



European Network of Public Employment Services

Benchmarking Initiative External Assessment

Spain

2016

Summary report



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PES of Spain

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1. Introduction

This report outlines the results of the Benchlearning (BL) external assessment of the PES of Spain (Spanish National Employment Services – NES), conducted between July 4th and 7th, 2016. The team of seven external assessors comprised three peer PES staff (Belgian, British and Danish PES), two from the European Commission, and two experts from ICON-Institute (the supporting contractor). The programme of the four-day visit included meetings in the head office of the State Public Employment Service (SEPE) with senior management/directorates and a two-day visit to two regions (Aragon as well as Castile and León). A local office was visited in both regions. The time and resources invested in the preparation for the Benchlearning visit by the NES, and in particular the internal self-assessments, were crucial to its success. The team gratefully acknowledges those efforts.

The Spanish NES comprises the State Public Employment Service (SEPE) and the 17 regional public employment services (one for each autonomous community). Thus, the Spanish system of public employment services is implemented in a decentralised way. Its cornerstones are:

- The SEPE, which is responsible for the management and payment of (un-)employment benefits, as well as the development and monitoring of employment policy programmes and measures.
- The 17 Regional Employment Services (SPEAs) in each autonomous community, which are responsible for the management of labour market intermediation, and active labour market policies.

Furthermore, the National Employment System's constituent bodies are:

- a) The *Sector Conference on Employment and Labour Matters*, which is the general instrument for collaboration, coordination and cooperation between the Central Government and the autonomous communities in matters of employment policy and vocational training, and especially with regard to the Spanish Strategy for Employment Activation and the Annual Employment Policy Plans (see also section 3 below).
- b) The *General Council of the National Employment System*, which is the advisory body and entity for institutional participation in matters of employment policy and vocational training. The Council comprises one representative from each of the autonomous communities and an equal number of members from Central Government, business organisations and the most representative trade unions. For the adoption of agreements, business organisations' and trade unions' votes are weighted to ensure that each of these two representative bodies has the same influence as the combined representatives of both central and regional governments, thus maintaining the tripartite nature of the Council.

The SEPE is an autonomous body of the General State Administration, assigned to the Ministry of Employment and Social Services through the Secretary of State for Employment. It has a separate legal personality, independent of the General State Administration. The SEPE has a central structure, with three governing bodies: a General Directorate, a General Council, and a Central Executive Committee. The General Directorate is responsible for the Sub-Directorates of Resources and Organisation, Institutional Relations and Juridical Assistance, Financial Management, Statistics and Information, ICT, Unemployment Benefits, and Active Labour Market Policies. Furthermore, a Delegated Audit Unit is

assigned to the State Public Employment Service by the General Audit Office of the State General Administration.

This is accompanied by a peripheral structure with 17 Regional Coordinators, 52 Provincial Departments and 711 SEPE offices distributed throughout the 50 provinces, plus the two autonomous cities Ceuta and Melilla. The local offices manage the processing of unemployment benefits and are shared with the regional PES. The Ceuta and Melilla offices are responsible for employment and training management.

Each SPEA has a head office for its central services and a number of offices within its territorial scope. Naturally, the precise organisational structure of the SPEAs varies.

2. STRENGTHS

The Spanish NES has passed through a fundamental change process since 2012. This process has to be appreciated absolutely and deserves full support. The willingness of all actors to trigger this process and to agree on a common set of objectives of the NES is a valuable asset and a major strength of the NES, which can be utilised productively for the future.

The regions and the SEPE develop an annual plan together, which on the top level contains politically determined strategic objectives according to the priorities which might arise in each economic exercise and below them structural objectives, which have vocation of stability and, therefore, do not vary over a predetermined number of years. Employment policy follows six main areas of active labour market policies, which are all agreed upon with the regions. The objectives of the regions have to fit into the six main policy areas. All objectives are systematically translated into indicators that are monitored comprehensively in an agreed and accepted manner. That way, the relevant actors of the NES have achieved to be able to speak a “common language” across all regions and to establish a state-wide performance-based allocation of a substantial part of the budget. Thus, the accountability of the whole NES has been increased, and this is undoubtedly an important strong point.

Furthermore, it has to be appreciated without any reservation that the SEPE has made substantial efforts to develop its conductor role for the national labour market by trying to establish minimum requirements for services and operational solutions. This has been complemented by the establishment of a common integrated IT-infrastructure (SISPE) that rests on a rich and informative database available to all regions and at the national level. In addition, the provision of blended services via different channels has made considerable progress.

