



Mutual Learning Programme

DG Employment, Social Affairs and Inclusion

Key policy messages from the Peer Review on 'Approaches to integrate long-term unemployed persons'

Berlin (Germany), 13-14 October 2016



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1 Introduction

1.1 Background and purpose of the Peer Review

The Peer Review discussed different approaches to integrate long-term unemployed persons with a particular focus on two initiatives implemented under the 'Opening up Opportunities - Ensuring Social Participation' framework in Germany. The event was hosted by the German Federal Ministry of Labour and Social Affairs and brought together Government representatives and independent experts from Belgium, Croatia, Denmark, Estonia, Finland, Italy, Lithuania, Norway, Serbia and Spain as well as representatives from the European Commission, the European Parliament and Eurofound.

In the EU, long-term unemployment (defined as those unemployed for more than 12 months) affected about 10.3 million people in the first quarter of 2016. Although long-term unemployment started to decrease in 2014, it remains high in many Member States and also differs significantly between countries from 18.3 per cent in Greece to 1.5 per cent in Sweden in 2015. Moreover, a significant number of the inactive population who want to work but have stopped looking for jobs can be regarded as long-term unemployed, but are not officially categorised as such in EU statistics (they are considered to be inactive).

Long-term unemployment presents multiple challenges to the individuals and households directly affected, as well as to the society as a whole. The individual and societal costs of long-term unemployment can be very high (e.g. due to a deterioration in human capital, health problems, poverty, lack education of children, reduced social cohesion). Moreover, the chances of re-employment decrease the longer a person stays unemployed, which is why long-term unemployed represent a particularly difficult group to integrate into the labour market. This is because personal employment barriers (e.g. low skills and qualification levels, prior work experience in declining occupations and sectors, disability or health problems, mobility constraints, care obligations, and psychological problems) as well as a negative image and possible prejudices on the side of employers tend to increase with the length of unemployment. Therefore, long-term unemployed cannot develop skills on the labour market and suffer from stigmatisation. This threat of social exclusion ultimately impacts on social cohesion within societies.

At European level, the **Council Recommendation on the integration of the long-term unemployed into the labour market** recognises the importance of this issue and recommends that Member States encourage: (1) the registration of long-term unemployed with a public employment service, (2) an assessment of individual needs and (3) a job-integration agreement with an individualised service offer. This also requires partnership working with employers, social partners, private and non-profit providers and social services.

In the Peer Review host country, Germany, unemployment rates have generally remained relatively low, but the number of long-term unemployed has stagnated at around one million in Germany since 2009. In order to address long-term unemployment, the German Federal Ministry of Labour and Social Affairs introduced several new policy initiatives under the framework 'Opening up Opportunities - Ensuring Social Participation' in 2014, including the ESF programme for long-term unemployed and the networks for activation, counselling and opportunities.

The Peer Review gave participants the opportunity to discuss the ESF programme for long-term unemployed and the networks for activation, counselling and opportunities. Discussions also focused on the German 'management by objectives' system which has been put in place to assess the performance of *Jobcenters* in an annual dialogue. The aim is to steer an improvement process by target setting and incentives and to encourage mutual learning and benchmarking between local branches.

1.2 The Peer Review: headline messages and policy implications

The key policy messages from the Peer Review are summarised below:

Performance management

- Although greater emphasis has emerged on 'management by objectives' (which also goes along with a decentralisation process), more needs to be done to develop **SMART target** setting to ensure that creaming and gaming effects are minimised (if not avoided) and well performing local entities are not 'penalised'.
- Targets and indicators in a 'management by objectives' system need to be clearly defined in order to provide a full picture of the performance of a local entity. Indicators should take into account a wide range of **different factors of local performance**, such as service innovation and/ or the quality of service.
- There are **different ways to introduce incentives** in performance management for the labour market integration of long-term unemployed. Possible approaches are targets to integrate certain target groups or to look at the distance of jobseekers to the labour market and to concentrate on the furthest away from the labour market.
- **Outcome management**, for example the labour market integration rate after the implementation of certain ALMP measures, can cause **delays** in managing results and therefore does not consider changing conditions. This delay and possible changes need to be considered whilst setting new targets.
- Another way to measure performance, which does not solely concentrate on the integration of long-term unemployed into the labour market, is by **measuring the progress** made by long-term unemployed towards re-entering the labour market. This takes into account factors such as increased levels of social participation.
- Along with a performance dialogue between the central and local level, the national level should also enhance a **benchmarking** process that stimulates **mutual learning** between local entities.

