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DG Employment, Social Affairs and Inclusion

Key policy messages from the Peer Review on 'Youth unemployment: how to prevent and tackle it?'

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1. Executive summary

This report summarises the key policy messages from the **Peer Review hosted by the Ministry of Social Affairs and Employment of the Netherlands** on the 25-26 November 2013, as part of the Mutual Learning Programme.

The event brought together government representatives and independent experts from **Greece, Germany, Ireland, Latvia, Lithuania, Romania, Spain** and the **UK**, as well as representatives of the European Commission.

The Peer Review was held to enable Member States to consider the best ways of supporting young people to enter into the labour market or further training. Addressing this issue was particularly pressing at a moment of high average youth unemployment and inactivity across the EU.

The Netherlands: a strong performer in the area of youth employment

- **The country has one of the lowest youth unemployment rates in the EU:** just over 10% in 2012, compared to an EU average of over 23% in the same year (but still 1.8 times higher than among adults). It also has the lowest rate of young people NEET in Europe: less than 5% in 2012, against an EU-28 average of 13.4%.
- **This positive performance seems largely to be the result of long-term policies leading to sustainable economic growth and human capital formation.** Indeed, the Netherlands ranks consistently highly in international comparisons of the skills levels of young people.
- **The Dutch education system seems successful in improving the results of pupils at the lower end of the skill distribution;** education is compulsory under the age of 18 or until young people complete a basic qualification (senior secondary general education or level-two of secondary vocational education).
- **Specific policy approaches to tackle the risk of early school leaving and reintegrate NEETs are of special interest.** Indeed, not all young people manage to smoothly enter the labour market in the Netherlands. At the time of the Peer Review, its policies to reduce early school leaving and to foster local cooperation around youth reintegration appeared to be showing some early signs of success.
- **The good functioning of the Dutch administrative system** and the tracking of education and employment history of young people are a key success factor. This helps develop well timed interventions and the implementation of **tailor-made reintegration plans at the local level.**

Key messages from the Peer Review

- Youth unemployment is a structural issue that requires a **strategic, long-term approach**.
- **Prevention is better than cure**, which means that efforts should first of all focus on **preventing early school leaving** and improving youth-to-work transitions.
- Governments should work with social partners to foster the creation of **apprenticeships, work placements and skills validation schemes**, as well as to boost their status.
- **Young people must take an active role** in their individual pathways toward employment and receive **support in critical points of their journey**.
- **Support should be targeted at those who are most at risk of becoming trapped in long-term unemployment or inactivity**. Disadvantaged young people (such as the very low-skilled, the disabled, young people with special health or family issues or from a migrant background) and those facing multiple barriers to either stay or reengage in education and training and/or access the labour market need special support.
- **Person-centred, holistic approaches to counselling and individual action plans** condition the success of early interventions with young people.
- **Good cooperation and strong partnerships between are required at the local level** so that young people are quickly directed to the right services and there is less chance of someone 'falling through the net'. Local stakeholders should also **exchange best practices**.

More information on the Peer Review and background material (including a Thematic Paper, a Host Country Discussion Paper and Peer Country Comment papers) can be found on the website of the [Mutual Learning Programme](#).

2. Youth unemployment in Europe - an overview

The economic recession has aggravated the structural issues with youth unemployment in Europe

Youth unemployment rates rose in all the Member States after 2007, and in a number of countries remain at more than twice the 2007 level. The propensity for young people to be long term unemployed (more than 12 months) has also risen; (long-term) youth unemployment has become a critical issue in countries such as Croatia, Bulgaria, Greece, Ireland, Italy, Portugal and Spain and Slovakia, while good performers include Germany, Austria and the Netherlands.

