

Youth unemployment policies: Review of the Danish Youth Unemployment Programme and the British New Deal for Young People

1 Introduction

Within the Peer Review project, the joint review of good practices of two countries which deal with similar labour market problems was stimulated. The favourable experiences with youth unemployment programmes in both Denmark and the United Kingdom offered the opportunity for such a combined review.

Both countries were affected by substantial youth unemployment during the early 90s, triggering the development of comprehensive activation programmes for this group of unemployed. The Danish programme was introduced in 1996, whereas the British programme, the New Deal for Young People, began in a number of areas in January 1998, followed by national provision in April 1998. Because of this more recent introduction of the British programme, the New Deal evaluation is still under way. However, the pilot evaluations and present monitoring data offer sufficient information to review this measure. The Danish programme has been evaluated extensively. This offered an excellent opportunity to compare the specific design and effects of both programmes, which have been tailored to the national circumstances.

The review was held jointly in Copenhagen by Denmark and the United Kingdom, with Belgium, Ireland, Spain and Sweden participating as peer countries. Norway also took part in the review at its special request. During the second day of the review a site-visit was organised to the Public Employment Service in Copenhagen and the Technical College Ishøj, also in Copenhagen. During both visits the participants were informed about the implementation of the youth programme in Copenhagen.

For each participating EU peer country, an independent expert prepared a paper in reaction to the papers on the Danish and British measures. In these papers they dealt especially with the question whether the good practices studied are interesting for their own country in view of its labour market situation.

First, this summary report provides a short description of the good practices reviewed. The Danish and British labour market situations will be sketched and attention will be paid to the design and implementation of both approaches. Then relevant evaluation results will be presented. Furthermore, the report summarises the needs assessment of the peer countries and the conclusions on the transferability of the measures to these countries. This is based on the issues raised in the reaction papers and the discussions held during the review. Some concluding remarks are made in the final section of this report.

2 Labour market background and policy considerations

In the early 90s, Denmark was hit by an economic recession which pushed unemployment, and especially youth unemployment, to one of its highest levels ever recorded. The general

unemployment rate went up from 7.7 per cent in 1990 to 10.1 per cent in 1993¹. This rise was mainly due to the steady fall in employment in the private sector during this period.

In 1993, youth unemployment amounted to almost 14 per cent and was concentrated particularly among low-skilled young people. In reaction to this high youth unemployment, the Danish Government introduced a package of special youth measures in April 1996, which has been modified several times since its introduction.

Since 1994, the Danish economy has been recovering and as a result total unemployment has declined substantially. Youth unemployment has even decreased more rapidly. Before 1994 it was higher than overall unemployment, whereas from 1994 onwards it has been lower. This reflects the cyclically sensitive nature of youth unemployment. The differences between youth and overall unemployment rates have become even greater since 1996. Moreover, since 1996 youth unemployment has been more than halved. The youth unemployment rate (5.3 per cent) is now among the five lowest in the EU.

In the United Kingdom, levels of unemployment have been falling steadily since the first half of the 1990s and they are projected to continue to fall slightly in the coming years. As in Denmark, youth unemployment has been substantially higher than the overall unemployment rate over the last two decades. From 1981 to 1986 average unemployment stood at over 10 per cent, while youth unemployment averaged over 18 per cent. During the period 1991 to 1996, the respective unemployment rates were 8.9 per cent and 16.7 per cent. Long-term unemployment, defined as unemployment spells of more than 12 months, amounted to about 34 per cent of total unemployment in 1993/1994, but this proportion has gone down since then. In 1999, the average long-term unemployment rate among youngsters equals about 15 per cent and is now at its lowest level since 1975.

Due to a continuing increase in the skills and qualification levels demanded, the job opportunities for school-leavers have changed, with a reduction of labour demand for unqualified youngsters. Consequently, the once traditional route into the labour market via work-based learning programmes is more and more regarded as offering low status and marginality.

The British Government developed and implemented the so-called New Deal for Young Unemployed People as part of its election manifesto commitments: it set itself the target of moving 250 000 young people from welfare into work over the lifetime of the present Parliament. The economic reason behind developing the New Deal programme was the high level of youth unemployment and the increasing demand for professional qualifications.