Employer Engagement

- There is an increasing need for an **enhanced employer engagement strategy** in order to increase job placements and improve sustainability of jobs. Improved communication and cooperation between public employment services (PES), the client and the employer can ensure better job matching.
- At local level, employment services serve also as a **single point of contact to employers**. The assistance of so-called '**job hunters**'¹ can be a useful way to establish a connection between employers and public employment services. 'Job hunters' can function as intermediaries, helping to deliver integrated services through securing partnerships with employers. Moreover, 'job hunters' can help understand the business needs of employers and identify the skills and qualifications that are most important to employers. Similarly, it is important to focus on the abilities of the long-term unemployed to address potential

¹ In Germany, "job hunters" are employed on fixed-term contracts of two years with the explicit task to acquire vacancies for the programme participants. The activities of these "job hunters" are supposed to be complementary to the "usual employer services" of the Jobcenters (e.g. by finding employment opportunities that are particularly suited to the programme participants).

stereotypes and barriers to employment, while also managing employers' expectations.

- **Job coaching and mentoring** are used in many Member States but are delivered in many different ways. It can be delivered in-house or via external service providers, depending on the human/financial resources available to each PES. The length and timing of the on-the-job coaching services provided to long-term unemployed should be assessed on a case-by-case basis.
- Experiences from Germany and evidence from similar activities in other countries suggest that on-the-job coaching activities can be **effective in stabilising newly established matches**².
- Wage subsidies are a good instrument to attract employers and for jobseekers to gain skills on the job. However, in order to achieve sustainable labour market integration the **design of wage subsidies** (e.g. using a degressive scale), clear targeting and the combination with other measures that provide ongoing and tailored support for jobseekers and employers is crucial.

Networking and cooperation: successful approaches

- In order to address the multiple challenges and barriers the long-term unemployed may face, **cooperation between different actors** is necessary. For the individual case, the cooperation in service delivery should be based on a joint **needs assessment** in order to ensure tailored support.
- To set up successful cooperation, it is important to involve all agencies working with long-term unemployed, recognise different ways of working with long-term unemployed and establish an **open** and **transparent** basis and work towards a **common goal**.
- Cooperation with other actors can also be helpful to **prevent** long-term unemployment and support **early interventions**.
- Intensified cooperation depends on national, regional and local settings and labour market needs, there are **different types** of working together: one-stop shops that offer relevant services under one roof (in rural areas the use of mobile employees or technology are ways to offer combined services), placement of professionals from another sector in the employment service or working in teams around the jobseeker.
- **Common standards on service delivery** ensure that the same or similar services are available to everyone. Formalised agreements on cooperation, often arranged at the national level, help to set up partnership working.
- However, there still needs to be **local flexibility** to implement approaches that match local needs and the labour market demand. Projects at local level are ways to test innovative working in cooperation in order to scale up successful models. Therefore, evidence on outcomes and early planning to sustain project practice is important.
- **Personal and intensified contact** is most important because it considers individual needs. A coaching approach is important to build up confidence and find out about skills and interests, especially for people who face multiple barriers to employment. Therefore, the investment in staff resources and competences is crucial, case-loads and training make a difference.

² Fertig, M. (2016) Networking and coaching to success? The new German approach to long-term unemployed, Host Country Discussion Paper

- Successful cooperation between services needs **commitment at political, managerial and operational level**. Political will is needed to communicate, incentivise and to enable people to work together, for example by providing resources, guidance and mutual exchange. At the local level, local leadership is important to create commitment, lead cooperation and to introduce change. At the operational level, case-workers and/ or professionals who coordinate cooperation need to have the resources and training to work across sectors.