In general, across Europe young people with low or basic levels of skills are most at risk. In the context of expanded educational opportunities and upgraded skills needs in many sectors, low qualified young people are particularly vulnerable to 'falling through the cracks' in the modern labour market. For instance, they are significantly more likely to be unemployed than those with qualifications. They are also at risk of falling into the 'NEET' category (not in education, employment or training), which can have profound implications for their long-term health, salaries and wellbeing.¹

In recent years, increased youth unemployment has been accompanied by rising inactivity, with a wide variation in annual average activity across countries. However, surveys show that most young people who are NEET would like to work.

A coordinated response at the EU level

Both EU **Employment Guidelines** and the **Europe 2020 targets** emphasise the importance of support to young people through both employment and education. **Reducing early school leaving** has been identified as being central to boosting employment prospects and a target has been set at EU level to reduce school drop-out to 10%². The Commission has also issued sets of Country Specific Recommendations to Member States calling for measures to integrate young people into the labour market.

A key strand of the European Commission's approach to addressing the needs of young people is the **Youth Guarantee**³, which aims for all young people up to age 25 to have a quality offer of a job, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed. As part of this process, Member States are currently developing national Youth Guarantee Implementation Plans⁴. The European Social Fund (ESF) will support the implementation of the Youth Guarantee, along with Member State investment.

The new **Youth Employment Initiative** will also target additional financial support on NEET young people up to age 25 (and over in some cases) in regions experiencing youth unemployment rates above 25%⁵.

¹ Eurofound infographic on the costs of 'NEETs', available here:
<http://www.eurofound.europa.eu/emcc/labourmarket/youthinfographic.htm>

² Provisional figures for 2012 put this at 12.8%; source: Eurostat.

³ The Youth Guarantee was adopted by the Council of Ministers on 22 April 2013.

⁴ Countries with the highest youth unemployment eligible for the Youth Employment Initiative must submit plans by the end of December 2013 and others by spring 2014.

⁵ This is funded through a new budget line and ESF national allocations

3. Fostering skills development and preventing early school leaving (ESL)

All countries represented at the Peer Review agreed on the importance of providing basic qualification to young people and acting early to reduce early school leaving (ESL) with a view to improve long-term employment prospects of young people. This can be achieved by various means.

Early warning systems leading to targeted support

When designing policies to bring down ESL, Member States had fairly well established information and administration systems for tracking those 'at risk', such as digital pupil registers (e.g. in Lithuania and the Netherlands) and the exchange of information between education, employment and care services (such as in Ireland). There was a strong consensus in favour of using this information to target support at individuals and families most in need.

Early guidance can be offered to individual pupils in schools to explain the range of alternative, often vocational, pathways available. This service can be offered by a range of providers (schools, public employment services, companies etc.), depending on the national context.

At the family level, parents and relatives should be engaged to keep their children in education or training. Member States pursued this by establishing direct relationships with them, as well as introducing sanctions for those who repeatedly failed to fulfil this role (for example in UK and Germany).

The benefits of early vocational guidance and coaching in the Netherlands

Guidance is considered as a key success factor, both based on the experience of local stakeholders and national schemes.

In the area of *Súdwest-Fryslân*, coaching and guidance contributes to match young people to the right courses, but also encourages them to appreciate their qualities and skills. School counsellors proactively contact secondary pupils and help them make informed choices, using among other sources a list of 10 'Growth' occupations' are identified on the basis of the information provided by the regional public employment services (PES). School counsellors have also been taken to visit workplaces in order to ensure they had an up-to-date understanding of what certain jobs would entail and can relay this information to young people.

At the national level, two evaluations of the *School-Ex* programme scheme providing intensive coaching of pupils in lower secondary education have shown some positive impacts⁶:

- information and guidance (provided via websites) and additional teaching sessions increase the probability that pupils engage in guidance measures and continue their education and training
- one year of coaching reduces school dropout from 17 to 10 percentage points; importantly, the effectiveness of coaching is higher for older students, male students and those from a disadvantaged socioeconomic background.