On a programmatic level, the vocational training reform, the PREPARA programme for jobseekers who are not (or no longer) eligible for unemployment benefits and the active employment policy programme for long-term unemployed have to be considered as major assets of the NES. These initiatives address particularly vulnerable groups in the labour market and ensure that they are not left behind.

Further strengths of the NES are the promotion of the establishment of private-public-partnerships and the efforts to increase the efficiency of human resource management. The latter is especially important in a context of a general reduction of resources and increasing burden. Both the SEPE and the regional PES have made substantial progress to establish a system for the identification of job profiles and matched training plans.

Finally, one of the major strengths of the NES is certainly the EVADES programme alongside the structural objective to improve “the institutional framework of the National Employment System”. They demonstrate the awareness of all actors for the importance of organisational learning and, hence, provide an excellent basis for the further development of the whole national employment system.

3. CONTEXTUAL INFLUENCES

Institutional context

As outlined above, The Spanish NES comprises the SEPE and the 17 regional public employment services. The coordination instruments for the National Employment System are:

- The Spanish Strategy for Employment Activation
- The Annual Employment Policy Plans
- The Public Employment Service Information System

The *Spanish Strategy for Employment Activation* contains an analysis of the situation and trends in the labour market with a focus on specific sub-groups and occupations. Furthermore, it contains action principles for the NES (e.g. coordination, transparency, improvement, modernisation and efficiency) together with general objectives that are ordered in six axes/priorities (see below).

The *Annual Employment Policy Plans* are drafted by the Ministry of Employment and Social Security, taking into account labour market analyses and forecasts made by SEPE and the autonomous communities and involving consultations with the Council for Self-employment and the Council for Promotion of the Social Economy. In 2015, the Annual Employment Policy Plan contained the following strategic objectives:

- A. To improve the employability of young people and to develop the implementation of the Youth Guarantee Plan in Spain.
- B. To promote the employability of other groups especially affected by unemployment, particularly of people over 45 who are long-term unemployed and that of beneficiaries of the PREPARA programme (retraining programme for persons no longer eligible for regular benefits).
- C. To improve the quality of vocational training for employment, which results in a greater impact in terms of integration and improvement of job performance.
- D. To strengthen the link between active and passive employment policies, as a way to offer the best protection and return paths to employment for unemployed.
- E. To promote entrepreneurship as an inseparable part of the activation and recovery of employment.

The strategic objectives specified within the Annual Employment Policy Plan have to be achieved across the state as a whole and in each of the different autonomous communities. It also contains the indicators to be used to identify and evaluate the degree of fulfilment of these objectives over the year.

Furthermore, it includes the forecast for planned active employment policy, labour market intermediation policy services and programmes by both the autonomous communities and the SEPE. In exceptional cases, services and programmes included in the Annual Plan can be modified by the SEPE at the reasoned request of the corresponding autonomous community, when needs of an extraordinary nature have arisen.

Furthermore, all services and programmes of active labour market policies and labour intermediation belong to the six axes/priorities, which group the 29 structural objectives, as defined in the Spanish Strategy for Employment Activation 2014-2016. These axes/priorities are:

Axis 1: Orientation

Axis 2: Training

Axis 3: Employment opportunities

Axis 4: Equal opportunities in access to employment

Axis 5: Entrepreneurship

Axis 6: Improving the institutional framework of the NES

The *Public Employment Service Information System* is a shared information system organised around an integrated and compatible IT-structure. It aims at being a technical instrument that integrates information relating to labour market intermediation, active labour market policy management and unemployment protection carried out by public employment services throughout the entire state.

The system should ensure the proper functioning of the following:

- labour market intermediation, without territorial barriers;
- registration of jobseekers and the traceability of the actions they pursue in relation to public employment services;
- common statistics;
- communication of the content of contracts;
- understanding of the resulting information; and
- monitoring areas including the management of vocational training for employment, vocational guidance, employment initiatives and recruitment incentives, as well as employment agency activities.

The system should also enable the evaluation, monitoring and control of the usage of funds from the General State Budget and the European Union.

Economic context

The economic background in which the NES operates has been characterised by positive GDP growth rates in 2014 and 2015, after a decline in economic activity between 2009 and 2013. On average, GDP growth amounted to around -0.6% per annum in the 2010-2015 period. According to Eurostat data, this was accompanied by a decline in employment rates between 2009 and 2013, and a substantial increase in unemployment rates from around 11% in 2008, to about

26% in 2013. In 2014 and 2015, the unemployment rate decreased again to 24.5% and 22.1%, respectively.

