



PESto PES Dialogue Peer Review
"Peer Review on PES approaches for sustainable integration of
long-term unemployed"
(Sofia, 10-11 April 2014)
Executive summary

Introduction

High and rising long-term unemployment (LTU) rates have continued to pose a challenge to the PES in most Member States, with a few exceptions where an improvement has been observed in the past few years (e.g. Germany). The proportion of LTU in the labour force ranged between 1.1% in Austria to 10.3% in Croatia in 2012. The share of 'very long term unemployed' also went up from 1.5 to 2.9%. Significantly for the profile of PES clients, the share of LTU among all unemployed also increased from about 22% in the second half of 2008, to 34% in the third quarter of 2013.

Public employment services (PES) are recognised by the [Employment Guidelines](#) 2020 as having a central role in increasing labour market participation. The Strategy Output Paper (Contribution to EU 2020) prepared by the network of the Heads of Public Employment Services (HoPES) recommends PES to strengthen the customisation of their services and combine activation of jobseekers with qualitative assistance of employers. Empowering jobseekers and employers to invest in skills development and to prolong careers contribute to sustainable employment and avoiding carousels of rapid employment and unemployment.

At a recent Peer Review in Sofia, Bulgaria, participants from the host and 14 Peer Countries discussed results from research and their own evaluation and experience with regards to what works best to re-integrate the long term unemployed into the labour market (Austria, Belgium Actiris, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Italy, Latvia, Poland, Portugal, Slovak Republic and the United Kingdom). The Peer Review built on findings from previous PES to PES Dialogue Peer Reviews on the [Low-Skilled](#) and [Youth](#), the Dialogue Conferences on [Individual Action Plans](#) and [Profiling](#), and the Comparative Paper on PES approaches for sustainable activation of the long-term unemployed. The discussions were guided by four questions.

Guiding question 1: Which PES service concepts used for the integration of LTU in the labour market work best?

PES do not segment services according to length of unemployment but focus on individual needs

Most Peer Countries focus on **preventing LTU**. Where the PES segment client groups by some specific characteristics, this is usually based on age or education rather than length of unemployment.

Most successful services are individualised and 'person-centred'

An increasing number of PES offer **intensified case management** as a special working method for the hard-to-place (e.g. Germany, Latvia), particularly to coordinate referrals of jobseekers with multiple obstacles to the relevant service provider. Counsellors in charge of individuals at a distance to the labour market may have a **smaller caseload** than 'generalist' counsellors (e.g. in France or Germany) to ensure more frequent meetings and intensive support to their clients. In these cases, PES aim to ensure that

job seekers have a personal counsellor, which allows the building of mutual trust and cooperation.

Several PES use in-depth **profiling** systems to identify those at risk of LTU as early as possible and segment customers into categories of support, or distinguish between 'standard' support and 'case management'. The mandatory **self-evaluation** of labour market readiness used by the Copenhagen PES has proved to be a particularly effective profiling tool as it saves time for PES staff and motivates jobseekers. Detailed profiling tools can also support the development of action plans in the case of complex personal situations.

The **motivational** and **personal issues** of the LTU should be tackled first, particularly in the event of complex life situations. Counselling and coaching can make a difference, especially for those who lack the personal behaviour and social skills ('life skills') required. In a number of countries (e.g. Bulgaria) group work has proved successful in obtaining such motivational outcomes. Achieving gradual integration into the labour market along a well-defined 'pathway' also requires support to be provided for long periods. Several PES employ psychologists, specifically trained counsellors, coaches (e.g. in Estonia) or mentors of a particular ethnic origin (e.g. in Bulgaria) to meet the specific needs of hard-to-place clients.

Many PES rely on service delivery in **partnership** with contracted or other specialised providers, while a handful of PES have counsellors dedicated to assisting specific target groups which tend to be at a high risk of LTU (the low-skilled in Denmark, disabled individuals in Austria or the Roma in Bulgaria).

