



PES to PES Dialogue

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DG Employment, Social Affairs and Inclusion

Peer Review “PES approaches for sustainable activation of the long- term unemployed”

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Executive summary - key messages from the Comparative Paper

1. The scale of the challenge differs across Peer Countries

In 2012, the long-term unemployment (LTU) rate ranged from 1.1% in Austria to 10.3% in Croatia. These variations translate into significant differences in the proportion of the LTU among all unemployed, ultimately affecting the profile of the PES customers.

Across all countries reviewed however, some groups of unemployed are at particular risk of falling into LTU. These include the older unemployed, those with low qualification levels, prior work experience in declining occupations/sectors, immigrants and/or members of an ethnic minority. The risk of LTU can be aggravated by other personal characteristics creating multiple barriers, or be inherited from the social environment.

2. The PES generally aim at preventing LTU from occurring in the first place

PES customers do not have to wait for a minimum period before they are able to access certain services. Very often, services offered are not targeting the LTU exclusively. Only few Peer Countries report that they have carried out special plans or pilot projects for LTU in recent years, in response to the economic crisis. Specific strategies for young people in LTU are not widespread across the reviewed PES, but the implementation of the Youth Guarantee could change this.

3. PES report efforts to improve staffing, profiling and case management and ultimately improve the counselling services offered

Most PES use 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' as a special working method for the hard-to-place.

Few PES or jobcentres have in-house counsellors specialised in supporting the LTU, and in that case, they generally focus on a given target group with a high risk of LTU (low-skilled, Roma, etc). However, in several PES, in-house counsellors deal with customers at a distance to the labour market, a category that includes LTU as well as other profiles. Overall, LTU are required to meet more frequently with their counsellors. The frequency of meetings depends on the needs of each customer and/or the capacity and workload of their counsellors.

4. The most successful services include 'person-centred' approaches, relying on the provision of tailored, frequent counselling sessions for the LTU as part of an Individual Action Plan (IAP)

PES counselling services that aim to increase the motivation of LTU can make a difference for those who have lost contact with the labour market and lack the personal behaviour and social skills ('life skills') required. The motivational and personal issues of the LTU should be tackled first, particularly in the event of complex life situations. Achieving gradual integration into the labour market also requires support to be provided for long periods.

5. The LTU can access a wide range of ALMPs; almost all participating PES have some measures in place which focus specifically on the LTU and/or on hard-to-place customers

ALMP success depends on the design features of measures; on the distance of the targeted LTU from the labour market, and ultimately also on the context labour market conditions. Both 'train first' and 'work-first' approaches are used to support the LTU, depending on how far each LTU is from the labour market.

Train-first approaches for those furthest away from the labour market can include interventions to address all kinds of lack of skills the LTU may be suffering from. Training approaches can focus on developing the beneficiaries' life skills, their basic skills, their job search skills, and other training or retraining on vocational skills, before the actual job search and matching with employers can take place. Classroom-based learning can be combined

with practical experience and workplace learning, and/or followed by a placement with an employer.

'Work-first' approaches include incentives for employers to hire LTU (wage subsidies, bonuses for hiring LTU, reductions in social security contributions and and/or training cost subsidies), activation allowances for LTU taking up a job as well as public works and 'sheltered' work opportunities. Evidence from Peer Countries suggests that wage subsidies can have a positive effect on the employment prospects of LTU, especially young LTU.

6. A common challenge for PES is how to 'do more with less' in terms of ALMP for the LTU

It is important that the long-term costs and wider social costs of LTU are taken into account when allocating limited resources for ALMP among the PES. PES need to ensure that spending on activation measures for the LTU remains efficient while avoiding deadweight, creaming and parking effects.

Available evidence on the outcomes of measures for the LTU collected outside this review points at mixed results depending on the type of measures, the characteristics of LTU targeted and overall labour market conditions. Programmes should be preferably small-scale, well targeted to disadvantaged groups and include a training component.

7. Several countries outsource some of their services (as well as some measures) for LTU to private providers

Few PES (UK, Netherlands) use outcome-based funding. The existence of satisfactory arrangements with external providers that can provide quality, specialised services and delivering measures for the LTU can be a challenge for some PES.

8. Given the nature of multiple barriers that the LTU face, the PES work with a range of other partners to deliver services to this group

These partners include municipalities, youth services, family services, social services, education and training providers, career guidance services (if not in PES), health and social insurance institutions, NGOs and social partners. The most common partner of PES in supporting the LTU are municipal and other social service agencies. Partnerships can be either on the basis of permanent structures and agreements or shorter-term service level agreements. Not surprisingly, the next most common partner for PES is education and training providers. The Peer Countries also mention a range of PES partnerships with social enterprises and other third sector organisations, aiming to address specific problems that groups of LTU face in order to develop their skills or to offer them work experience opportunities.

9. 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 has 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.

1. Introduction

The [PES-to-PES Dialogue programme](#) focuses on mutual learning between Public Employment Services (PES) to support them in continuously increasing service delivery capacity and effectiveness.

This Comparative Paper is a background document for the PES-to-PES Peer Review on PES approaches for sustainable activation of persons in long-term unemployment (LTU) hosted by the PES of Bulgaria on 10-11 April 2014. In this paper, strategies and experiences of the PES from the Host Country (Bulgaria) and the 14 Peer Countries (Austria, Belgium/Actiris, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Italy, Latvia, Poland, Portugal, Slovakia and the UK) are compared and synthesised.

The definition of 'long-term unemployment' can differ across and within national contexts. Typically, a period of unemployment of one year or more is retained as the criterion for measuring long-term unemployment (LTU); this criterion is used by Eurostat and is used by convention in the remainder of this report.

As reintegration into the labour market becomes harder over time, long unemployment spells can create a negative self-perpetuating cycle with lasting effects on a person's employability, career and earnings prospects. LTU also has negative impacts on health and well-being on individuals and can lock vulnerable groups into permanent inactivity and social exclusion. To avoid these adverse effects, preventing and addressing LTU is a challenge for all countries and PES in Europe.

Within this paper, the comparison between the experiences of the PES in dealing with LTU is guided by the following questions:

- Which PES **service concepts and ALMP measures** used for the integration of LTU in the labour market **work best**?
- How can PES develop and maintain **service partnerships with other providers in the labour market at local level** (e.g. municipalities, NGOs, education and training providers, contracted providers etc) in order to integrate the LTU?
- What are the proven approaches for **cooperation with employers** (e.g. specialist staff to work with employers, follow-up services for employers after placement of LTU, agreements with employers, recruitment services for employers, business meetings with employers, speed dating) in order to provide employment for the LTU?

These different questions are at the core of the mission of PES. They are also strongly linked to the lines of actions outlined at the EU level within the **Strategy Output Paper** (Contribution to EU 2020) prepared by the network of the Heads of Public Employment Services (HoPES). Some of the principles and recommendations for future development of PES outlined in this paper are of specific relevance to address LTU. On the one hand, it recommends PES to strengthen the customisation of their services, tailor them to the individual needs and requirements of customers as much as possible, in order to make a more efficient and targeted use of resources. In addition, the Strategy Output Paper calls for PES to combine efficient and inclusive activation of jobseekers with '*a profound understanding of labour demand and a qualitative assistance of employers*'. It argues that closer cooperation with companies can allow to create additional opportunities to employ the most vulnerable jobseekers, including those who have been unemployed for a long time.

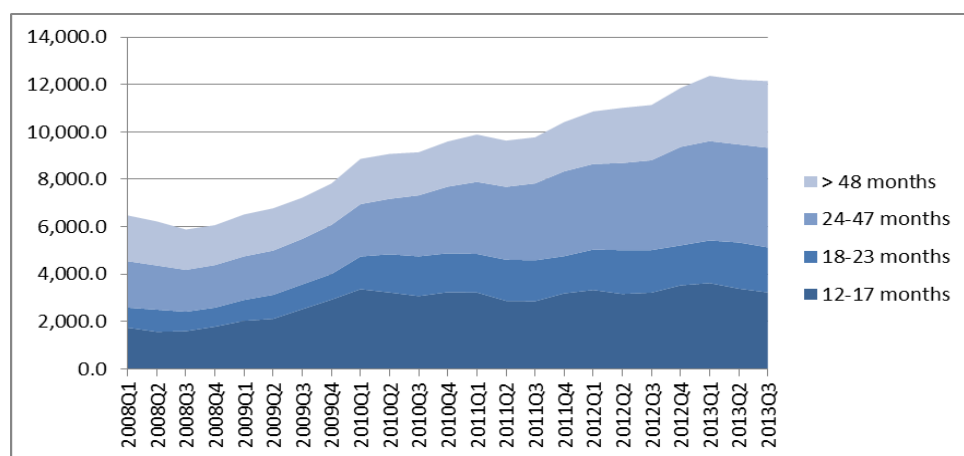
Section 2 describes the extent of the LTU challenge in the EU and briefly explores the causes of LTU and the groups most at risk. The following sections provide an overview of the strategies and service offer put in place by PES in the Host and Peer Countries to address the LTU issue (Section 3) and of the measures put in place to support the integration of the LTU (Section 4), as well as the type of partnerships (Section 5) and ways in which PES cooperate with employers (Section 6). The conclusions (Section 7) summarise the key challenges and success factors for PES, based on the comparative analysis of the Host and Peer Country papers.

2. Long-term unemployment in Europe: an overview

2.1 Long-term unemployment more than doubled during the recession in the EU

LTU is an important structural challenge in the EU. Prior to the recession, there had been a trend decline in LTU, but this reversed in the fourth quarter of 2008 and reached a peak in the first quarter of 2013, at 12.4 million. A small decrease has been observed in the second and third quarters of 2013 (-0.3 million since the first quarter), but the number of LTU still remains alarming. In addition, ever greater numbers of jobseekers are experiencing 'very long term unemployment' (VLTU): the number of individuals who have been unemployed for 24 months and above doubled from 3.5 million in early 2008 to 7 million at the end of 2013.

Figure 2-1 Numbers of long-term unemployed, by duration of unemployment (in thousands), 15-64 age group



Source: Eurostat, Labour Force Survey

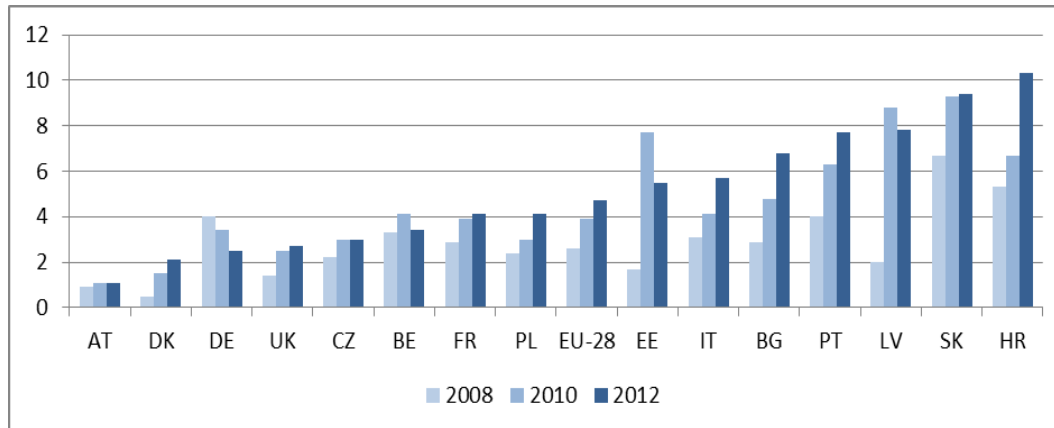
As a result of this trend, the average LTU rate in the EU (i.e. the share of long-term unemployed in the total active population), jumped from 2.5% in the third quarter of 2008 to 5.1% five years later, while the 'very long term unemployment' rate went up from 1.5 to 2.9%. The share of LTU among all unemployed also increased significantly from about 22% in the second half of 2008, to 34% in the third quarter of 2013¹.