The development of the overall unemployment rate over time is mirrored by the LTU rate and youth unemployment, which are exceptional high in the European context and indicate a relatively low (re-)entry rate into employment with a low level of job vacancies and a very high threshold to employment for young jobseekers. This particular structural labour market situation in Spain constitutes very challenging framework conditions, and has to be acknowledged when assessing NES performance. According to the forecasts of the European Commission, Spain is expected to experience positive GDP growth rates of around 2.5% in 2016 and 2017. For the same period, the unemployment rate is forecasted to further decline to around 20% and 18%, respectively.

4. CURRENT AND POTENTIAL GOOD PRACTICES IDENTIFIED DURING THE ASSESSMENT

The strengths of the NES outlined above are supported by a number of potentially transferable good practices. These include the following:

- The performance-based system to allocate resources and the monitoring of performance progress. These are important ingredients to establish a full-fledged performance management system with a focus on the impact of services on customers.
- The interface between the NES and social security databases, which among other things allows automatic deregistration when a new employment contract is recorded by the social security institution and the automatic generation of an employment record. This is a helpful and work-saving feature for the local offices in their everyday business.
- The questionnaire currently being trialled by Guidance Counsellors which supports an in-depth understanding of barriers to the labour market and supports the development of a personal itinerary as well as a more staged menu of support.
- The developed partnerships with employers, the "Business Space" services for companies and the new single Employment Portal ('Empleate'). These provide a good basis to further develop employer services across regional PES.
- The mandatory evaluation of vocational training regarding effectiveness, efficiency and quality. This study can serve as a blueprint to derive standards for the generation of evidence within the NES on which the future (re-)design of processes and services can build.
- The job profiles and training plans which are in line with structural objectives, together with the staff evaluation and satisfaction survey. These are important elements to establish a modern human resource management system which allows the continuous and systematic development of employees by taking into account their knowledge and feedback.

5. AREAS WHERE IMPROVEMENTS MAY FURTHER ENHANCE PES OPERATIONS AND OUTCOMES

As outlined above, the EVADES programme is one of the key strengths of the NES. However, from the EVADES programme it also becomes transparent that the Spanish NES is characterised by a very large heterogeneity with respect to organisational maturity of the regional PES. Overall, on a four-level scale ranging (top-down) from “matured”, over “well-developed” and “developed” to “developable”, the 17 regional PES can be characterised as follows (see table at the end of this report):

- There is no matured PES;
- Only 1 is well-developed;
- 6 are developed;
- And 10 are developable, i.e. fall into the lowest category.

Furthermore, the Spanish NES received many recommendations from the EVADES programme. Of course, it is worth thinking about all these recommendations thoroughly. However, it appears to be indispensable to prioritise them and to identify the most urgent or most important areas for improvement.

The central recommendations of the external assessor team aim at such a prioritisation. In doing so, the assessor team is very much aware of the distinctive features of the Spanish NES, especially the fact that the institution at the national level, i.e. the SEPE, cannot prescribe how exactly processes and services have to be designed and implemented. What the SEPE can do, however, is convince the regional PES what works better and what does not work. Clearly, convincing the regions means that the knowledge on what works (and what does not) has to be “co-created” with them in a systematic manner. This implies putting a systematic and recurring national benchlearning (BL) process into practice. Such a BL process needs to be coordinated and steered by an institution which – in the Spanish case – can only be the SEPE (preferably together with a “steering group” containing representatives of the regions).

This amounts to further developing the role of the SEPE as a conductor for the Spanish NES and requires the establishment of a specific governance model, for which the Danish case can serve as an orientation guide. The model of the Danish national organisation (STAR) is characterised by the provision of a support structure for the local offices (via regional PES) with extensive dialogue formats. This support structure rests on transparency and dissemination of knowledge about what works (and for whom) in employment policy based on:

- encompassing labour market monitoring,
- a culture of evaluating the causal impact of services and reforms, and
- the testing of new ideas/approaches through pilot projects.

Against this background, the NES and especially the SEPE is recommended to:

1. Keep up the **momentum** and provide an “**incubator atmosphere**” for further organisational development: With the EVADES programme, a start by stock-taking has been made and now it has to be ensured that the process does not come to an end.

