

# SMEUnited position paper on the Council Recommendation on A Bridge to Jobs – Reinforcing the Youth Guarantee

On 1st July 2020, the European Commission published a proposal for a Council Recommendation on Reinforcing the Youth Guarantee as part of a broader EU Skills package. The Recommendation follows the 2013 Recommendation establishing the Youth Guarantee.

## Executive summary: key messages

- SMEUnited generally welcomes the proposal for a Recommendation aiming to reinforce the Youth Guarantee with a stronger focus on support for NEETs;
- SMEUnited considers useful that Member States keep the possibility to decide on the extension of the age range which suits best their national policies;
- SMEUnited fully endorses strengthening the mapping systems to improve understanding of NEETs sub-groups and of the regional and local job market specificities;
- SMEUnited believes that reinforced outreach is the necessary basis of any policies targeting NEETs;
- SMEUnited fully endorses the need to tailored interventions based on individualised action plans and profiling tools;
- SMEUnited asks for specific financial measures addressing Crafts and SMEs. SMEUnited fully supports partnerships mobilisation involving public authorities, social partners, youth organisations, other civil society organisations, social and employment services at regional and local level.

## 1. General remarks

With the Recommendation, the European Commission identifies initiatives aimed at reinforcing measures tackling young people not in employment, education or training (NEETs) and to prevent the expected high levels of youth unemployment in the EU due to the COVID-19 crisis.

SMEUnited is concerned about the potential new high level of youth unemployment that might follow up the COVID-19 pandemic. Such a new increase after several years of decrease of unemployment rates might hit in

particular young people not in employment, education or training (NEETs). We fully share the intention of the Commission to use the Youth Guarantee as a bridge to jobs for young people to successfully integrate the labour market.

SMEUnited welcomes the European Commission's initiative to reinforce the Youth Guarantee as a targeted and useful tool to tackle youth unemployment in time of crisis.

The issue of extending the age up to 30 can become problematic for some Member States. Therefore Member States should keep the possibility to decide on the age range better suited to their national policies. Providing more detailed support on specific policies addressing NEETs is the right way forward.

We consider that the four phases identified in the Recommendation clarify elements for successful implementation of the Youth Guarantee schemes at national level. We strongly support the approach to work in partnership with national, regional and local stakeholders to address the specific needs of local labour markets, and the diversity of young people being targeted.

SMEUnited insists that youth unemployment risks to be exacerbated by the COVID-19 crisis in the coming months and years. It will be important to have statistics in real time to monitor the trends in youth unemployment.

In parallel, important structural issues remain that need to be tackled in the short and medium term such as the lack of basic skills of certain groups of young people, the problem of early school leavers, the lack of relevance of education and training systems for the labour market skills needs and some well-known rigidities in the labour market.

SMEUnited agrees with the Commission's distinction between temporary NEETs and longer-term NEETs which require more individualised and targeted approaches for each group. Evidence shows that some vulnerable young group populations might need more support compared to others, or are more difficult to reach and fall out of the radar of education or public employment institutions.

## 2. Specific comments

Based on the past experience of the Youth Guarantee, it is highly necessary to put in place a policy framework that facilitates early integration, activation and partnerships. It is essential that the structural issues hampering youth employment are addressed and these can be best tackled through undertaking the relevant national labour market and education and training reforms, coordinated through the European semester process, in partnership with national social partners.

Efforts to reduce youth unemployment should be viewed as one aspect of a wider approach to labour market activation and the employment policy

frameworks that need to be put in place at the national level. In this respect, activation support encompasses young people, women, the long-term unemployed, older workers that are not yet at the point of retirement and people with health issues who are able to work. This includes a combination of preventative measures, such as reducing early school leaving, the provision of guidance on career and further education and training opportunities and stronger partnerships between the worlds of education and work, such as in the form of school visits to companies or company representatives giving talks in schools and the like. Stronger partnerships should also be developed between public and private employment services across Europe, especially in those countries mostly affected by youth unemployment already before the COVID-19 crisis. Cooperation between public and private employment services should be an important instrument of broader labour market reform agenda promoting diverse forms of work and enhancing labour market transitions for young people.

## A) Recommendations to Member States

### Mapping

SMEUnited fully endorses the need to strengthen the mapping systems to improve understanding of NEETs sub-groups and of the regional and local job market specificities. SMEUnited underlines that preventing early school leaving is the cornerstone of any policy aiming to reduce youth unemployment in the long term. Early intervention is the most advanced policy intervention to prevent that young people fall out of education or employment. SMEUnited shares the Commission's intention to promote more work-based learning as a successful policy to reduce early school leaving. At the same time, such young people should be sufficiently motivated to raise the interest of a potential enterprise to offer them a work-based learning placement.

Whatever the macro-economic situation, and based on the past experience of the Youth Guarantee, a renewed emphasis on education and training and less on subsidised employment is also highly necessary. In 2016, a European Commission report noted that 14 million young people had entered Youth Guarantee schemes and 9 million had taken up an offer of employment, apprenticeship, traineeship, further education. The majority of the offers were for employment, which is positive. At the same time, the report noted that most Member States used recruitment subsidies to provide such employment opportunities and in many cases this was supported with EU funding, which calls into question how sustainable this approach is, given the limited financial resources and the persisting levels of youth unemployment in some member states. As a matter of principle, the jobs that people enter through the Youth

Guarantee scheme should be “real” jobs and not ones that have been artificially created by public authorities, either directly or indirectly, for the purpose of providing young people with employment opportunities, even if such subsidised jobs could be a temporary solution in exceptional situation such as the current crisis.