2.2 LTU in the countries participating in the Peer Review

LTU is an issue for all countries in Europe, but the scale of the challenge differs across Member States. Indeed, among the group of 15 Member States considered, the LTU rate ranged from 1.1% in Austria to 10.3% in Croatia in 2012. Seven of them (Bulgaria, Croatia, Estonia, Italy, Latvia, Portugal and Slovakia) had LTU rates above the EU-28 average.

¹ Source: Eurostat, Labour Force Survey,

Figure 2-2 Long-term unemployment rate in selected EU countries (age group: 15+)



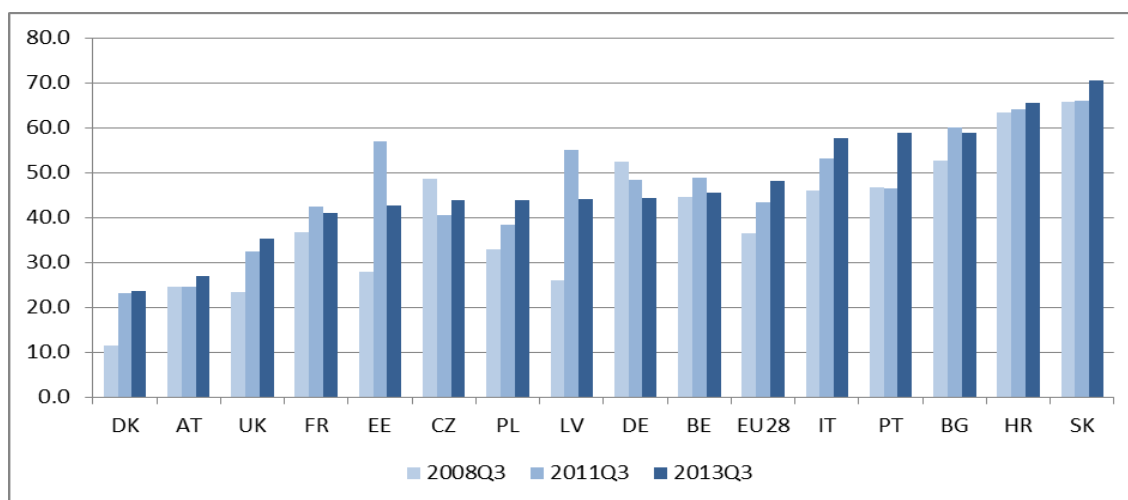
Source: Eurostat, Labour Force Survey

In all countries represented in the Peer Review, the LTU rate has increased since 2008 (except in Germany). However, a closer look at the evolution of the situation in those countries shows contrasting trends. The increase in LTU rates remained moderate in countries such as Austria and Belgium, while in other Member States more strongly affected by the recession such as Bulgaria, Croatia, Estonia, Latvia and Slovakia, LTU rates increased significantly between 2008 and 2010. The LTU rates also kept increasing until 2012 in Croatia (by 4 percentage points), and to a lesser extent in Italy, Bulgaria and Portugal and Poland. On the other hand, the situation in Estonia and Latvia has eased during this period, but their LTU rates remained above the EU average.

Variations in the rates of LTU across countries translate into significant differences in the proportion of the LTU among all unemployed, ultimately affecting the profile of the PES customers. In countries such as Denmark and Austria, at most one out of four unemployed (in the third quarter of 2013) had been out of work for at least a year. However, in Italy, Portugal, Bulgaria, Croatia and Slovakia, LTU affected more than half of jobseekers.

As of the third quarter of 2013, the proportion of the LTU among all unemployed was higher than before the crisis in all 15 countries considered. However, the share of LTU had started to decline since 2011 in Belgium, Bulgaria, Estonia, France and Germany.

Figure 2-3 Long-term unemployment as a percentage of total unemployment in selected EU countries (15-64 age group), %



Source: Eurostat, Labour Force Survey

2.3 Key leading factors and groups at risk

LTU is generated by imbalances between labour market supply and demand

According to the PES reviewed, on the **supply side**, key challenges for reintegrating the LTU on the labour market include:

- Low level or lack of qualifications among the unemployed, or outdated qualifications not matching labour market requirements, with a risk of **skills obsolescence** increasing with the length of unemployment spells.
- **Low motivation** and resignation after prolonged periods of unemployment and low employability due to lack of work habits; limited knowledge of job search techniques.
- Disincentives to work (e.g. linked with social benefits).
- Other factors and **personal issues** affecting the capacity of the LTU to find work: poor public transport, lack of child care facilities in rural areas, personal/family situation or health issues. Another aggravating factor is the **lack of 'life skills'**² resulting from socialisation in a disadvantaged family or neighbourhood and/or from school drop-outs and failures in one's career.

LTU is also linked to **insufficient aggregate labour demand** and **employers' selectivity**. The limited number of vacancies available exacerbates the competition between jobseekers and makes the redeployment of those in LTU into jobs more difficult, as employers are reluctant to hire LTU - especially older LTU individuals.

Acute regional differences in LTU are reported in many of the Host and Peer Countries, due to differences in the economic structure and skills composition of the populations across different regions. In some areas, limited job openings coupled with remoteness, poor transport infrastructure and low mobility, aggravate the issue. Generally, the **occurrence of LTU is higher in some rural regions compared to capital cities**.

The Peer Country paper from Poland reports that part of LTU can be explained by 'hidden employment' linked to the grey economy: some individuals performing undeclared work are registered as unemployed in order to access benefits. Although this phenomenon is difficult to measure, it is arguably an issue in other Peer Countries and Member States in addition to Poland.

The risk of LTU is not equally spread across different groups in the active population

In the countries considered, some groups of unemployed are at particular risk of falling into LTU, although the recession has led to an increase of LTU for some groups who were relatively unaffected in the past.

The most predictive variable for the risk of LTU is the **age of the unemployed person**. As highlighted by the EEO review on LTU (2012)³, older individuals are more affected by LTU (and VLTU) than any other groups, due to a combination of supply and demand-related factors. They are over-represented in economic sectors facing restructuring and have greater risks of skills obsolescence, which tends to reinforce negative stereotypes among employers resulting in discrimination in recruitment procedures.

The Host and Peer Country papers indicated that categories of groups at risk are those with **low qualification levels** and those with prior work experience in **declining occupations/sectors**. Those with low levels of qualifications are at a greater risk of falling

² Life skills can be defined as 'psychosocial abilities for adaptive and positive behaviour that enable individuals to deal effectively with the demands and challenges of everyday life. They are loosely grouped into three broad categories of skills: cognitive skills for analyzing and using information, personal skills for developing personal agency and managing oneself, and inter-personal skills for communicating and interacting effectively with others'. Source: Unicef

³ European Commission (2012), EEO review on long-term unemployment

into LTU, but pockets of LTU among (young) university graduates are also a concern for instance in Denmark. In addition to the level of qualification, the type of vocational/sectoral profile of individuals also matters. Unemployed persons previously working in now declining economic sectors are more likely to fall into LTU.

Within the age group 15-64, at the EU level the share of unemployed in LTU is quite **similar among males and females**. The gender gap has been reduced in the context of a general increase in LTU. However, young males are more likely to be in LTU due to the higher proportion of male early school leavers entering the labour market.

The Host and Peer Country reports also indicate that there is a **correlation between immigrant status and/or being a member of an ethnic minority and the risk of LTU**. In *Bulgaria*, for instance, the Roma community is at particular risk of being LTU.

The risk of LTU can be aggravated by other **personal characteristics** creating **multiple barriers**, or be inherited from the social environment. In addition to the factors mentioned above, other personal characteristics and personal barriers to employment - such as health problems, including disability, addiction problems and mental health issues, care responsibilities, family circumstances, peer groups, neighbourhood, etc. can contribute to make the person hard-to-place, regardless of the economic context.

3. Overall PES strategy and service concept towards integration of LTU

Across most Peer Countries, the responsibility for providing employment services to the LTU lies exclusively or mainly with the PES, rather than with other public authorities or institutions. However, municipalities and local social services may play an important role in the delivery of employment services to the LTU in various countries⁴. In addition, although the PES is overseeing the provision of employment services to the LTU, many PES contract out specialist services to companies and NGOs. More details on the role of partners can be found in Section 5 on service partnerships to support the integration of LTU, as well as in the Annex of this report.

3.1 Definition of LTU

Importantly, PES generally do not apply a strict definition of LTU as part of their service concept. This means that in practice, **PES customers do not have to wait for a minimum period** before they are able to access certain services. In addition, very often most services and activation policies offered are not only targeting exclusively the LTU, but also apply to those less employable and at *risk* of LTU.

Some PES use a definition of LTU that is slightly more comprehensive than the standard EU-level definition (i.e. LTU relates to unemployment for more than 12 months). For example, in *Poland*, those who have been registered in the PES for a total period of over 12 months during the last 2 years (excluding periods of work practice and apprenticeship for adults) are defined as long-term unemployed. In *France*, while the official definition for LTU is the standard EU-level definition (i.e. being continuously registered for at least 12 months), a different definition is being used in ongoing evaluation; Pôle emploi uses other timespans as well (12 months out of 18 months, 21 months out of 24 months).

Definitions of LTU can also be used by PES for monitoring purposes without having an impact on the service concept. For instance, In *Austria*, the PES operates a distinction between the LTU (*Langzeitarbeitslosigkeit*), i.e. unemployed for more than 12 months (6 months for young people) and a more comprehensive concept of long-term joblessness (*Langzeitbeschäftigungslosigkeit*) which also includes individuals in apprenticeship application or training measures.

A few PES report that they have a **specific definition of LTU for young people**. In *Austria*, *Estonia* and *Belgium/Actiris*, young people unemployed for more than 6 months are considered as LTU and have priority for participation in some activities.

3.2 Service concepts: recent trends in profiling, counselling and individual action planning for LTU

The overall strategy of PES to address LTU is closely linked to the evolution of their general service concept. As will be described in section 5, a number of PES outsource (part of) their services for the LTU and cooperate with other partners to deliver services for the LTU. The service approach of most PES is based on preventing LTU and using profiling systems to target those at risk of falling into LTU, as early as possible.

Overall, the aim of PES in relation to LTU is to prevent LTU from occurring in the first place. All country contributions reviewed as part of this comparative report stress that, as a rule, PES do not wait until customers become LT unemployed to start the activation process and/or deploy the full range of available services, if considered relevant. Instead of major changes in their strategy to tackle LTU, PES report efforts in recent years to improve

⁴ For instance, in Estonia, municipalities organise and deliver services together with the PES. In the Czech Republic, the PES has agreements with municipalities under the form of Community Works, while in Slovakia, municipalities are providers of activation works. In Latvia, there are service agreements between municipalities and PES. In France, PES works in close cooperation with other stakeholders at the local level involved in local employment plans.

staffing, profiling and case management and ultimately professionalise and improve the counselling services offered to different groups of unemployed. The key trend is the individualisation of services to reduce flows into LTU.

Some PES also systematically monitor the situation of customers at pre-defined cut-off points as part of their strategy to prevent and mitigate LTU. In *Estonia*, the EUIF has set targets on return to employment within 100 days, 6 months and 12 months from registration and the PES has set some targets in relation to the participation rate of the LTU in ALMP. In *France*, a compulsory one-to-one interview is held for all jobseekers registered as unemployed after 9 months of registration (regardless of the type of support they have previously received).

