

Employers' input to an ACVT opinion on a future EU initiative aiming to improve/boost training provision across Europe

12 May 2021

Towards an ACVT opinion on improving/boosting skills training provision across Europe

The Commission has announced in its EU pillar of social rights action plan on 4 March its intention to come up with a proposal for a Council Recommendation on individual learning accounts (ILAs) in the 4th quarter of 2021.

Further to a social partners hearing on this issue that took place in April, employers call on the Commission to reconsider the focus of its recently announced initiative and to broaden the scope of the proposed new Council recommendation.

Employers also suggest that the best way to agree on an initiative that is supported by governments, employers and workers across Europe is to first prepare a tripartite opinion of the ACVT, which will be of support for the Commission to come up with an initiative that is of added value.

This note outlines employers' considerations and priorities for improving/boosting training provision.

Employer priorities for a future EU level initiative on improving/boosting training provision

- Recent EU and national employment policy debates tend to focus on the need to support mobility across sectors and jobs on the labour markets, which we recognise is important to support workers who may choose to **reskill in view of a changing sector or job**, or who face the need to do so due to the economic activity of their employer, the obsolescence of their skills, or those that are in diverse forms of work. That is why European employers support the recently proposed Commission recommendation on Effective Active Support to Employment – EASE.
- But the magnitude of these reskilling needs should not be overestimated. It can be expected that the majority of the around 192 million people who are employed in the EU 27 are in their job in a well-defined company/sector, and for them the **main issue is to upskill** to get access to better opportunities by taking more responsibility and progress in their career.
- For this group of workers, the choice of training activities is better met through the continuous dialogue between a worker and his/her management at company level, and through collective bargaining at sectoral and/or cross-industry levels, including the **widespread practice of training funds across Europe** to which more visibility and recognition should be given in EU skills policy debates and which can also help to facilitate job mobility.

- In this light, employers consider that **a broadly social partner led approach to employee training and dual learning** will deliver more effective and efficient outcomes, than a purely individualised support mechanism, such as a learning account. An individual learning account cannot replace existing employer sponsored and/or social partner driven approaches to training as well as others, such as training funds.
- One of the main motivating factors for employers to finance training, either fully or on a cost-sharing basis, is that such training responds to their skills needs. Identifying, in consultation with workers, as appropriate, job-relevant training is beneficial for workers and addresses identified skills gaps that exist in the company. **The labour market relevance of training is an overarching priority and principle that needs to be at the core of any future EU level initiative.**
- The needs and choices of workers of course also need to be taken into account. Workers need to be encouraged to take more responsibility for their training and to be motivated to take up training opportunities, something which is a major challenge to up and re-skilling efforts.
- **A balance needs to be found that would advance a cost-sharing approach to training provision** between government, employers and workers, while ensuring that the needs and interests of companies and workers are addressed through further training and taking into account labour market needs and different national practices and industrial relations systems and the role of social partners therein.
- In order to increase training take up, it is also important to raise the image and visibility of VET in other policy areas. We support the European Commission in its efforts to enhance VET's important role as a contributor to human capital development, which in turn fosters productivity, innovation, excellence as well as democratic citizenship and promotes EU values.
- **Consequently, there is a need for flexibility within different national settings when it comes to approaches to training provision**, which takes into account the need of enterprises and workers as well as the role that employers and social partners jointly play in the governance of training systems, both in systems in which they have the lead role as well as in others.
- **In parallel to the exploratory work on ILAs, employers believe that the Commission should further develop its understanding of the current role and extent of training funds in enhancing skills provision.** ILAs are just one of numerous ways in which training can be provided with training funds and employer funded training being others that will remain essential features of national approaches.

These are key features of training systems and elements that should be at the heart of any EU initiative to boost training provision in partnership with member states and trade unions.

Broader context on EU skills agenda

Employers fully share the Commission's assessment on the need to up- and re-skill the workforce in order to address evolving labour market needs, particularly as concerns the digitalisation and greening processes as well as helping to reduce skills mismatches and the impact of demographic change.

