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Conference Report

PARES Stakeholders Conference 28-29 September 2011 Brussels

The first PARES Stakeholders conference took place on 28 and 29 September 2011 in Brussels. More than 160 participants attended the event to discuss the new initiative designed by the European Commission to foster PARTnership between Employment Services. Three opening presentations set the scene and described the PARES initiative. They were followed by several workshops on specific issues. The report of this conference follows the structure of the agenda¹.

Introduction:

The opening presentations emphasized the context and the three strands of the PARES initiative. In times of serious budgetary constraints and high unemployment the initial focus of PARES is on increased efficiency of publicly funded employment services delivered by public, private or third sector employment services and at the same time on high-quality service provision for different groups of clients. Well-structured partnerships between all different types of employment service providers should seek to combine the advantages of market forces with public social policy goals and help to reach the Europe 2020 objectives target for employment. PARES² consists of three mutually reinforcing strands:

1. **The PARES – Strategic Dialogue** which will provide for a forum for exchanging and further conceptualizing good practices of co-operation and complementary service provision between employment services. Two strategic dialogues will take place next spring.
2. **The PARES call for proposals** is directed at projects that showcase the mixed provision of employment services for vulnerable groups.
3. **WEESP** is a Webtool for Evaluated Employment Services Practices. It will include evaluated organisational practices, tools and ALMP measures related to service delivery for jobseekers and employers.

¹ The agenda can be found at: www.destree.be/pares

² As announced in the Europe 2020 flagship initiative 'an Agenda for New Skills and Jobs'. See COM(2010) 682 final, p 8.

The general presentation of PARES was followed by statements made by representative from the public, private and third sectors:

- For the public sector: **Marie-Thérèse Fombona**, Head of the European relations unit at FOREM (Belgium PES);
- For the private sector: **Annemarie Muntz**, President of Eurociett;
- For the third sector: **Heather Roy**, Vice-president of the Social Platform

The three representatives expressed their strong support for this initiative. They stated that it represents an opportunity to pool expertise so as to increase the delivery of effective quality services, reach more client groups and in particular those facing more difficulties to re/integrate the labour market, as well as being able to better respond to the needs of jobseekers and employers. PARES is therefore regarded as a powerful means to improve the functioning of our labour markets and rise employment rates.

After the opening presentations two parallel workshops took place in the afternoon of the first day. The workshop 1 was on the issue of 'Contractual Arrangement' whereas the workshop 2 dealt with 'Partnership at the Local and Regional Level'. On the second day, two other workshops took place simultaneously and were respectively about 'the Different Forms of Cooperation' for workshop 3 and 'the Complementary Provision of Services for Particular Client Groups' for workshop 4. For all the workshops, representatives from different organisations presented case-studies or analysis on specific issues which were followed by a general discussion.

Workshop 1: 'Contractual arrangements'

The workshop focused on the question of how to best shape commercial relations between PES and other employment services in the field of sub-contracting. It aimed to go beyond traditional fixed-price and highly regulated contracts to discuss innovative forms of contracting including the perspective from both sides, PES as contracting authorities and private provider as contractors.

- The introductory presentation entitled '**Subcontracting in Public Employment Services**' and delivered by **Dan Finn** from the University of Portsmouth provided an overview of results from research, recent developments, features and risks of subcontracting as well as findings from evaluation. One finding was that it is not in general true that public or private employment services are better, however this depends on a number of variables including the process organisation, staffing etc. While sub-contractors emphasise job search and outcomes, PES tend to be more process oriented.
- The case-study by **Alan Cave**, from the Department of Work and Pensions UK described the innovative "black box" approach adopted recently by the British government to make outsourcing simpler and more effective. Sub-contracting takes place for large regional lots (for target groups), tendering and payment are based upon a strict result-orientation. It is left to the contractor to organise the complete service chain including further sub-contracting.
- The case-study by **Christian Rauch** from the PES Germany Bundesagentur für Arbeit described an award procedure, where local offices submit their demand while the tendering is organised by interregional procurement centres which develop the service concepts. Award criteria combine a mix of quality and price. Like in UK the payment is result-oriented. Similar to UK Germany is currently piloting larger lots over a longer time period.
- The third case-study was presented by **Greg Ashmead** from the private service provider INGEUS. From this point of view he shed light on the content of the "black box" in case of strictly result-oriented contracting. Private providers organise the whole supply chain for clients with multiple needs including specialist services, commercial and non-commercial partnerships. He underlined the inherent incentives for fast learning and innovation of such an approach in a competitive provider market, the need for clear performance indicators and an effective exchange of information between the contracting PES and the contractors.

