



European Economic and Social Committee

SOC/490
Public Employment
Services (PES)

Brussels, 17 October 2013

OPINION

of the
European Economic and Social Committee
on the
**Proposal for a Decision of the European Parliament and of the Council on enhanced
cooperation between Public Employment Services**
COM(2013) 430 final – 2013/0202 (COD)

Rapporteur: **Ms Drbalová**

On 1 July and 8 July 2013 respectively, the European Parliament and the Council decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Proposal for a decision of the European Parliament and of the Council on enhanced co-operation between Public Employment Services (PES)
COM(2013) 430 final – 2013/0202 (COD).

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 3 October 2013.

At its 493rd plenary session, held on 16 and 17 October 2013 (meeting of 17 October), the European Economic and Social Committee adopted the following opinion by 174 votes to 1 with 1 abstention.

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1. Conclusions and recommendations

- 1.1 The EESC endorses the Commission's proposal to establish a European Network of Public Employment Services (PES), providing a platform for comparing their performance at European level, identifying good practices and fostering mutual learning in order to strengthen service capacity and efficiency. Its prime role should be to advise and coordinate.
- 1.2 The Committee acknowledges that well-functioning structures, including labour market observatories networks, already exist at regional level, contributing effectively to achieving common EU employment targets set by the Europe 2020 strategy. It recommends to the Commission and the Member States, with due respect for subsidiarity and diversity across the EU, to establish a more coherent relationship between PES and regional observatories.
- 1.3 In accordance with the Agenda for new skills and jobs, the EESC acknowledges the key role played by PES in implementing the priorities which will reinforce each of the four aspects of flexicurity.
- 1.4 The EESC calls on the Commission to specify in its document the links between the new European PES network and the Employment Committee (EMCO), and to clearly state the nature and goal of the modernisation concepts prepared by the PES, which should not be compulsory.

- 1.5 The EESC considers that benchmarking systems for public employment services, based on quantitative and qualitative indicators to assess PES performance, is a useful form of cooperation. The EESC particularly upholds the use of statistical indicators to gauge the performance and efficiency of employment services and active employment policies. Nevertheless, the EESC stresses that the result of this should be to make workers more adaptable and ready for a lasting return to the labour market and ensure their smooth transition into it.
- 1.6 With regard to the adoption of the general framework and delegated acts, the EESC urges the Commission to define the future terms of these acts in its document. It recommends making the proposal more detailed so that it lists the general framework's key indicators. Delegated acts, for their part, should complement these key indicators in less important areas, in line with Article 290 TFEU.
- 1.7 The EESC asks the Commission to define the role of each of the partners in the light of Article 4 on cooperation. The proposal should not reduce the social partners' role to that of associate partners, but should give them a stronger voice in PES modernisation. It should also address the role of civil society on the basis of the partnership principle.
- 1.8 The EESC also recommends that all interested parties participate in creating the conclusions and recommendations of the European PES network.
- 1.9 The EESC recommends that the Commission call on the Member States, inasmuch as they aim to successfully adapt PES organisational models, strategic goals and procedures to a rapidly developing environment, to implement the technical, human and financial framework. This would boost their capacity and enable them to carry out their new multifunctional role.
- 1.10 The EESC believes that PES' new competences, particularly in the area of active employment policies, must be reflected in appropriate capacities and financial support. Resources from the EaSI programme¹ should be maintained and the funding should be sustainable.
- 1.11 The EESC welcomes the conclusions and commitments made by all the participants at the youth employment conference held on 3 July 2013 in Berlin.

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Programme for Employment and Social Innovation (EaSI), integrating and extending the coverage of three existing programmes: Progress, EURES and the European Progress Microfinance Facility.

