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COMMISSION STAFF WORKING DOCUMENT

EXECUTIVE SUMMARY OF THE ANALYTICAL DOCUMENT

Accompanying the document

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

Towards a Quality Framework on Traineeships

**Second-stage consultation of the social partners at European level
under Article 154 TFEU**

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Towards a Quality Framework on Traineeships

Second-stage consultation of the social partners at European level under Article 154 TFEU

This staff working document summarizes the analysis supporting the second stage consultation of the European social partners on a possible EU initiative on a Quality Framework for Traineeships. The consultation will gather the opinions of the European social partners, pursuant to Articles 154-155 of the Treaty on the Functioning of the European Union (TFEU), on the content of a potential EU initiative on this issue. It follows a public consultation carried out between 19 April and 11 July 2012 and a first stage Social Partner consultation on the possible direction of an EU initiative, which took place between 11 September and 23 October 2012.

1. PROBLEM DEFINITION

Currently over five million young people in the EU under the age of 25 cannot find a job: in some Member States unemployment among young people exceeds 50%. In this context, increasing the access of young people to the labour market and enhancing transitions from education to work is a top priority for the EU. Traineeships – defined as a limited period of work practice spent at business, public bodies or non-profit institutions by students or by young people having recently completed their education, in order to gain some valuable hands-on experience in a work environment, ahead of taking up regular employment – can have a crucial role in this context. Traineeships can provide a possible stepping stone to more productive employment careers, they can help foster sustainable job creation, reduce youth unemployment and eventually contribute to raise the employment rate – one of the headline targets of the Europe 2020 Strategy. It has to be noted however that traineeships – unlike apprenticeships – are not covered by employment contracts in most Member States, also meaning that they are in general less regulated.

Despite the fact that traineeships have a number of benefits not only for trainees, but also for employers and the society as a whole, concerns about the effectiveness and quality of traineeships have been recognized by European Institutions. Open-market traineeships in particular (where apart from the trainee and the host organization no other institution is

involved in the definition, organisation and monitoring of the traineeship and its learning content and other conditions; this is typically – but not exclusively – the case of post-graduate traineeships), being the least regulated type in most countries, are the object of particular attention. In 2010 the European Parliament adopted a Resolution calling specifically for better and secured internships and for a European Quality Charter setting out minimum standards for internships to ensure their educational value and avoid exploitation. In 2011, the European Commission foresaw in its Youth Opportunity Initiative the launch of a Quality Framework on Traineeships by the end of 2012. Furthermore, the June 2012 European Council concluded that *"It is crucial to address youth unemployment, in particular through the Commission's initiatives on youth guarantees and the quality framework for traineeships"*. Finally, the European cross-sectoral social partners (BusinessEurope, UEAPME, CEEP, ETUC) agreed to "promote more and better apprenticeship and traineeship contracts" and "ensure the right working conditions to welcome and support new entrants in the enterprise" as key actions under their 2010 Framework Agreement on Inclusive Labour Markets.

Quality problems

Studies and surveys show that quality problems related to traineeships are mostly linked to the *lack of learning content, the lack of or insufficient compensation/remuneration, and unsatisfactory working conditions*. A further problem – to a large extent related to the previous ones – is the *low level of intra-EU trainee mobility*.

Key quality elements identified in the Traineeship study¹

A good quality traineeship should enable the trainee to acquire practical skills geared to the labour market needs and complementary to the trainee's theoretical studies in order to enhance the trainee's employability. A good quality traineeship should be based on an agreement between the trainee and the host organisation. The traineeship agreement should cover the following elements:

- Objectives, content and monitoring: Traineeships should enable the trainee to acquire practical skills complementary to his or her theoretical studies. The guidelines require that educational content is ensured by assigning a personal supervisor or mentor at the host organisation to each trainee.
- Duration: Open-market traineeships should typically not be longer than 6 months. Mandatory post-graduation professional training of doctors, lawyers, teachers and the like are exempted as these traineeships tend to be highly regulated.
- Remuneration/cost compensation: If there is a mutual benefit for both the host organisation and the trainee in terms of knowledge transfer and learning, unpaid traineeships may be appropriate. Hence the quality guideline should only stipulate that the written traineeship agreement clearly specifies what, if any, compensation and remuneration is offered.
- Social security provisions: The social insurance provisions need to be clarified between the trainee and the employer. This includes health insurance and insurance against accidents at the workplace.

Insufficient learning content may mean that the host organization is not providing (enough) learning sessions for the trainees to explain its work/operations etc., or does not ensure a mentor. This is quite frequent in the case of traineeships where trainees have to execute mundane work.

