

# PES to PES Dialogue Peer Review "PES approaches for low-skilled adults and young people: work first or train first" (Vilnius, 6-7 June 2013) Executive summary

#### Introduction

One quarter of the working age population in Europe has low or basic skills and demand for these skills is falling. The highest long-term unemployment rates are found in the least educated section of the population in every Member State; at the same time, skill shortages and vacancy bottlenecks exist in some occupational sectors.

Public employment services (PES) are recognised by the <u>Employment Guidelines</u> 2020 as having a central role in increasing labour market participation, developing a skilled workforce and tackling youth unemployment. The PES 2020 strategy, endorsed by all Heads of European PES, highlights the development of activation policies with sustainable outcomes and partnerships to prevent school drop outs as central to achieving this. The strategy addresses the changing role of the PES as transition agencies and as a result also highlights the increasing need to focus on the demand side of the labour market.

At a recent Peer Review in Vilnius, Lithuania, participants from 13 Public Employment Services discussed results from research and their own evaluation and experience with regards to what works best to integrate low-skilled adults and young jobseekers into the labour market. The Peer Review built on findings from a <u>Peer Review</u> and <u>analytical paper</u> on PES and youth integration in 2011, and the recent analytical paper on sustainable activation of low-skilled adult and young jobseekers. The discussions were guided by three questions:

Guiding question 1: What are the specific elements of PES service concepts to achieve good integration results comparing a work first with a train first approach?

# Orientation is the first step towards effective integration (particularly for young jobseekers) followed by professional assessment and individual action planning

Orientation is crucial for young jobseekers to help them assess the occupation options and employment opportunities, understand the reality of work and choose the right training option; it can be offered by PES in-house or in cooperation with separate specialist guidance services. PES are involved in providing orientation to young persons in schools, and later on through the provision of more employment or vocational guidance, sometimes through qualified psychologists to young people. PES can also offer more practical orientation schemes, which allow jobseekers to 'try out' different occupations for a week in a simulated environment (e.g. Belgium Le Forem).

Guidance and counselling is critical for the effective integration of both adult and young low-skilled; some PES provide earlier or more intensive guidance to young jobseekers to help secure faster integration into the labour market. This can include ongoing guidance during a training measure (e.g. Austria) or internship (e.g. Belgium VDAB) for the most low-skilled jobseekers. PES emphasise an increasing need for a holistic approach given

that their clients are now more likely to be those who are not able to find their own job through e-services / self-service because of their multi-dimensional barriers to work.

Apart from where legal rules apply for particular groups, **PES employment counsellors** have the crucial role of deciding whether a work first or train first approach would be most effective to achieve sustainable integration of the jobseeker. Thorough and professional assessment of the jobseeker is critical to enable counsellors to make the right decision. The assessment process should encompass three areas: the competences of the jobseeker, their motivation and interests, and the needs of the labour market.

## Effective follow up and support during training and following placement into a work-first measure can make a difference to integration outcomes

PES can adopt a variety of methods to prevent and deal with jobseekers dropping out of training (which can be a significant problem with the most disadvantaged jobseekers) including maintaining ongoing contact with the training provider and jobseeker, additional support for the jobseeker if needed and arranging placement activities before the training measure ends.

Maintaining telephone contact with the jobseeker and the employer following placement into a job (e.g. Germany) has proven to be effective in promoting sustainable integration and reducing the length of future unemployment spells for jobseekers with a certain risk. Some PES have account managers for individual employers within their employer services division who maintain contact with the employer (e.g. BE VDAB).

#### Partnership is essential for better activation outcomes for the low-skilled

Partnerships with **employers** are essential for delivering better activation outcomes for the low-skilled in both work first and train first approaches. Employers are involved at the strategic level of some PES (e.g. Bulgaria) where they help to shape programme priority and allocation of funds to help meet labour market needs. In terms of service delivery, PES can cooperate with key employers to support placements and involve them in the design of training programmes in order to ensure sustainable outcomes.

Cooperation with **schools** is important in order to provide early career guidance and orientation to all young people and to identify those who are at risk of early drop out (e.g. Norway). PES also have an important brokering role to play in order to match skills supply and demand, both in sectoral and qualification-level terms; key to this is the collaboration with employers, the education and training system.

Cooperation with **local health and social agencies** is another important area of partnership working to identify and closely guide clients with serious or multiple disadvantages (e.g. Norway).

Some PES provide **training** themselves whilst most use external providers. A problem sometimes encountered here is a long procurement process, which means that training does not meet labour market needs by the time a provider is contracted. Training vouchers have been used to circumvent this problem, although the sole use of vouchers to purchase training may not be effective for low-skilled unemployed so a mix of systems to manage access to training is preferable.

## Guiding question 2: Work-first approaches: What are the differences between effective approaches for low-skilled adult and low-skilled young people?

## Work-first approaches are predominantly used to integrate low-skilled adults, and in some cases, low-skilled young jobseekers

Work-first approaches emphasise fast entry into employment with services provided to encourage direct employment and get individuals off the welfare roll. Work-first approaches are predominantly used to integrate **low-skilled adults** if the individual is able to work, is job ready and there are suitable jobs available in the labour market.

They may also be used to integrate **young low-skilled jobseekers** if the PES does not have legal rules which require a train-first approach to be offered for young jobseekers.