3 Design and implementation

3.1 The Danish Youth Unemployment Programme

The Danish Youth Unemployment Programme, introduced in April 1996, is embedded in the general reform of labour market policies which was started in 1994. The overall purpose of the youth programme is to stimulate unemployed, low-skilled youngsters to take up paid employment or to participate in education. Originally, the programme was only targeted at young people under the age of 25 who have not acquired professional or vocational

¹ Standardised unemployment rates, derived from: European Commission, *Employment in Europe 1996*, London 1996.

qualifications and who are entitled to regular unemployment benefits. But as a result of the success of the scheme, the youth package has been extended since January 1999 to cover all persons under the age of 25 claiming regular unemployment benefits. Thus those with formal qualifications are now also covered by the programme.

It should be pointed out that activation measures for persons receiving an unemployment benefit and persons receiving social assistance differ in Denmark. Measures for persons with an unemployment benefit are the responsibility of the PES, which comes under the Ministry of Labour. Local authorities, which fall under the responsibility of the Ministry of Social Affairs, are in charge of the activation of those on social assistance. The youth unemployment programme is not applicable to youngsters on social assistance, but for them comparable measures have been introduced by the Ministry of Social Affairs. The review concentrated mainly on the programme of the Ministry of Labour.

The main aim of the programme is to motivate young unemployed to undertake ordinary education or to find an ordinary job on their own initiative. If they fail to do so within six months of unemployment during a period of nine months, they have the right and duty to participate in full-time special vocational education or training (in ordinary education or in other activities, such as job training) for at least 18 months. The programme's focus on education and training reflects the necessity to have finished at least some formal training or education in order to have any job opportunities in the Danish labour market.

After three months of unemployment the youngster is called in by the PES to determine whether he or she can be placed in a regular job. An individual action or education plan is drawn up, which the youngster has to sign. This plan sets out what education offers the PES will make to the youngster once he or she enters the activation period, hence after six months of unemployment.

If the young person remains unemployed, the unemployment insurance fund, which administers the unemployment benefits, reports this to the PES after four months of unemployment. This leaves the PES two months to prepare the 18-month education offer as agreed upon in the individual education plan. The main aim is to persuade the youngster to begin an ordinary education in the ordinary educational system under the Ministry of Education. Those who start an ordinary education are out of the public employment system and will receive the normal benefit for students from the Ministry of Labour. Those who do not begin an ordinary education will typically get an offer for education within the public employment system or will get an offer for another activity if they have job experience to qualify for that. Typically, the majority of the group that does not go into ordinary education will get an offer of a special 18-month training programme that was specifically developed for the youth package by the vocational schools under the Ministry of Education.

To create an incentive for youngsters to accept a job or take part in regular education before they have been unemployed for six months, the unemployment benefits are cut during participation in the 18-month courses. The benefit of youngsters without any formal education is cut by 50 per cent. This reduced benefit is more or less equal to the support allowance that is paid by the State to participants in ordinary education programmes. Refusal to participate in the special education courses is followed by a loss of entitlement to the unemployment benefit and the youngster then has to claim social assistance. Young persons with formal education receive 82 per cent of the unemployment benefit once they participate in additional education or training.

3.2 The British New Deal for Young People

The British New Deal for Young Unemployed People seeks to tackle the problem of potential long-term unemployment or the formation of entrenched unemployment patterns amongst youngsters by helping them move into a job or by enhancing their employability through the acquisition of relevant vocational skills and work experience. It is part of a series of policies designed to increase effective labour supply and combat unemployment through intensive targeting of those groups at risk of unfavourable labour market positions. Other than youngsters who have been unemployed for more than six months, groups include the very long-term unemployed aged 25 and over, lone parents, disabled persons, partners of unemployed people and people aged 50-plus.

The New Deal for Young People is targeted at all young people aged 18 to 24 who have been unemployed and claiming Jobseeker's Allowance² for six months. After these six months of unemployment, the youngsters enter the so-called Gateway period, which lasts for up to four months. The Gateway period only starts after six months of unemployment, as the majority of youngsters (about 80 per cent) leave unemployment within six months and they are considered not to need any additional help in finding a job. Several priority groups, such as the homeless or young ex-offenders, may join the New Deal before reaching an unemployment of six months.

