



EUROPEAN SEMESTER THEMATIC FICHE PUBLIC EMPLOYMENT SERVICES (PES)

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1. Introduction

Public Employment Services (PES) are the principal labour market institutions directly accountable to governments and set up to facilitate labour market integration of jobseekers and in some instances payment of unemployment and/or welfare benefits. Although structured differently in each country, all PES help match supply and demand in the labour market through information, placement and active support services at local, national and European levels. PES are also the main implementers of activation policies thus contributing to successful labour market transitions.

During the recent economic crisis, PES have been at the forefront of the battle against unemployment. In many Member States, the PES have faced an intensive increase in jobseeker and caseload numbers, whilst also confronting significant cuts in financial and human resources following public sector cuts and the need to rein in government expenditure.

This situation will continue to test the capacities of PES to adapt to changing labour market realities whilst becoming more efficient, through greater rationalisation of activities and services. As part of a repositioning drive, PES will be expected to transform themselves into "transition management agencies"¹ delivering a new combination of "active" and "passive" functions that support sustainable labour market transitions throughout workers' careers. Active measures include training, employment incentives, supported employment and rehabilitation, direct job creation and start-up incentives. Examples of passive measures are out-of-work income maintenance and support, and early retirement.

¹ Communication from the Commission "Towards a job-rich recovery", COM(2012) 173 final <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0173:FIN:EN:PDF>

2. Identification of challenges

Registering jobseekers and the unemployed and reaching out to the inactive

Registration with the PES is a pre-requisite for access to active labour market measures and job search support. Consequently, registration rates impact strongly on the ability of PES to reach out to the inactive population, including amongst the young, female and older inactive population, and to tackle long-term unemployment (LTU)².

Criteria for registering jobseekers differ across the Member States. In some of them, only those registered as unemployed are registered as jobseekers, while in other countries registered jobseekers may include individuals who are inactive or employed. Data provided by PES for the number of registered jobseekers rose over the period 2009-2015 (Graph 1). However, in more than half of the PES, the number started decreasing in 2013.

Registration of the long-term unemployed varies widely among Member States. Registration rates are high (above 85%) in countries as diverse as Germany, Spain and Slovakia, much lower (around 50% or less) in Italy, the UK, the Netherlands and Bulgaria, and very low in Romania (Graph 2). Variations in registration rates across countries are due to several factors, including the quality and attractiveness of PES services, the level, duration and eligibility of unemployment and social benefits, and the obligations and sanctioning mechanisms linked to these benefits. In some Member States, PES registration is required for unemployed citizens to access non-employment related services, such as healthcare.

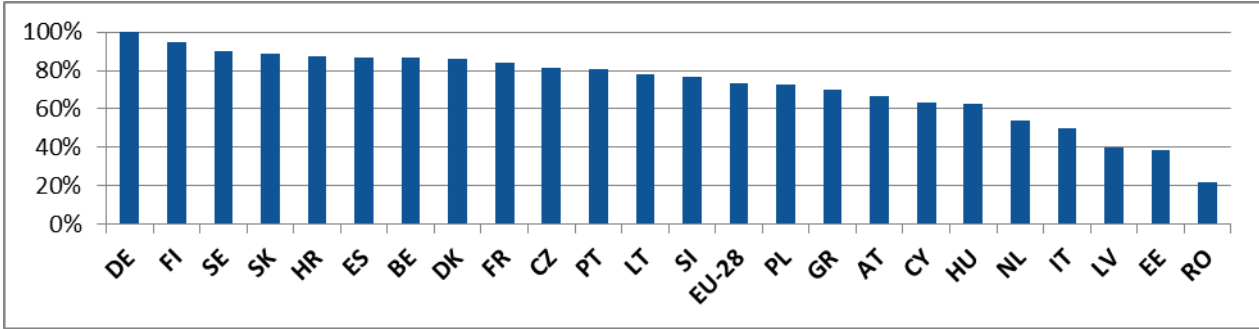
Graph 1. Number of PES experiencing an increase/decrease in the number of registered jobseekers and registered unemployed, 2009-2015



Source: 2015 assessment report on PES capacity

² Please see also the European Semester Thematic Fiches specifically covering these themes.

