and on the other to the rather ambiguous framing of the strategy under review. It emerges from the country papers that some (such as Austria and Portugal) participated due to an interest in evaluation and measurement techniques, rather than the specific activities within the policy itself (Böhm and Harrer, 2009; Gonçalves, 2009). A number of participating countries shared an interest in child poverty strategies (Bulgaria, Czech Republic, Lithuania), the provision of childcare (Greece), and addressing the issue of low-income employment on child poverty (Norway). This may explain why they were interested in this Peer Review event which at first glance suggested that it had a particular child poverty purpose.

The Eurocities representative was invited to attend directly by the Commission, and was interested on the one hand in learning more about the peer review process, and on the other in promoting the 'local perspective' among government representatives who have power to shape policy (Interview, European stakeholder).

## **4. The peer review meeting**

### **4.1. Agenda and main issues discussed**

The Peer Review involved two days focussing on the City Strategy. It was located in a hotel in the East End of London close to the prosperous Canary Wharf (one of London's financial districts and home to the headquarters of many financial institutions) and not far from the site for the redevelopment of the less wealthy areas of London which were preparing to host the 2012 Olympics. Day one involved presentations from representatives of the DWP, which aimed to provide a detailed understanding of the policy under examination. This was followed by a general discussion about the policy and the delivery processes. In the afternoon the Peer Review focussed on one City Strategy Pathfinder (CSP) based in East London. This involved a presentation by the chief officer of the East London CSP before participants went on site visits to three different projects. All participants were signed up to visit two out of three projects and participating countries were divided in order to ensure greater opportunity for learning and discussion. The East London Pathfinder was chosen to demonstrate the CS operating in one of the most deprived areas of England which, at the time, was also being regenerated for the Olympics. The DWP also had organisational links with the Hackney Pathfinder which made the organisation of the site visit less difficult (Interview, UK rep 2). On day two the group discussed the site visits and the thematic expert presented a discussion paper about the CS and the UK's approach to activation and social inclusion. This was followed by a detailed discussion by the group participants. In the afternoon the discussion moved onto issues of civil society and the welfare mix of the CS before the closing remarks.

As previously outlined (in section 2.3) there were a wide variety of experiences amongst the participating countries and few shared similar arrangements as the UK or approaches to social inclusion and employment support. As such, the discussions perhaps focussed less on specific

employment support initiative and more so on the organisational arrangement, with attendees questioning the central-local power arrangements (Minutes, 2009).

Particular attention was centred on the evaluation process for the CS and other anti-poverty programmes in this vein. There appeared to be a general interest from most attendees on this subject. This is most likely due to three main factors. The first was that the CS was still developing and the evaluation had not been completed. Therefore it was not possible to present findings and discuss ‘what works’.

*“There is a generic problem with Peer Reviews, in a sense that, part of the purpose is to learn from practice in other member states obviously, which often means that PRs take place while the policy is fairly new because it’s at the point when it is fairly new that the host country is blowing its own trumpet and the Commission then hears about it and other states and want to know more. So the PRs often take place in my view, far too early to generate the kinds of concrete conclusive findings that I as an evaluator and researcher interested in policy related research actually want. Often you get the conclusion from the PR, this is really interesting but what we really need to do is come back in 3 years’ time and see if it actually worked” (Interview, UK rep 3).*

This therefore led the discussion to focus on the principles of evaluation- a topic which most attendees could contribute to and question (Interview, UK rep 3). The second reason for the longer than usual discussion of evaluation processes was possibly due to the presence of one of the individuals contracted by the DWP to undertake an evaluation. There was therefore an individual able to go into detail about the evaluation process and expand on the discussions taking place between the attendees which may not have been possible without her (Interview, UK rep 2). A large amount of time on day one was given to presentations which focussed on evaluation and assessment (Minutes, 2009).