2. Introduction

- 2.1 The Europe 2020 strategy² has set the ambitious goal, to be met by all Member States, of raising the employment rate of men and women aged 20 to 64 to 75% by 2020. Public employment services have a central role to play in achieving this goal.
- 2.2 The guidelines for the 2020 employment policies³ recognise that PES are key actors and play a pivotal role in achieving recommendations 7 (increasing labour market participation) and 8 (developing a skilled workforce). The conclusions adopted during the meeting of PES heads in Budapest on 23-24 June 2011, under the heading Making the employment guidelines work, establish the contribution to be made by PES to the achievement of the Europe 2020 strategy.
- 2.3 Employment and labour market policy is still in the hands of the Member States; organising, staffing and running their PES is also a national competence. Nonetheless, the current arrangements for voluntary cooperation between Member States, implemented in 1997 when an informal consultative group⁴ of PES was set up, have reached their limits and are no longer a match for current needs and challenges. We need a mechanism to swiftly identify poor performance and any related structural problems, as well as systematic information on the results of current benchmarking and knowledge exchange methods.
- 2.4 In addition, the informal discussions by ministers in the Employment and Social Affairs Council (EPSCO), meeting in Dublin on 7-8 February 2013⁵, concluded that the exchange of best practices could be improved through enhanced and more accurately targeted cooperation between PES. The ministers accordingly asked the Commission to prepare a detailed proposal on a bench-learning initiative.
- 2.5 On 17 June 2013, the European Commission issued a proposal for a decision of the European Parliament and the Council which is in line with the extension of the flagship initiative An Agenda for new skills and jobs⁶ and the 2012 employment package⁷ and proposes to formalise cooperation between public employment services and to set up a European PES network.
- 2.6 This network should be operational for the 2014-2020 period, linked to the Europe 2020 strategy. The network's operation will be assessed and reviewed after four years. It will be funded through the Programme for Employment and Social Innovation (EaSI) and the

2 COM(2010) 2020 final.

3 Council decision on guidelines for the employment policies of the Member States, 2010/707/EU, 21 October 2010.

4 Informal consultative group of the European Commission: HoPES (Heads of Public Employment Services).

5 Informal EPSCO meeting in Dublin, 7-8 February 2013.

6 COM(2010) 682 final.

7 COM(2012) 173 final.

European Commission will provide the network's secretariat, drawing on its own current human resources.

2.7 The incentive measure delivered by the network should help to:

- implement the Europe 2020 strategy and its key employment goals;
- improve the functioning of EU labour markets;
- improve labour market integration;
- increase geographical and occupational mobility;
- combat social exclusion and integrate people excluded from the labour market.

2.8 During the initial Council discussions in July 2013, a majority of Member States welcomed the Commission proposal and took a positive approach to the objectives set. Reservations were voiced, primarily concerning the two-way links with the work of the Employment Committee and possible overlapping, the excessive number of Commission competences, the terms of the delegated acts and the failure to pin down funding issues.

3. **General comments**

3.1 The EESC generally welcomes all Commission initiatives intended to achieve the Europe 2020 strategy goals in the field of employment and the labour market, tighten up cooperation between the Member States, develop skills and adapt them to the needs of businesses and workers and support geographical and occupational mobility.

3.2 Given the urgency of the situation – particularly in some Member States – regarding mounting unemployment, especially long-term and youth unemployment, the EESC endorses the Commission's proposal to establish a European Network of Public Employment Services providing a platform for comparing their performance at European level, identifying good practices and fostering mutual learning in order to strengthen service capacity and efficiency.

3.3 Under pressure from long-term challenges triggered by global and technological changes and an ageing work force, as well as short-term emergency measures intended to redress the fallout of the economic slowdown, many Member States are already engaged in modernising their PES (with varying degrees of success), either centralising or in contrast decentralising them, extending their remits and endeavouring to tap their full potential.

3.4 The EESC considers that it is vital to overhaul PES to meet new labour market demands: an ageing work force, the rise of the silver and green economies, the new skills and requirements of young people, the development of ICT and technological innovation, the growing mismatch between supply and demand of skills.