At the same time, the challenge is to increase the provision of, and participation in, life-long learning with the EU average for adult participation in education and training standing at around 11% and some way short of the 2020 target of 15%. In parallel, the action plan for the implementation of the European Pillar of Social Rights introduces a very ambitious target whereby 60% of adults should participate in training every year by 2030. (by 2016 only 37% of adults were participating in learning activities each year).

This is a very ambitious target, and one could argue whether this is realistic¹. But in view of the scale of skills challenges related to the ongoing economic and social transformations (digital, greening, demographic), **the Commission and Member States can count on business as a partner** to design and implement a useful European policy initiative and framework to improve at the same time 1) skills training provision to make it relevant to changing labour market needs, and accordingly, 2) access to training.

An appropriately skilled workforce is a key factor in the competitiveness and productivity of enterprises as well as their potential to innovate in response to new and evolving demands for products and services. Therefore, enterprises spend a lot of time and money in training their workers with a 2020 European Commission report on adult learning demonstrating the **strong role played by employers in observing that 90% of job-related training in the EU is funded by employers**.

Employer-funded training plays an essential role and this was recognised in the context of the social partners 2020 autonomous framework agreement on digitalisation. This identified that where an employer requests to a worker to participate in a job-related training that is directly linked to the digital transformation of the enterprise, the training is paid by the employer or in line with the collective agreement or national practice. This training can be in-house or offsite and takes place at an appropriate and agreed time for both the employer and the worker, and where possible during working hours. If the training takes place outside of working time, appropriate compensation should be arranged. It is also important that there is a focus on quality and effective training. This means to provide access to relevant training responding to the identified training needs of the employer and the worker.

Employer-funded training needs to be maintained in parallel to other forms of training provision and financing. For example, in circumstances when workers make a request to their employer to undergo training or when a joint need is identified, it is important that there are aspects of a **cost-sharing** approach between the state, employers and workers. There are some indications that employer investment in training may be increasing in larger companies in industry despite the onset of COVID. However, the picture is far from clear and variable across other sectors and in smaller and medium-sized enterprises whose resources are likely to be constrained over the coming years as they seek to regain lost ground in the wake of the COVID pandemic. Therefore, it will be particularly important to put in place cost-sharing frameworks and to support SMEs, which have more limited resources for up and re-skilling, to have better access to a more targeted training supply.

In this respect, individuals need to take more responsibility for their further training in terms of taking part in and completing training as well as contributing to the costs. By the same token, employers have a role to play in identifying, such as through skills assessment, and providing training that is relevant to the individual needs of the workers and related to the role that they perform in the company and taking into account how their job may evolve in future, including potential risks of employability losses due to skills obsolescence. The way in which employers approach this is for them to decide at company level and in consultation with trade unions and/or other forms of worker representation at company level, as appropriate.

¹ Important to keep in mind the 2020 target was to achieve by 2020 that, in average, at least 15 % of adults should participate in lifelong learning.

Favouring social partner driven approaches to training provision and governance

Whereas the way in which training is organised varies from country to country, a common feature is the role that employers and social partners play, to varying extents, in the design and delivery of training, as well as in aspects of careers advice, guidance and the promotion of training opportunities. In this respect, employers and trade unions have a shared interest in, and responsibility for training.

Research as part of an ongoing European social partners project on skills, innovation and training helps to exemplify the role of social partners in the provision of training and governance structures. Through the research it has been possible to classify national education and training systems according to the involvement of social partners in their governance structures, as follows:

European Social partner involvement in governance of education and training systems		
The social partners define and manage the training system	Austria Denmark Germany	Iceland Italy Netherlands
The social partners contribute to the definition of the training system	Belgium Finland France Luxembourg	Norway Poland Slovenia Switzerland
The social partners have a consulting role	Czech Republic Estonia Greece Ireland Latvia	Lithuania Portugal Slovak Republic Spain Sweden
Other	Hungary	United Kingdom

In looking at the first group of countries, the following information provides a snapshot of the role played by social partners in training provision, taking into account information from the ongoing social partners project as well as from CEDEFOP:

Austria: Institutional frameworks are developed to support training. One such example is the Vienna Employment Promotion Fund (Wiener ArbeitnehmerInnen Förderungsfonds). This fund not only supports learning but also provides guidance for the learners as well as companies and has an eye on the development of competence requirements on the labour market. The scheme is led by the public employment service and operated in cooperation with social partners.