2 The German approach to integrate long-term unemployed persons

2.1 The German institutional context

The German unemployment benefits system is divided into insurance-based unemployment benefits (UB1) and tax-based unemployment benefits II (UB2). Both benefits schemes are regulated according to two different laws: Social Code III (*SGB III*) for UB1 recipients and Social Code II (*SGB II*) for UB2 recipients; the latter is commonly referred to as *Hartz IV*.

Local labour agencies of the Federal Employment Agency (*Bundesagentur für Arbeit*) are the responsible body for UB1 recipients. UB1 is typically granted for up to 12 months or for up to 24 months (for older jobseekers) and is subject to the length of social security contributions. People who are no longer eligible for UB1 and those who are in employment but cannot meet their basic needs from other income sources are entitled to UB2. Therefore, the number of unemployed and UB2 recipients differs: only about 45 per cent of all UB2 recipients are regarded as unemployed. Those eligible to UB2 are 'able to work persons in need' or persons who share a household with 'an able to work person in need'. Legally, persons who 'are able to work' are defined as those who can work at least three hours a day. Thus, many people who have health issues are considered as 'able to work' and receive services that fall under UB2. UB2 recipients have to register with *Jobcenters*, which are in charge of the benefit calculation, disbursement and service delivery. *Jobcenters* offer the same services as local labour agencies of the Federal Employment Agency, including individual counselling and guidance services, securing job offers, setting up individual action plans for jobseekers based on an assessment of the person's employment potential (profiling), and lastly, referring jobseekers to different forms of ALMP-measures. While no major differences exist between *Jobcenters* and local labour agencies of the Federal Employment Agency regarding service provision, it is important to note that *Jobcenters* have a slightly different set of ALMP-measures at their disposal. So-called 1 euro jobs (short and medium-term employment in the secondary labour market) as well as long-term wage subsidies (for up to two years at a rate of up to 75 per cent) are available to UB2 recipients.

408 *Jobcenters* currently exist in Germany of which 105 are run by the county/municipalities alone (municipal *Jobcenters*), and 303 are run in cooperation between county/municipality and the local labour agencies of the Federal Employment Agency (co-operating *Jobcenters*).

2.2 Management by objectives

In order to deliver services effectively and efficiently, both systems, the local labour agencies of the Federal Employment Agency responsible for UB1 and *Jobcenters* responsible for UB2, have a 'management by objectives' system in place. 'Management by objectives' is an approach to performance management that defines objectives which are specific, measurable, achievable, realistic and time-bound (SMART). The objectives are determined by targets which are measured by performance indicators.

A new 'management by objectives' framework for the *Jobcenters* was introduced in 2012 in order to improve performance by feedback and incentives, encourage learning between *Jobcenters* and to establish a transparent, bottom-up process to reach political objectives. The system is based on a systemic review of annual target agreements in performance dialogues at national, regional and local level. Annual target agreements are concluded between the Federal Ministry of Labour and Social Affairs and the Federal Employment Agency and the 16 Federal States (*Länder*). These agreements are based on the following legal objectives: (i) reduction of UB2 recipients, (ii) improvement of labour market integration and (iii) a prevention of long-term UB2 recipients. These main objectives are measured by performance indicators. For example, the performance indicator for (ii) improvement of labour market integration is the labour market

integration rate (the percentage of jobseekers that found employment or became self-employed) and the performance indicator for (iii), the objective to prevent long-term UB2-recipient, is the number of long-term benefit recipients.