- 3.5 PES have to tackle short- and long-term challenges simultaneously. They have to respond immediately, flexibly and creatively to developments in their working environment, combine short-term measures with sustainable solutions and anticipate social risks.
- 3.6 The EESC believes that PES' new competences, particularly in the area of active employment policies, must be reflected in appropriate capacities and financial support. This is not happening in many Member States, however, particularly at a time of budget cuts and cost-cutting measures. Yet, funding for operating PES – and especially for staffing – should be increased at this time, in order to ensure effective monitoring that leads to job offers. Well-functioning PES could be transformed in the future into skills centres.
- 3.7 In 2010, at the EESC's request, the European Foundation for the Improvement of Living and Working Conditions (EUROFOUND) drew up a background paper on Financing and operating active labour market programmes during the crisis⁸. Taking ten countries as an example, this paper describes variations in the interaction between active and passive employment policies, and the deterioration in expenditure in terms of GDP to promote activation measures, particularly in Member States with a rapid surge in unemployment.
- 3.8 The Commission's proposal is intended, by means of incentive measures (under Article 149 TFEU), to promote cooperation between Member States, improve the integration and functioning of EU labour markets, and help improve geographical and occupational mobility and combat social exclusion.
- 3.9 The new network will focus on the following initiatives: developing and implementing European-wide benchmarking systems among public employment services, providing mutual assistance, adopting and implementing a concept for modernising and strengthening PES in key areas, and preparing reports on employment.
- 3.10 The Commission proposal follows on from previous activities and studies on PES business models, on PES performance measurement systems and on the role of the PES with regard to flexicurity, anticipating skills needs and equipping people for new jobs.
- 3.11 The EESC believes that PES activity will never again be mere routine⁹. PES need to become multifunctional agencies facilitating a range of transitions in the EU labour market: from studies to first-time employment, and from one career to another. They need to enable interaction between labour market actors and to encourage them to cooperate and innovate; they also need to cooperate closely with public and private partners¹⁰ and to guarantee compliance by labour market actors with policies in that field.

⁸ See John Hurly: *Financing and operating active labour market programmes during the crisis*, EUROFOUND, 2010.

⁹ See: *Public Employment Services' contribution to EU 2020*, PES 2020 Strategy Output Paper, 2012.

¹⁰ The European Commission has launched the PARES initiative, a partnership between public and private EU employment services, which is a priority action in the 2011 communication on *An agenda for new skills and jobs*.

- 3.12 The EESC considers that PES should focus their efforts more closely on the supply side of work, while fully maintaining their benefits payment operations, since employers are having increasing difficulty recruiting the workers they need. Small and medium-sized enterprises in particular often need more support from PES, hence the need to improve collaboration between PES and businesses.
- 3.13 Even in a time of high unemployment, there is still a mismatch between the skills available and labour market needs. Via the HoPES network¹¹, PES take part in debates and consultations on the role of skills in the economy and society. The goal is to link up the worlds of work and education and to establish mutual understanding of qualifications and skills. For PES, this means setting up partnerships with the various stakeholders and balancing the supply and demand of qualifications in the increasingly complex arena of local labour markets¹².
- 3.14 The EESC acknowledges the unique role played by PES in implementing each aspect of flexicurity. Using solid empirical evidence, the study on *The role of the Public Employment Services related to "flexicurity" in the European labour markets*¹³ has shown that PES have grasped the need to redirect their services and adopted a wide range of strategies and measures to support flexicurity. PES should continue to step up their capacity so that they can act as intermediaries and carry out evaluations in the area of flexicurity.
- 3.15 The EESC thinks that PES should be primarily focused on those individuals or groups of workers that are most difficult to place on the labour market and have particular requirements – the long-term unemployed, older workers, women, young people, those with disabilities and immigrants – while rigorously applying and monitoring anti-discrimination measures.
- 3.16 In connection with the Europe-wide struggle to counter high youth unemployment, the EESC underscores the important role played by PES in implementing the youth guarantee. It also welcomes the promise, made by PES heads at the youth employment conference in Berlin on 3 July 2013, to play a pivotal role in promoting youth employment in Europe, to become more efficient and to boost cooperation with other stakeholders¹⁴.