During the Gateway a young person is assigned to a New Deal Personal Adviser, usually a worker at the Public Employment Service who offers intensive counselling, advice and guidance. Together they prepare an action plan for getting back to work. All efforts during the Gateway are primarily targeted at finding an unsubsidised job.

If the young person is still unemployed after the four months of the Gateway period, he or she moves into one of four options which provide opportunities for full-time work experience and/or training. These four options are:

- ▲ A job with an employer, including at least one day per week in education or training which will lead to an accredited qualification. Employers are offered a wage cost subsidy of GBP 60 per week for 26 weeks plus a grant of GBP 750 to cover training costs. The young people themselves receive a wage from the employer.
- ▲ A job for six months in the Government's Environment Task Force (a programme in environmental work), again including one day a week in education or training towards an accredited qualification. The participants receive an allowance that is equal to their JSA plus a small allowance to cover additional costs.
- ▲ A job for six months with an employer in the voluntary sector, also including one day a week or equivalent education or training towards accredited qualification. Again participants receive an allowance that is equal to their JSA plus a small allowance to cover additional costs.
- ▲ The opportunity for those who do not have qualifications which are needed for good employment prospects to take up full-time education for up to twelve months on an approved course leading to a qualification.

The benefit of young people who refuse to participate in one of the four New Deal options can be suspended, usually for two or four weeks, although from March 2000 those who refuse to

² The Jobseeker's Allowance (JSA) is the regular state benefit for unemployed who are both able and available to work and are actively looking for work.

participate without good reason for a third time face a sanction of up to 26 weeks. Hardship payments can be made in some circumstances.

Those who have not found employment at the end of their participation in one of the four options receive additional help and support from the Employment Service to enable them to gain employment. This stage of the New Deal is called the Follow Through. It should be noted that this long-term support of the programme is innovative compared to previous training and employment programmes in the United Kingdom.

The New Deal for Young Unemployed People is targeted at sustained employment of the youngsters and therefore, when a young person becomes unemployed again within 13 weeks after having left the New Deal programme, he or she will continue the New Deal programme at the stage where he or she left off.

The New Deal was introduced in two stages. In January 1998 it was offered in several areas which covered about 10 to 15 per cent of the whole country. From April 1998 onwards, the programme was implemented nationwide. The New Deal options are implemented by various partnerships between the Employment Service and local and regional bodies of, for example, Training and Enterprise Councils (TECs), trade unions, colleges and local employers. This local focus allows for fine-tuning the options to the local labour market situation. Currently, this particular strand of the New Deal is delivered by 144 local partnerships. In twelve areas the delivery of the New Deal options has been fully outsourced by the Employment Service to private-sector organisations.

4 Evaluation results

4.1 The Danish Youth Unemployment Programme

As already indicated, the decline in youth unemployment accelerated after the introduction of the Youth Unemployment Programme in Denmark in 1996. The question is of course to what extent this improvement of the labour market position of youngsters can be attributed to the introduction of the youth package. Several evaluation studies have been carried out, based on repeated surveys among the same sample of unemployed young people and considering both the short-term and longer-term effects.

The studies on the short-term effects indicate that the programme seems to have a strong motivation effect. Two thirds of the young unemployed had left unemployment by the time they would have become eligible for the mandatory 18-month educational courses. About one third of the unemployed youngsters found a regular job, while another third started ordinary education. The remaining 33 per cent entered the 18-month activation period.

However, these figures do not reveal whether these transitions are the direct result of the programme's introduction. First of all the economic recovery, which started at the same time as the introduction of the programme, has also influenced the unemployment rates among youngsters. And second, the inflow of youngsters from unemployment into ordinary education is characterised by seasonal effects, as most educational courses start in the autumn.

When a correction is made for these external influences on the transition from unemployment to employment or education, the conclusion is that the programme has a significant effect on

the transition rates from unemployment to education. This is not surprising, as most youngsters who are still unemployed after six months enter the mandatory vocational courses. The effect of the youth programme on the transition rate from unemployment to employment is weaker, but present. Other analyses also confirm the expectation that the potential obligatory participation in the 18-month courses and the corresponding reduction in the unemployment benefit stimulates more intensive job search among the young unemployed. Job-search intensity increases especially towards the time when the youngsters will enter the activation period.