A second group of concerns relate the **lack of or the low level of compensation**. The EYF survey indicates that only 25% of trainees were remunerated enough to cover living expenses. Lack of compensation explains concerns about equity of access, and raises issues about employers using traineeships as a form of unpaid employment with 'cheaper' trainees being used for entry level jobs and/or other job vacancies instead of regular staff. Nevertheless, it is important to note that remuneration/compensation issues have to be dealt at Member State level or by social partners because the EU Treaties do not provide a legal basis for EU action in this respect (see also in section 4 – Legal basis and subsidiarity).

A third group of problems relate to **working conditions** other than compensation, such as long working hours, substandard working conditions, lack of coverage for health or occupational risks, lack of clarity on the applicable legal regimes, fairness aspects and so on.

Finally, a fourth group of problems of concern in terms of the integration of the EU labour market is the **low level of intra-EU mobility for trainees**. This has important negative consequences for the integration of the EU labour markets, and prevents young people living

¹ Study on a comprehensive overview of traineeship arrangements in the EU Member States, European Commission (2012), henceforth "the Traineeship study".

in countries with a bad traineeship offer to profit from better opportunities in the EU single market.

2. CONSULTATION OF STAKEHOLDERS

Public consultation and consultation of the European social partners

The public consultation received over 250 responses. Trade unions, as well as NGOs, youth organisations, educational institutions, agencies involved in transnational traineeships and most individual respondents largely agreed to the Commission's analysis, definition of key elements of quality traineeships, problem definition and objectives and generally supported a Commission initiative in this area (some asking for a binding legal instrument, others preferring non-binding recommendations); employers' organisations, chambers of commerce and industry – while acknowledging the positive role of traineeships in school-to-work transitions and in acquiring skills – adopted a more sceptical stance, raising concerns as to whether remuneration and social protection issues could be covered in this context and some further questioning the need for an EU initiative.

Both employer organisations and Member States referred to the need to keep the framework sufficiently flexible so that diversity of national systems and practices can be taken into account. Opponents of EU action argued that minimum requirements for traineeships should not be set at the European level, due to a lack of EU competence particularly on the issue of remuneration. Concerns were also raised about traineeship schemes becoming overburdened with legal or administrative procedures that could discourage companies from taking on trainees, thus depriving young people of valuable work experience opportunities. Opinions about the scope of a possible initiative were varied, too, notably with regard to the possibility of limiting the scope to 'open market' traineeships only.

The responses to the 1st stage consultation of the European social partners have confirmed the above positions without contributing any new elements.

3. OBJECTIVES OF THE INITIATIVE

The general objectives of an initiative in this domain are

(1) to facilitate education-to-work transitions

High quality traineeships contribute to increasing the employability of young people. Traineeships as a form of labour market entry for graduates should be stepping stones in the progression to a regular employment, ensure a rapid increase in workers' productivity and help reduce precarious employment. The objective should therefore be increasing the number of good quality traineeships and reducing the extent of low-quality instances and abuse.

(2) to promote mobility in order to reduce mismatches in the European labour market

To reduce structural unemployment, the promotion of learners' and of workers' geographic mobility within the EU should be stepped up, given the existence of marked skill and demand/supply mismatches in the labour market. Developing transnational traineeships is a key tool for this. Prospective trainees who consider undertaking their training in another EU Member State should have a clear reference to check quality criteria and not be discouraged by uncertainty about administrative formalities; legal concerns, or contractual obligations.

In order to meet these general objectives, the following specific objective has been identified:

To improve the quality of traineeships in the EU.

The operational objectives would be

(1) To encourage host organisations to offer traineeships providing good quality learning content, decent working conditions and which are a good stepping stone for entering the labour market.

(2) To increase the transparency and quality of information on traineeship positions.

4. LEGAL BASIS AND SUBSIDIARITY

According to Article 153 TFEU, the Union shall support and complement Member States activities in the field of, *inter alia*, working conditions, social security and social protection of workers, and also the integration of persons excluded from the labour market and the combating of social exclusion. Pursuant to Article 153 para. 2. b) TFEU, the European Parliament and the Council may adopt Directives in the field of employment and social policy.

Alternatively, according to Article 292 TFEU, the Council can adopt recommendations on the basis of a Commission proposal. Occupational Safety and Health legislation considers trainees and apprentices as covered by the scope of the Directives based on framework Directive of 1989, whose basis is Art 153 TFEU.

However, it should be noted that the provisions of Article 153 TFEU do not apply to pay (Article 153 para. 5 TFEU). Hence, the problems relating to low trainee compensation have to be dealt with at another level, notably by Member States and social partners.

Mobility in education and training forms a central objective in the EU's educational policy and is an integral part in of the freedom of movement of persons under Article 45 TFEU – a fundamental freedom protected by the Treaty.

Subsidiarity

Generally, great diversity of situations among Member States, or very different societal preferences are arguments in favour of decentralised solutions, as they can be tailored to national or even local needs and preferences. However, in the case of traineeships, the difference of labour market institutions does not seem to play a major role, as the nature of the complaints and concerns put forward is very similar everywhere, and quality problems in traineeships are frequent even in the Member States where the labour market situation of young people is more favourable.