This highlights the importance of relaunching as quickly as possible economic growth and job creation, including through financial incentives to foster employers’ hiring decisions and make work pay, and the availability of a wide range of employment contractual arrangements. SMEunited welcomes the recent Council agreement on Next Generation EU and the Recovery and Resilience Facility.

Offering employment opportunities to young people with no professional experience and/or a drop out history is often not immediately possible for enterprises. However, enterprises may offer apprenticeships or traineeships that would enable young people to gain their first professional experience and thus improve the employability of vulnerable young people.

Equally, where there is an employment relationship as the result of an intervention under the Youth Guarantee scheme, diverse forms of work and flexible contractual arrangements are an important tool that enable employers to engage those who cannot work full-time or are only available on temporary basis. This flexibility contributes to making labour markets more inclusive and providing specific arrangements for those who may otherwise be unemployed due to the lack of work opportunities. In parallel, it is important to reducing the tax burden on low-wage and low-skilled workers to encourage employers to hire and create incentives to make work pay compared to social benefits.

### **Outreach**

SMEunited believes that outreach is the necessary basis of any policies targeting NEETs as evidence suggests that many NEETs are difficult to reach. Any outreach policy should be based on strong integration among different public and third sector stakeholders. SMEunited strongly endorses the employment of specifically trained youth mediators and the use of mobile units to reach out to young people in the most deprived or isolated areas. The local dimension is the most relevant aspect of this work, since such NEETs are less mobile.

SMEunited supports the intention of the European Commission to encourage Member States to adopt ad hoc youth friendly communication campaigns able to reach out to NEETs while taking into account the specific additional barriers that exist to reach out to vulnerable groups.

A one stop shop approach to activation support is something that could be further strengthened at the national level, taking into account existing support structures. A positive example in this regard is in Germany where efforts have been made over a number of years to foster cooperation at the local level between those who provide employment promotion services and basic security benefits for job seekers, and municipal administrations and schools to better manage the transition from school to employment. This cooperation is built on four pillars: transparency, informational exchange, harmonised processes and measures, and the one-stop-shop principle.

### **Preparation**

SMEUnited strongly believes that a sound preparation phase is key for the success of any work-based learning. SMEUnited fully endorses the need to tailored interventions based on individualised action plans. Profiling tools are very useful when it comes to collect important information about individuals strengths and skills to reinforce, as these are a key element for personal motivation. SMEUnited confirms that profiling and screening tools used by well-trained staff improve the preparation phase and increase the chances of successful work-based learning experiences.

SMEUnited also insists on the need for orientation and career guidance in order to be able to take informed decisions about professional future. From early years, young people should be encouraged to understand local and regional labour markets needs and their developments to know which skills are in demand and how to acquire them. SMEUnited encourages the European Commission to map and assess the effectiveness of various national approaches to guidance schemes in the Member States, and to organise per review aiming to improve their performance in a coordinated way across Europe.

Assessing the level of digital skills of NEETs is part of new skills needs, and SMEUnited insists on having sound training on basic digital skills that can be refined and improved at the workplace. Specific training should be offered in case young people do not have the sufficient level of other basic skills to perform basic digital tasks during their traineeship or job placement.

SMEUnited recalls the need to nurture entrepreneurial skills since an early age and to prepare young people to the green and digital transition. Specific offers of preparatory training on entrepreneurial, green and digital skills should be considered.

## Offer

SMEUnited agrees on the different tools put forward in the Recommendation and asks for specific financial measures addressing Crafts and SMEs. They will need extra support in the short and medium term in order to offer a placement in the framework of the Youth Guarantee under the exceptional circumstances of the COVID-19 pandemic. Support also needs to be organised for administrative and organisational aspects.

The importance of partnerships, particularly among public and private employment services and with companies and social partners are key. For instance, when NEETs have developed adequate basic skills and are acquiring competences desired on the labour market, employment services have a role to develop further training, if needed, and/or job placement. They should also provide NEETs with necessary assistance during the first phase of employment (mentoring/coaching and further training to stabilise professional career). Active labour market policies need to be timely, targeted and effective.

For young people becoming long term NEETs and experiencing social exclusion, remedial policies are needed. Social services and NGOs or charity organisations are best placed to reach out to individuals and assist them in “personal reconstruction” to be ready for further training and access to the labour market.

## Cross-cutting enablers

SMEUnited fully supports the need to mobilise partnerships. A meaningful cooperation among different stakeholders is key to implement the most appropriate policies for the specific groups to target. Involving public authorities, social partners, youth organisations, other civil society organisations, social and employment services at regional and local level increases the chances to design policies and interventions that better respond to the specific needs of regional and local labour markets.

On making full and optimal use of funds, SMEUnited invites managing authorities in Member States to inform Crafts and SMEs organisations about available funds and to closely work in partnership with them to make full use of the financial opportunities to create real jobs.

## B) Role of the European Commission

SMEUnited welcomes the budget available to support the reinforced Youth Guarantee implementation, the current instruments such as the YEI, the ESF and ERDF (2014-2020), the REACT-EU and the future Recovery and

Resilience Facility, EAFRD, ESF+ to prevent unemployment and inactivity among young people and implement necessary policy reforms.

SMEUnited also supports the Commission invitation to Member States to improve data collection on NEETs and monitoring schemes.

Moreover, SMEUnited encourages the follow up of the implementation of the Youth Guarantee via the European Semester and positively welcomes the need to foster an exchange of good practices and peer learning activities between Member States.

Brussels, 05.10.2020