A number of representatives from the participating countries spoke about evaluation methods and particular attention was given to quantitative and qualitative approaches. The Austrian representatives focussed on the use of quantitative targets to measure the success of partnership working in the CS presumably because this was a different approach to the one used to evaluate partnership programmes in Austria (Böhm and Harrer, 2009). The Portuguese representative emphasised the benefit of ‘human stories’ and how the measurement of qualitative outputs was incorporated into the CS arrangement (Minutes, 2009; 9).

*“There was a lot of discussion about...the principles of evaluation. How could you in such a heterogeneous and rag bag of local initiatives, conduct a quasi-rigorous evaluation that could say anything about impact and value for money etc., etc. It is clear that you can’t but what you can [do] is process and good practice etc., and lots of debate was about that and whether some of the issues were inherent in the design of these programmes and local partnership based approaches” (Interview, UK rep 3).*

Whilst the interviewees could not remember which representatives led this line of questioning it is likely that much of this interest was from the aforementioned Portuguese and also the Austrian representatives who were involved in evaluations in their home country of the Territorial Employment Pacts around this time. As such, alongside issues of evaluation there was a discussion about data sharing across agencies and organisations which appears to be an important issue in regards to the European agenda for service integration (Lannerheim and Guentner, 2009).



#### 4.2. “Tenor” of discussions and roles played by participants

The mood of the meeting was perceived by the UK representative as “open” and others noted that the discussion “was reasonably lively” and there was “no difficulty in getting a debate going” (Interview, UK rep 3). It was acknowledged that some participants – the European stakeholders in particular – were especially vocal (interview, thematic expert; interview, UK rep), though this was seen as a good thing as they had both specific national knowledge and the ability to see the ‘big picture’ issues, more so in any case than the national delegations (interview, thematic expert).

It appears that in the case of this Peer Review there are mixed feelings on the tenor of the event as the discussions were clearly complicated by the slightly unclear focus of the peer reviews. Much of the Peer Review focussed on the overarching approach to the CS and this was followed by the site visit into one specific CSP. As such those participants expecting a child poverty strategy were somewhat disappointed as the East London CSP was not as child poverty focussed as other CSPs in the UK, and none of the site visits addressed child poverty directly.

*“I can vaguely remember that there was some disappointment on the part of some participants that at least as described the Hackney PF didn’t have a particularly strong emphasis on child poverty”* (Interview, UK rep 3).

For another of the UK representative we interviewed, child poverty was very much a ‘side issue’ in the CS; while some of the CS pathfinders had chosen to adopt a particular focus on child poverty, this wasn’t the main target of the policy. However, as the peer review had been strongly framed in relation to child poverty, some of the participants were most centrally interested in that. The impact of the CS on child poverty was questioned by representatives from Greece and Bulgaria and emphasised in the comments by the thematic expert. According to the minutes, “one of the Bulgarian representatives questioned whether it would be more useful to link child poverty issues to other policy since services such as childcare can help. She could not see how educational institutions were involved in the CS” (Minutes, 2009; 5).

*“And it wasn’t just the Peer countries that highlighted that, it was the thematic expert who made quite a big deal about that. As did, in the Peer Reviews there are usually a couple of European NGOs, in this case the ESN and Eurocities, and I think the ESN people were quite sharply critical of the fact, as they saw it, there wasn’t enough focus on child poverty.”* (Interview, UK rep 3).

The criticisms were met with a defence of the CS in regards to child poverty by the DWP who argued that support for labour market activities would lead to a reduction in child poverty, even if this was not evident from the CS activities visited over the two days (Interview UK respondent 2; UK respondent 3).

Whilst the overall CS was of interest to some representatives present at the PR there appears to have been some confusion on the day regarding the purpose of the CS, in particular the partnership working aspect which requires some understanding and knowledge of the British institutional and policy landscape to appreciate its purpose.