In addition, an EU-wide solution would present several operational advantages.

- (1) The quality guidelines adopted or proposed so far generally look very similar, irrespective of the organisation drafting them. This suggests that there is no great need of adaptation of quality standards to local conditions.
- (2) An EU wide-solution would have clear benefits in terms of intra-EU mobility of trainees. Young people would find it easier to accept a traineeship in another country if standard or harmonised rules gave them a clear knowledge of what they can expect in another country. Greater trainee mobility would contribute to achieving a more integrated EU labour market through better matching and sustainable job creation.
- (3) Experience shows that, owing to coordination problems, the definition of internationally accepted quality standards can be faster if supranational institutions coordinate and support. The EU is best placed for this, as there seems to be little or no movement towards spontaneous development of international quality standards.

Through an initiative in this sense, the EU could concretely support Member States to meet the EU 2020 employment guideline nr 8. Providing guidance to the Member States that is operational and can be readily implemented at national level appears all the more useful, given the acuteness of the crisis and past delays in tackling traineeships problems. It is also fully in line with the spirit of the European Semester.

Despite frequent calls to promote high-quality traineeships action from Member States has been patchy and the regulatory framework generally remains fragmented and unsatisfactory.

The traditional European employment strategy approach could be used to induce Member States to reform traineeship regimes, but would lead to greater differentiation in the resulting framework than instruments such as recommendations or legislation determining the content of traineeship regimes. This would be suboptimal particularly in terms of the need to address existing barriers to trainee mobility.

Finally, an EU solution seems to be a pre-condition for extending EURES to apprenticeships and traineeships, as requested by the European Council. This is needed to prevent the risk that support supplied through EURES is provided to low-quality traineeships that do not help smooth education-to-work transitions.

5. POSSIBLE AVENUES FOR EU ACTION

In respect of the autonomy of the social partners, no possible actions/options have been discarded at this stage, nor has the reflection been limited to particular types of traineeships. Actions could be taken, depending on the types of traineeships, at different levels, involving different actors and different tools. For example the EU could:

- improve the transparency of traineeship regulation through more accessible information,
- encourage voluntary action by stakeholders (host organisations, social partners etc.) to enhance the quality of traineeships, for instance through the establishment of quality labels,
- launch actions under the European employment strategy to encourage Member States to improve the quality of traineeships,
- introduce non-binding instruments (recommendations or guidelines) or
- introduce binding legislation.

Scope and measures

Market failure in delivering quality can generally be tackled in two ways, either by enhancing the quality and availability of information on the market, or by imposing quality standards. Either approach could enhance the effectiveness of traineeships in ensuring good transitions from education to work. In the following, a number of measures based on the first or the second approach are explored.

Open-market traineeships seem to represent an obvious candidate for initiatives, but alternatives exist: the scope of the measures could be restricted to apply to cross-border traineeships only, or to traineeships with a duration above three months.

The social partners may wish to consider one or more of the below measures, requiring different levels of engagement of EU institutions. Several of these measures could be combined together. The analysis of impacts is only indicative at this stage and will be further elaborated in a future impact assessment.

i) No initiative at EU level (baseline scenario)

Description: The Commission will continue to pursue the objective of improving mobility and labour market transitions of young people without any specific instrument/tool focusing on traineeships. The Traineeships study provides a first overview of the traineeship arrangements in the Member States and lays a basis for more transparency of arrangements.

Discussion: While it is possible that there are further national initiatives in order to enhance the quality of traineeships, the overall share of low quality traineeships could easily increase:

the crisis may lead businesses to scale back new hirings, which are one of the main reasons for offering high-quality traineeships, and new labour market entrants may revise downwards their expectations accordingly.

ii) Creation of an information website

Description: Setting up a website with a traineeship panorama (containing regularly updated information on traineeship conditions and the legal framework in each Member State) would constitute a non-regulatory approach to increase the availability of general information about traineeships. As a bolder option, the website could also allow trainees to give feedback on their individual traineeship experience with a host organisation, transforming the nature of the information from purely general to specific.

Discussion: A properly designed, user-friendly website would allow easier access to information on national legislation of traineeships, on the availability of different types of traineeships in Member States. This would reduce search costs for trainees, could improve matching and could also have a positive effect on increasing the availability of candidates for transnational traineeships.

While there is no compliance cost for Member States or host organisations, there would be some budgetary implications for the organisation running the website.