Based on these agreements on national level, the Federal Employment Agency agrees on targets with directors of each and every co-operating *Jobcenter* together with the county/municipality of the respective *Jobcenter*. For municipal *Jobcenters*, the Federal States (*Länder*) conclude the target agreements. This is an annual bottom-up process, so *Jobcenters* define target levels themselves once per year which are then negotiated with the Federal Employment Agency or the Federal States. Once an agreement on annual targets is reached, the process to achieve targets is reviewed twice a year. There is a shared database and internet-based support to assist *Jobcenters* in setting annual targets and assessing their own performance with other *Jobcenters*. The data on all performance indicators is also publicly available³. In order to consider local labour market conditions of the 408 different *Jobcentres*, districts of *Jobcentres* are grouped with those displaying similar labour market characteristics based on a predefined classification system. This means that the labour market characteristics of *Jobcenters* are taken into account when setting targets and monitoring performance. This categorisation also provides an opportunity for benchmarking and mutual learning between *Jobcenters*.

Performance is not linked to budget setting for the *Jobcenters*, however, staff and managers are incentivised by individual bonuses or promotion prospects for good performance.

2.3 Opening up opportunities – ensuring social participation

In 2014, the German Federal Ministry for Labour and Social Affairs launched a new policy initiative to tackle long-term unemployment under the 'Opening up opportunities – ensuring social participation' framework. This initiative encompasses several different elements: (i) networks for activation, counselling and opportunities; (ii) the ESF programme for long-term unemployed; (iii) the federal programme for social participation; (iv) intensified health support; and (v) dialogues for developing active measures. The networks for activation, counselling and opportunities and the ESF programme were the subject of the Peer Review and are further detailed below.

2.3.1 ESF Programme for long-term unemployed

The ESF programme is targeted at UB2 recipients aged 35 years or older. The programme aims to integrate this target group into the primary labour market. Participation in the programme for eligible beneficiaries is voluntary. People eligible for the programme have no vocational degree, are unemployed for two years/five years, and suffer from health issues or other professional/personal barriers to re-employment. Under the programme jobseekers who have been unemployed for two years receive regular support, whereas jobseekers who have been unemployed for five years receive intensive support. The duration and amount of financial support differs for each target group. Central elements of the programme are specialised 'job hunters, wage subsidies for employers on the primary labour market, short-term training for participants (if appropriate), as well as mandatory on-the-job coaching. *Jobcenters* receive financial support to hire job hunters for a fixed-term period of two years. Their task is to acquire vacancies for programme participants while working in parallel with the employer services units of the *Jobcenters*. In addition, employers receive degressive wage subsidies. For jobseekers who belong to the regular support group, the wage subsidy comprises 75 per cent of the wage (plus social security contributions) for the first six months, 50 per cent for the next nine months and 25 per cent for the next three months. After 18 months employers are obliged to employ the subsidised worker for an additional six months. For jobseekers who belong to the intensive support group the wage subsidy comprises 75 per cent for the first 12 months, 65 per cent for the next 12 months and

³ <http://www.sgb2.info/kennzahlen/einstieg> (in German)

50 per cent for the next 12 months. Additional funds for training are also available. Mandatory on-the-job coaching is provided to jobseekers receiving regular support during the first 12 months (at least one hour per week during the first six months) and during the entire three year period for jobseekers who receive intensive support. Coaching is either provided in-house or through external service providers.

A total of 333 out of 408 *Jobcenters* are currently participating in the programme. In order to participate in the programme *Jobcenters* had to undergo a formal selection procedure. Those *Jobcenters* which decided against participating in the measure have stated the high administrative burden associated with the implementation of the programme as one of the main reasons. Since the start of the programme, 8,845 individuals have participated in this measure, with a drop-out rate of 19 per cent.

2.3.2 Networks for activation, counselling and opportunities

Individualised support and local cooperation between *Jobcenters* and other local actors have been identified as success factors in the 'Perspective 50 Plus' national programme that ended in 2015⁴. This programme showed positive outcomes for older UB2 recipients based on individualised coaching and intensified co-operation between the *Jobcenters* and other institutions/ actors providing complementary social services⁵.