*“I think the things that were of particular interest and struggled the most to gets their heads around in the UK context were around how partnerships operated at local level, how different funding streams actually came together in local projects, within the CS and given that the*

*diversity of partnerships and streams, how the was any overall strategic governance of the projects and how it was determined that they were continuing to the aggregate level objectives”.* (Interview, UK rep 3).

Reflecting on the event some respondents noted that there were tensions and negative comments directed towards the host country delegates. One respondent felt that these negative comments were due to the delivery of the Peer Review as the attendees were negatively affected by developments in East London which led to huge traffic delays, over-running schedules and these factors impacted on the attendees’ view of the site visits (Interview, UK res 3).

The site visits were very diversely appreciated by respondents, with the European stakeholders and the European Commission representative being extremely enthusiastic and seeing it as a high point of the meeting, while the thematic expert commented that it “didn’t make any sense ... it was just a very local initiative, a very small project, a very sympathetic woman there, very enthusiastic, but she wasn’t even able to put her project into the context of the City Strategy” (interview, thematic expert). However, respondents noted that some attendees were particularly animated during the site visits, discussed and compared the programmes with their own initiatives, and reflected positively on the day. (Interview, UK rep 2; Interview UK rep, 3).

This difference of opinion is interesting insofar as it illustrates the differing expectations of even those participants selected or sent by the European Commission. The minutes seem to reveal a certain tension between the thematic expert and the UK delegation, and the thematic expert confirmed that the UK delegation was ‘not very happy’ about some of his comments. The thematic expert seemed to have a (perhaps justifiably) highly critical view of not just the CS but UK social policy more broadly, and led the discussion quite pointedly towards issues of employment quality, in-work poverty and the need for an Active Inclusion approach to have a much broader approach than just combating worklessness. This latter point of course contradicted quite strongly the understanding of Active Inclusion within the British delegation, including the non-governmental members of it;

*“One thing I took away from the peer review is that I'd always felt that work is the final outcome of the CS -- and I came away thinking ‘actually, for some people around this table, they wouldn't quite agree with that’. Maybe that reflects me coming from the UK. At the meeting, it didn't seem an unequivocal given for everybody, there were one or two who were much more along the lines of helping people do what they WANT TO do. More like the Capability Approach, that kind of thing”* (Interview, UK representative).

In a way the tensions between the (Belgian) thematic expert and the UK delegation reflect some of the tensions at the heart of the Active Inclusion strategy.

### **4.3. Main conclusions of the meeting**

The main conclusions from this Peer Review were that the local dimension of active inclusion policies involves a number of stakeholders and actors and for it to work there needs to be a range of organisations involved in both strategy and delivery. The Peer Review exhibited the UK’s approach to improving service for the most disadvantaged individuals or localities and this was met with a range of responses by the delegates from the participating countries.

Some focussed on the governance arrangements including the central-local relationship whilst others concentrated on issues of child poverty and social service integration. According to the

minutes the Peer Review generated some interesting discussions in regards to the type of policy under review and the interaction between different actors at the local level which some attendees appeared to have difficulty visualising how this would transfer to their home countries. Nevertheless interesting aspects from the event seemed to be the discussion of how to measure and evaluate CS style policies which attempt to support the most disadvantaged through locally designed integrated approaches which include a range of services and diverse front-line programmes. The City Strategy and Child Poverty Peer Review was therefore an interesting example of the diversity of expectations and active inclusion experiences in Europe. It was noted in the short report produced after the event that:

*“Overall the CS initiative was seen as an interesting approach to harnessing existing resources and making best use of them, but it is more likely that certain aspects of the approach would have greater transferability potential than the whole policy itself. (European Commission, 2009; 4).*

Some of the difficulties of this Peer Review stemmed from the choice of initiative, the experience and knowledge of participating countries, and the lack of transferability of the policy. The thematic expert summarised:

*“It is difficult to compare the City Strategy to other European initiatives, because it occupies a position in-between a poverty programme, an employment programme and an urban development programme. At face value – the name of the programme - the spatial dimension is dominant, but after having taken a closer look it is about devolving welfare provisions (which are, in fact, workfare provisions – very much focused on ‘labour market activation’) to the local level. It is about substituting the welfare state by a kind of welfare city or ‘local welfare regime’” (Vranken, 2009; 8)*