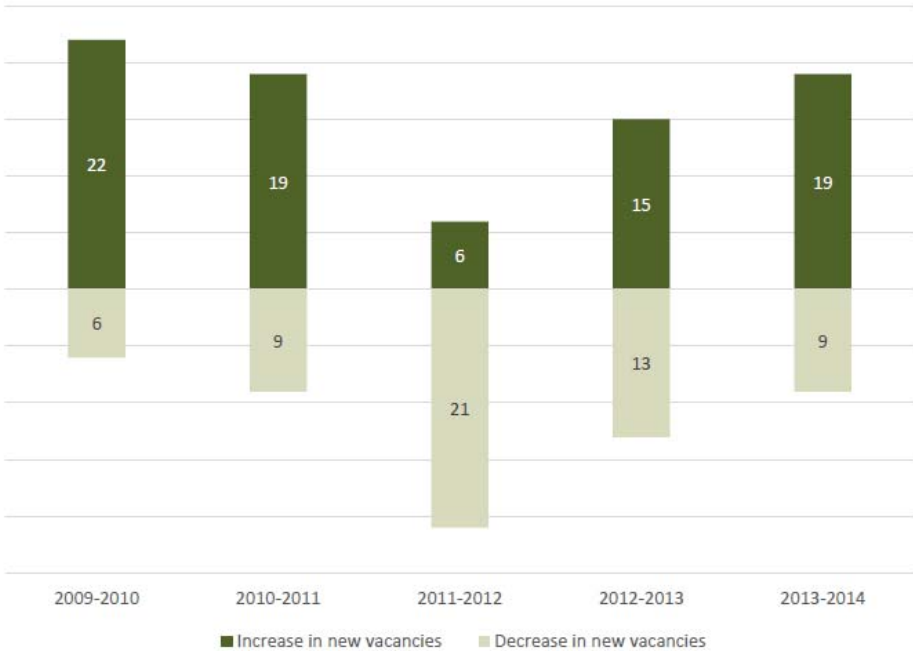
Graph 2. Share of long-term unemployed registered with employment services, 2014



Gathering job vacancies

Gathering information from employers on job vacancies is a core task of PES. Employers can report vacancies through a variety of channels (free-phone, fax or web-based applications). A key objective of the PES is to maximise the number of job offers available to jobseekers. All PES also directly contact employers to enquire about vacancies through telephone interviews, questionnaires or visits and direct contacts. By 2014, all PES – with three exceptions – were handling more vacancies than in 2009.³

Graph 3: Number of PES experiencing an increase/decrease in new vacancies



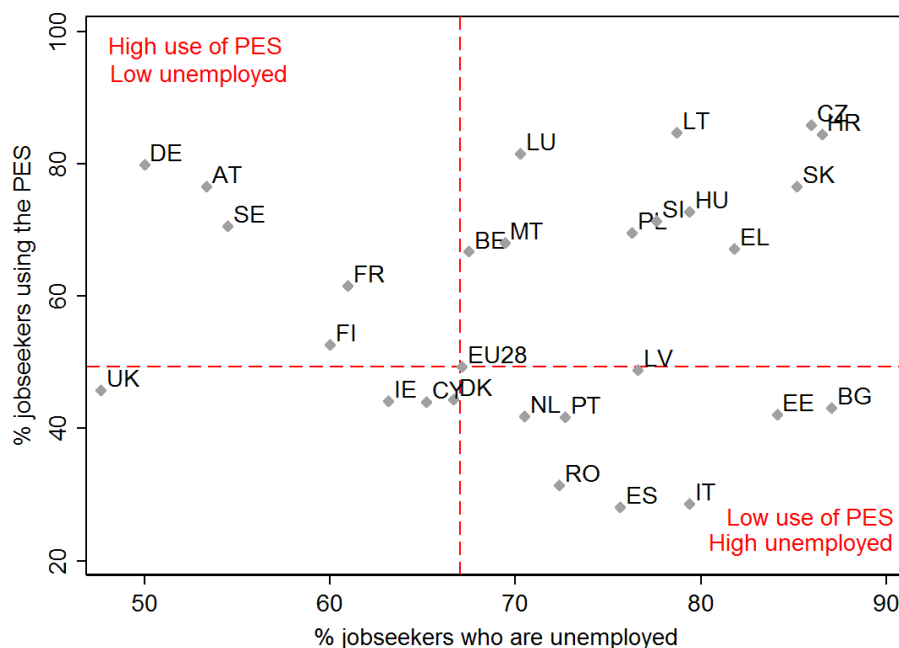
Source: 2015 assessment report on PES capacity

³ Data are taken from the 2015 assessment report on PES capacity.