The Networks for activation, counselling and opportunities aim to sustain and further develop the local cooperation that was established through the 'Perspective 50 Plus' programme. Within the programme, *Jobcenters* intensified cooperation with municipal social services that offer services such as debt counselling or child care, the health care sector or community groups. The rationale behind this is to develop tailored services that address the individual needs of the long-term unemployed person.

The participation of *Jobcenters* in the networks for activation, counselling and opportunities is voluntarily and the Federal Ministry supports local approaches of networking by funding an additional 1,000 staff. The Federal Ministry also organises practice exchanges to increase learning opportunities between *Jobcenters* and municipalities.

Ultimately, the aim is to provide individualised services in a one-stop-shop that tackles the administrative burden for jobseekers and service providers, addresses multiple needs and enforces cooperation. However, there are various approaches driven by local *Jobcenters* to provide comprehensive services depending on local conditions and needs. In most cases the *Jobcenter* plays a coordinating role. For example, the *Jobcenter Landkreis Mayen-Koblenz* identified a need to cooperate with the health sector in order to support people who have substance abuse problems. Together with the health sector, they developed a programme that provides gradual support from health and employment services. As a result, 30per cent of the former programme participants are now in employment.

⁴ Further information about Perspective 50 Plus can be found [here](#).

⁵ IAQ/IAW (2012), Evaluation der Zweiten Phase des Bundesprogramms „Perspektive 50plus – Beschäftigungspakte für Ältere in den Regionen" (2008-2010). Abschlussbericht. Download: http://www.perspektive50plus.de/fileadmin/_migrated/content_uploads/Abschlussbericht_50plus_Hauptband.pdf

3 Discussion points

3.1 Incentives in performance management systems

Performance management is used in many countries in order to steer and monitor targets between national, regional and local structures of PES. While many countries focus on monitoring outputs, the adoption of outcome-based, quantified targets can improve efficiency and effectiveness of PES services. An outcome oriented performance management system helps to encourage regional and local PES to learn from previous results and improve performance. This is in particular relevant in countries where PES structures are decentralised. For example, in light of budget constraints and concerns about the effectiveness of regional PES services in Spain, a nationally coordinated performance management system was implemented in 2013. The system aims for consensus amongst the very diverse regions in order to develop labour market policy in a comprehensive way across the Spanish regions. In contrast to Germany, where performance is separate from funding, regional funding for active labour market policies is linked to performance indicators. The issue whether to allocate budget based on performance reflects the discussion in other countries: while this incentivises performance on an equal basis, budgeting needs to remain flexible enough to adapt to changing labour market conditions. Therefore, the time-lag of outcomes need to be considered when assessing performance. Another way to incentivise efforts for performance may be to use softer instruments such as benchmarking, like the categorisation of *Jobcenters* in Germany described above.

While there are varying performance management systems throughout Europe, efforts to address long-term unemployed in target setting are a challenge for every country. As described above, one of the three legally regulated objectives in the German UB2 system is to avoid long-term UB2 receipt. Thus, there is no explicit objective to reduce long-term unemployment, but rather to reduce the number of UB2 recipients. This includes working people without sufficient income and the people, often children and adolescents, sharing one household with 'an able to work person in need'. The objective to reduce the number of long-term UB2 recipients aims to prevent a 'revolving door' effect and labour market integration into the low-paid sector in which people still remain UB2 recipients. However, this brings potential 'false incentives' such as creaming by concentrating on the integration of jobseekers who do not face multiple barriers to access the labour market.

In order to steer support more towards people who are 'hard to place' and to plan services according to needs, many PES use profiling systems. This ultimately aims to contribute to an efficient use of resources because 'ready-to-work' jobseekers receive less support which they might not need. The differentiation within profiling systems, which are then linked to incentives targeted to support certain jobseekers, can help to avoid creaming. Some PES differentiate support and put emphasis on groups who face multiple barriers to enter the labour market. However, the creation of incentives to integrate target groups, for example by an indicator for labour market integration of long-term unemployed, can lead to further stigmatisation of certain groups of job seekers. An alternative approach is to look at the proximity to the labour market. For example, the PES in Estonia provides needs-based, work-focused counselling that is based on jobseeker segmentation that looks at the proximity/ distance to the labour market and abstains therefore from any target group approach. Another approach used is looking at the time out of the labour market alone.