Guiding question 2: Which ALMP measures used for the integration of LTU in the labour market work best?

Effective ALMP are small scale, individualised and carefully targeted

Risk **factors** potentially leading to LTU may range from low employability (due to older age, low skills and qualification levels, prior work experience in declining occupations/sectors, disability or health problems), to discrimination by employers (e.g. due to perceived low productivity, or immigrant/minority background), mobility issues, and constraints on potential hours of work due to care or responsibilities in the family. The risk of LTU can be aggravated by low self-esteem, low motivation, lack of life skills, or addiction that create multiple barriers.

Systematic evidence on the effectiveness of ALMP for particular sub-groups of LTU is scarce, but tentative conclusions highlight that effective programmes are small-scale, individualised and **reflect the complexity of problems** facing the LTU. Given the relatively high cost of such programmes, they are only cost-effective if carefully targeted at those most in need and supported by an accurate assessment of the competencies and needs of the client. LTU furthest away from the labour market require a step-by-step approach, starting from strengthening life skills or basic skills and coaching for working life, to be followed by workplace oriented training, vocational training and job search assistance.

Assisting LTU requires a mix of measures which recognise and seek to address all challenges faced in achieving labour market integration

Several Peer Countries use internships (alone or combined with training programmes) and/or some form of **work trial** to motivate employers and activation allowances for LTU taking up a job (Austria, Belgium, Portugal, UK). These may work well for LTU where employer discrimination, lack of work experience or low motivation is the main barrier. **Voluntary** work trial schemes may be more successful in countries with relatively lax employer protection legislation (e.g. in the UK), while leasing via NGOs may work better in a somewhat more rigid legal context (e.g. in Austria).

ALMP for disadvantaged groups tend to be more effective if the jobcentre has **close contacts with employers** and can develop mutual trust, but capacity constraints appear to make this difficult in most Peer Countries. Work trials or transit jobs should be

placed with employers that can potentially offer a regular, unsubsidised job after the end of the programme.

For people with disabilities and certain hard-to-place groups, work experience in a sheltered working environment can offer a pathway, especially if the working conditions in the **social sector and in social enterprises** are similar to the 'open' labour market. Work opportunities in a protected environment can lead to successful outcomes if special support is included to prepare reintegration into the open labour market. This may include **training in life skills and 'bridging strategies'** after the completion of the scheme (provision of counselling, advice for job search, other experiences in the private sector, etc).

Flexible support schemes, mobility grants, and cooperation with local governments and social work agencies are also used by some PES to tackle the external barriers faced by many LTU, such as the lack of transportation, addiction counselling or care services.

Most Peer Countries rely on **incentives for employers** to hire LTU, such as wage subsidies, bonuses for hiring LTU, and/or training cost subsidies. According to discussions at the Peer Review these can be made more effective by recalibrating the amount of the subsidy based on impact evaluation results, differentiating the amount according to jobseeker characteristics, reducing the administrative burden on claiming and reporting on the subsidy, relying on Corporate Social Responsibility initiatives and combining the subsidy with monitoring, mentoring, follow-up support and other ALMP.

Public works may be efficient in disadvantaged regions where jobs are scarce. In cohesion countries, structural funds are often used to combine infrastructure maintenance and other employment for LTU. However, the impact on sustainable integration may be limited if not accompanied by bridging concepts.

Guiding question 3: How can PES develop and maintain service partnerships with other providers in the labour market at local level in order to integrate the LTU?

PES rely on a range of other partners to deliver services to LTU

Municipalities, youth services, family services and other social services are the most **common partners** for PES, when working to support the LTU. However, the nature of this collaboration can vary significantly, depending on the division of roles (in activation and benefit administration) between local authorities and the PES and the tradition (or lack of tradition) in local partnership working. Systematic cooperation is more common where the PES administers most social transfers available to working age individuals and not only unemployment insurance. Some PES hold regular meetings with local stakeholders and develop coordinated programmes for labour market integration and service delivery.