⁶ ROA, 2011 and van der Steeg et al., 2012

Systemic policies to reduce ESL

Policies to reduce ESL can also target the school level. Several countries had set up **direct and indirect incentives for schools** to reduce their ESL rates. Such schemes seem to offer some potential, although it was emphasised that these (often financial) incentives must be used wisely so as not to encourage the reverse of their intended effects. For example, they should not result in young people being forced to stay in mainstream education if an alternative pathway would be more effective. Furthermore, schools should not be incentivised to cherry pick the 'easiest' pupils and reject those facing multiple disadvantages.

A different approach used in some countries is targeting extra resources to disadvantaged schools in order to mitigate the risk of ESL in some areas.

For example in **Northern Ireland (UK)** plans were announced in June 2013 to target extra funding (£30 million) at schools teaching pupils from disadvantaged backgrounds over 2013-2015. Targeting these schools with extra financial resources was drawn out as an effective approach by an independent panel chaired by Sir Bob Salisbury, which published a full report in January 2013.⁷

Schools teaching pupils from disadvantaged backgrounds have also been targeted by programmes such as the School Support Programme, the School Completion Programme and the Home School Community Liaison Scheme in the **Republic of Ireland**

Performance agreements with schools in the Netherlands

In the Netherlands, the programme 'Drive to Reduce Drop-out Rates' counts with an annual budget of EUR 114 million, of which EUR 56 million is reserved for measures at the municipality levels and EUR 58 million specifically for performance agreements with education institutions.

Schools can obtain extra budget when they succeed in getting or keeping their number of early school leavers below a certain threshold (set on the basis of the numbers of pupils in certain types of education). This extra budget only represents a small share of their total budget. Schools are entirely responsible for the content and the success of their projects they can finance with these extra funds. Projects can include for instance individual coaching and advice, group activities and activities with parents.

Since 1 January 2012, two independent research institutes (Panteia and SEOR) have monitored the performance of schools, cities and regions in relation with ESL, in order to create an evidence base and identifying what works. The Ministry of Education, Culture and Sciences also appointed case managers to visit schools.

⁷ *Independent Review of Common Funding Scheme (2013)*, available to download here: www.deni.gov.uk/index/schools-and-infrastructure-2/schools-finance/common-funding-section/independent-review-of-the-common-funding-scheme.htm

Improving the links between education and the labour market

Setting up connections between schools, VET colleges and the wider labour market was seen as vital if young people are to retain faith in the value of success in education and training. All countries represented at the Peer Review had undertaken schemes to improve these ties. 'Sector tables' had been set up to enable schools and employers to discuss labour market developments. Growth occupations had been identified by regional public employment services (PES), and either PES or schools themselves have an important role to play in delivering earlier and more comprehensive career guidance. In some cases, school counsellors had been taken to visit workplaces in order to ensure they had an up-to-date understanding of what certain jobs would entail (in the Netherlands, for example). Given the inherent uncertainties of skills forecasts, it was also emphasised that vocational training curricula must be updated on a regular basis. The involvement of social partners and employers themselves is seen to be critical in this updating.

There is a growing appreciation of the value of apprenticeships, vocational training and other work-based educational routes that can encourage young people to stay in (or reintegrate into) the system across Member States. Indeed, countries with strong systems of this nature appear to have been more able to address the challenges facing youth employment in the crisis.

Winning the support of social partners and other relevant stakeholders was seen as vital for 'selling' these routes to young people and their families. Indeed, countries such as Germany warned that there is not always 'parity of esteem' between different pathways.

In **Greece**, apprenticeship training, which currently benefits from a good reputation at the national level, will be further developed. Indeed, this pathway is considered more attractive than the school-based VET system as it leads to better results in terms of insertion of graduates into the labour market. The existing apprenticeship scheme is run by the PES (OAED). The recent Law 4186/2013 will expand apprenticeship schemes to the entire Greek secondary VET system, with a view to improve school-to-work transitions.

Many Member States have also introduced targeted subsidies and other incentives to encourage employers to take young people on and / or to create apprenticeships. However, it must be ensured that these are time limited and do not have strong deadweight effects.