Ensuring effective use of PES in job-search and placement

In countries such as Germany, Austria and Sweden, the use of the PES in jobsearch is well above EU average despite a relatively low proportion of unemployed among jobseekers. In contrast, the use of the PES is well below average in Spain, Italy or Bulgaria despite high proportions of unemployed among jobseekers. These differences are likely to originate in the PES coverage, quality of services they offer, and availability of alternative support from other actors such as Private Employment Agencies.

Graph 4 - Use of PES in job search and share of unemployed jobseekers, 2014



Source: Eurostat, Labour Force Survey 2014

In 2012 (latest available data), the PES were involved to some extent in the placement of 9.4% of recent recruits. The share exceeds 15% in Hungary, Finland, Luxembourg and Croatia, but is less than 3% in Italy, Spain and Cyprus. Although the likelihood of being a new recruit is dramatically higher among young people than among other groups, the level of PES involvement in job placement for this group was lower (8.5%) compared with those for older age groups (9.3% for 25-49 and 12.1% for 50-64). However, this does not hold in all the Member States. The PES have more involvement in the placement of youth than any other group in Belgium, Croatia, Poland, and Romania.

To improve labour markets, the European Public Employment Services concluded⁴ that PES need to help build career transitions and acknowledged that in view of the challenges generated by transitional labour markets, the pursuit of activation policy with sustainable outcomes is needed. At the same time, it would be useful for PES to focus more on the demand side of the labour market and their relation to employers.

⁴ Public Employment Services' Contribution to EU 2020, PES 2020 Strategy Output Paper: <http://ec.europa.eu/social/BlobServlet?docId=9690&langId=en>.

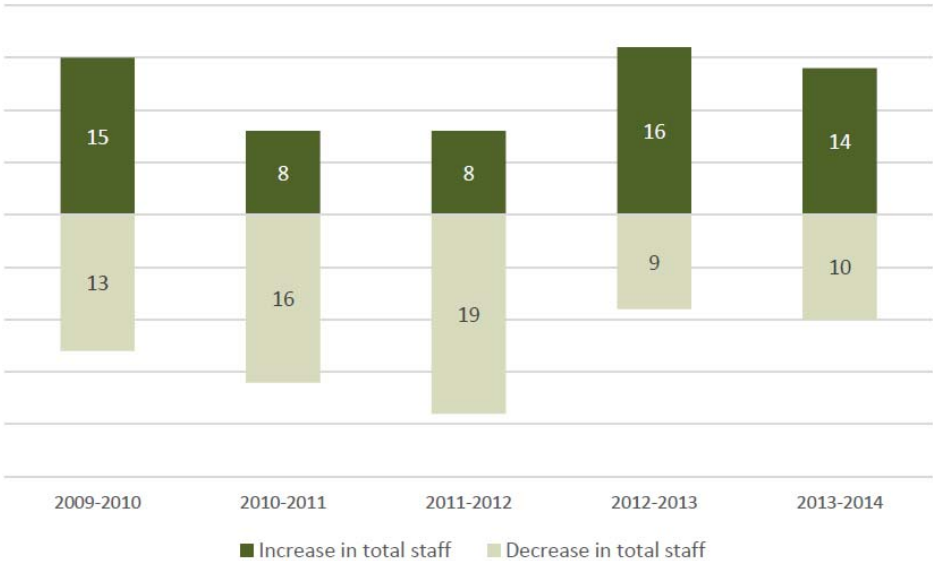
To guarantee an optimal functioning of the labour market and assure quicker access to jobs by the unemployed, PES need to enhance their services to meet the goals of the Europe 2020 strategy. This could be done in particular by enhancing:

- capabilities for labour market intelligence and active and preventive labour market measures;
- the understanding of specific labour market transitions;
- the provision of tailor-made services to labour market actors on the supply and demand sides;
- capabilities for employability support at an early stage, and the delivery of individualised service;
- the use of e-services and the development of digitalisation capabilities;
- the development of strong partnerships and reinforced (multi-level) coordination, in particular with other employment services for enhanced service delivery, including in other Member States.