The key features for success:

- **The question is not whether to contract out or not...** All presentations showed a consensus that PES cannot do everything on their own and therefore in most countries they contract out to other providers. As the range of services delivered by the national PES is diverse across Europe (ranging from core services for jobseekers and employers in all countries to more specialised services like career guidance, psychological testing or training in others) all the PES need partnerships with other service providers to organise tailor-made integration processes for those with multiple needs. These include efforts for reaching out more to individual support by social pedagogues, cooperation with social services, organisation of work experience and job search when the programme participants are employable, i.e. job ready.

... the question is how to best shape contractual arrangements:

- **The role of result orientation for contracting:** As highlighted by all presentations result orientation is the key to more effectiveness. In many countries ministries, PES, and municipalities are contracting with private providers on the basis of fixed-price and highly regulated contracts. However, it was underlined by the presenters that modern approaches tend to consider added value as critical particularly in terms of better outcomes in terms of integration rates compared to input orientation or "doing nothing" thus leaving it to the market. On a continuum of more or less regulated contracting, result orientation can lead to a "black box" approach, where the contracting authority does not define specific criteria except for minimum service standards and complaint procedures, while the whole service chain structure is designed by the contractor who decides what works best. This significantly simplifies tendering and contract management, reducing transaction costs and leading to innovation.
- **The role of differential pricing and contracting:** In order to minimise some risks of performance-based contracting out like fast, but not sustainable integration or "creaming", i.e. focusing on easier to place persons while "parking" those harder to place, research and practitioners were able to identify appropriate contract design by pricing arrangements or separate contracts as an effective tool. Hybrid contracts like in UK and Germany combining the payment of entry fees to the contractor with the major part being paid only at the moment of job entry and a certain period or in several steps (up to 52 months in UK) after the placement into one (or several) jobs can help to ensure a more sustainable labour market integration. By introducing differential funding for groups resources and activities can be steered to particular groups like long-term unemployed and those furthest from the labour market instead of funding labour market integration of those easier to place. Special bonus payments for good performers can further incentivise result orientation and the development of good practices in a competitive market of service providers.
- **The role of learning and change management.** While research shows that it is possible to improve outcomes by sub-contracting, efficiency gains appear to be possible only over time. The country examples presented showed that there is a need for frequent fine tuning of contractual arrangements, for piloting and subsequent evaluation of different contractual arrangements as well as for a regular exchange with the contractors. Another point worth noting is a need for change management within the organisation including staff with relevant competences in the field of contract management and training of employment advisors to properly manage new processes and communicate them to the jobseekers.
- **The role of national legal regulations for procurement.** The freedom of action for a PES significantly depends on national legal regulations for procurement. While these are liberal in some countries like the UK, in other countries regulations significantly restrict procurement procedures and contractual arrangements. The presenters agreed that it is important to take into account some quality criteria. However they considered that too detailed a regulation for service delivery can limit the room for result orientation and other innovative tendering procedures. A similar impact was stated for regulations prohibiting taking into account previous results and experiences with a certain contractor. It was also mentioned that legal and administrative regulations can harm the access of third sector organisations to the market.

The presentations of this workshop are available on the website of the conference:

www.destree.be/pares

Workshop 2: 'Working in partnership at the local and regional level'

The four presentations of this workshop shed light on the reasons why partnerships between employment services are increasingly taking place at the local or regional level, the type of actors that are involved and the role they are each playing:

- The introductory presentation entitled '**Employment Partnerships as a Way out of the Crisis**' was delivered by **Francesca Froy** from the OECD and provided an overview of the theoretical rationale for implementing partnerships between employment services at the local level. The presentation was based on the findings from a long standing initiative and on-going project LEED (Local Economic & Employment Development) which supports the design, implementation and evaluation of development strategies to help grow local economies.
- **Barcelona Activa** is the local development agency of the city of Barcelona bringing together all relevant stakeholders in the field of economic development and unemployment under one common roof since 1986. **Miquel Roig**, Manager of Occupational Programs, presented the activities of this organisation with a '*public soul and a private skin*' which seeks to improve the functioning of the local labour market through innovative programs and initiatives always through a partnership based logic;
- The Italian association of Private Employment Agencies (**Assolavoro**) was represented by **Agostino di Maio** Head of the Lombardy branch for the organisation. This case study showed the cooperation that takes place between Private employment services and the regional government in the field of assistance to redundant workers and employees at risk of losing their jobs. Specific initiatives focused on extending active policies and supporting measures in favour of agency workers;
- The final case study of this workshop introduced the Finnish Model of 'Labour Force Service Centres' (**LAFOS**) with a specific focus on the Tampere region. **LAFOS** is a joined up initiative of the State and the municipalities of Finland aimed at reducing long-term structural unemployment whilst increasing activation of those furthest away from the labour market. The model is based on a partnership approach of central, regional and local employment services and specialist providers such as medical, psychological and social integration experts.

The key issues:

- **Why the local level?** Although the geographic level at which partnerships are organised varies considerably from one country to another, there is a growing conscience of the positive impact related to acting at the level closest to the service beneficiary / client i.e the local level. In Finland for instance, the so-called LAFOS initiative was developed by the Ministry of Labour in association with other national bodies but the LAFOS partnerships were implemented at the local level to give the 38 centers to give more flexibility in tailoring services to client specificities. As the labour market situation is often specific to a region or a municipality, a partnership designed and implemented at the local level and involving local partners can be a way of pooling brains, resources and actors for a common purpose and goal. In this respect, organisation of tasks, responsibilities, duties and implementation of measures can be achieved more easily as geographical barriers are hardly existent and local knowledge and expertise is shared and widespread.

- **Who are the partners?** As highlighted in the presentations, implementing partnerships at the local level is a way to involve the most relevant organisations to address the local needs. Local public employment service offices cooperate with local authorities, social partners, social welfare organisations and third sector organisations but also with private commercial providers and local employers. These partnerships are often aimed at tackling multidimensional problems while taking into account the demand side of the labour market and hence the need for employment creation as the ultimate objective of economic growth. In some cases, employers and private employment services are even involved in the setting up of the priorities and the designing of public policies due to their complementary knowledge of the economy and unique expertise. In the case of Barcelona Activa, the City Council of Barcelona, Comisiones Obreras of Barcelona (Trade Union), the UGT of Catalonia (Trade Union), Foment del Treball (The Department for the promotion of Work), PIMEC (the organization for promoting SMEs) and the Generalitat de Catalunya (Regional authority) design collectively the so-called 'Agreement for Quality Employment' which defines the framework and priorities for developing active employment and local development policies in the capital city of Catalonia. The role of coordinating entity of the agreement is entrusted to Barcelona Activa, whilst all the actors supervise and monitor work and progress.

- **Who takes the lead?** Given the numerous organizations that are often taking part in local partnerships, it is of high importance that one of them takes the lead so as to give impetus while coordinating implementation. Yet, it does not mean that the leader is shaping the process nor exclusively designing the partnership's actions but rather that it acts as a guardian of the common vision and direction. Depending on the institutional arrangement in each territory, the leadership might be seized by the local PES, the regional authority, the municipality or any other related body but this is rarely done by a private organization.

- **What are the key features for success?**
 - ⇒ **Common vision & leadership:** all the partners involved in the local cooperation have to share a common vision and set common targets to succeed in their mission. As mentioned above, a leader is thus needed to ensure compliance with this vision and avoid any drift that might result in the collapse of the partnership.

 - ⇒ **Continuity & commitment:** building up a sustainable model and work practices between the many partners is a long-term process. Constant changes should be avoided to ensure the durability of the partnership. This implies a firm commitment of all the actors towards the decisions taken at both the designing and the implementing levels of the partnership.

 - ⇒ **Flexibility & adaptability:** the development and management of a partnership is a continuous development which implies a continuous learning process. Some difficulties or new challenges may indeed emerge during the implementation of the partnership and require adjustments. Consequently, the agreement has to be flexible enough in order to overcome these challenges while ensuring the durability of the cooperation. The issue of flexibility is thus strongly related to the issue of evaluation.

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Workshop 3: 'Enhancing vacancy exchange and other forms of cooperation'

The workshop was dedicated to non-commercial forms and fields of cooperation between Public and Private Employment Services. The most common collaboration in this respect tends to be the exchange of information regarding vacancies between both sets of actors as encouraged by the ILO convention 181 (1998). The workshop also gave some indications on how to build up and structure cooperation in other fields.