Work-first approaches are used in particular for those young people who are not able or cannot be motivated to undertake further training or where resource for further training or access to suitable training is not available. They can also serve to move young people into self-employment as a viable work-first option.

#### Targeted subsidised work placement can be an effective method for the fast integration of both harder to place low-skilled adults and young people

Targeted subsidised placement can be used to compensate employers for a lack of skills and experience in harder to place low-skilled jobseekers and incentivise them to offer a work place. Subsidised work placements respond to the needs of employers and give valuable work experience to jobseekers, improving their chance to re-enter the labour market at a relatively low cost. Co-payment from employers and differing or decreasing levels of subsidies according to the competences of the jobseeker may help to reduce the high level of deadweight which can be associated with these schemes. The schemes are most effective (as a stepping stone for permanent employment) when accompanied by guidance to identify a suitable placement and follow-up support for the employer and employee.

Other effective work-first approaches include financial support and training for self-employment, mentoring schemes, motivational workshops and job fairs/virtual job fairs. Although public works are not considered very effective at integrating jobseekers into the open labour market, they may be the only choice for some PES in times of budget cuts and difficult labour market conditions, particularly for the most difficult-to-place jobseekers.

#### Obtaining initial work experience is important for young jobseekers

A similar menu of work-first approaches is offered for both adult and young low-skilled jobseekers, but the level and intensity of support can be higher for young. Youth guarantees in some PES ensure that young people are automatically offered a work (or training) place within a certain time period. Work practice/internships, which can include training elements are considered particularly useful for young jobseekers to provide their first practical work experience. Volunteering schemes (e.g. Lithuania) are another useful method of providing first work experience.

### Guiding question 3: Train-first approaches: Which type of training works best for low skilled adults and which works best for low skilled young people?

PES counsellors must strike a challenging balance between achieving fast placement into employment and sustainable integration, considering the reality that for the low-skilled most job opportunities will be in temporary, often part-time jobs with low wages. Increasing the qualifications of the jobseeker is a pre-condition to change this reality. However, resources for training are not always available.

Some PES (e.g. Finland, Austria) have legal rules which require all young people under a certain age to be offered training. In many cases, PES will **prioritise train-first approaches for young low-skilled** where resources for training or suitable training schemes are available. Train-first approaches are most likely to be used for adults where a jobseeker's skills are out-dated and do not match the needs of the current labour market or during restructuring situations with mass dismissals.

#### The most effective training is closely linked to the needs of employers and is certified

PES emphasised the importance of closely linking training to the needs of (local) employers. PES (e.g. Finland, Lithuania) have developed labour market analysis barometers which use information from employers to predict future labour market skills needs, and many PES work with employers in order to design employer-specific training schemes. This linkage can extend to making employer involvement a condition of training, for example in Lithuania where most training is conditional on an employer agreeing to retain the jobseeker for 12 months after the training has finished.

The certification of training which is below the level of a complete VET (training modules, seminars, on-the job-learning) is considered increasingly important. For example, in Poland a modular approach is offered so that if the jobseeker drops out of training, they still retain recognition for what they have completed.

#### Train-first approaches for young people should include employer-based work experience

In order to address the dual barriers to job entry of lack of work experience and skills, the most effective train first approaches for young people are not solely comprised of vocational training but include aspects of employer based work experience, for example apprenticeships/dual training schemes/internships. The completion of apprenticeships or other VET by young low-skilled jobseekers is considered an effective approach for the future integration of this group. Pre-apprenticeship bridging schemes which combine work experience and vocational training (e.g. Germany) are a useful approach to prepare those young people who are not ready to complete an apprenticeship. Combining core education components such as literacy, numeracy and language skills with vocational training is also considered effective.

#### Shorter, job specific training and accreditation of prior learning are important training approaches for adults

In general shorter, job-specific, practical training (e.g. to obtain a specific driving or machine licence) is considered most appropriate to support fast, sustainable integration for adults. PES emphasised that it is important for the training to be linked to a specific job offer and for financial support to be provided during the training to enable the jobseeker to participate.

Accreditation of prior learning is an option to prevent 'starting from scratch' in re/upskilling a jobseeker (e.g. Austria, Belgium VDAB). However, it can be quite costly and requires an established (probably national or sectoral) accreditation system.

#### Challenges and the way forward

The Peer Review highlighted several **divergences and shortcomings**, which would merit further consideration by PES as they move forward. Although PES may prioritise a train-first approach for young people, the reality is that training is expensive and resources are not always available within that PES to provide training. This may mean that a young person is placed within the work place although it is unlikely that this placement will be sustainable.

The type of assessment and individual action planning varies considerably between PES, depending on the caseload of the employment counsellor and amount of time they have available. Although many PES acknowledge the value of providing ongoing follow up and support to jobseekers and employers following placement, the provision of this support is resource intensive and is not standard within many PES; it is more commonly provided under European Social Fund programmes which require ongoing monitoring of beneficiaries. Employment counsellors also face the ongoing challenge of balancing fast integration with sustainable activation; they need sufficient training, support and quidance from their managers to support them in making these difficult decisions.

Some of the main **elements identified by PES with the potential for transfer** include the approach to the follow-up of jobseekers after placement, methods for linking training directly to the needs of employers, approaches to identifying the future skills needs of employers including occupational barometers, using a multidisciplinary approach to meet the diverse needs of jobseekers, and development of systems for the accreditation of prior learning.

More information on the Peer Review is available <u>here</u>.