In many PES the labour market integration rate is a key performance indicator that emphasises the mission of PES and provides an outcome-based measurement of service provision. However, the labour market integration rate does only consider outcomes in terms of employment. Thus it does not reflect the progress of a long-term unemployed person towards employment, the sustainability of labour market integration or efforts of local employment services. Some people who have been long-term unemployed are very far away from the labour market and counselling, work experience or training

activities help to build up confidence and encourage social participation. This progress towards employability is not reflected in the labour market integration rate, but would have to be measured through other, soft indicators. Moreover, these measures and other services provided by the social and health sector can contribute to the sustainability of labour market integration because they address long-term issues a person might have faced.

The German bottom-up process, in which *Jobcentres* set their own targets, helps to build up local responsibility and ownership for performance and encourages exchange between *Jobcentres*. However, certain local efforts and processes, such as local partnership working or service innovation are not considered in clear outcome based performance indicators, such as the labour market integration rate. Moreover, the comparison with previous targets in the target setting process needs to consider that previous targets might have been achieved in different labour market conditions.

3.2 Networking and cooperation with local actors

Participants identified cooperation across sectors as key in order to address the multiple needs of long-term unemployed people. Across Europe, there are various public actors supporting long-term unemployed such as PES, social assistance authorities, municipal or regional social services or non-profit or profit providers. Therefore, cooperation between these organisations is essential to outreach to unemployed not registered with PES services and to provide comprehensive support. There are several approaches across Member States that differ in terms of the way of working together (data sharing, cross-referrals, working in teams), the depth of cooperation (from informal cooperation to a single merged agency with shared resources) and coverage (pilot project to nationwide approaches). In Denmark and Norway different services have been integrated in order to set up a single point of contact for jobseekers. The Norwegian NAV offices and the Danish municipal jobcentres provide PES services, access to benefits and municipal social services. In Finland, the LAFOS centres also provide services through a single point of contact, specifically targeted at long-term unemployed, but in networks of services and not by a single organisation (see Box 1). In other countries, there are less formalised, local approaches to a more comprehensive provision of services. For example in Spain, one region (the Basque Country) has transferred the management of the social assistance payments to the regional PES. Other example are Local Employment Action Plans in Serbia in which local PES, local authorities, social partners and occasionally civil society and educational institutions design measures that match local labour market needs.

Besides the 'in-house' provision of services by public authorities, contracting services to profit and non-profit providers is another option address needs of long-term unemployed in a flexible way. The results of this outsourcing approach depend on the capacity of PES and service design of providers. In Germany, the introduction of networks for activation, counselling and opportunities and local cooperation initiated a shift from outsourcing to 'in-house' production of services. This is also the case in other countries, for example in Denmark, a new case management approach based on intensified contact is provided 'in-house' rather than being bought from external service providers. In Norway, 'in-house' service production at the NAV offices is an explicit objective in the latest evaluation of NAV.

In Germany, many local cooperation approaches within the networks for activation, counselling and opportunities are initiated on a project basis. Projects can be a tool to test service innovation, however, evidence and resources are needed to sustain successful practice. Moreover, shared commitment, and also operational arrangements regulating the functioning of the partnership, such as agreements on data sharing, need to be set up. Local leadership communicates the benefits of cooperation to partners and to internal staff. In addition, staff exchange, such as meetings or team building events can help to address different professional attitudes, for example between job counsellors and social workers.