- The first case study entitled '**Working in Partnership in Flanders**' was delivered by **Fons Leroy** from VDAB (PES Belgium) together with **Herwig Muyltermans** from Federgon with the tandem approach mirroring a long history of cooperation reaching back to the end of 1990s. While initially promoted by the government, real cooperation has gained a new momentum when the PES itself started to push it further. A milestone was the creation of a partnership association between VDAB and Federgon in 2005 which led to funding of common actions, intensification of vacancy exchange and stretched the range of cooperation to the field of career guidance and outplacement services.
- The second case-study "Barometre" by **Sebastien Archi** from PRISME, France, also pointed to a long-lasting cooperation of the association of private employment agencies with the PES in France dating back to an agreement in 1994. He presented a new statistical monitoring system for temporary agency work in France which will be shared with other institutions including public ones from 2012 onwards.
- The third case-study "Framework agreement for co-operation" by **Ronald von Bekkum** from PES Netherlands, UWV Werkbedrijf, underlined how the PES reacted to the changing labour market realities by developing close cooperation with TWAs in a stepwise trial and error approach since the 1970s. Important steps were an agreement of PES Netherlands with 2 big TWAs for recruitment. New developments include closer cooperation with TWAs in the field of activation of jobseekers.

The key features for success:

- **Building up cooperation step by step.** All presentations showed that cooperation between PES and PRES has been developed gradually over a long period of time using a trial and error approach from both sides. Starting with an exchange of (vacancy) information, it then led to more binding forms of cooperation like agreements or even the creation of a legal body funding common activities and projects (like VDAB Belgium with Federgon). While cooperation can be initiated by government, there are indications that it works best when based upon mutual interest, common objectives and trust with both PRES and PES convinced that cooperation can improve their position on the labour market.
- **Development of common tools is at the core of an advanced partnership** requiring investments from both sides. A PES vacancy portal posting vacancies from temporary work agencies can be considered as a key tool. As a precondition the structure of vacancy description and data formats have to be made compatible for both parties to use. At an advanced stage partnerships open the opportunity to plan and implement further reaching projects, for instance to identify bottlenecks, to give PRES access to PES CVs based upon common standards (Belgium). Initiatives can also entail the PRES setting up a statistical tool

for monitoring temporary work developed by temporary work agencies so that this can in turn be shared then with public institutions (France).

- **New fields of cooperation include service integration and a coordinated widening of the service offer.** New developments include the integration of temporary work agencies into the standard PES service delivery by making speed dates with temporary work agencies (TWA) or the possible referral of jobseekers for registration with a TWA a compulsory part of every activation strategy. When it comes to sub-contracting PES service capacities can be widened by cooperating with private outplacement and guidance services like in Belgium.
- **Quality is an issue for PES and policymakers.** The examples presented as well as the following discussion showed a concern by PES regarding the quality of services and jobs when cooperating with private employment agencies. It was highlighted that a balanced approach is needed to avoid rigid and over detailed regulations. A variety of measures were considered effective, these ranged from voluntary commitment of temporary work agencies to certain working principles in combination with collective agreements (Netherlands) through the development of common quality assurance systems by PES and PRES (Belgium) to basic legal regulations for the certification of private employment agencies and service providers. Regarding the rate of transitions from temporary to permanent jobs the importance of systematic monitoring was underlined by the presenters.

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Workshop 4: 'Complementary provision of services for particular client groups'

The three presentations of this workshop addressed the issue of the complementary provision of services to tackle multi-dimensional problems:

- Rotterdam City Council was represented by Nico Van Wijk who gave a detailed overview of the so-called '**Full Engagement**' programme implemented by the municipality and aimed at delivering integrated services to young jobseekers from deprived backgrounds. This initiative is in a pilot phase and if its upcoming evaluation finds it to be successful, it is expected that it will be replicated and extended widely to cover most of the city.
- The German Public Employment Service Bundesagentur für Arbeit was represented by **Günther Rübsam** who presented the '**Student at risk**' programme as implemented in the State of Lower Saxony. Led by the regional PES, this programme targets the students in danger of leaving lower secondary school without certificates and thus most at risk of exclusion and offers them a parallel route for accessing apprenticeship schemes and developing their employability.
- **Matthias Borscheid** representing the **Northside Partnership** in Dublin, presented the activities of this Local Development company set up in the 1970s to cope with the huge unemployment levels in the Irish capital at the time. In a case of history repeating itself, the **Northside Partnership** finds itself playing a key role in the current recession in order to deliver personalised services to highly vulnerable client groups such as adult returners to work, long term unemployed but also ex-offenders, lone parents and early school leavers etc.