Most PES use profiling systems to identify those at risk of LTU as early as possible and to segment customers into categories of support. As already discussed during previous PES to PES Dialogue activities⁵, initial screening and profiling is widely used. Most of the PES considered in this review mention that they use a profiling system to tailor the services to their customers with a view to prevent long unemployment spells. The first interview(s) with counsellors are used to profile the unemployed and identify those who face special obstacles to (re)integrate the labour market. Those identified as less employable receive additional guidance and support in order to remove any obstacles that have been identified at any early stage. Importantly, countries point out that the profiling of the unemployed should not be static. Counsellors should reassess the distance to the labour market of their customers over time to ensure that they access the most appropriate services at each point in time.

Various PES segment customers into three groups from the more to less employable...

In France, the new service model implemented from 2012 distinguishes between three different stands of support provided by in-house counsellors according to individual needs of customers: follow-up, guided support and reinforced support.

Similarly, in Portugal the PES has implemented since 2012 a new model of intervention based on early intervention and customisation of interventions through profiling. The profiling system segments customers into three categories of support: the labour market-ready, those with employability deficits and those requiring intensive support. Employment counsellors validate or change the profile of jobseekers registered as unemployed over time and help them develop and implement their Personal Employment Plans. Those who are at risk of becoming LTU benefit from additional interventions and measures and receive a more developed Personal Employment Plan.

In Austria, the AMS also differentiates between three different groups of unemployed in terms of the needs and level of services offered to them: those who only need information, 'service clients' (short-term unemployed until 3 months who need early intervention and counselling), and 'guidance clients' (who need intensive support). The LTU fall into the third category and as such, benefit from a wide range of services and measures offered by the AMS (some of them provided by external contractors).

... or distinguish between 'standard' support and 'case management' as a special working method for the hard-to-place...

In Poland, the PES services include a new approach to profiling and a greater focus on jobseekers considered "in a special situation on the labour market", which includes the LTU. The status gives them access to specific services (e.g. Activation and Integration Programme as well as services contracted to external providers).

⁵ See PES to PES Dialogue Conference on 'Profiling systems for effective labour market integration', Brussels, 11-12 May 2011

In Germany, interviews are used to assess individual needs of customers and set up an individual action plan. Unemployed with complex profiles are offered a reinforced service called 'employment-oriented case management' by the PES. Similarly in Estonia, two different types of customers are distinguished depending on their needs (assessed through regular interviews with a personal employment advisor): 'job mediation clients' (easily employable) and 'case management clients' who need intensive, tailored support given their multiple obstacles.

... while other PES focus on specific age groups (at risk of LTU)

In Actiris (Belgium, Brussels region), the profiling of customers is based on age and education level and on whether they have already registered at the PES or not. Two target groups are currently considered of specific importance for Actiris: young and older jobseekers (among which many are actually LTU). As Actiris has limited experience in dealing with the older unemployed as a specific target group, the PES established a partnership in 2012 for coaching to be provided by partner organisations to VLTU aged 45 years and above.

A small number of Peer Countries report that they have carried out special plans or pilot projects for LTU in recent years, in response to the economic crisis. In Denmark, the political focus on LTU increased as the duration of the unemployment benefit was shortened to 2 years and some LTU were at risk of losing their income support. From June 2012 to June 2013, the government implemented and funded a special service for the LTU who are members of unemployment insurance funds and had less than 6 months of unemployment benefit eligibility. The services offered included **individual counselling sessions** by personal job counsellors and a **fast track to job training or internships**. Employers were entitled to a bonus when hiring among this group. After this national measure ended, the Jobcentre in Copenhagen continued to fund a special LTU service package (lasting until 2016) focusing on the low-skilled and people with a university degree. The services offered include **more frequent counselling sessions** by job counsellors and participation in additional ALMPs.

The French PES has implemented two national action plans dedicated to LTU in 2011 and 2012 (the latter with a focus on VLTU).

PES also provide **services via various innovative channels**, such as collective counselling and PES services for LTU in remote places. Special information days for the LTU are organised by the PES in Latvia on a weekly basis, to present services and measures available and offer support for job search. In Bulgaria, in order to facilitate access from remote settlements, employment services have been offered via mobile PES units and remote workplaces since June 2006. A team from the labour office visits the remote workplace at least once a month based on an agreement between the mayor of the relevant municipality and the director of the local labour office. By the end of 2013, 494 remote workplaces had been set up within 74 labour offices in 152 municipalities. This expansion is set to continue in 2014. Collective counselling is also used in various countries to support the LTU, for example in Bulgaria, Slovakia or Portugal. In Portugal, some services aimed to overcome personal employability deficits are delivered via group interventions, focusing on motivational promotion, promotion of self-esteem (via group) and development of personal and social skills.

On the basis of available evidence, specific strategies for young people in LTU are not widespread across the PES participating in the Peer Review but the implementation of the **Youth Guarantee could change this**. The design and implementation of the Youth Guarantee is expected to impact on PES services for young people, including the LTU. Currently, as a general rule, young people in LTU can access services accessible to older LTU described above. Examples of services that young people in LTU can access include 'information days' in Latvia, 'special programmes' offering flexible support in Poland who also target those under 30, or in-depth diagnosis for the LTU in Bulgaria; in the UK, young unemployed people are referred to the Work Programme after nine months and can be referred for guidance to the National Careers Service.

Most PES have a specific service offer for young people, but overall PES do not distinguish between general services for young jobseekers and services specifically for LTU youths. It is worth noting that the definition of the 'youth' target group itself also differs across countries. Some PES have interventions targeting very young NEETs, such as young people under the age of 21 in Austria; other PES offer programmes supporting young people until the age of 30 (e.g. Poland).

Services targeting highly skilled youth LTU are not common. The only example found across the Peer Countries is the support provided in Denmark at the Copenhagen jobcentre to LTU with university qualifications.

3.3 PES staffing concepts for LTU

According to Peer Country papers, **few PES or jobcentres have in-house counsellors specialised in supporting the LTU**, and in that case, they generally focus on a given target group with high risk of LTU.

- The jobcentre in Copenhagen, *Denmark*, works **with teams of specialised counsellors** for LTU who support either LTU unskilled individuals or university graduates. However, the skills required are not much different than the skills required for other counsellors (no prior experience with the LTU group is required to obtain work in these teams).
- In *Austria*, the PES office in Vienna has **specific counsellors in charge of supporting LTU persons with a mental or physical handicap**.
- In *Bulgaria*, in addition to 'generalist' PES counsellors, some specialised counsellors are in charge of supporting unemployed of **Roma** origin and encouraging inactive Roma to register at the PES.

A number of countries have **specific advisors dealing with young people** (including those in LTU) such as *France, Croatia, Germany, Austria* and *Denmark*. For example in *France*, the work of youth advisors takes place as part of a "reinforced support" programme which ends in July 2014; however Pôle emploi considers making it a lasting feature. In *Denmark*, services to young unemployed without university qualifications are handled by a special youth jobcentre.

Specialised PES staff working with Roma in Bulgaria

In Bulgaria, 76 ethnic minority PES counsellors in 64 labour offices are involved in the implementation of the National Programme "Activate inactive persons", started in 2008. The employment counsellors conduct information campaigns, individual and group meetings with inactive persons and meetings with social partners, NGOs and employers' organisations. In 2013 the programme was expanded: an additional 33 psychologists and 10 case-managers were hired in the regional labour offices to support the programme. As a result of the work of the Roma employment counsellors, by the end of December 2013, close to 13,000 additional Roma persons registered at the local labour offices, among which 3,400 had found jobs (mostly in subsidised employment),

A trend observed in other PES is the **specialisation of in-house counsellors that deal with customers at a distance to the labour market**, a category that includes LTU as well as other profiles. Counsellors in charge of less employable groups **generally have a smaller caseload** than 'generalist' counsellors:

- In *France*, counsellors are specialised by the level of intensity of support they provide (follow-up, guided support and reinforced support). Counsellors supporting those furthest from the labour market (including LTU) support about 70 persons each. The number of counsellors dedicated to reinforced support is expected to rise.
- In *Germany*, part of in-house counsellors act as general 'integration specialists' while other 'employment-oriented case managers' offer strengthened support to jobseekers

with multiple placement obstacles and therefore decide which measures are best suited for each person. Case managers support about 75 customers each and receive special training. Every jobcentre is responsible for defining its organisational structure including the number of case managers.

- In *Estonia*, job mediation consultants serve from 200 to 300 clients while case managers serve 100 to 150 clients.
- In *Poland*, the 'client advisor function' was created in light of the new focus in supporting jobseekers 'in a special situation on the labour market', including the LTU.
- Similarly, the *Croatian* PES is planning to introduce 'employment preparation counsellors' for the less employable groups who will conduct individual counselling and support for defining an individual action plan.

Countries where there is currently no distinction between counsellors dealing with the long-term unemployed and other groups include *Belgium* (where all counsellors can work with all unemployed to offer the whole panel of services provided by Actiris), *Latvia*, *Portugal* and *Slovakia*. This means than counsellors have the same caseload, regardless of the proportion of LTU among their clients.

Overall, LTU are required to meet more frequently with their counsellors. The minimum frequency of meetings can vary between one and two months among Peer Countries that have put in place minimum requirements applicable to the LTU. However, in practice the frequency of meetings depends on the needs of each customer and/or the capacity and workload of their counsellors.

Table 3-1 Frequency of meetings between LTU and their counsellors

Austria	For 'guidance clients' (those with stronger needs for support): at least once a month
Belgium/Actiris	Can vary depending on individual characteristics/needs
Bulgaria	Can vary depending on the implementation steps in the individual plan
Croatia	At least once every four weeks, but more frequent if needed (e.g. weekly basis)
Denmark/Copenhagen	Can vary between once a week and once a month
Estonia	At least once in 30 days (all registered unemployed), can be more frequent
France	Can vary depending on individual characteristics/needs and on the room of manoeuvre given to counsellors
Germany	Can vary depending on individual characteristics/needs
Latvia	For all PES customers (not LTU): usually every 1.5 to 2 months
Portugal	For customers that are 'not labour market ready': at least once every 45 days
Slovakia	According to the Act on Employment services adopted in May 2013: If unemployment spell >9 months: once a month (recommended); for LTU >12 months: at least once in 2 months (compulsory)

Note: Information not provided in the Peer and Host country papers from the Czech Republic, Italy and Poland; in the UK, the frequency of meeting depends on the private providers.

3.4 Successful PES services for integration of the long-term unemployed

Existing policy reviews have stressed the value of swift, intensive and tailored support to prevent flows into LTU and break unemployment spells.

- According to a report produced as part of the Mutual Learning Programme, **early identification/intervention** and better **targeting** of measures via individual action plans helps to improve the effectiveness of activation measures and prevent flows into stigmatising LTU⁶. As a general rule, the more distant the jobseeker is from the labour market, the more s/he can benefit from individualised approaches, as well as accompanying measures such as follow-up; however, a key prerequisite is a **reasonable caseload** for PES counsellors.
- The thematic review of the European Employment Observatory on policies to address LTU (2012), also stressed the role of **profiling initiatives** to support the systematic identification of jobseekers with the highest risk of falling into LTU and enable the appropriate types, levels and timing of assistance to be deployed at an early stage⁷.
- Offering **individualised approaches** to support the LTU is also one of the key recommendations from an OECD LEED programme report on supporting the vulnerable LTU, published in 2013⁸. According to this report, successful interventions that can be labelled as '**person-centred approaches**' are characterised by:
 - Individualised approaches providing continuity of support and the right support at the right time.
 - Holistic interventions rather than focusing on only one aspect of employability.
 - High quality personal advisors able to support an individual's needs; having a single person as a contact to act as coach/mentor contributes to building client confidence and establishing a positive relationship.
 - Early assessment and improvement of basic skills.
 - Continuity of training both in and out of employment.
 - Support for job search activity.
 - Having a long-term approach to the provision of in-work support.