Partnership working happens at local level and different types of partnership working therefore co-exist. For example, the aim of the Finnish LAFOS centres is to provide a one-stop shop for long-term unemployed. However, in very rural areas this is done by mobile workers or remote meetings via skype. In Germany, for example, the participation in the networks for activation, counselling and opportunities is voluntarily, different approaches to partnership working exist, depending on local labour market conditions and local actors. It is therefore important to set common standards for service provision in order to ensure an equal access to services. In Italy, where public and private employment services are responsible for activation, national legislation regulates that a certain number of services must be provided by public and private accredited PES. In Spain, in line with the new performance agreements between national and regional PES, there is an agreement on a minimum set of services and a series of protocols for the delivery of these services. In Finland, the 2015 legislation of the LAFOS model (see below) institutionalised successful voluntary networks and made services available nationwide.

Box 1: LAFOS centres in Finland

In Finland, the Labour Force Service (LAFOS) centres recognise the need to provide comprehensive services to long-term unemployed. LAFOS centres have been in operation since 2002 based on voluntary agreements to set up one-stop shops at local level. In 2015, the model was rolled-out nationwide on a legislative basis. The model consists of a network between PES, municipalities (social and healthcare services) and the Finnish Social Insurance Institution (vocational rehabilitation and other services). Professionals of these three public authorities assess the needs of the jobseekers jointly, draw up an employment plan and are responsible for the progress. With the legislative change in 2015, information exchange between the three public authorities was enabled via the introduction of a shared database (the TYPPI client database).

3.3 Individualised services for long-term unemployed

Peer countries discussed various approaches towards providing individualised services for long-term unemployed persons. From the discussions emerged the notion that a holistic assessment of skills, qualification and needs of the long-term unemployed persons enables a personalised approach to service provision. A professional assessment by a qualified job counsellor and a thorough self-assessment by the long-term unemployed person make it possible to identify, reduce, and address professional and personal barriers to re-employment. Most EU countries have implemented job integration agreements to provide individualised support services which take into account the personal situation of each individual. These individual action plans are agreements which are set up between the jobseeker and the job case worker, outlining progressive goals, timelines, rights and obligations. Early and frequent face-to-face meetings with the case worker are important to ensure continuity in service provision and to maintain the motivation of the jobseeker. The re-integration of long-term unemployed persons becomes progressively more difficult and costly with longer spells of unemployment. This can be mitigated by establishing a routine of early and frequent contact between the long-term unemployed person and the case worker.

Box 2: Quality assurance of Individual Action Plans in Estonia

In Estonia, efforts are concentrated on assisting long-term unemployed persons to overcome obstacles to re-employment based on an individual needs assessment. For jobseekers facing multiple barriers to re-integration into the labour market, the case worker creates an individual action plan (IAP) jointly with the local government. The IAP includes the jobseeker's education, skills, work experience, and job expectations. Twice a year, a random sample of 130 IPAS from all regional offices is reviewed based on several criteria, including accuracy and consistency of information about the jobseeker, coherence of the individual's opportunities and obstacles to finding employment, relevance of agreed actions, progress reporting, analysis of results, record of appointments and other relevant information, and relevance of the services and ALMP measures to the needs of the jobseeker.

Intensified and more frequent contact with job counsellors has shown significant positive effects not only in Germany, but also in Finland and Denmark. In order to provide individualised support and to provide targeted support based on needs, staff in PES needs sufficient skills and training, but also sufficient time and resources. Especially the caseload of job counsellors is crucial, for example caseloads 1:65 for unemployed with 'complex profiles' seems to be efficient⁶. However, caseloads are often much higher, especially in Southern and Central European countries. Moreover, qualifications and skills are important to address multiple needs of jobseekers. Several PES employ psychologists, specifically trained counsellors, coaches (e.g. in Estonia) and fewer PESs have in-house counsellors specialised in supporting long-term unemployed or specific target groups. In Germany, funding for additional staff is provided so that *Jobcentres* can employ staff that is specialised in networking with external partners.