The Key issues:

- **Why a complementary provision of services?** Even if the reasons for partnership largely depend on the local context (cf. workshop 3), there is a common key driver to all of them: the need to tackle multi-dimensional problems. Hard-to-place clients, in the case of the partnerships implemented in Rotterdam or North Dublin, young people at risk of exclusion in the case of Lower Saxony are situations that require a holistic approach. Against this background, all the partnerships should encompass two dimensions: 'additionality' i.e. extra skills or expertise available in specific organisations; and 'complementarity' between these organisations in order to avoid duplication of services.
- **The division of the roles:** given the integrated approach on which the partnerships are based and the great number of actors involved, it is paramount to have a clear division of the roles and tasks according to the specialisation and competences that each partner brings to the table. Whilst PES are often the main conductor in tackling the problems of specific groups, delivery of services requires complementary actors able to support initiatives with additional skills. This is the case of the 'Student at risk programs' in the Lower Saxony where the BA provides students with a tutor who organises vocational orientation while the schools focus on subjects needed to achieve the degree of lower secondary education. PES may also tender services to actors with similar expertise so as to increase the critical mass of publicly funded services.

- **The exchange of information:** complementary service provision requires effective mechanisms to exchange information among all involved. Since each actor brings specific knowledge about a different set of clients, the need to exchange information on specific aspects becomes an essential element so as to provide the most relevant and effective service. The capacity to input learning and results of practices implemented on the ground into the policy making cycle and channels is fundamental in enhancing future policy making.
- **A long-term approach:** as most of the partnerships target harder to place clients, the results are often not visible in the short term but rather the result of long-term sustained efforts. Therefore, continuity in programs irrespective of political priorities, as well as long-term commitment from the partners involved is regarded as a key factor for success of the initiatives.

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Conclusion:

The concluding panel gathered representatives from the public, private and third sector employment services, as well as policy makers at EU and Regional level. They expressed their view on how their organisations can contribute to and benefit from PARES while giving their opinion on the future of the initiative. The panel was composed of:

- **Wolfgang Müller, Bundesagentur für Arbeit, Germany.**
- **Annemarie Muntz, President of Eurociett.**
- **Pierre Baussand, Director of the Social Platform.**
- **Cristina Segersten, Member of the Committee of the Regions.**
- **Mik Wooley, Chair of the Employment Committee.**

Key messages:

- **'How' and not 'if'? That is the question:** for most of the panellists, the question now is not 'why' but rather 'how' should employment services cooperate. The various interventions that took place during the PARES conference clearly demonstrated the need for partnership. In this respect, the three strands of PARES are regarded as valuable tools to enhance mutual learning and enable the stakeholders to get ideas from other countries. More particularly, WEESP and the evaluated practices that it will contain may provide further evidence on the added-value of specific interventions some of which will cover partnership based approaches. This will help provide further evidence as to whether partnerships really do work, something which is assumed but needs to be further demonstrated through on-going monitoring and result measurement.
- **The need for quality management:** the search for optimal cost-efficiency should not prevail at the expense of the issue of 'quality' of services. On the contrary, result-oriented contracts between employment services should go hand in hand with quality management. This implies the definition of common principles (e.g. what is sustainable employment? What kind of result should be expected) and the design and implementation of a clear quality management framework including evaluation and tracking tools. Therefore, the general cooperation conditions should be commonly agreed before the partnership starts.
- **The strong involvement and commitment of the relevant actors:** several panellists emphasised the fact that many actors and notably third sector organisations can bring considerable expertise and knowledge in some areas and about certain groups of clients that are relatively distant from PES. In this respect, these actors should not be regarded as a last resort solution but rather be involved from the beginning and as widely as possible. All the actors taking part in the partnership must then be strongly committed to service provision but also assume their responsibilities in terms of risk sharing.
- **Need for further dialogue:** to conclude, the panellists stressed the fact that the dialogue between employment services should be maintained and enhanced. Further mutual learning

and information events should take place to increase knowledge on the issue of partnership and exchange practices. Hence, the panellists expressed once again their desire to contribute to PARES.