Evidence from the Host and Peer countries confirms that the most successful services include 'person-centred' approaches who rely on the provision of tailored and intensive counselling, as well as services that contribute to re-motivating the LTU.

Intensified support brings positive results. As well as being tailored to individual needs, support to the LTU should be intensive, with frequent counselling sessions with the same counsellor.

- The Peer Country paper from Denmark suggests that according to empirical research, the use of education and training courses for the LTU have limited impacts, therefore the main focus is on counselling and other forms of activation. At the Jobcentre Copenhagen, **frequent counselling sessions for the LTU (provided by the same counsellor)** have shown positive results in terms of motivation for the LTU and rates of re-employment. Another approach used at the Jobcentre in Copenhagen is the mandatory self-evaluation of labour market readiness of registered jobseekers (based on 5-6 questions each with multiple answers) to tailor support.
- In Germany, **employment-oriented case management helps people with multiple placement obstacles** to achieve progress towards integration. Key success factors are the low counsellor/customer support ratio (approx. 1:75), the training and

⁶ Duell N. (2012) Can active labour market programmes reduce long-term unemployment? Paper prepared for the Thematic Review Seminar on "Tackling long-term unemployment - effective strategies and tools to address long-term unemployment" (2012).

⁷ European Commission (2012) EEO Thematic Review on long-term unemployment

⁸ OECD (2013) Tackling Long-Term Unemployment Amongst Vulnerable Groups

certification of case managers, the early identification of customers, the voluntary participation and the implementation tailored to the local context.

- The Peer Country Paper from Austria noted that experiences from the German and Danish PES in providing intensive support and reducing the caseload for counsellors, had inspired the development of pilot projects to support the LTU.

PES also use intensive support to help individuals overcome their multiple placement obstacles, for instance:

- In Poland, 'special programmes' (consisting of more flexible and intense support) have led to high re-employment rates for different categories of unemployed including hard-to-place and LTU. In 2012, the rate of transition to employment after 3 months was of 77.8% for young people unemployed aged under 30 and 79.4% for those aged 50 and above.
- In Latvia, a pilot project called 'Intensified action plan' for LTU, carried out between March and November 2013 supported about 2800 beneficiaries, among which about 40% of participants found employment (including self-employment). The pilot project contributed to improve and evaluate the efficiency of the individualised approaches and to determine the most effective methods for working with the LTU. According to the counsellors, the most efficient activities are jobsearch diaries and cooperation with the social services and with employers.

PES counselling services that aim to increase the motivation of LTU can make a difference for those who have lost contact with the labour market and lack the personal behaviour and social skills ('life skills') required.

The LTU require holistic, multidisciplinary approaches to address the multiple obstacles they face in their integration in the labour market. A number of PES have included **personal development activities as part of activation approaches** to help LTU customers recover their self-esteem, lost skills and habits before their can start a proper job search.

- For example in Portugal, different type of services focused on personal development and motivation have been introduced to address employability problems linked to personal attitudes and behaviours. These interventions are developed in group sessions of about 12 participants.
- In Belgium, 'Jobtraining' is an outsourced service which targets older LTU far from the labour market. It considers the person in a holistic way (considering health, personal issues, housing issues, etc.). Support can be provided during long periods (between 12 to 18 months, exceptionally up to 3 years) and consists of a workshop with a coordinator and a counsellor that participants have to attend regularly. In this workshop, participants learn how to settle back into a normal rhythm of activity and how to redevelop their social, communication and technical skills. Once the main personal obstacles are lifted, participants receive the support of a job-coach supporting their matching with employers.

Achieving gradual integration into the labour market requires support to be provided for long periods. In addition, follow up services must also be provided after the integration into the labour market in order to improve the sustainability of outcomes.

For young people, specific coaching services help to put people 'back on track':

- In Austria, the AMS Vienna has an office dedicated to the young unemployed (AMS Jugendliche)⁹, who receive support from specially trained 'youth counsellors'.

⁹ More details on this practice can be found in the material prepared for the March 2011 PES to PES Vienna Peer Review on 'Youth Guarantees: PESs approaches and measures for low skilled young people', see: <http://ec.europa.eu/social/main.jsp?langId=en&catId=105&newsId=1009&furtherNews=yes>

- In France, from the end of 2011 until 2014, the PES Pôle emploi is implementing a reinforced support plan (funded by social partners) for 50 000 young people (initial target) who have recurrent problems in accessing sustainable employment. On average, the beneficiaries had been registered as unemployed for 14 months over the last three years. The scheme targets young people with a low to medium level of educational achievement and who have repeated problems to access sustainable employment. The reinforced support includes a 6-month individual coaching by in-house counsellors (which can be renewed for 6 more months in case of a short-time return to work), including at least one weekly contact and in-work follow-up support to ensure sustainable integration. The support is provided by dedicated counsellors whose caseloads do not exceed 50 young people. Since November 2011, 59 000 young people have been supported. An evaluation on the first year of implementation of the scheme (based on 28 500 participants from November 2011 until July 2012) shows better results than for comparable programmes or outsourced support: with 65% of the participants in employment at the end of the scheme and an additional 6% in education and training.

Table 3-2 The service concept for LTU: an overview of the situation in the Host and Peer Countries

Country	Systematic profiling and customer segmentation based on individual needs	Specific services exclusively for LTU (on top of other measures)	In-house counsellors specialised in dealing with less employable customers	Details on the approach and specific groups targeted
Austria	✓	✓	✓	Case management for the hard-to-place (in cooperation with partners)
Belgium/Actiris		✓		Specific focus on youth and 45+ LTU (outsourced services)
Bulgaria	✓		✓	Specific focus on Roma
Croatia			✓	Individual action plan, intensity of support can increase over time
Czech Republic				No specific approach for the LTU, but individual action plans mandatory 5 months after registration
Denmark /Copenhagen	✓	✓	✓	Local initiative focusing on low-skilled and tertiary graduates in LTU
Estonia	✓			Case management for the hard-to-place
France	✓		✓	Strengthened support for those at risk
Germany	✓		✓	Case management for the hard-to-place
Latvia	✓			Individual action plans, LTU is one of the priority target groups
Poland	✓		✓	'Special programmes' for the hard-to-place
Portugal	✓			New profiling system; Personal Employment Plans
Slovakia				More frequent/intense support for the LTU, but individual action plans are not mandatory
UK	✓	✓		Services for the LTU are outsourced

Note: Italy not included as the situation differs between different regional PES. In France, although there are no specific services exclusively for the LU, national plans dedicated to LTU have been implemented.

4. PES ALMP measures to support the integration of the LTU

As stressed in the contributions submitted by Host and Peer Countries, the LTU can access a wide range of ALMPs, in their majority being offered by the PES.

Nearly all countries considered to have some measures in place which focus specifically on the LTU and/or on hard-to-place customers more generally, who may be either in LTU or at risk of falling into this category. In the Czech Republic however, none of the PES measures described in the Peer Country Paper focus exclusively on LTU, but in practice the LTU can be the main users of some ALMPs. The LTU can also be given priority over other groups to access 'standard' measures.

The following table provides an overview of the measures viewed as successful by the PES with some information on their outputs and outcomes. Almost all the countries participating in this Peer Review have some evidence of impact to report on.

Table 4-1 Successful measures reported by the PES leading to the integration of LTU (with evidence of impact)

Country	Title and type of measure	Details on specific groups targeted and results the results
Austria	Social-economic work agencies (work placements)	16,644 participants in 2012: rate of reemployment after 3 months in the open labour market: 25,31%.
Belgium/Actiris	Jobtraining (training and counselling)	Targets older LTU. 50 % of the participants have found a job, a training or a place in a specific new group guidance (2012).
Bulgaria	"Support for Employment" Scheme (wage subsidies and mentoring)	Does not only target the LTU. Since the start of the project in 2012, over 25 000 persons were included in employment, 6 178 of them were LTU. 50% of participants are recruited by private sector employers.
Croatia	On-the job training (vocational training at the employers' premises)	Only monitoring data available. 19,321 participants (young people) in 2013.
Czech Republic	"Work without barriers"	Includes diagnostics, individual counselling, motivational training, functional and financial literacy and professional retraining courses by contracted providers. Up to 31 December 2013: 702 participants supported, 350 people succeeded to find work.
Estonia	Coaching for working life (training)	Internal evaluation (EUIF, 2012). 28% of participants enter employment within a year after finishing this measure, 50% of the participants enter some other active measure within a year after completing the programme.
France	Reinforced support for young people who have repeated problems to access sustainable employment (counselling)	Service evaluated by an independent institute. Better results compared to other internal or subcontracted reinforced supports in terms of accessing sustainable employment (65% in work at the end of the scheme against 48.5% for a similar internal service and 43.8% for an outsourced support).
Germany	"Erstausbildung junger Erwachsener" (initial vocational training of young adults)	No monitoring data available so far. In planning: customer survey and employee survey to monitor soft impacts.
Latvia	"Measure for unemployed representing disadvantaged groups" (State subsidised jobs)	1281 of LTU participants involved; 83.1% found a job in the open labour market within the period of 6 months after participation.
Poland	Special programmes (SP, mix of measures)	Reemployment rates after 3 months period of 77.8%, for the SP addressed to unemployed aged under 30 and 79.4% for the SP addressed to unemployed 50 plus (2012)
Slovakia	Youth Employment Initiatives (wage subsidy)	Only quantitative assessment of outputs available: until 30 of November 2013, 11,635 new job positions were created (budget: 70 million EUR).

Source: Host and Peer country papers. Information not available for Italy; no measures were formally evaluated at Jobcentre Copenhagen. In the UK, successful measures for the LTU cannot be identified by the PES as they are not delivered in-house but by private providers.

As discussed during previous Peer Reviews within the PES-to-PES dialogue programme¹⁰, the **PES often use – and combine – two different types of measures to support their customers, namely ‘train first’ and ‘work-first’ approaches**, depending on the needs and characteristics of each individual. These two approaches are also used for the LTU.

Depending on how far each LTU is from the labour market, there is a number of stages in the journey of an LTU to cover this distance to the labour market that merit a train-first approach for those furthest away from the labour market, or a work-first approach for those closer to the labour market. This can include a need for strengthening life skills or basic skills and coaching for working life, to be followed by workplace oriented training, vocational training and job search assistance.

Importantly, empirical evidence of the impacts of different measures is quite limited – this is partly due to the fact that some of the measures described by the PES are fairly recent, but also reveals a lack of systematic evaluation of ALMPs.

4.1 ‘Train-first’ approaches

Training and re-training are used for different profiles of registered unemployed and not only for the LTU. This results in a great variety of training measures in use across PES in terms of scope, focus and intensity.

The rationale for using training or ‘train-first’ approaches to support the LTU is to address all kinds of skills gaps the LTU may be suffering from. Training approaches can focus on developing the beneficiaries’ life skills, their basic skills, their job search skills, and other training or retraining on vocational skills, before the actual job search and matching with employers can take place. Classroom-based learning can be combined with practical experience and workplace learning, and/or followed by a placement with an employer.