Evaluation of the long-term effects suggests that the youth programme results in a structural (re-)integration of the youngsters into employment or ordinary education. Two years after the first survey, 13 per cent of those youngsters who were unemployed in 1996 were again or still unemployed. About 40 per cent of them were in education, 35 per cent were in ordinary employment and the remaining 12 per cent were on parental leave or participating in other labour market programmes.

These results concern the original target group of youngsters without any formal qualifications. No data are yet available for the young unemployed with formal skills. The only indication of possible programme effects for those youngsters is that the number of persons in this group entering the activation period after six months of unemployment fell by 35 per cent between January and July 1999.

Of those young unemployed who participated in the special 18-month vocational courses only 10 to 15 per cent are still unemployed after participation. Others are either in paid employment or in ordinary education. The completion rate of the courses is 65 per cent.

So, the evaluation studies up to now indicate that the Danish Youth Unemployment Programme has been successful in lowering youth unemployment in Denmark, both in the short run and in the long run. In addition, the programme has succeeded in stimulating young unemployed to start ordinary education and therefore to raise their professional qualifications. The special 18-month vocational courses have also contributed to improving the educational level of otherwise low-skilled youngsters.

4.2 The British New Deal for Young People

Total unemployment and particularly youth unemployment has been falling prior to and during the early months of the implementation of the New Deal for youngsters. Long-term unemployment among young people is now at its lowest level since 1976. Again the question is to what extent the current improved labour market position of youngsters can be attributed to the New Deal.

Since the New Deal has been introduced only very recently, it is not yet possible to provide substantive indications of the programme's impact on the individuals' employability and its wider labour market effects. But such performance indicators will be available in due time, as a large-scale evaluation is currently being carried out.

This evaluation of the New Deal is one of the most comprehensive, systematic and wide-ranging ever undertaken for a labour market programme in the United Kingdom. It focuses on three levels, namely the impact on the individual participant, the cost-effectiveness of the

programme itself and its macro-economic effects. Both qualitative and quantitative aspects are taken into account.

Up to now, only information on the characteristics of the New Deal participants is available from the New Deal Evaluation Database. This database holds records on all individuals involved in the programme. Each week about 4 000 youngsters enter the Gateway. Against the expectation that 40 per cent of the Gateway-entrants would leave the New Deal before starting an option (i.e. after four months), 58 per cent actually leave the programme within these four months. Of them, 61 per cent start an unsubsidised job³. Those entering an option accounted for 42 per cent of all New Deal participants.

Of the young people who were still unemployed after the Gateway period, 20 per cent opted for subsidised work with an employer, 45 per cent started full-time education or training, 18 per cent opted for work in the voluntary sector and the remaining 17 per cent joined the Environment Task Force. The number of youngsters starting a subsidised job is lower than was planned. This might partly be explained by the high outflow of youngsters to regular jobs during the Gateway-period, which exceeds expectations. On the other hand, demand for full-time education and training has been higher than was expected, mainly because people with higher educational levels than NVQ level 2⁴ entered this option. Since autumn 1998 this option has been more specifically targeted at those with the lowest qualifications by stimulating those already adequately qualified to enter employment directly. As a consequence, the option to full-time education and training only made up about one third of all option starts in recent months.

Participant figures for the New Deal indicate that the programme seems to be successful in engaging those youngsters who are most at risk of becoming 'socially excluded'. About 65 per cent of the entrants had no or only NVQ level 1 qualification and a relatively high proportion (about 40 per cent) had never had any job prior to entering the programme.

Of those participants of whom it is known where they went to, the respective percentages of leavers into jobs are about 60 per cent for the Gateway, about 65 per cent for the Options and somewhat less than 40 per cent for the Follow Through stage.

The results of the ongoing evaluation indicate that the majority of the participants have a very positive image of New Deal. The Personal Advisers in particular are very much valued by the youngsters. Nevertheless, the success of the New Deal will mainly depend on the extent to which employers' recruitment behaviour is changed. This is difficult to judge at this stage of the programme's implementation. The present evaluation findings point to a cautious involvement of employers up to now. But employer take-up and commitment as well as the industrial distribution of the jobs offered needs further consideration. The delivery systems, i.e. the partnerships, seem to have worked well so far.