2. **Concentrate** efforts: Priority should be given to services aimed at the labour market integration of jobseekers and services aimed at helping employers fill vacancies. These are the core processes of PES and the focus of all next steps should be on them. The decisive issues here are:
 - a. Holistic profiling to determine the employment potential of jobseekers;
 - b. Segmentation of jobseekers purely based on their proximity to or distance from the labour market;
 - c. Clear service bundles (counselling methods and intervals, channels for service provision and possible ALMP measures) as well as follow-up regulations associated with each segment;
 - d. A clear strategy for the acquisition of vacancies; and
 - e. A two-step procedure of matching vacancies and jobseekers (incl. pre-selection of suitable candidates).
3. Aim at the **convergence** of organisational solutions for core processes across regions: Empirically identify the best practices regarding these two core processes as well as its central interface (i.e. matching) by systematic piloting, and make them the standard for every office. Support this by focusing the performance management system on those indicators that measure the results/impact for these two processes directly (e.g. transition rates into employment and acquired vacancies).
4. Encourage **cross-regional cooperation**: Provinces do not correspond to functional labour markets, and functional labour markets cross regional borders. Regional PES should by no means operate as if they all were islands.
5. Try to achieve **"quick wins"**: Start this process with *motivated* and *willing* regions and for which significant improvements can be achieved rather quickly. Make them visible and communicate them to all regions as well as other stakeholders, to demonstrate the benefits of BL, and to motivate staff and stakeholders to participate in a recurring and intensified process all over the country.
6. Make **heterogeneity a chance**: Turn the fact that there are differences between the regions into a strength by systematically exploiting this unique opportunity to learn.

If the SEPE is able to trigger such a convergence process with some regions and translate the advantages of cross-regional mutual learning to all regions, this process can continue with additional regions. During the course and at the end of this process, as a quasi-natural result, a common services model with defined and standardised processes will **emerge bottom-up**. This will necessarily include standards for quality management, a common channel strategy, a shared approach towards partnership building and evidence-generation as well as comparable solutions for the management of human resources and the allocation of budgets. That way, the Spanish NES can reach a point at which all actors will no longer characterise the NES by pointing out the differences across regions, but by emphasising that there is a common understanding of the mission of the NES: to improve by systematic and mutual organisational learning in order to provide better services for Spanish citizens.

6. RECOMMENDATIONS

Our main recommendations are already contained in the previous section. In the following, we present some related recommendations as a series of bullet points as follows:

- Derive a small number of targets from the intended added value of the NES, which covers the complete service spectrum. Translate these targets into a small set of meaningful key performance indicators for the individual staff and agree on transparency regarding results with all regions. Establish regular staff meetings to discuss operational achievement and to develop operational solutions improving the results of the indicators.
- Introduce common standards for systematic as well as holistic quality management within the NES, and develop an overall consolidated strategy for utilising different channels for servicing different customer segments and delivering these channels in the most appropriate way.
- Develop a formal structured customer journey, triggered by specific factors that could lead to long-term employment and requires specific and time-bound activity by the jobseeker. Supplement the profiling activity by deploying more formal support routes to reduce chances of long-term unemployment and identify early opportunities for intervention. Ensure that each jobseeker has had opportunities to discuss the journey into employment and how any transferable skills can enhance options and direction. This discussion needs repeating at regular intervals to ensure maintained focus and activity.
- Meet with employers and employees' associations at the national level to define how to cooperate on specific issues, such as the employment of young people. For employer services, consider working by sectorial activity and a specialisation in priority sectors such as, for example, in Aragon, regarding the automotive sector.
- Establish a systematic piloting culture across regions. This will help identify the service and process designs that really work in practice and from which all regions, provinces and local offices can truly learn. As a first step, the systematic collection of good ideas (i.e. potential good practices) is necessary. The most promising ideas should then be piloted in a systematic and coordinated way in more than one region and be rigorously evaluated to see if they really work and under which circumstances. Those practices which work are then true good practices and should be shared, e.g. in a database that is easily accessible for all employees.
- Define a set of common guidelines focussed on getting all regional PES to undertake a process of identifying strategic partners based on the detection of opportunities and needs of service recipients. Strengthen the establishment of mechanisms to promote the participation of local administrations in the design of the activation strategy. Develop a software application that enables efficient management of these collaborations.
- Enhance leadership and management culture at all levels of intervention to make sure that overall strategic objectives are clear to all staff members. Focus staff performance on providing the best service to the customers rather

than on applying rules and procedures. Introduce more flexibility in the allocation of staff at the local level. Promote mobility in the career path of staff members. Avoid excessively specific staff specialisations, plan trainings accordingly. Enhance cooperation between the SEPE and PES staff at all levels. Establish mechanisms to avoid underfunding regions with the greatest needs and enhance support to those who have poor performance.

- The SEPE should consider taking on a stronger conductor role in the Youth Guarantee to strengthen the focus on reaching out to and involving all NEET groups in the YG. There is a need to simplify and increase standardisation in implementing the Youth Guarantee. The four-month timeline for the YG is indicative and calls for more simplified, transparent and efficient procedures and contact methods. Outreach to all youth NEET target groups included in the YG should be strengthened.