Table 4-2 Examples of ‘train-first’ measures used to support the LTU

PES/partners	Focus	Name of the measure and brief description
Bulgaria	LTU + wider groups	“Development” Scheme (2009-2014): vocational training in areas request by employers, followed by subsidised employment for 9-12 months.
Croatia	LTU + wider groups (first-time jobseekers, persons older than 50, persons with disabilities, etc.	Training targets LTU for whom a need for training had been established during regular sessions with counsellors.
Czech Republic	LTU + wider groups (over 10,000 LTU beneficiaries in 2013)	Retraining to acquire a new qualification or improve qualification levels, supported by an allowance.
Estonia	LTU + people without prior working experience	‘Coaching for working life’: motivational group counselling, training in job search skills, trying out practical work/tasks.
Poland	LTU + hard to place unemployed	Training (improving vocational or general skills and qualifications active job-seeking) of minimum 25 hours a week, for 6 to 24 months.

¹⁰ See the Peer Review on ‘PES approaches for low-skilled adults and young people: work first or train first?’ held in Lithuania in June 2013; <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1913&furtherNews=yes>

According to existing policy reviews, national evaluations carried out on the impact of training measures show mixed results on the employment outcomes of LTU especially in the short-term. The EEO LTU Review 2012 suggests that these types of measures are likely to work best as part of an integrated approach, i.e. in combination with other measures. According to Duell (2012), based on available evidence, results of training measures tend to be positive in the medium or long-term. Better results are obtained when the training is well tailored to the jobseeker’s potential and employers’ skills needs and when it leads to the acquisition of formal qualifications.

‘Train-first’ approaches can include ‘motivational training’, which also covers soft skills, for those furthest from the labour market.

For instance in Estonia the PES has offered this form of ‘training’ (differing from regular training courses) since 2011 via an external provider. It prepares participants to get back to the labour market by improve their self-efficacy, motivation, learn how to better cope with negative emotions, etc. Another type of motivational training called ‘coaching for working life’ started in 2006 and is implemented by external partners. Training is full-time and can last up to six months, but usually is organised for 2-3 months. Participants get theoretical knowledge and practical working experience. The purpose is to help participants develop time management skills, job search and practical work skills, to increase self-motivation and readiness to work in a group. 28% of participants in this measure enter employment within a year after finishing this measure while 50% continue their preparation by enrolling into another ALMP.

Contributions from Peer Countries also report that work-oriented **training should be relevant and tailored to local needs**. Training should only be used when considered as necessary for LTU customers (depending on their profile) and respond to a need from employers. As emphasised for instance in the UK Peer Country paper, “training schemes which simply serve to keep people off registers with no proof of return on sometimes long term investment in terms of employment outcomes present poor value for money”.

Table 4-3 Train-first approaches

<p>Strengths</p> <p>Help develop or maintain/improve life skills and soft skills.</p> <p>Address skills obsolescence (technical skills) and prepare the LTU for redeployment towards new occupations/sectors.</p>	<p>‘Do’ (success factors)</p> <p>Vocational training should be relevant to (local) labour market needs.</p> <p>Training should be combined with other measures, practical experience.</p>
<p>Weaknesses</p> <p>Long training period can have “parking” effects.</p> <p>Low immediate impact on employment outcomes if not associated with placement.</p>	<p>‘Don’t’</p> <p>Systematic use of training for all LTUs (not combined with other measures) is neither efficient nor cost-effective.</p>

4.2 ‘Work-first’ approaches/ creating job opportunities for the LTU

This category of approaches includes incentives for employers to hire LTU, activation allowances for LTU taking up a job as well as public works and ‘sheltered’ work opportunities.

4.2.1 Incentives for employers to hire LTU

Wage subsidies and reductions in social security contributions are very commonly used for LTU and more generally for hard-to-place unemployed. The purpose of this type of measure

is to reward employers for hiring from specific groups and to provide a compensation for the reduced productivity of the new hire for a limited period of time¹¹.

Measures used by PES include:

- **wage subsidies** (Bulgaria, Croatia, Germany, Estonia, France, UK);
- **bonus for hiring LTU** (Austria, Denmark, Germany);
- **reductions in social security contributions** (Bulgaria, Italy); and/or
- **training cost subsidies** (Estonia, France, Latvia).

In most cases, these incentives are not exclusively designed to benefit LTU. However, for the LTU, such incentives may be increased or provided for longer periods than for other target groups, as described in the table below.

¹¹ This approach is also largely used to support the labour market integration of young people with limited work experience.

Table 4-4 Examples of wage subsidies used to support the LTU

Country	Target group	Name of the measure and brief description
Bulgaria	LTU	Incentives for the employers to place LTU registered at the labour offices for over 12 months (subsidies covering social insurance costs for 6 months).
Bulgaria	Young people under the age of 29 (can include LTU)	Since January 2013, the PES offers incentives for employers to place young people aged under 29 who have been registered at the labour offices for over 12 months in part-time jobs. Employers get wage subsidies for 6 months, but pay social insurance.
Croatia	LTU + other disadvantaged unemployed (first-time jobseekers, 50 +, pwd etc.)	Wage subsidies of up to 50 % of the eligible costs for a maximum period of 12 months (exceptionally for longer duration).
Estonia	LTU + offenders	Wage subsidies of up to 50% of the salary (capped at 320 euros in 2013) for some contracts: Open-ended contracts: the subsidy lasts 6 months; Fixed-term contract of at least 6 months: the subsidies lasts for half of the total duration of the contract, up to six months
France	LTU + other disadvantaged unemployed, priority to LTU and VLTU (18 months) with social and vocational problems	Contrat Initiative Emploi (Employment Initiative Contract): subsidised work contract (minimum 6 months) with counselling (dedicated supervisor and mentor), vocational support and training; the level of the subsidy depends on whether the employer belongs to the profit- or to the non-profit sector.
Germany	LTU	<i>Perspektiven in Betrieben</i> (Perspectives in Companies) - Pilot project in two federal states to place LTU into private enterprises with special integration subsidies and coaching of both the employee and the employer.
Latvia	LTU + other disadvantaged unemployed	'Measures for unemployed representing disadvantaged groups' – subsidised jobs with private sector employers (except health and education institutions), self-employed persons, societies or foundations (except political parties).
Slovakia	LTU	From May 2013: subsidy of up to 80% of total wage costs to support employment of LTU in municipalities, (limited to 45% of national average wage) for 9 months. 2,200 LTU supported during 2013.
Slovakia	Young people (under 29), registered as unemployed for more than 3 months	'Youth Employment Initiative' (launched at the end of 2012) - wage subsidy for employers, whereby 90% of the wage is subsidised (up to 456,54 EUR) for 12 months, the employer must maintain the job for another 6 months. In practice this measure has supported many young LTU (11,500 youth unemployed used the measure, with 13.65 months average duration of unemployment).
UK	Young unemployed	Youth Contract – hiring subsidy for employers of £2,275 (Euro 2,730) to recruit a young person.

PES in the Host and Peer Countries report that granting financial support to employers who hire LTUs is considered as necessary, despite the potential risk of deadweight effects due to the difficulties for LTU to compete with other groups of more employable jobseekers. As was also discussed in a recent Peer Review (2013)¹², subsidised work placements can offer valuable work experience to improve the chances of re-entering the labour market. Co-payment from employers and differing or decreasing levels of subsidies according to the competences of the participants may help to reduce the level of deadweight.

Evidence from the Peer Country papers suggests that wage subsidies can have a positive effect on the employment prospects of LTU, especially young LTU.

In Latvia for example, the small-scale programme 'Workplace for youth' (2012 -2014) which targets the unemployed aged 18 to 24 has also supported integration into the private sector of LTU youth. While working at the employer and being under their supervision, participants develops job skills and competences and gain work experience. 80.7% of all LTU participants found a permanent job in the open labour market after they completed subsidised employment. Subsidised jobs are also offered to older age groups as part of the measures for unemployed representing disadvantaged groups (2008 -2014) that do not only target the LTU- but almost all participants so far were LTU. 83.1% of LTU participants found a job in the open labour market within a period of 6 months after participation. Key preconditions are to motivate employers to participate and submit applications, despite the complexity of the process. This suggests that the impact of these measures is also closely linked to the development of cooperation with employers.

However, other experiences show a mixed impact of incentive measures for employers to recruit other LTU. Denmark (PES Copenhagen) reports that from June 2012 to May 2013, the Danish government offered all non-governmental employers a monetary bonus for hiring a LTU in risk of exhausting their unemployment benefit. However, for private sector employers, the bonus was too small to warrant the hiring of LTU candidates over other (and perhaps more qualified) candidates. As a result, this measure only contributed to support the reintegration of few LTUs into employment.

Table 4-5 Do's and Don'ts of wage subsidies

<p>Strengths</p> <p>Support the recruitment of specific groups - incentivise employers to hire LTU (compensation for reduced productivity for a limited period of time).</p>	<p>'Do' (success factors)</p> <p>The PES must be able to meet employer requirements concerning contract duration.</p> <p>Subsidies must be combined with other measures (counselling, coaching, etc.).</p> <p>Subsidies should focus on the hardest to place to limit deadweight effects.</p> <p>The subsidy levels must be adequate and proportionate.</p>
<p>Weaknesses</p> <p>Crowding effects on regular employment.</p> <p>Risk of deadweight if not well targeted.</p> <p>Risk of dependency from employers on subsidies.</p>	<p>'Don't'</p> <p>Lack on follow-up by the PES (in-work support).</p> <p>Too high level of incentives (deadweight) or too low (not sufficiently attractive for employers).</p>

¹² See the conclusions of the Peer Review on 'PES approaches for low-skilled adults and young people: work first or train first?' held in Lithuania in June 2013; <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1913&furtherNews=yes>



4.2.2 Incentives for the LTU to take up a job

A few PES are providing 'activation allowances' to the LTU to encourage them to take up a job, in order to avoid the risk of LTU falling into benefit traps.

For example in Austria, the PES offers an allowance of between EUR 150-300 per month to the LTU who start a new job (on top of their wage). This is applicable for wages between EUR 650.01 and EUR 1 700. In Portugal, incentives apply for those unemployed for at least 6 months who take up a job, and decrease over time. In Belgium/Actiris, the "Activa" scheme targeting the LTU as well as other disadvantaged unemployed combines reductions of employers' social security contributions to encourage hiring with a working allowance for the unemployed person who takes up a job.

However, the Peer Countries papers do not contain evidence on the measured impacts of activation allowances.

4.2.3 Offering public work or sheltered work opportunities to the hardest to place

Many countries use public work schemes or sheltered work opportunities, to assist with the social and labour market integration of LTU. However, evidence on the effectiveness of such measures for the ultimate labour market integration of participants is mixed. While recognising that such secondary labour market measures are often used, it is not the aim of this Peer Review to discuss such measures in detail.

Some countries, such as France and Austria, use subsidised work placements in 'sheltered' environments' in the non-profit sector and 'socio-economic employment companies' respectively to help LTU to sustain their work habits. Many PES use public works as part of their regular offer of ALMP and/or to support the LTU (for instance Czech Republic, Slovakia, Poland and Portugal). The objective of public works schemes is twofold: sustain the social integration of participants and support their reintegration into employment.