For example in the **UK**, an apprenticeship grant is offered to employers, to encourage SMEs to take an apprentice for the first time. The AGE 16-24 programme foresees 20,000 wage incentives of 1,800 €.

A number of countries had also specific youth wages (e.g. a share below the national minimum wage) which were considered to be helpful in the integration of young people into the labour market.

4. Reintegrating young people out of employment, education and training (NEET)

The diversity of the 'NEETs' group requires a range of differentiated responses

Participants emphasised that young people out of employment, education and training are not a homogenous group, even if individuals from certain backgrounds are more likely to fall into this category for longer periods.

Table 1. An overview of group of NEETs

Higher risk of exclusion		Lower risk of exclusion
Disengaged youth, facing specific (multiple) barriers: migrant background, disabilities, households with lower income, family and health issues, etc.,	Very low or low-skilled young people or who lack appropriate qualifications and/or long-term unemployed young people	Young graduates or young jobseekers with some work experience
<i>A structural challenge in all Member States</i>	<i>Key challenge in countries with high ESL rates - numbers of NEET have increased due to the economic context</i>	<i>Numbers of young people in 'transition' have increased due to the economic context</i>
Require outreach measures, holistic support and coaching to address complex needs, as part of 'second chance' opportunities and individual action plans	Require ' second chance ' opportunities and individual action plans	Require support for job search and intermediation with employers (mostly ' work-first ' approach)

As such, the needs of young people 'NEETs' vary. Whereas some young people may only require vocational guidance or support for job-search, others may be facing other types of issues and may require for instance additional education and training, coaching or support of national care organisations, in order to ensure they are able to access job opportunities on equal terms with others. Often, some form of social welfare assistance may be required over the course of a young person's training / education.

Generally Member States offer differ types of measures, depending on the actual needs of the young person. Information and guidance services may help to profile young people and better target support.

For instance in the **UK**, as part of the 'Youth Contract' (a general plan to support young people launched in the UK in April 2012), 'additional support' for young people has been developed by Jobcentre Plus (the national PES), with an emphasis on

increased adviser time and weekly contact. While in the early stages of delivery, and so too early to judge the full effects of the change, research in five Jobcentre Plus areas found that the added support appeared to be having some positive effects. For example, it had led to advisers developing stronger relationships and a better understanding of clients' needs, leading ultimately to more targeted support.

Activating young people and targeting support in the Netherlands

In the Netherlands, it is acknowledged that young people must be the main actors in their job search and take initiatives. Most intensive and individualised interventions target those who do require additional support.

Municipalities manage the delivery of welfare/social assistance benefits for young people until age 27, according to the Work and Social Assistance Act. The application for social benefits must go hand in hand with active involvement into job search or participation into education and training.

During the first four weeks after applying for welfare or social assistance, they need to sign in for an education course or search for a job on their own. A part of young people find a suitable solution during this period.

Past this period, municipalities are responsible for setting an individual action plan for each young person. This plan is drawn up with the support of local stakeholders, such as educational institutions, the public employment service (UWV), employers, health care providers, etc. Young people must actively contribute to this process, otherwise sanctions can apply their benefits can be reduced. For those who have not achieved the minimum level of qualification, benefits can be conditioned to participation in further training.

In addition, the Dutch PES (UWV) provides online services to help jobseekers during the first 3 months of their search (which can be followed by face-to-face support if required). The rationale for improving online services originally resulted from budget cuts, which reduced the number of frontline staff in PES. The UWV employs around 130 young people to work specifically on e-services for young people. They have developed an online game ('Expedition Work') to help young people to complete CVs, with a fun and a serious part (making CV, application letters, learning how to use networks etc.).

Expanding the range of options available to young people NEETs

Many Member States have introduced targeted subsidies and other incentives to encourage employers to take young people on. However, it must be ensured that these are time limited and do not have strong deadweight effects. Fees may be given to companies to help them pay youth wages.