11 See: [*The Case for Skills: A Response to the Recommendations regarding the Future Role of Public Employment Services under the New Skills for New Jobs Agenda*](#), European Network of the Heads of Public Employment Services, September 2011.

12 See R.A. Wilson, [*Anticipating skills needs of the labour force and equipping people for new jobs: which role for public employment services in early identification of skill needs and labour up-skilling?*](#) Report drawn up for the European Commission. Danish Technological Institute/ÖSB Consulting/Warwick Institute for Employment Research, 2010.

13 [*The role of the Public Employment Services related to 'Flexicurity' in the European Labour Markets*](#), "Policy and Business Analysis", Danish Technological Institute/ ÖSB Consulting/Tilburg University/Leeds Metropolitan University, March 2009.

14 Conference on youth employment (Konferenz zur Jugendbeschäftigung), 3 July 2013 in Berlin, contribution from the HoPES network.

4. **Specific comments**

4.1 According to the proposal for a decision, the European PES network should cooperate closely with the Employment Committee and contribute to its work by forwarding information and reports on the implementation of employment policies. The EESC considers that the decision should identify the network's consultative tasks and relationship with the Employment Committee. The network is to have a consultative and coordinating role and its establishment must not be seen as an attempt to harmonise PES structures or social systems.

4.2 The EESC can hardly ignore the fact that well-functioning structures, including regional labour market observatories networks, do already exist at regional level, effectively contributing to achieving the common EU employment targets set by the Europe 2020 strategy.

In order to ensure a more coherent relationship between PES and the observatories, the EESC draws attention to the need for:

- a) arrangements under which public-sector regional employment observatories run directly by the regions can participate in the European network ;
- b) a better link between the European network of regional employment observatories and the European PES network;
- c) arrangements pertaining to membership of and access to the European network for private-sector regional employment observatories and public-sector regional employment observatories that are not directly run by the regions, but operate under their instructions and work towards their objectives;
- d) any other act to improve the functioning of and connection between all the existing structures, with the aim of using all available instruments so as to involve all tiers of government and to take action at all levels – national, regional and local.

4.3 Funding to develop cooperation between PES will be drawn from the Progress strand of the European Programme for Employment and Social Innovation (EaSI) between 2014 and 2020. This legislative proposal is budget-neutral and does not require any additional human resources. As regards projects developed by the network or linked to knowledge exchange and then rolled out in the various PES, Member States can receive funding from the European Social Fund (ESF), the European Regional Development Fund (ERDF) and the Horizon 2020 framework programme. The most important thing, in the EESC's view, is that resources from the structural funds should be maintained and funding should be sustainable. The PES' new competences, particularly in the area of active employment policies, must be reflected in appropriate capacities and financial support.

4.4 Article 3 of the proposal defines the network's initiatives.

- Article 3(1) (a) stipulates that the network is to develop and implement European-wide evidence-based benchmarking systems among public employment services based on the use of quantitative and qualitative indicators to assess PES performance and to gather evidence with a view to establishing an appropriate mutual learning vehicle.
- The EESC endorses this principle. It considers that benchmarking PES, based on quantitative and qualitative indicators to assess PES performance, is a useful form of cooperation. The EESC particularly upholds the use of statistical indicators to gauge the performance and efficiency of employment services and active employment policies. Input indicators (e.g. the budget) should rather be used as context indicators. Other indicators that the EESC considers useful include the number of people registered (per State), the total number of intermediaries and their number per candidate, the rates of return to work and job retention monitored after three and six months, the average length of unemployment, the ratio between supply and demand, the length of employment and type of jobs following an active employment policy programme, the rate of employees joining training schemes, costs incurred and the number of EU or third-country workers.
- There needs to be a focus on those who are most remote from the labour market and analysis and measurement of job centres in areas with similar conditions in terms of unemployment level and economic performance.
- Article 3(1)(c) stipulates that the network is to adopt and implement a concept for modernising and strengthening PES in key areas.