Table 4-6 Examples of subsidised work placements in the non-profit sector and public works of special relevance for the LTU

Country	Target groups	Name of the measure and brief description
Austria	LTU	Sozialökonomischer Betrieb (SÖB), Socio-economic company offering protected, temporary jobs in specific social-economic companies (operating under market conditions). The SÖB also include social-economic work agencies offering non-for-profit services or products.
Belgium/Actiris	LTU who have not completed upper secondary education receiving benefits, jobseekers aged less than 25 unemployed for 9 months	Professional transition premium: subsidised work placement of up to 2 years (activities of public interest).
Bulgaria	LTU + other hard to place jobseekers	National Programme 'From Social Assistance to Employment': employment in the area of social activities for LTU in full-time or part-time jobs up to one year.
Croatia	LTU + other groups (first-time jobseekers, persons older than 50, persons with disabilities, etc.	Public works: community-work based, non-profit, short-term jobs (subsidies ranging from 50 to 100% of gross salary)
France (Pôle emploi and specialised organisations)	LTU + other hard to place jobseekers LTU(55% of LTU participants in 2011)	Integration Through Economic Activity: three-part agreement (work contract) between the jobseeker, Pôle emploi and a specialised organisation who host and supports the jobseeker (and receives a subsidy). Support for up to 24 months, tailored to the individual's needs and abilities.
Poland (Poviat labour offices, in cooperation with social welfare institutions and NGOs)	LTU + other hard to place jobseekers	Activation and Integration Programme (Public works).
Portugal	LTU + other hard to place jobseekers	Employment Integration Contract: socially necessary work in public or private non-profit entities, for a maximum period of 12 months.
Slovakia	LTU and low-skilled older jobseekers	Incentive to support local and regional employment in municipalities. Wage subsidy allowance is paid up to 80% of total wage costs (capped to 634.34 EUR) to the municipality for 9 months. In 2013: 2,200 LTU participants supported.

Available evidence collected outside this review suggests this type of measures is only effective in supporting the LTU's return to the labour market under certain conditions. **Programmes should be preferably small-scale, well targeted to disadvantaged groups and include a training component.**

Evaluations generally stress that large-scale public works programmes are less effective in reintegrating the LTU into the labour market, due to large deadweight, substitution and displacement effects. They can also have a **stigmatising** impact on skilled and high-skilled individuals. However, they contribute to offer a safety net for some disadvantaged groups and may also be needed for social reasons: 'their implementation can nevertheless be desirable in a context of high unemployment and weak labour demand as it allows for redistributing job opportunities among the unemployed and break-up unemployment spells; it thus may reduce the long-term social costs of long-term unemployment' (Duell, 2012).

Limited evidence is available from the Peer and Host Country papers on the sustainability of the results obtained for participants in public works programmes. Latvia's experience is that the Public Works programme had a positive effect on the participants' job search-related skills and efforts and also acted as a safety-net, helping vulnerable people to cope with hard times in the short term. However, evidence of longer-term impacts is mixed¹³.

Measures that aim to offer work experience in a sheltered **working environment that is similar to the 'open' labour market** in the social sector and in social enterprises is more likely to yield promising results.

For instance the Austrian PES reports that, social-economic work agencies (since 2001) are used as the most important instrument for the integration of disadvantaged jobseekers on the labour market in Vienna. The objective of this measure is to prepare the LTU to work in **real labour market** conditions after a period of preparatory training. Social-economic work agencies cooperate with private enterprises to which they 'lease' workers and who can hire them directly at a later stage. In 2012, over 16 500 LTU participated and over a quarter of them found employment after 3 months.

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 includes 'bridging strategies' after the completion of the scheme (provision of counselling, advice for job search, other experiences in the private sector, etc).

Table 4-7 Subsidised work placements in a protected environment and public work schemes

<p>Strengths Create direct employment for the LTU, as well as an opportunity to integrate in society. Help to sustain the work habits of LTU, maintain or update their skills. Act as a safety net when benefit eligibility expires.</p>	<p>'Do' (success factors) Aim at gradual integration into the open labour market. Appropriate targeting. Strong monitoring/evaluation. Combine with training and other support.</p>
<p>Weaknesses Risk of parking effects and lock-in effects, preventing the participants from taking up regular employment. Lack of progression opportunities.</p>	<p>'Don't' Use as a standard measure for all LTU.</p>

¹³ Azam, M., Ferre, C., Ajwad, M., 'Did Latvia's Public Works Program Mitigate the Impact of the 2008-2010 Crisis?', The World Bank, July 2012.

5. Service partnerships to support the integration of LTU

As indicated in the background note for this Peer Review, 'a **multi-dimensional approach** is more successful with hard to place jobseekers. To effectively meet their specific activation and labour market integration needs, services need to be delivered through a person-centred and holistic approach that identifies both individual strengths and barriers. Some PES work with partners in the health and social care sector to help address the different barriers to work that some jobseekers experience'.

The table below summarises the main partners PES work with for the reintegration of LTU.

Table 5-1 Main PES partners when working with the long-term unemployed (excluding employers)

Country	Municipalities, youth services, family services, other social services	Education and training providers	Career guidance services (if not in PES)	Health and social insurance institutions	Contracted providers	Other NGOs and / or social partners (listed)
Austria	✓	✓	✓	✓	✓	Federal Office for Social Affairs; Chamber of Labour; Employers' and employees' representative organisations
Belgium Actiris						Non-profit organisations
Bulgaria	✓	✓		✓		Various working groups for interagency cooperation, such as the National Agency for Vocational Education and Training (NAVET); Employers' and employees' representative organisations
Croatia	✓	✓	✓		✓	Specialised NGOs and cooperatives providing psycho-social support for ex drug addicts
Czech Republic	✓	✓		✓	✓	
Denmark Copenhagen	✓	✓		✓	✓	
Estonia	✓	✓	✓	✓		NGOs specialised in working with LTU, people with disabilities and other specialised target groups
France	✓		✓	✓	✓	Local social welfare organisations; Social enterprises; Integration associations and agencies
Germany	✓	✓		✓	✓	Charitable organisations; Diplomatic and consular missions
Italy	✓			✓		Details of the partnerships differ from one locality to another

Country	Municipalities, youth services, family services, other social services	Education and training providers	Career guidance services (if not in PES)	Health and social insurance institutions	Contracted providers	Other NGOs and / or social partners (listed)
Latvia	✓	✓		✓		Associations and foundations
Poland	✓	✓	✓		✓	Social welfare institutions
Portugal	✓	✓	✓	✓		Several Associations of Immigrants, Unions and Employers; Local development associations; Private social security bodies
Slovakia	✓	✓			✓	
United Kingdom	✓	✓	✓		✓	

Given the nature of multiple barriers that the long-term unemployed face in their access to the labour market and that the long-term unemployed most often interact with social insurance agencies and the local authorities, **the most common partner of PES (encountered in all Peer Countries) in supporting the long-term unemployed are municipal and other social service agencies.**

5.1 Social services and local authorities

Municipalities, youth services, family services and other social services are the most common partners for PES, when working to support the long-term unemployed (LTU). However, the nature of this collaboration can vary significantly. This depends on the nature of the local governance processes and the tradition (or lack of tradition) in local partnership working.

In some cases, the focus of the partnership is on **data and information exchange**, as in Bulgaria where the PES exchanges information with the Social Assistance Agency (SAA) about those who are registered as unemployed. It is on this basis that they can run joint employment programmes for the LTU. The PES also shares data with the National Social Security Institute (NSSI) and the State Agency for Child Protection (SACP).

In other cases, the partnership with insurance/welfare institutions allows **health support to be offered to those who are out of work.**

- For instance, in Latvia, the 'Minnesota programme' supports those recovering from addictions.
- In France, many jobseekers are eligible to a free health check-up from their local services. This is important, as 30% of those who are LTU cite health issues as the reason.

Centralisation of services and local partnerships to deliver additional services to individuals with complex needs, serve to approach individuals with multiple complex needs in a more holistic way. Such partnerships can be either on the basis of permanent structures and partnership agreements or on the basis of shorter-term service level agreements between the PES and Municipalities.

Examples of formal partnerships can be found:

- In Germany, each jobcentre has an oversight board, with equal representation of the employment agency and respective municipal administration.
- In Bulgaria, there is a Regional Cooperation Council as well as a Committee on Employment to the Regional Development Council. There is a Cooperation Council in each region with nine members. Within this, there is one representative of the regional labour office, one from the regional branch of the Ministry of Education and Science, one from the municipality and three from representative organisations of employers and employees respectively.

In some countries, the focus of such local partnerships is on **reaching young LTU** (NEETs and early school leavers).

- In France, Pôle emploi (PES) works in close cooperation with the Missions Locales, which are public-funded specialised local agencies for youth, to train and integrate young people who lack qualifications.
- Similarly, in Poland, one of the PES partners are the 'Voluntary Labour Corps': these are local units which provide services to young people under 25 years of age and act to rehabilitate young people who have dropped out of school.

Examples of **service agreements** between the PES and municipalities with particular target groups in mind include:

- In France, a new form of support called 'global support' (*Accompagnement global*) is being progressively implemented by Pôle emploi from January 2014 on. Although it is not dedicated to LTU, it aims to prevent LTU for jobseekers experiencing barriers to work because of social and vocational problems. Resolving these issues relies on the joint support by a counsellor from Pôle emploi and a social worker provided by the local Departmental Council. Two agreements have been signed so far.

- In the UK, there is an ESF-supported 'Families programme', which aims to help families that face multiple and particular disadvantages in accessing the labour market. Depending on the case, the PES sets up multi-disciplinary teams with some or all of these partners (municipalities, youth services, family services and other social services). In doing so, it aims to provide holistic, individualised support.
- In Latvia, there are 119 service agreements between municipalities and PES, as well as an exchange of data and measures. A new pilot project "Intensified action plan for LTU" started in 2013. This service is available for LTU who have been unemployed for at least 12 months and on social benefits (paid by municipalities). This service involves mutual collaboration between the municipal social services team and the PES employment counsellor to develop an individual action plan and intensive support for job seeking (with monthly meetings with employment counsellors).
- In Portugal, the so-called 'Professional Integration Units' (GIPs) can take on specific activities to reintegrate unemployed people into the labour market. The GIPs can include municipalities, private social security bodies, schools and associations of employers, employees and immigrants. Each coalition must go through an accreditation process; if successful, it performs a range of activities, which are stipulated in initial contracts with the PES. The overall aim of the GIPs is to assist the reintegration of unemployed people, including the LTU. In 2012 and 2013, there were 231 GIPs in which municipalities were represented. In exchange for these services, the PES offer technical support (training, job advertising, information exchange) and financial support (grants for renovating facilities, covering expense, etc.).

5.2 Education providers, skills development and work experience

The next most common partner for PES is education and training providers. Such partnerships are in place in 13 of the participating countries. In all cases, the partnerships aim to develop the skills of unemployed people. For instance, in the UK, the PES directs jobseekers to these providers, where they are assessed to find which employability skills and vocational qualifications they need to develop. If necessary, the providers then offer short-term, funded training placements, generally for up to 12 weeks. These training courses boost the employability of jobseekers, particularly the LTU.

5.3 Third sector organisations

The Peer Countries also mention a range of PES partnerships with social enterprises and third sector organisations, aiming to develop the skills of LTU or to offer them work experience opportunities. France reports that employers in the non-market sector appear to be more committed to contributing to the development of the social and vocational evolution in terms of integration, putting the emphasis on support and training if needed.

Peer Country examples of PES cooperation with third sector organisations include:

- In France, the IAE programme (*Insertion par l'Activité Economique*, Inclusion through Economic Activity), is targeted at those who face multiple disadvantages in entering the workforce, such as those in a poor state of health or with fewer socio-economic resources. The PES, jobseeker and partner (typically a **social enterprise** or a **NGO**) all sign an agreement. In doing so, the partner body commits to hosting the jobseeker for up to 2 years. In this time, it offers tailored support to help him/her to get back into work.
- In Belgium, Actiris works with a range of **non-profit organisations** to offer job search workshops (learning how to write CVs, prepare for interviews, assess vacancies, etc.), and tailored support for setting up a business (advice on how to write a business plan and gain the right skills). There is also intensive, more personalised support for those who face particular barriers in accessing the labour market (physical, psychological, behavioural, amongst others).