#### **4.4. The host country delegation: attitudes and overall opinion about the meeting**

A respondent from the DWP felt that the tone of the meeting and mood was hurt by difficulties in the organisation (the location) and the attitude of the attendees. It was claimed that some of the attendees were impolite to the host country representatives, talking through presentations and not turning up to the pre-organised site visits. The DWP presenters left the Peer Review somewhat upset about the tone of the meeting, the expectations placed upon them in terms of logistics, and the lack of interest shown by some attendees to their work. Conversely other participants claimed that the behaviour of the host country was influenced by the impending UK elections. They claimed that it seemed to effect the tone of the meeting, and especially the approach of the hosts. One respondent noted a certain mood of resignation in the air; it was he said “clear that we were talking about the end of a period” (interview, European stakeholder).

The event was evidently a difficult experience for the host country and the DWP interviewee clearly remembered the event as unproductive. This may be for a number of reasons. First, as mentioned previously in this report, it appears that there was some confusion about their role as host (including managing the logistical aspects of the Peer Review that went awry). The overall opinion by the host country was that the Peer Review itself wasn’t very well organised and that in part this meant that there was a hostile environment. Furthermore, the purpose of the Peer Review was not clear from the outset (nor their role in it) and that view was compounded by a lack of reports received after the event (UK, Interview rep 2). One respondent noted that a DWP employee had stated that they had little knowledge of the Peer Review process (UK, Interview rep 3).

Second, as ‘guest speakers’ their preconceptions as regards to the expected dialogue on the day differed from what was then experienced. The respondent talked animatedly about the event and the “unpleasant and aggressive questioning” (Interview, UK rep 2). It is likely that the DWP did not expect the CS to be critiqued.

*“It wasn’t a pleasant experience, I was expecting a nice two days. We’ve had a few visitors from other countries come to the DWP and you meet them and have a short chat about policy area and its quite pleasant-but this was not” (Interview, UK rep 2).*

The minutes do not specifically outline the hostile questioning although presumably this occurred in part because of the expectation by some attendees that the CS would focus on child poverty and over the two days it did not. If the host country had been better informed prior to the event of the nature and experience of the attendees then perhaps the CS presentations and site visits could have been more aligned with the interests of the participants.

From the documentation it appears that the thematic expert was also involved in some determined questioning of the UK’s approach to active inclusion, which again was perhaps instigated by the lack of focus on child poverty. As noted previously, the DWP’s defence was that all steps towards employment can help reduce child poverty and this perhaps was not a strong enough argument in the view of the thematic expert (Minutes, 2009). The DWP representatives were in a somewhat difficult position in this sense as the inclusion of the child poverty tagline was a politically motivated decision. As one UK respondent stated:

*“I suspect what’s had happened is that DWP at some stage had branded the overall CS as having a child poverty component, this was at a time when there was a lot of discussion about the Government not reaching its child poverty targets and I think there was a (little laugh) some general sort of effort within DWP wherever possible that all policies which could possibly have a child poverty dimension, (erm), were given one. (Interview, UK rep 3).*

A similar albeit less critical response was provided by the DWP interviewee who stated that:

*“No it wasn’t [a child poverty programme] but funnily enough one of the ministers at the time [says later either Jim Murphy or Steven Timms] wanted one of the outcomes to be a reduction in child poverty. So it was one of the main outcomes we were then looking for. But you’re quite right the aims were to improve employment rates among the most disadvantaged but out of that one of the key areas was to do something about child poverty in those areas.”*

The negative DWP experience of the event was exacerbated by the unclear role of the DWP representatives. As noted in section 3.1 the CS unit from the DWP expected to turn up as guest speakers for half of the first day, arrange the site visits with partners and then leave. However, their role grew over the two days with the individuals involved adopting the ‘host’ role, managing the logistical problems and responding to all the queries of the group. Their attendance increased to cover the two days. This change in role created a degree of discontent and this was exasperated when there was not a full turn-out at the site visits and full involvement in the discussions. It was felt that not all of the attendees appeared interested in the CS or the Peer Review event in general (Interview, UK rep 2).