An analysis of the implications of the first 12 months of the New Deal on the macro-economy found deadweight was approximately 50%, meaning around 10 000 individuals per month were leaving unemployment as a consequence of New Deal. By getting more young people

³ This is partly an estimate, as 43 per cent of the leavers have notified the Employment Service that they have found a regular job, whereas 28 per cent left New Deal without indicating their destination. Research among this group showed that 57 per cent of this latter group had actually entered work..

⁴ National Vocational Qualifications (NVQs), which are work-related, competence-based qualifications. They are subdivided into five levels. The lowest level, level 1, is defined as competence which involves knowledge in the performance of a range of varied work activities, most of which may be routine and predictable. Occupational standards are the basis of NVQs. They identify what people have to do to show that they are competent in a job. The majority of young people completing compulsory age schooling obtain qualifications equivalent to NVQ level 2.

into work more quickly the youth unemployment stock had been reduced by approximately 30 000 compared to what it would otherwise have been. This is equivalent to a reduction in youth long-term unemployment of nearly 40 per cent.

5 Needs assessment - peer countries

In Belgium, several comparable measures have been introduced over the last few years. The training-duty for unqualified young persons has been developed after direct consultation of Danish expertise in this field. But the programme met strong resistance from the trade unions and the anti-poverty movement, as it was insufficiently adapted to the Belgian context. Currently, alternative plans are being prepared which aim at guaranteeing intensive guidance, training and/or work to 18- to 25-year-olds who have not completed upper secondary education.

Furthermore, the Belgian expert indicated that previous Belgian experiences, as well as other foreign experiences, with mandatory programmes yielded very poor results in terms of improved employment prospects. The Belgian Individual Guidance Plan for long-term unemployed reduced their escape-rate from unemployment by only 1 to 2 per cent. The British and Danish programmes seem to yield better results and that is why both programmes are interesting for Belgium.

Possible explanations for the promising results of the two programmes that are interesting for Belgium are that they offer a wider range of pathways, which allows for more individual freedom and might therefore enhance individuals' motivation. The performance difference might also be explained by an improved mix of accompanying measures and increased funding. Of course, one important difference from the traditional programmes referred to above is that the British and Danish programmes not only aim at regular employment. The return to full-time education is another important objective of the programme. However, since Belgium has a higher school-leaving age, there is less need for focus on the return to education in Belgium. Finally, the Belgian expert pointed to the need for an aggregate cost-benefit analysis of the British and Danish measures.

Like most EU countries, Ireland has experienced a general economic recovery with a corresponding decline in unemployment and particularly youth unemployment for several years now. The unemployment rate fell from 17 per cent in 1993 to 6.7 per cent in 1999. Particularly striking in the Irish case is the strong effect of educational attainment on the unemployment rate. In 1997 the unemployment rate among those without any qualifications was four times higher than the rate for those with an upper secondary education. In this situation, targeting resources at the most disadvantaged should be given a very high priority in labour market policy. However, the question is whether the British and Danish programmes are best suited to the most disadvantaged. Nevertheless, the promising effects of the two measures studied in this review deserve attention by Irish policy-makers, as several elements of both approaches might be interesting for Ireland.

In addition, the issues of the required budget and the cost-effectiveness of the programme were stressed by the Irish participants. During the Gateway of the New Deal for each unemployed young person eight interviews are budgeted with the personal adviser of the Employment Service. This individual approach requires a quite substantial budget. On the other hand, as one of the British Government representatives put it, should one put a cost-

constraint on persons who are most disadvantaged? They need more time and thus money to settle into the labour market.

Finally, the Irish expert raised a point which turned out to be a common concern in almost all participating countries and on which the discussion focussed for a while: What about those who do not receive state benefits? Do they have access to the New Deal or the Danish Youth Unemployment Programme? Both the British and the Danish Government representatives acknowledged the existence of this so-called status zero group which is not reached by their activation measures. This group slips through the administrative system because they do not claim benefit and are thus not registered. Girls from ethnic minorities are an example of this group.

The existence of a status zero group was also confirmed by the representatives of the participating peer countries and the general conclusion was that there is no information available on the number of persons in this group and on their socio-economic characteristics. Another common concern is the 'carouseling' of unemployed within activation measures. Some groups of disadvantaged return or remain within the system of activation measures, as regular instruments do not seem to be appropriate for them. These groups call for specific partnership approaches, such as intensive cooperation with municipalities and other social organisations, as they face multiple social, economic and health problems.