5.4 Contracted providers

Several countries outsource some of their services (as well as some measures) for LTU to private providers. In the Czech Republic, where counselling services are predominately provided in-house, the nature of services outsourced and provided in-house is quite similar. In countries such as Germany, Denmark, Austria and Estonia, the PES works with external providers to provide additional services and ALMP for LTU. In Germany for instance, the commissioning of contracted providers is targeted to specific needs on an individual basis. The services and measures contracted include training but also specific forms of counselling (e.g. addiction counselling).

In Poland, it is planned that the PES will soon reinforce the contracting-out of labour market services and measures such as job placement and training to external providers (NGOs, private sector) to support registered jobseekers who, after the profiling phase, are identified as in need of support or distant from the labour market.

The PES in Slovakia has not used external contracted providers for counselling services in the past, but is currently doing so as part of a pilot project for part of its employment services for LTU.

In France, the PES Pôle emploi can currently refer the LTU to an outsourced service, 'Pathway to Work' ('Trajectoire vers l'emploi') in place since 2012 and specifically dedicated to LTU (registered as unemployed for at least 12 months within the last 18 months). This provision is mainly individualised and lasts up to 6 months, with at least one weekly contact between the jobseeker and the counsellor. However, the Peer country paper also reports that Pôle emploi is planning to transfer by 2015 subcontracted provisions of services dedicated to those furthest from the labour market to in-house delivery, thus reallocating more internal resources towards the 'reinforced support' team.

Several PES report on successful partnerships supporting the LTU with encouraging results, as outlined in the table below.

Table 5-2 Successful partnerships supporting the long-term unemployed

Country	Date	Type of partnership	Outputs	Outcomes
Belgium	2012	Support for senior people (45 years and over) who have been searching for a job for 24 months	Career and personal assessment Support during job-search Contact with employers Guidance on professional projects	2013: 50% of participants had found a job and 25% were in training Increased confidence for jobseekers Better 'job matching'
Bulgaria	Since 2003	'From Social Assistance to Employment' National Programme (cooperation with social insurance institutions)	Work experience placements for those receiving monthly social benefits	2013: 37 820 unemployed people were helped; 18 822 of them were LTU
Czech Republic	Since August 2013	Partnership between PES and government institutions to offer work experience to graduates	<ul style="list-style-type: none"> - Temporary placements in government bodies for graduates up to 30 years old - Subsidies for wages, provided by the government institutions 	Over 600 graduates have done placements, primarily in labour office and social security administrations
Czech Republic	ESF Programing period 2007 – 2013, planned for 2014 - 2020	Outsourcing of employment services to private subcontractors	<ul style="list-style-type: none"> - Range of services outsourced, such as the selection of suitable participants, diagnosis, motivation, individual consultancy, retraining, job placement - 120 Regional Individual Projects (RIP) for target groups, including LTU - Wage and expense subsidies provided by Regional Labour Office 	2013: 6 670 jobseekers took part in Regional Individual Projects. All of them were LTU

Country	Date	Type of partnership	Outputs	Outcomes
Czech Republic	Since 2009 / 2010	Cooperation between Labour Offices and NGOs to support retraining	<ul style="list-style-type: none"> – Implementing NGOs defines scope and focus of retraining – Implementing NGOs covers retraining costs – Labour Office selects target group for retraining – 2013: cooperation around approximately 250 grant projects 	2013: 5 794 jobseekers trained through grant projects
Slovakia	2014-2016	Pilot Project outsourcing of employment services for selected LTU	<p>Through this pilot project, the PES will examine:</p> <ul style="list-style-type: none"> – The effectiveness of private agencies in providing placement services for LTU – Possible future payment-by-results models of cooperation between public and private employment services. Core services will be the individualised in-depth treatment of LTU (diagnostics, IAP, individual potential analysis, training, up-skilling, re-skilling, professional counselling) 	Expected by 2016: 7 000 participants, leading to up to 4 000 sustainable employment positions



Few PES (UK, Netherlands) use outcome-based funding, although pilots have started in some countries (Germany, Sweden). The UK stands out as a specific case among the Peer Countries, since most services for the LTU are provided by private for-profit companies as part of the 'Work Programme' introduced in 2011. According to the UK Peer Country paper, the PES manages to reintegrate over 90% of customers into work within a year after registration. For the remaining hardest-to-place clients, the externalisation of the provision to private companies is considered as the most cost-effective option. The PES only provides in-house services for LTU clients who remain unemployed having completed two years on the Work Programme.

The UK Work Programme and the externalisation of services for LTU clients (and others at risk of LTU)

Since June 2011, Private for Profit (Welfare to Work) organisations have to bid for contracts to provide re-integration services for LTU people. Each region has at least two of these prime contractors who have signed commercial contracts with the UK Ministry Department of Work and Pensions and are paid by results for re-integrating people. Payments are only made when a client has been back in work for at least six months, extra payments are made for periods of re-integration up to 18 months, payments are weighted with larger payments made for re-integrating clients with the most barriers to re-employment.

Initially, providers receive equal proportions of referrals. However where one achieves more than a certain percentage extra integrations as compared to its competitors, it will be allocated a higher proportion of cases, an extra market share, and in some instances a performance bonus above ordinary placement fees. A proportionally worse performing provider may eventually be removed from the contract.

Work Programme providers are free to design support based on individual and local need and have complete flexibility to innovate and design support that addresses the needs of the individual and local labour market. The PES does not prescribe the programmes delivered; this is described as a 'Black Box' approach.

Work Programme providers are also free to sub-contract with other organisations, often from the NGO, Voluntary Community sector, to provide specialist support. Sub-contracting arrangements are agreed between the providers, overseen within an agreed UK code of practice, the Merlin Standard.

Quantitative assessment of Work Programme provider performance is undertaken by a Ministry performance audit department. Providers must comply with nationally approved Quality of Provision Standards, e.g. amount of contact time for clients. An independent complaints system is available to customers who feel that they have not received the required level of service support.

Source: UK Peer Country Paper

6. Working with employers in the integration of LTU

As already described earlier, most countries use several financial incentives to encourage employers to hire LTU.

As already discussed during previous PES to PES Dialogue activities on PES services for employers¹⁴, several participating PES have a dedicated employer service (*Bulgaria, Germany, Denmark, Croatia, France, Austria and Portugal*) or specialised counsellors working with employers (*Bulgaria, Estonia, Austria, Portugal and Slovakia*). However, even in countries where there is a dedicated service offer for employers, **the role of specialised counsellors dealing with employers is not restricted to promoting LTU into jobs**. The LTU are just one among several other target groups (France and Austria). Specific initiatives for LTU:

- In *Bulgaria*, specialised teams of counsellors working with employers proactively initiate contact with employers and speculatively put forward LTU (and other candidates) to employers without vacancies having been announced.
- In *Germany*, a so-called 'employer service' (*Arbeitgeberservice*) is in place in most jobcentres. The types of services provided can vary across jobcentres. Some employers services attempt to place LTU persons in open positions or alternatively, try to acquire open positions from employers specifically tailored to the applicant profiles of LTU that are close to the labour market.
- In the *UK*, the employer engagement strategy aims to include more difficult to place clients in employers' selection procedures, as described in the box below.

The UK employer engagement strategy: more intensive recruitment report in exchange for accepting job-ready LTU

The UK has an employer engagement strategy where the PES will increase the level of support that they provide for employers' recruitment initiatives where the employer has agreed to consider interviewing candidates referred by the PES with a variety of work histories. The PES will sometimes agree to undertake aspects of the HR process for an employer, e.g.: aspects of recruitment administration, issuing and sifting application forms. They will then select a group of candidates for the employer to interview. These candidates will be drawn from (a) groups of clients whose CVs suggest that they provide a very good match based upon their employment record, and (b) another group drawn from clients who PES advisors have worked with and believe to be good candidates well suited for the vacancy but whose paper records are not strong. This process can ensure that more difficult to place clients can have a chance to "sell themselves" at interview when more traditional recruitment exercises might exclude them.

The UK PES has a national sales team with a specific brief to encourage employers to place vacancies with the PES. They promote specific UK employment initiatives/schemes (including those designed to assist LTU clients) as appropriate in conversations with particular employers who they deem could find these useful.

Source: UK Peer Country Paper

¹⁴ PES to PES Dialogue Conference: 'Targeted services for employers', Brussels, 11-12 March 2014 available at: <http://ec.europa.eu/social/main.jsp?catId=964>



Significantly, some PES (Estonia, France) have started to establish cooperation with large employers, specifically with the aim of improving the reintegration of LTU.

Since 2012, *Estonia's* EUIF has signed nine partnership agreements with large companies in different economic sectors. These companies provide on-the-job training and organise work-trials for jobseekers and as a result, have hired many of EUIF's clients. The EUIF's aim is to sign partnership agreements with all larger companies in the main economic sectors.

In *France*, cooperation between Pôle emploi and large companies on the subject of hard-to-fill vacancies is important in the context of a top-priority training plan set up in 2013 (100 000 training offers in 2014). A recent official report (from FACE foundation) suggests that employers should train LTU through their internal training organisations, and use apprenticeship for LTU.

Last but not least, some countries are focusing on improving internal collaboration between different PES departments, between counsellors working with jobseekers and with employers to improve the placement of LTU. For example, in Austria, a pilot project in AMS Vienna aiming at improving the cooperation between counsellors in charge of jobseekers and counsellors for companies, will start in autumn 2014. The two services will work more closely together to place LTUs into jobs supported by a wage subsidy programme and in general, to encourage employers to recruit LTU.

7. Conclusions

The section summarises the key challenges and success factors for PES, as they emerge from the comparative analysis of PES practices in working with LTU in the Host and Peer Countries. The section also outlines some key questions that merit further discussion during the Peer Review itself.

7.1 Key challenges for PES

The Host and Peer Countries point to a common challenge for PES in times of high (long-term) unemployment in needing to **'do more with less'**. It is important that the long-term costs and wider social costs of LTU are taken into account when allocating limited resources for ALMP among the PES. Services and measures for LTU must be adequately funded although PES can be tempted to focus on the easiest to place to obtain "quick wins".

PES need to ensure that spending on activation measures for the LTU remains efficient in a **difficult economic climate with limited job demand**, while avoiding deadweight, creaming and parking effects. The PES must find the right balance between train-first and work-first approaches. As reflected in some papers, supporting the LTU, especially the low-skilled, generates a tension between the main tasks of the PES as placement agencies or training agencies. For older LTU, some PES consider that retraining is not always a valid solution, since LTU involved in re-training or up-skilling still find it difficult to secure suitable employment.

High client/counsellor ratios are critical, as they impede the delivery of tailored services for the LTU in some PES. The high caseload of PES counsellors is an acute problem in countries such as Slovakia and the Czech Republic.

Another challenge for PES - linked to the issues mentioned above - is the **existence of satisfactory arrangements with external providers** that can provide quality, specialised services and measures for the LTU. In Slovakia, for instance, while the use of a payment-by-results model is expected to help relieve the burden on PES, it is acknowledged that national private employment services have limited experience in delivering the type of services required. In addition, procurement procedures themselves remain a challenge due to legal constraints.

There is also a need for **more effective collaboration within the PES, between PES services for jobseekers and PES services for employers** to help place more LTU into jobs.

Overcoming employer prejudices in recruiting LTU, is a challenge that can be countered through partnerships with employers, in the context of corporate social responsibility. Estonia for instance established cooperation with large companies that build up the interest of employers to recruit LTU.

7.2 Key success factors for sustainable activation of the long-term unemployed

Based on the experiences from PES from the Host and Peer Countries, a number of success factors can be identified in PES approaches for the activation of the LTU:

- **Intensive, tailored support offered as part individual action plans, based on the principle of mutual obligation, works best.** As not all LTUs have the same needs, a key prerequisite is the understanding of the specific situation of each customer and the individualisation of services. In *France*, the Peer Country report points out that a key lesson learnt for previous plans to address LTU was the heterogeneity of needs among LTU customers, making 'one-size-fits-all approaches' for all LTU not effective.