*“At one point there seemed to me and I couldn’t say it in court or anything, but there was quite a divide between the attendees- there were people who were genuinely interested and*

*had questions, but there were others there and I don't know why they were there"* (Interview, UK rep 2).

The respondent claimed that the only reason that they remembered the event was because of the negative experience which left some members of staff upset and was noted by senior staff to have been particularly unpleasant. The respondent also noted that some attendees did not seem interested in the presentations, acted 'unprofessionally', and did not engage in questioning (Interview, UK rep 2). Consequently, the overall view from the host country was not a positive one or an opportunity for the UK to learn from the other attendees:

*"The whole nature of the day proved difficult and there's nothing I can remember that came up and we thought that sounds interesting I'll look that up afterwards. Because I don't think many people mentioned what was going on in their countries"* (Interview, UK rep 2).

In sum, the host country's experience was not positive as a learning experience and also in regards to the expectations placed upon them over the two days. Some of this discomfort was attributed to what was viewed as hostile questioning however there were different views between the host country and the participants about the purpose of the Peer Review which may have underpinned this. On the one hand participants (and particularly the thematic expert) were somewhat interrogating the policy in regards to the broader approach to Active Inclusion and as a transferable policy in their home countries. This was particularly evident in the Discussion paper produced by the thematic expert which was positioned as a critique of the CS highlighting conceptual and pragmatic issues or questions. On the other hand the host country supposed their role to be one of the 'teacher' in some respects- educating the attendees on the City Strategy and responding to queries. Therefore criticisms and further questioning was not expected. This perhaps reflects the overall UK approach to policy making which had less of an EU focus than other countries involved in the Peer Review process,

*"I would say the UK is probably at one extreme in this sense. There's a little EU unit within DWP and similar in other departments that not many people know about and they deal with this peer review and all the rest of it and bring their colleagues in from time to time as in this case. But there isn't a major part of the policy making process. I've noticed on certain occasions in PR some countries like the UK, some officials say, "Oh golly this is really good. I didn't know this existed, this is a useful mechanism for finding out really quickly what is going on in other countries in my area, why didn't we know about this". That's just a reflection of how seriously these European processes are taken in policy-making in the UK"* (Interview UK rep 3).

## **5. The "consequences" of the meeting**

### **5.1. Outcomes at the EU level**

The peer review meeting appears to have a number of follow-ups in terms of networking between participants. Impressed by the site visit, the European Commission invited the Hackney CSP representative to Brussels to present the CS to a high-level audience at a conference the following year, and the Eurocities representative has also maintained close contact with that person. Despite their disagreements at the meeting, the DWP representatives and the thematic expert also were back in contact afterwards, with the former assisting the latter in advising on a similar project that was being implemented in Brussels.

In terms of European-level policy, the Commission representative stated that the CS was “included in the dossier on Active Inclusion” after the meeting, but in fact there is little evidence of EU-level uses of the peer review in policy documentation. One reason for this, suggested by the Eurocities representative, may be due to reorganization at the Commission; with personnel changes the strong emphasis on a ‘governance’ dimension for the Active Inclusion strategy seems to have been dropped or at least side-lined.

That said one of our interviewees noted that whilst there was no direct evidence of the impact of the CS on policy making elsewhere in Europe (and no comments from the participants to suggest otherwise) that this does not mean there has been no outcomes.