For instance in the **UK**, wage incentives are available for employers who employ young jobseekers for a duration of at least 26 weeks. Payment is made after a period of work has been completed to encourage sustainability (staged for smaller employers). During the first year of implementation, over 21,000 claims for eligible job starts have been made.

Other options can consist in developing new schemes that fulfil the requirements of a specific target groups or help fill a gap in the current

service offer. For example, in **Ireland**, there is now a process to introduce traineeships and a career progression model in some semi-skilled occupations (e.g. shop attendants). Entry requirements may not be as high as for apprenticeships. Traineeships would be one of a range of vocational pathways, but could be geared towards those who want to 'work first'. These are regarded as a successful model that could be expanded.

Some Member States are also seeking to develop the use of validation of non-formal and informal learning to facilitate the access of young people to the labour market. Some countries argued that this is particularly important in the digital age, when it is more common for people to undertake training courses online.

For example in **Germany**, under the national Recognition Act (2012), Chambers are now required to have a process by which they recognise the skills of migrants acquired abroad, which should be accessible to them within a few weeks. Likewise, in **Romania**, there is an initiative to attest formal and non-formal skills; external providers offer additional training to anyone registered with the PES, in order for them to gain qualifications.

Crucially, these schemes serve as a type of 'second chance education', available not only to early school leavers but also to those who have dropped out of the system at a later stage.

Local partnerships and area-based approaches

Many Member States agreed that local partnerships are needed for the first phase of engagement of NEETs. Indeed, local organisations are best placed to understand the immediate labour market situation, to identify young people in need, and to create individualised reintegration plans. In some countries, local offices have smaller caseloads and are able to spend more time with disadvantaged young people.

In **Germany**, three local administrative systems providing financial assistance and services to unemployed young people have to cooperate. These are the Federal Employment Agency (insurance system), the Job Centres (welfare system for long-term unemployed) and the local Youth Welfare System.

It is crucial that there is 'no wrong door' for a young person, and that he/she is quickly directed to the right service regardless of the point at which he/she approaches the system for help. Ideally, 'one stop shops' should exist, representing many agencies but offering what appears to be a single service to young people. This requires integrating the offer and bring these services together for young people (i.e. young people only see *one* agency, even if there are multiple agencies behind the scenes).

The **Netherlands** showcased particularly strong local partnerships and coordination.

Local partnerships – an essential aspect of the Dutch approach to youth employment policies

The Dutch labour market is divided into 35 regions. In each, PES and municipalities work together to support the reintegration of young people and must set joint goals.

Local partnerships help deliver more complex systems of support; there are effective because local stakeholders *know* each other and exchange information about needs.

For example, in Súdwest-Fryslân, thanks to collaboration between local agencies in this area, partners are able to ensure that young people are directed to specialised support. As a result, there is a lower chance of someone 'falling through the net'. This is especially important given that around 20% of school leavers are socially vulnerable (facing drug abuse, family breakdown, etc.). In Rotterdam, agencies coordinate their activities by assigning a representative group to undertake a thorough needs assessment of each young person. On the basis of this assessment, the person is then referred to the most appropriate party.

Importantly, although there is a top-level, more formal agreement between the PES and the municipalities, the practicalities of local partnerships are flexible depending on the situation at the local level.

Outreach activities (for young NEETs not registered with PES or with social services)

In most countries represented at the Peer Review, most young people would register with PES as they are entitled to certain benefits. For example, most would be registered with the Lithuanian PES as, if not, they would have to pay health insurance themselves. Likewise, to receive social welfare benefits, Germans must register. However, some young people may not spontaneously require support. For instance in Ireland, a particular 'gap' age between the age of 16 and 18 is identified.