Capacity and level of resources

Available evidence shows that, overall, PES human resources began increasing again in 2012, following significant cuts at the beginning of the crisis. Nevertheless, the trend is still not clear-cut: over the 2013-2014 period, 52% of PES for which data are available, saw an increase in staff numbers, but 37% experienced a decrease, while the remaining 11% saw no change. All in all, staff capacities remain a challenge for many PES given the high case loads and new tasks deriving from the implementation of the Youth Guarantee. Although the latter gave an impetus to provide focused support to young people, it sometimes resulted in dedicated counsellors being frequently unavailable to offer support to the long-term unemployed, older workers and people with disabilities.

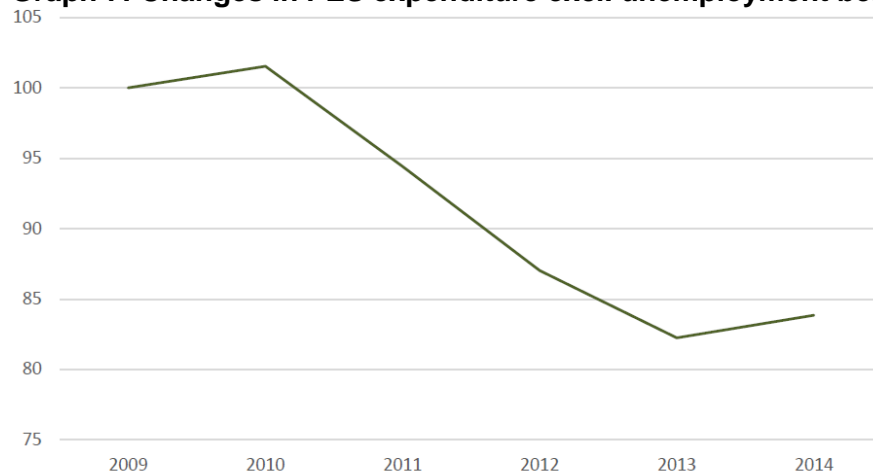
Graph 6: Number of PES reporting an increase/decrease in total staff, 2009 – 2014



Source: 2015 assessment report on PES capacity

The trend towards reinforced resources to support the recovery appears also from expenditure data: PES expenditure fell by 15% in real terms between 2009 and 2013, before a moderate increase in 2014.

Graph 7: Changes in PES expenditure excl. unemployment benefits, base 2009=100.



Note: the chart illustrates changes in the sum of PES expenditure over the years, excluding unemployment benefit payments (instead of using an average of expenditure changes) and using a deflator to make comparisons in real terms (instead of presenting nominal values). The indicator has been constructed on the basis of data for 26 countries: AT, BE–ACTIRIS, BE–FOREM, BE–VDAB, BG, CY, CZ, DE, DK, EE, EL, ES, FR, HR, HU, LT, LU, LV, MT, NL, PL, PT, RO, SE, SI, SK.

Source: 2015 assessment report on PES capacity

3. Identification of policy levers

Use of resources: profiling and segmentation of clients

Based on the results of profiling tools, resources and intensive support are allocated to segments of clients. Identifying jobseekers at risk of long-term unemployment that are most likely to benefit from early intervention can be an efficient way to deliver services. PES use very different profiling and client segmentation tools. They range from statistical profiling, a combination of statistical profiling and caseworker discretion, soft-profiling (combination of eligibility rules, caseworker discretion, administrative data), more subjective, qualitative assessments and psychological screening tools and simple caseworker determined segmentation.

Table 1: Use of profiling and segmentation in the PES, 2014⁵

| | Profiling and client segmentation | Profiling, but no client segmentation | Profiling systems under development/revision | No profiling/client segmentation |
|-----------|--|---------------------------------------|--|----------------------------------|
| Countries | BE, BG, DE, EE, FR, IE, LV, LT, PT, SE, SI, UK | AT, DK, FI, MT, NL | ES, HR, HU, PL | CY, CZ, EL, IT, LU, RO, SK |

Implementing the Council Recommendation on establishing a Youth Guarantee

Given the key role given of PES in the implementation of the Youth Guarantee, improving services to young jobseekers remains one of the main challenges for the next years. PES capacity to implement the Youth Guarantee varies greatly across the Union. According to the report on PES implementation of the Youth Guarantee⁶, PES are addressing previously identified weaknesses in implementation, with a focus on improving communication strategies, increasing vacancy notification capacity and strengthening the evaluation of services. However, there is potential for further improvement in these critical areas. Furthermore, PES need to widen partnership engagement, strengthen the outreach activity for disadvantaged young people, and work on improving their monitoring, follow-up and evaluation capacities.