▪ **Employability should be increased through a gradual approach**

- The motivational and personal issues of the LTU should be tackled first, particularly in the event of complex life situations.
- Offering a work opportunity in a protected environment to LTU allows them to regain work habits, motivation to learn new skills and actively search for work. This type of approach is also valid for young people without work experience at risk of LTU.
- Offering post-placement support to those LTU who have made their way back to the labour market is also part of this gradual approach.

▪ **Measures should be geared towards (local) labour market requirements**

- Training should be used when relevant to the needs of local employers
- Granting financial support to employers who hire LTUs is considered necessary, despite the risk of deadweight, due to the difficulties that LTU face in competing with other groups of more employable jobseekers. Financial incentives should be well targeted to avoid deadweight effects as much as possible.

▪ **Further action is required on the demand side, to ensure that PES work more closely with employers** in order to raise awareness and encourage them to provide employment opportunities to LTU. Counselling services for employers, especially SMEs, can be provided to help identify and assess candidates appropriate to each company's needs, taking into account a wider pool of LTU jobseekers.

▪ **Effective governance processes of partnerships aiming to reintegrate the LTU are key.** According to various contributions from the PES, effective cooperation with other agencies, local stakeholders/municipalities in charge of social services, and networking with all other relevant stakeholders involved (private employment services, NGOs, etc.) is important to address the multiple obstacles that LTU face in their (re)integration in the economy and in society.

These key success factors as highlighted by participating PES largely confirm the conclusions from existing policy reviews, for instance from the OECD.

Recommendations from the OECD LEED report on Tackling Long-Term Unemployment Amongst Vulnerable Groups (July 2013)

The main recommendations from the OECD report concerning interventions to tackle LTU in vulnerable groups (with a focus on local approaches) are as follows:

- Understand the area and the contexts to design appropriate interventions
- Promote effective local leadership in delivering interventions supported by strategic leadership
- Target limited resources to those most in need at some distance from the labour market
- Seek sustainability and added value
- Offer person-centred support
- Make training and support work-focused and engage employers
- Provide joined-up offer that increases the visibility of the services for individuals and employers
- Develop effective partnerships on the ground
- Involve workplace representatives and trade union representatives to work as mentors
- Embrace changing public sector roles and finance mechanisms; and
- Ensure lessons are captured through evaluation and/or active dissemination and mainstreaming

ANNEX – Overview of PES intervention and responsibility for LTU

Country (PES)	Level of intervention	Responsibility for LTU
Austria/ region of Vienna	Regional	<p>AMs Vienna contracts out a large part of their services to companies and NGOs. Currently AMs Vienna supports 14 of non-profit organisation (NPOP) projects, with approx. 1,500 participants per year (annual budget in 2014: EUR 21 million)</p> <p>Outplacement activities take place during the placement period.</p> <p>No specific for LTU:</p> <p>The Municipality/City of Vienna is responsible for the social minimum benefit system. Data-transfer-link; People who get the social minimum benefit have to be registered at the PES; in the field of social work the city of Vienna has its own fund (Fond social Vienna = FSW), they contribute money/benefits, working places in workshops for mental and physical handicapped persons, close cooperation in the field of vocational schools with the apprenticeship workshop: good support for those young people to ensure that the young participants are successful in the training/apprenticeship.</p> <p>Federal Office for Social Affairs: co finances cooperation in the field of physical and mental handicapped persons.</p>
Belgium/ Brussels region	Regional	<p>Training is a shared responsibility with other stakeholders.</p> <p>Since 2012, Actiris established a partnership for coaching of LTU aged 45 years and above. 'Jobtraining' is an outsourced service which targets older LTU far from the labour market.</p>
Bulgaria	National	<p>Partnership: the focus of the partnership is on data and information exchange. The PES exchanges information with the Social Assistance Agency (SAA) about those who are registered as unemployed. It is on this basis that they can run joint employment programmes for the LTU. The PES also shares data with the National Social Security Institute (NSSI) and the State Agency for Child Protection (SACP).</p> <p>In Bulgaria, there is a Regional Cooperation Council as well as a Committee on Employment to the Regional Development Council. There is a Cooperation Council in each region with nine members. Within this, there is one representative of the regional labour office, one from the regional branch of</p>

Country (PES)	Level of intervention	Responsibility for LTU
		the Ministry of Education and Science, one from the municipality and three from representative organisations of employers and employees respectively.
Croatia	National	<p>No specific services or counsellors for LTU. Restructuring process to introduce employment preparation counsellors for less employable groups which will include the long-term unemployed.</p> <p>HR PES contracts out the training (vocational courses etc) to educational institutions. Capacity drives the contracting out</p> <p>Partnerships: referral mechanisms with social welfare and central database of the State office</p>
Czech Republic	Regional	<p>Information from the team notes: The CZ PES contracts out all of its complex programmes in the regions, which include counselling, training and placement services. These programmes are ESF funded, all provides by other providers than PES and around 12,000 LTU are targeted under these programmes.</p> <p>Agreements with municipalities on the jobs in form of Community Works.</p>
Denmark (Copenhagen)	Municipal	<p>External providers provide active labour market programs for the unemployed to participate in.</p> <p>20% of specialised courses and intensive handheld services are contracted out. Outsourcing is driven by cost.</p> <p>Each year, the Administration and Job centre in Copenhagen reviews and adjust the service concepts for the LTU, if needed.</p> <p>Partnerships (mainly at local level):</p> <p>Social Services Administration (in Copenhagen): Service provider / coordination – social services to unemployed with needs (substance abuse, housing and more). This service is offered to all unemployed in need of it. A majority of those receiving the service are LTU’s.</p> <p>Health Administration (Cph): Service provider / coordination – health care. This service is offered to all unemployed in need of it. A majority of those receiving the service are LTU’s.</p> <p>Copenhagen Business Service: Service provider – courses in entrepreneurship for university graduates. Service to all unemployed.</p>

Country (PES)	Level of intervention	Responsibility for LTU
Estonia	National	<p>Partnerships, mainly related to external training (Vocational education institutions, higher education institutions and private training providers)</p> <p>Municipalities organise and deliver services together with the EUJIF.</p> <p>Contracts with health institutions.</p> <p><i>Rajaleidja</i> career centres (study opportunities for young people)</p>
France	National	<p>LTU jobseekers are sometimes referred to an outsourced service, 'Pathway to Work' ('Trajectoire vers l'emploi'), which is specifically dedicated to LTU (registered as jobseekers at least 12 months within the last 18 months) who face barriers accessing sustainable jobs.</p> <p>The contracting is limited, around 10%. Mostly training and skills assessment</p> <p>A new support "Global support" ("Accompagnement global") is being progressively implemented by Pôle emploi from January 2014 jointly with the Local Departmental Council.</p> <p>Reinforced support plan, funded by social partners for 50 000 young people who have recurrent problems in accessing sustainable employment.</p> <p>Partnership:</p> <ul style="list-style-type: none"> -Through national agreement and partial funding with the Missions locales (<i>Local missions</i>) supports social and vocational integration of young people aged 16 to 25 with low qualifications. -Collaborative platforms such as PLIE (Plans Locaux pour l'Insertion et l'Emploi, Local Plans for Employment and Inclusion) support socially and/or professionally excluded people, many of whom are registered unemployed, in order to help them find a stable and long-term employment (6 months minimum). -Local social welfare centres (CCAS, Centres communaux d'action sociale) are managed by municipalities and may offer social support to jobseekers who claim social welfare often (such as RSA, Solidarity Active Benefit). -Five training providers operating in 36 municipalities, including the local employer network.

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Germany	Regional	<p>Pôle emploi decided at the beginning 2014 to transfer (by 2015) subcontracted provisions of services dedicated to those furthest from the labour market to in-house delivery, thus reallocating more internal resources towards reinforced support stream.</p> <p>Contracted providers are deployed primarily for training measures.</p> <p>Around 50% are contracted out to external providers, largely around solving specific problems that jobseekers face – examples of specialist services around substance abuse, psychological problems and the provision on specialised qualifications that are not under PES radar.</p> <p>Within the 'Publicly funded employment (work opportunity)' programme there might be work opportunities combined with other financial incentives and country/state/municipality-specific programmes.</p> <p>In Germany, each jobcentre has an oversight board, with equal representation of the employment agency and respective municipal administration.</p>
Italy	Regional	<p>Creation of a Permanent monitoring system that includes the participation of Italia Lavoro, Isfol (Istitute for the development of vocational training for workers), the Ministry of Education, the Ministry of Economic Development, the Ministry of Finance, the Department of Youth, the Regions, Provinces and Unioncamere.</p> <p>Private service providers are contracted for specific services needed (only in some regions for the moment).</p> <p>The Italian social security and welfare institute (INPS) is responsible for delivering benefits</p> <p>Ministry of Labour and Social Policies is the Decision maker in collaboration with Regions and Provinces on actions to take</p> <p>19 Regions and 2 Autonomous Provinces are responsible for overseeing the efficient implementation of the actions</p> <p>PES is responsible for implementing actions and reaching the planned objectives</p>

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Latvia	National	<p>Training service agreements (private, state and municipal formal (vocational education) and non - formal training programs).</p> <p>There are 119 service agreements between municipalities and PES, as well as an exchange of data and measures. A new pilot project "Intensified action plan for LTU" started in 2013. This service is available for LTU who have been unemployed for at least 12 months and on social benefits (paid by municipalities). This service involves mutual collaboration between the municipal social services team and the PES employment counsellor to develop an individual action plan and intensive support for job seeking (with monthly meetings with employment counsellors).</p> <p>ESF project "Measures for unemployed representing disadvantaged groups" provides the opportunities for subsidized employment for unemployed in priority target groups (including LTU, unemployed with disability, unemployed at risk of social exclusion etc.)</p> <p>Paid temporary work is implemented in new workplaces created in local municipal institutions (except commercial companies of local municipalities), societies, or foundations or workplaces where no other person has been employed for at least four months prior to participation of the unemployed in the measure.</p> <p>Within the ESF project "Complex support measures" an activity "Support for unemployed with addiction problems" has been implemented.</p> <p>The 'Minnesota' programme with psychiatric centres supports those recovering from addictions.</p>
Poland	National	<p>There are plans to reinforce the contracting-out of labour market services to external providers, financed by the Labour Fund (i.e.: handing over cases to an external provider who is responsible for vocational activation services, boosting the groups of vocationally activated unemployed, counter-acting changes in the level of staffing in the labour office linked with changes in the quantity of unemployed).</p> <p>Partnership: one of the PES partners are the 'Voluntary Labour Corps': these are local units which provide services to young people under 25 years of age and act to rehabilitate young people who have dropped out of school.</p>

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Portugal	National	<p>Specific partnerships: Social partners are involved in special projects to support the older LTUs in PT and interventions for drug addicts.</p> <p>The so-called 'Professional Integration Units' (GIPs) can take on specific activities to reintegrate unemployed people into the labour market. The GIPs can include municipalities, private social security bodies, schools and associations of employers, employees and immigrants.</p>
Slovakia	National	<p>Municipalities – providers of activation works, they provide to LTU auxiliary and unskilled works in communities.</p> <p>The PES in Slovakia has not used external contracted providers for counselling services in the past, but is currently doing so as part of a pilot project for part of its employment services for LTU.</p>
UK	National	<p>Outcomes-based funding. Most services for the LTU are provided by private for-profit companies as part of the 'Work Programme' introduced in 2011. The PES only provides in-house services for LTU clients who remain unemployed having completed two years on the Work Programme</p> <p>Outsourced education and training providers.</p>