A general challenge in all countries - as part of the implementation of Youth Guarantees - is to reach those young people who are not registered. Examples of outreach policies can be identified in several of the Peer countries represented in the Peer Review. Youth services and outreach activities for NEETs are generally the responsibility of the municipal authorities:

- In **Romania**, social services and outreach schemes are coordinated at the municipal level, such as their 'employer open days'.
- In **Lithuania**, an ESF-funded project aims to reach about 4 000 young people. The government plans to open youth centres in all municipalities in order to 'capture' young people and show case the benefits of registering with PES.

Outreach activities at the municipal level in the Netherlands

The identification and 'recruiting' of disadvantaged young people is done at the local level, as there is no specific national policy so far on the outreach of NEET.

Municipalities play an essential role to identify, engage with and support those young people who are not likely to apply spontaneously for social benefits, register with PES. Outreach activities are part of broader 'social work' activities that are carried out at this level. For example, social/youth workers employed by the municipality visit disadvantaged areas, meet young people and their families at home or in other places.

Facilitating dialogue and the exchange of good practice

Countries emphasised that efforts should be made to facilitate information exchange *between* different areas, given that many services are offered locally and the scale of youth unemployment can vary widely by area.

In **Germany**, municipalities have already started to exchange best practices. Likewise in the **Netherlands**, where municipalities play a central role in the implementation of youth policies, the exchange of local good practice is seen as necessary to draw out best practices and potentially share resources. Exchange of good practice has already contributed to the transfer of successful schemes. For instance, a work scholarship scheme in Tilburg inspired similar actions in other municipalities.

5. Conclusions and Next steps

The Peer Review proved particularly timely as countries seek to address very significant youth employment challenges. This made such exchanges at the meeting highly pertinent.

The key issues can be summarised as follows:

All countries agreed on the **importance of acting early to reduce ESL**. In the context of expanded educational opportunities and upgraded skills needs in many sectors, **low qualified young people are particularly vulnerable** to 'falling through the cracks' in the modern labour market. For instance, they are significantly more likely to be unemployed than those with qualifications. They are also at risk of falling into the 'NEET' category, which can have profound implications for their long-term health, salaries and wellbeing.⁸

Participants emphasised that **young people out of employment, education and training are not homogenous**, even if individuals from certain backgrounds are more likely to fall into this category (those from migrant backgrounds, those with disabilities, those from households with a lower income, etc.). **The diversity of this group requires a range of individualised, holistic responses**. For instance, whereas some individuals may require vocational guidance, others may be facing family issues and need the added support of national care organisations. Those with disabilities or mental health issues may need to interact with the medical system as well as the employment services, in order to ensure they are able to access job opportunities on equal terms with others. Often, some form of social welfare assistance may be required over the course of a young person's training / education. **In sum, young NEETs are united by their need for support, rather than by the nature of the support they need.**

Many Member States agreed that **local partnerships are needed along the NEET pathway into training or labour market engagement**, as local organisations are

⁸ Eurofound infographic on the costs of 'NEETs', available here:
<http://www.eurofound.europa.eu/emcc/labourmarket/youthinfographic.htm>

best placed to understand the immediate labour market situation, to identify young people in need, and to create individualised reintegration plans. In some countries, local offices have smaller caseloads and are able to spend more time with disadvantaged young people.

In Member States, **there is growing appreciation of the value of apprenticeships and other dual training pathways, particularly as countries with strong systems of this nature appear to have been more able to address the challenges facing youth employment in the crisis. However, it was warned that** there is not always 'parity of esteem' between different pathways. **Winning the support of social partners (employers' organisations, trade unions, etc.) was seen as vital for 'selling' these routes to young people and their families.**

In general, **setting up connections between schools, VET colleges and the wider labour market was seen as vital if young people are to retain faith in the value of success in education and training.** All countries had undertaken schemes to improve these ties. Given the inherent uncertainties of skills forecasts, it was also emphasised that vocational training curricula must be updated on a regular basis. The involvement of social partners and employers themselves is seen to be critical in this updating.

These were among the key issues of interest to participants and further follow up and transfer of experiences on selected items was encouraged. The Mutual Learning Programme can provide assistance in further processes of exchange.