4. Cross-examination of policy state of play

Given the challenges and resources constraints, efficiency is high on the PES agenda. Although it is possible to observe an increase in the use of performance targets by PES, evaluation practices are still not widespread in all PES. Only two thirds of them undertake some form of evaluation of services provided to the unemployed or to employers.

The decision on Enhanced Cooperation between PES⁷ entered into force on 18 June 2014. It establishes a formalised European Network of PES which is required to develop and implement European-wide benchmarking among employment services and mutual learning, provide mutual assistance, adopt a concept for PES modernisation and prepare reports in the employment policy delivery field.

⁵ Identification of latest trends and current developments in methods to profile jobseekers in European Public Employment Services, May 2015.

⁶ <http://ec.europa.eu/social/BlobServlet?docId=14322&langId=en>.

⁷ Decision No 573/2014/EU of the European Parliament and of the Council of 15 May 2014, which entered into force on 18 June 2014.

With the establishment of the European PES Network, all PES are mandated to participate in benchlearning, namely the process of creating a systematic and integrated link between benchmarking and mutual learning activities. Benchlearning within the PES Network consists of identifying good performance through indicator-based benchmarking systems, including data collection, data validation, data consolidation and assessments, followed by mutual learning activities on the identified priority areas. The establishment of benchlearning will improve collection of data on performance and evaluation of service delivery.

There are several aspects to enhancing efficiency which go beyond cost savings per se. It also requires making services more effective by allocating scarce resources to those clients most in need, and combining cost-effectiveness with quality services for the customers. Increasing efficiency will depend largely on the capacity of PES to adapt internal operating structures, as well as the development of new working methods, tools and services that meet the changing needs of stakeholders in a more effective manner.

The best practices⁸ implemented by PES to enhance efficiency can be grouped into 5 areas:

1. Reforms to PES **organisational structure** and the **deployment of resources** including the rationalisation of institutional structures, new models for public-private partnerships, innovative models for contracting out services and redeployed human resources to provide better services at no extra cost.
2. New models for **performance management** enabling the monitoring of performance or the alignment of financial incentives with desired outcomes.
3. Developing the **use of Information and Communication Technologies (ICT)** to better reach clients through multi-channelling and expanding the portfolio of services through self-service. Extension of e-services, better coordination with other organisations and authorities, and process standardisation and automation. ICT contributing to the modernisation of back-office functions allowing processes to be simplified and automated.
4. Improvement of **services for jobseekers** through profiling and customer segmentation, new models for reaching those furthest from the labour market, making use of effective partnerships (and ICT as mentioned just above).
5. Expansion of **services for employers** through allocation of dedicated staff and upgraded recruitment support as well as developing partnerships with other labour market mediators.

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⁸ HoPES – PES Efficiency Working Group Final report

Annex: Data under the benchlearning exercise

The PES will deliver administrative data covering the following areas:

- 1) Contribution to the reduction of unemployment for all age groups and for vulnerable groups
 - a) Transitions from unemployment into employment per age group, gender and qualification level as share of the stock of registered unemployed;
 - b) Number of people leaving the PES unemployment records as share of registered unemployed.
- 2) Contribution to the reduction of unemployment duration and of inactivity so as to address long term and structural unemployment as well as social exclusion
 - a) Transition into employment within for example 6 and 12 months of unemployment per age group, gender and qualification level as a share of all PES registered transitions into employment;
 - b) Entries into PES register of previously inactive persons as a share of all entries into PES register per age group and gender.
- 3) Filling of vacancies (including through voluntary labour mobility)
 - a) Job vacancies filled;
 - b) Results arriving from the question of Eurostat's Labour Force Survey: Has the PES contributed to the finding of your current job?
- 4) Customers satisfaction with PES services
 - a) Overall satisfaction of jobseekers;
 - b) Overall satisfaction of employers.

Additional information will be gained through structured interviews assessing the main PES performance enablers in these areas of benchmarking:

1. Strategic performance management;
2. Design of operational processes such as effective channeling/profiling of jobseekers and tailored use of active labour market instruments;
3. Sustainable activation and management of transitions;
4. Relations to employers;
5. Evidence-based design and implementation of PES services;
6. Effective management of partnerships with stakeholders;
7. Allocation of PES Resources.