The Spanish labour market situation is quite different from that in the United Kingdom and Denmark. First of all, Spain has one of the highest unemployment rates among all OECD countries. Since the mid-1980s the average unemployment rate has been around 20 per cent. Moreover, youth unemployment rates have on average been about 20 percentage points higher than the overall unemployment rate. Labour participation of youngsters has declined over the last two decades because of increased enrolment rates in university education. This holds especially for women. Compared with men, Spanish young women are nowadays amongst the most educated in the world. Furthermore, the Spanish expert pointed out that the number of unemployed youngsters is substantial, as it accounts for almost 30 per cent of the total labour force and 13 per cent of the population in the same age cohort.

Contrary to the situation in Denmark and the United Kingdom, persons with a higher education, those having a university degree, experience in Spain the same kind of problems in the labour market as those with lower qualification levels. As a result, lower-educated persons are crowded out of their traditional entry-jobs by higher-educated persons. They now occupy jobs that do not require educational qualifications and hardly offer any training or skills development. In view of these labour market problems, active policies for unemployed youngsters are needed, but focusing these policies on increasing qualifications does not seem to be recommendable.

Sweden has extensive experience in the development and implementation of active labour market measures for, among others, young unemployed. But despite this extensive experience, the youth unemployment rate has been very high since the beginning of the 1990s, peaking at 18 per cent of the labour force in 1993. Still, long-term open unemployment is not so much a problem in Sweden. The problem to be addressed is carouseling: Large numbers of young persons move between unemployment, temporary unskilled jobs and labour market programmes. The question is how to stop this process.

From this point of view the Danish and British approaches can offer several new ideas to Swedish policy-makers to fine-tune the existing Swedish youth programmes. A remarkable

difference between the Danish programmes and the Swedish ones is that in Sweden entitlements to unemployment insurance benefits are renewed through participation in labour market programmes. The Danes abolished this possibility of renewal since 1994 through their general labour market reform. A major drawback of this possibility to re-qualify for unemployment benefits is that the quality of the labour market programmes becomes less relevant. Another difference with the Danish approach is that Swedish programmes do not offer the so-called motivation effect, as the allowance paid to participants in the programme is not by definition less than the unemployment benefit received. The level of the allowance depends on the entitlement to claim regular unemployment benefits.

Norway too is confronted with high unemployment among the young compared to total unemployment. From the Norwegian point of view, the partnership approach of the New Deal in particular is interesting. The involvement of employers in the programme is a particular form of partnership that is valuable. But the Norwegian Government representative was, like some of his foreign counterparts, concerned about the administrative costs of the intensive counselling and guidance offered to the young.

6 Transferability

As in Denmark, the Belgian system is characterised by the co-existence of insurance-based and assistance-based schemes. Unemployed school-leavers are only entitled to unemployment assistance, which is considerably lower than unemployment insurance benefits. This 'discrimination' is justified by the fear that access to the more generous unemployment insurance would create incentives for early school dropout. The introduction of a Danish-type measure might create opportunities to offer young persons the higher unemployment insurance by making eligibility for this unemployment benefit conditional upon participation in activation measures by a 'social contract'.

From the Irish point of view, the focus on the needs of the youngsters and the tailor-made approach is a very promising element of both programmes. The personal advisers are very important in securing the match between the services offered and the needs of youngsters. Also the longer timeframe of both programmes is interesting for Ireland, as Irish programmes are often of a much shorter duration. In addition, the very high standards of monitoring and evaluation set in both the Danish and the British programmes are inspiring for Ireland. But the Irish expert doubted whether there is currently any momentum in Ireland to introduce a comparable programme.

The implementation of a Danish- or British-type youth programme is very difficult in Spain, according to both the government representative and the independent expert. There are several reasons for this. Both programmes combine activation measures with a reduction of the unemployment benefit in the event of refusal to participate. But this combination is not feasible for this particular target group in Spain, as young unemployed are covered by neither unemployment insurance nor social assistance, since entitlement to both is conditional on job experience. Young unemployed are only entitled to social assistance when they have worked for at least 6 months. When they have work experience of more than 12 months, they are eligible for unemployment insurance. Only 40 per cent of all unemployed youngsters are eligible for a social benefit. Furthermore, the size of the cohort of unemployed youngsters is well above the capacity of the State Employment Agency to provide intensive counselling, guidance and good-quality training.