This tool addresses part of the lack of information problem, i.e. the lack of general information on standards, but does not provide information on the quality of specific traineeship positions on offer. Hence, though positive, the impact of this option on traineeship quality is modest. The option of allowing trainees to assess or rate their traineeship experience would instead create a fairly strong incentive for hosts to improve the quality of their traineeships, as their reputation would benefit from being shown to offer high quality traineeship conditions.

iii) Quality label for traineeships

Description: A set of quality principles for traineeships could be elaborated in cooperation with social partners, specifying minimum quality guidelines for the format and learning content of the traineeship (see the quality elements identified in the Traineeship study). Companies, educational institutions, employment services and/or other relevant actors could voluntarily commit to respect the guidelines for trainees, and in exchange for that, publicise themselves as ‘fair to trainees’ or similar. The quality label for traineeships could also include a commitment by the host organisation on providing remuneration and social security treatment. Furthermore, it is possible to launch a quality label specifically in certain sectors.

To achieve minimal compliance costs, the quality label could be attributed to all organisations that would commit to it without advance inspection or screening. A certain number of duly justified complaints could lead to the withdrawal of the label. Such a light organisation would allow the label to be managed by the companies concerned, or by a small external office.

Discussion: This solution can encourage and guide host organisations by providing a reference for quality, while its voluntary nature ensures that it is bearable for host organisations. It goes some way into providing a positive incentive for adoption, given that one of the motives for organisations to offer traineeships is improving their reputation, which could be enhanced by a quality label. This option might also stimulate cross-border traineeships.

The voluntary nature of the commitment seems to make sure that the compliance burden for businesses would be acceptable. However, there is a risk that only few organisations apply for the label, particularly as at present demand for traineeships outstrips supply. Furthermore, many of those that apply probably will be those that offer high quality traineeships already.

iv) European Quality Framework for Traineeships

Description: This measure would consist in a social partner agreement or a Commission proposal on quality elements, to be transposed by Member States in national practice and/or the national legal system. The quality framework could include the elements listed in the Traineeship study, providing clear indications to trainees on objectives, content and monitoring; duration; compensation; and social security coverage.

Discussion: The strength of this approach is that the quality framework would be the same framework in all (adopting) Member States. This would therefore address the negative impact of the diversity of regulations on the development of international mobility.

The elements identified in the study could be complemented with a limitation of successive traineeships, and/or with a requirement to register traineeships. Similar measures have been adopted in certain Member States. Limiting the repetition of traineeships by the same person in the same organisation, or, more boldly, prescribing that host organisations need, over the medium term, to hire a certain (limited) percentage of the trainees it engages would address the problem of young people having to do several traineeships before finding regular employment. Instruments similar to a quality framework already exist within the EU (e.g. UK Code of Best Practice for Quality Internships).

Overall, a reasonable improvement on the quality and transparency of traineeships could be expected in the medium term from a quality framework endorsed at European and national level. A limitation of successive traineeships could be effective in limiting replacement risk. Furthermore, a compulsory registration of traineeships would allow having better statistics about traineeships and support effective enforcement of rights. Regarding the impact on the availability of traineeship places, this option would include a certain risk that some employers will refrain in the future from providing traineeship places, most likely because they realise that the traineeship places they offered so far were not of good quality.

While most of the costs of this option would have to be borne by host organisations, compliance costs would mainly be related to ensuring a proper learning content. Host

organisations that already provide learning content would merely need to give it the appropriate level of formality by listing learning objectives and some other key characteristics of the traineeship on paper. Hence the reduction of traineeships offered can be considerably limited if the additional workload for compliant businesses is communicated as manageable.

An important question however remains the effectiveness of the impact on bad quality traineeships as regulatory solutions may work least in Member State with weaker enforcement mechanisms. As regards proportionality, the quality framework for traineeships can contribute to achieving the intended objectives while EU level action is not disproportionate.

6. FINAL OVERVIEW

The options and sub options presented above could be variously combined together.

The following table summarises the avenues for action presented above in terms of possible impacts and compliance costs.

Option	Voluntary (V)/Soft law (SL)/Regulatory solution [®]	Potential Impact on quality of traineeship	Impact on demand for traineeships positions (D – domestic – CB – cross-border)	Impact on compliance costs for businesses = impact on supply of traineeship positions	Impact on compliance costs for SMEs	Flexible solution
Information website for trainees	na	0	D: 0 CB: +	0	0	Yes
Quality label	V/SL	0/+	D: + CB: ++	0	0	Fairly
Quality label + remuneration	V/SL	0/+	D: + CB: ++/+++	0/(-)	0(-)	Fairly
Quality framework for traineeships (QFT),	[®]	++	D: ++ CB: ++/+++	0/(-)	-/--	No
QFT for long, crossborder traineeships	[®]	+ /+++	D: ++ CB: ++/+++	0/(-)	-/--	No

Key:

0 : zero or negligible impact

(+) / (-) :slight positive (negative) but uncertain impact

+ / - : possible positive/ negative impact

++ / -- : likely positive/ negative impact

+++ / --- : very likely positive/ negative impact