*“Again there is a generic problem with this kind of OMC and learning because it’s in the nature of policy making that even if it were the case that say the Bulgarians went back and said to their minister that there’s an amazing policy in the UK so we should move in that direction and set up a city strategy of our own- even if that happened- you wouldn’t ever find a document that says this is the Bulgarian approach to dealing with local poverty and we got the idea from the Brits. You rarely or never get that acknowledgement of the source of ideas. Policy makers are very unwilling to admit that something wasn’t intended by them, even if they got the idea for it.”* (Interview, UK rep 3).

## **5.2. Outcomes at the domestic level (UK)**

In relation to domestic policy, the DWP delegation apparently got back to the thematic expert to acknowledge the veracity of some of the critical comments the latter had raised about the CS, committing to use them to improve on the policy. However, the interviewee from the DWP stated that it was unlikely that they would have kept information from this event, couldn’t remember responding to the thematic expert, and felt that the learning outcomes from this Peer Review were limited because it took too long to receive the reports after the event.

The DWP respondent claimed that they did not learn anything from the meeting or the other attendees, did not look up any programme from other countries or receive any further contact by the attendees. It is likely that the DWP never viewed their involvement in the Peer Review event as an opportunity to gain knowledge that could impact their policy making activities or the on-going CS model (Interview, UK rep 2). A search of available UK government documents did not find any reference to the Peer Review or the participating countries.

The scope for learning from the peer review was also considerably limited by the change of government, who as per British practice scrapped existing policies to introduce their own. The CS was thus discontinued in 2010.

*“Obviously, in 2010 we had a change of government, which (led to) a fairly stark change in policies. In the UK, you always have this thing, “we’re not going to learn from things that the other lot did! CS was a Labour initiative, and we’ll do our own things.” The CS was partly hit by that kind of timing. For the Coalition government, the Work Programme was the big thing for the welfare agenda.”* (Interview, UK rep).

The Work Programme, which is very market driven delivery approach, has an entirely different approach to policy coordination to that piloted under the CS. DWP no longer interests itself in local level coordination of services for recipients of working-age benefits, though today (as prior to the CS) there are local level initiatives for combating poverty funded

by the Department for Communities in England and the Scottish and Welsh governments in the devolved authorities.

Consequently, this Peer Review did not produce any tangible outcomes for the host country most likely due to the limited knowledge sharing between participating countries, a lack of understanding from the host country in regards to the potential for knowledge exchange at the Peer Review events, and because of the change in government which subsequently cancelled the CS initiative the year after the Peer Review event.

## **6. Concluding remarks**

The Peer Review, “The City Strategy for tackling unemployment and child poverty” was held in London in 2009 and hosted by the United Kingdom. The aim was to present the details of the City Strategy, an initiative to reduce unemployment and the number of workless households in particular localities throughout the UK. The City Strategy was in some ways an innovative programme put forward by the previous government to address to coordination of support for those furthest from the labour market at the local level through the involvement of local actors. On the other hand it was a comparatively small and minor employment programme compared to the main reforms of the public employment service taking place at the time including the introduction of large scale national activation programmes and welfare markets.

The Peer Review meeting hosted by the UK appears to demonstrate a number of issues. The selection of the policy for review was clearly not a highly strategic decision for the host country, and may almost have been somewhat incidental. As a ‘young’ policy that had not yet been fully evaluated in the domestic context, it was possibly not yet really ripe for being the subject of a peer review. Furthermore, due to the phase in the domestic political cycle, it was known to the host participants that it was very unlikely to be in existence for much longer anyway. In any case, the operational civil servants from DWP who participated in the meeting at the request of their colleagues in the European section (none of whom attended) appeared not to understand the peer review process very well, or their role as hosts within it. They clearly had no intention or expectation to draw any useful policy lessons from the exercise, seeing their role more as ‘teachers’. The diversity of the policy contexts from which the participants at the meeting was drawn was another constraint on genuine mutual learning, as was the variety of their interests. The latter was partly the fault of the ambiguous and unclear framing of the aims and key features of the policy under review, which generated misunderstandings and divergent expectations among the participants.

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