Local partnerships and thus decentralisation are a crucial element in the implementation of the programmes studied. But in Spain decentralisation has resulted in poor coordination between different governmental bodies at different governmental levels and local agencies. Finally, Spain can learn much from the British and Danish evaluation design and development of comprehensive databases. The need for formal evaluation exercises and the required information for this are still not yet fully taken into consideration in the design process of Spanish activation measures.

Several features of the British and Danish programmes are interesting for Sweden to further improve its existing plethora of youth programmes. Both the independent expert and the government representative were impressed by the strong links between active labour market policies and the national education structure in the United Kingdom. All options within the New Deal lead to an accredited qualification, which is not the case in Swedish labour market programmes. In this respect there is something for Sweden to learn from the British approach.

Also, according to the independent Swedish expert, the Danish and British focus on individual needs in combination with local labour market needs should be considered in Sweden. But it should be taken into account that such a tailor-made approach is quite expensive. Sweden can also learn a lot from the flexibility and quality of the 18-month vocational education programmes in Denmark and from the partnership-based approach of the British New Deal. This partnership approach seems to offer good opportunities to stimulate involvement of private-sector employers and trade unions in the programme. The difficulty is how to persuade them to offer good training opportunities. Finally, the monitoring and evaluation approaches in both host countries are interesting for Sweden.

The Norwegian Government representative did not indicate elements of both programmes that are directly transferable to Norway. The review was very interesting according to him and he appreciated it very much that he was allowed to participate in the meeting.

7 Conclusions

One of the conclusions of the combined British/Danish Peer Review was that there are a lot of similarities between the labour market problems both countries face and the approaches chosen to deal with them. Existing differences between the two youth programmes can primarily be explained by differences in the national labour market contexts.

In reaction to the Danish labour market situation, the focus of the Danish programme is primarily on human capital investment. Direct placement of youngsters into jobs is not considered to be the appropriate way to reduce youth unemployment substantially. Youth unemployment stems to a large extent from a qualitative mismatch in the qualification levels offered by young unemployed persons and the qualifications asked for by employers. As a result of the generally high wage level which normally is part of the high-skilled industrialised society, employers require a minimum labour productivity to consider an applicant as interesting and this in turn requires qualifications. Therefore, to stimulate labour market attachment in the longer run and thus decrease youth unemployment, the Danish youth measure aims at increasing the qualification levels of the young people first.

The British perspective is directed more towards immediate labour market attachment. Youngsters are stimulated to take up regular employment directly, and they are only trained if necessary to gain and keep a job. Due to the modest level of the minimum wage⁵, earnings are lower in the United Kingdom than in Denmark. As a consequence, employers are less concerned about the initial labour productivity of workers and thus the qualification level of unemployed youngsters is less of a concern. In general, British employers are looking for young persons who are directly employable and whom they can train within their company in accordance with their own needs. This explains the British focus on direct labour market integration of the unemployed youngsters.

A common concern of all participants in the review was that there are certain groups of unemployed persons who slip through the administrative systems and are therefore not reached by the labour market programmes. The existence of such a group, referred to by the British as 'status zero', is acknowledged by all participating countries, although no country has a clear picture of the size and composition of this group. It was generally agreed that there is a need for information on these lost persons.

The concept of partnerships between several local and national players in the field of active labour market policies appealed to a lot of countries participating in the review. One of the important perceived merits of these partnerships is that they are a way of locking employers into the youth programme. Their involvement in the programme is essential for its success. But also the involvement of local agencies which deal with particular local labour market and social problems is important, as these organisations complement the experience and knowledge of the Public Employment Services.

Finally, the possibility to transfer the Danish or British approach is especially related to the improving labour market situation, which increases job opportunities. At the same time unemployment still exists on account of qualitative mismatches between qualifications asked for by employers and those offered by the pool of unemployed. This holds especially for youngsters who are often not adequately qualified to match labour demand. This mismatch calls for actions by the Government to increase the employability of youngsters and find jobs for them.

⁵ GBP 3.60 per hour for an adult in 1999/2000.