Box 3 Job clubs for the long-term unemployed in Denmark

The Danish Agency for Labour Market and Recruitment supports Danish municipal jobcentres that provide employment and social services to experiment with different ways to support labour market integration, one of them is intensive job counselling in job clubs. Job clubs consist of group sessions with a mixture of participants, individual counselling by specialised job counsellors and follow-up activities to monitor job search activities. Preliminary evaluation results have already shown positive results and lessons learned, including: (1) group sessions improve the motivation of participants, (2) the mix between young, adult and senior individuals improves group dynamics and creates a good atmosphere, (3) voluntary participation increases the motivation of participants, (4) inclusion of local companies improves knowledge of labour market needs, (5) individual sessions are important for confidence, (6) homework ensures progress and 'small victories' for the participants.

3.4 Cooperation with employers

Participants identified an increasing need for enhanced employer engagement in order to increase job placements and ensure sustainable employment. An improved communication and cooperation between PES, the client and the employer can ensure better job matching. In Germany, the assistance of 'job hunters' as an integral part of the ESF programme has been a useful tool to establish a connection between employers and public employment services. 'Job hunters' function as intermediaries, helping to deliver integrated services through securing partnerships with employers. 'Job hunters' identify the business needs of employers and the skills and qualifications that are most important to them. Focusing on the abilities of the long-term unemployed helps to address potential stereotypes and barriers to employment, while also managing employers' expectations. Denmark has also had good experience with using job mentors

⁶ Eichhorst, Werner, Regina Konle-Seidl (2016) Evaluating Labour Market Policy, IZA Discussion Paper No. 9966, <http://ftp.iza.org/dp9966.pdf>

to support the sustainable integration of jobseekers. In contrast to the German example, the use of job mentors in Denmark by PES and jobseekers is voluntary. Job mentors are compensated for their mentoring/tutoring efforts and are chosen directly from the pool of employees in the workplace that the jobseekers find themselves in. Current evaluations indicate mixed results, with young people in particular benefitting from mentoring services.

The experiences from Germany and evidence from similar activities in other countries suggest that on-the-job-coaching activities can be effective in stabilising newly established employer-employee matches⁷. Job coaching and mentoring is used in many Member States to support jobseekers during and after the job-matching process and are also used as contact points and mediators between the employer and the employee. The coaching and mentoring services are either delivered in-house or via external service providers, depending on the human/financial resources available to each PES. The length and timing of the delivery of coaching and mentoring services varies from PES to PES. To further employer relationships, some PES are using wage subsidies as an instrument to attract employers and offer jobseekers the opportunity to gain skills on the job. However, in order to achieve sustainable labour market integration the design of wage subsidies (e.g. using a degressive scale), clear target setting and the combination of other measures that provide tailored support to jobseekers and employers are crucial.

Box 4: The 'Adult Guarantee' programme in the Veneto region of Italy Italy introduced in May 2016 the 'Adult guarantee' programme in the Veneto Region (DGR 681/2016), which covers long-term unemployed aged 50 years and older, who voluntarily join the action. This programme offers intensive support to jobseekers, including general counselling, profiling and the drawing up of a individual action plan. The programme aims to closely involve employers and grants specific one-off economic incentives for recruitment through open-ended and fixed-term contracts.

⁷ Fertig, M. (2016) Networking and coaching to success? The new German approach to long-term unemployed, Host Country Discussion Paper

4 Lessons learnt and priorities for the future

The Peer Review in Berlin provided an interesting and insightful opportunity to learn about different approaches to integrate long-term unemployed persons into the labour market. The workshop discussions revealed similar challenges across countries in relation to availability and access to services, integrated provision of services to LTU via intensified institutional cooperation and capacity and resources. Peer countries concluded that the particularly distinctive features of the German approach include:

- a decentralised approach to monitoring performance that creates ownership;
- a commitment at local and national level to enhance partnership working;
- intensified counselling and tailored support of long-term unemployed; and
- the establishment of complementary services for employers, such as job hunters and/or on-the-job coaching.

Further support

The Peer Review provided the participating countries with an opportunity to exchange and share expertise. As a next step the following measures could be considered:

- reviewing performance management system through identifying and sharing good practice examples;
- investing in staff training and capacity in order to improve the delivery of individualised services;
- establishing partnerships with employers; and
- cooperating with municipal, regional and national level.



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