The EESC recommends that the wording here be made more precise to make it quite clear that the PES network will effectively have a purely consultative role. The EESC considers that this article should set out clearly the nature and goal of the PES modernisation concepts. The EESC believes that under no circumstances should these concepts be compulsory.

4.5 Article 4 on cooperation refers to cooperation and the exchange of information with labour market stakeholders, including providers of employment services. The EESC considers that this article should specify the role of each of these stakeholders more clearly.

4.5.1 The EESC points out that social partners are the main labour market stakeholders and they have a pivotal role in PES modernisation; accordingly they should have an appropriate place in the new organisation. In its paper on the role of the social partners in the governance of PES, particularly in times of crisis, taking four EU Member States as examples, the International Labour Organization shows that changing PES automatically changes the role, participation and influence of the social partners. Whereas in Austria the means of action available to them have grown, particularly at regional level, in Germany and Denmark their influence is shrinking, their role centring on consultation rather than co-decision. For

historical reasons, in the United Kingdom the social partners are not involved at institutional level¹⁵. The EESC therefore welcomes the series of initiatives enacted by the European social partners as part of their joint work programmes¹⁶.

- 4.5.2 In this context, the EESC notes a worsening trend with the new Commission Decision 2012/733/EU regarding EURES. During April's meeting of the Advisory Committee on Freedom of Movement for Workers¹⁷, social partner representatives expressed strong concerns at seeing the social partners' role reduced to that of associate partners.
- 4.5.3 In many of its opinions, the EESC has endorsed the Commission's call for partnerships between all stakeholders to support job creation, boost employment, develop skills and combat social exclusion. With a view to combating the high levels of youth unemployment in Europe, the EESC has stressed the role of teaching establishments, counselling bodies, civil society organisations (youth organisations, women's associations, organisations providing support for disabled people, etc.), families and individual people, as this is the only way to address, jointly and fully, the situation in European labour markets.
- 4.5.4 The EESC also welcomes the partnership between employment services (PARES)¹⁸ to promote dialogue at EU level and so ease transitions in the labour market. Labour markets are becoming ever more complex and all employment service providers need to cooperate. The EESC also supports the European Commission's PES to PES Dialogue programme to promote mutual learning.
- 4.6 Under Article 7 on the adoption of a general framework, the Commission will be empowered to adopt delegated acts in accordance with Article 8 of the proposal concerning a general framework for the delivery of the benchmarking and mutual learning initiatives as defined in Article 3(1). Generally speaking, the EESC can endorse the use of delegated acts to amend certain provisions concerning the general framework for the delivery of the benchmarking and mutual learning initiatives. However, further information will be needed to identify the issues that these delegated acts could substantially amend. The EESC recommends making the proposal more detailed so that it fine-tunes the general framework's key indicators. Delegated acts, for their part, should complement these key indicators in less important areas, in line with Article 290 TFEU.
- 4.7 The proposal states that these new Commission initiatives will supplement PES cooperation in EURES under Articles 45 and 46 of the Treaty. The EESC considers that the proposal

15 J. Timo Weishaup, *Labour Administration and Inspection Programme: Social Partners and the Governance of Public Employment Services: Trends and Experiences from Western Europe*, 2011.

16 The autonomous agreement on inclusive labour markets (2010) is based on the common analysis of principal labour market factors (2009).

17 See the minutes of the meeting of the Advisory Committee on Freedom of Movement for Workers, held on 12 April 2013 in Brussels.

18 PARES is one of the Commission's support measures for the Agenda for new skills and jobs, intended to support flexicurity.

should make clear the synergies between the new PES network and EURES¹⁹. The new network should support a broader mandate for EURES and its pivotal role in matching up skills and the needs of the European labour market and improving mobility in the EU. The network could also collaborate with other organisations, such as careers advice agencies.

Brussels, 17 October 2013.

The President
of the
European Economic and Social Committee

Henri Malosse

¹⁹ See OJ L 328, 28.11.2012, p.67-128.