Cooperation may focus on data and **information exchange**, for example within insurance agencies on the administration of social benefit, disability benefit or other allowances, with tax authorities on tax compliance or job retention, or with social service agencies on family issues. Exchanging information with labour inspectorates on offending employers or on jobseekers attempting to combine benefit receipt with employment has proved particularly effective in reducing undeclared worked in several Peer Countries.

The PES may also use the services of various partners by referring LTU to them (e.g. social or health services) or by contractual arrangements (e.g. education and training providers, NGOs specialised on LTU with particular problems). In some Peer Countries partnerships may extend to **case conferencing** and other forms of close cooperation in delivering complex services (examples include Austria and Belgium).

The innovative use of partnerships can help ease resource constraints

The Peer Review has shown that resource constraints can in some cases inspire the innovative use of partnerships. For example, Bulgaria has established cooperation with the network of **local libraries** (Glob@l Libraries Foundation) to provide information on vacancies and training in basic job search skills for jobseekers living in remote areas and

small villages. The Copenhagen PES recently decided to **hire student doctors** to help LTU with minor health problems.

Guiding question 4: What are the proven approaches for cooperation with employers in order to provide employment for the LTU?

Further action is required to ensure that PES work more closely with employers to improve the placement of LTU

Overcoming prejudices in recruiting LTU is a challenge that can be countered through **partnerships with employers** in order to raise awareness and encourage them to provide employment opportunities to LTU. Several PES currently have a dedicated employer service or specialised counsellors working with employers, but their role is not restricted to promoting LTU into jobs as they also work with other customers. Estonia and France have started to establish cooperation with large employers, specifically with the aim of improving the reintegration of LTU, while Austria is focusing on improving internal collaboration between counsellors working with jobseekers and with employers to improve the placement of LTU.

Some PES are **exploring the use of innovative approaches** beyond wage subsidies, such as combining subsidies with skills development, actively encouraging and appealing to the CSR commitments of employers, cooperating with NGOs who have more resources to liaise with employers, job fairs or offering help with recruitment and selection to firms so as they can meet legal obligations with respect to hiring certain disadvantaged groups (e.g. in member states where quota systems or procurement rules set such obligations).

Challenges and the way forward

Though capacities for assisting the LTU vary across Peer Countries, **resource constraints** seem considerable in most countries. Caseloads tend to be high and may exceed 700 clients to a counsellor in some participating PES. Although the PES experts agreed that increased frequency of meetings works well in activating the LTU, resource constraints make this impossible in several PES. Also, ongoing follow up and support to jobseekers and employers following placement, particularly in a subsidised job, is rare.

Though PES experts participating at the Peer Review are well aware of the multiple problems faced by LTU, **complex measures** are typically available to only about 20-30% of LTU clients (except in Germany and Latvia).

PES perceive the lack of **transportation** as a common constraint to the labour market access of LTU living in remote areas. The co-operation of other actors is required to address these issues, but resource constraints can limit activity in this area.

Some good examples of the systematic **evaluation** of ALMP and services for disadvantaged jobseekers suggest that evaluations may not only help improve the effectiveness of expensive programmes but also provide the evidence that policy makers need when deciding about allocating resources to the PES.

The Peer Review has also identified some **challenges** in the **management of effective partnerships**. In subcontracting arrangements, these may include the costs of monitoring service quality, the length of some procurement cycles or the legal limitations on using quality criteria beside price in procurement procedures. In cooperating with other public agencies, the lack of shared data infrastructures, interoperability in data collection systems and data protection legislation may generate hurdles. The fragmentation of public service providers at the local level, and unclear division of roles between local agents or lack of policy coordination at the national level can also pose a challenge for the PES in some Peer Countries.

Some of the main elements identified by PES with the potential for transfer include the approach to the **follow-up of jobseekers** after placement, work trials, personnel leasing, and cooperation with local libraries in remote areas.

More information on the Peer Review is available [here](#).