Denmark: most collective agreements provide for workers in the private sector to have the entitlement to two weeks leave for continuing vocational education/training per year. If participation in CVET is demanded by the employer, the employees are entitled to their usual salary from the employer. In this case, if the employee is eligible for a (partial) reimbursement/compensation of salary, it is instead paid to the employer. Training can also be provided through different types of training funds (employers, sectoral, and industry competence development funds), which are established through collective agreements. These funds are supplementary to the possibilities for continuing VET, offered by public VET colleges and established by law.

Germany: where the framework for CVET provision is negotiated by social partners as part of the collective agreements. The nature of CVET can be company-based as well as for sector and job transitions. There is also the qualification opportunity act and the so-called CVET

alliances (“Weiterbündungsverbünde”) in Germany. The Act sees the government give subsidies to companies to train workers. The alliances are more advice and support oriented and bring together the federal state, the regional employment agency, the respective employers organisations, enterprises (SMEs), and training providers. The concerned actors co-finance counsellors who offer expertise and counselling for SMEs in identifying labour market perspectives for their employees and ensuring that skills development is effective and practice-oriented.

Italy: Joint Interprofessional funds for continuing education - All companies in Italy are obliged to contribute a fixed share of payroll costs (0.30% of gross wages) to the Interprofessional Funds. The workers also contribute. From the collected money, companies receive a grant to finance their sectoral, regional or individual training plans aimed at the maintenance and updating of the professional skills of workers. The co-financing share required by companies is variable depending on the nature of the initiative: in case of solidarity actions in favour of small or micro enterprises the required company share is lower; in case of training plans related to large companies, co-financing by companies is generally higher.

Netherlands: Sectoral training funds are a key mechanism for the funding of CVET in the Netherlands. They are voluntarily created by sectoral social partners and regulated based on sectoral collective agreements which may cover also many other important issues related to training and development, including opportunities for educational leave, wages of apprentices, validation of prior learning, training and development plans or payback clauses.

These examples demonstrate the important role that training funds play in a number of cases and these deserve to be looked at in further detail.

More visibility and recognition needs to be given to training funds

Beyond employer funded training, training funds are used in a number of member states and often with a strong involvement of the social partners as well as being structured around a cost-sharing approach.

Training funds in the EU are very diverse. The differences concern the governance models (bipartite or tripartite nature), the number of funds established per country, the type of (education and training) activities and target groups supported, and the way the money is collected and redistributed. Sectoral training funds can also facilitate access to training for people in diverse forms of work.

Training funds may be created voluntarily and managed by social partners, as part of collective agreements at sectoral level (e.g. Denmark, France, the Netherlands). In some countries, this may result in a high number of training funds covering the majority of economic sectors (e.g. approx. 90 training funds in the Netherlands), whereas in other countries, training funds may be present only in a few particular sectors (e.g. UK, Germany). Finally, some countries opt to create a single national training fund, governed by the State, often in partnership with social partners (e.g. Cyprus, Spain).

Beyond these two basic types of training funds (national and sectoral), other solutions can be found among EU countries. Training funds in Italy, for example, allow for the voluntary association of employers linked to a particular sub-field of the economy or a particular occupational or professional field (inter-professional funds). The funds, therefore, do not correspond to established economic sectors and their particular industrial relations (e.g. with regard to wage bargaining).

Training funds source their income mainly as compulsory training levy on company payroll. However, there can be also other, additional sources, e.g. national/regional government own

resources collected via general taxation, EU funds (ESF), interest, donations or voluntary contributions. In some countries, the function of training fund has been adopted by the public employment service, where employers and employees co-fund training of employees as part of their overall contribution to the unemployment insurance system. In Poland, employers have suggested the creation of a new training fund, which was hitherto not taken up by the government.

Individual learning accounts: One practice amongst many

In the wider context of employer-funded training and the varying approaches to training funds, ILAs are only one possible way of providing training. To a significant extent, the main role of ILAs is to act as a financial vehicle. However, taking into account the other approaches to providing and funding training that have been addressed (above) it is questionable if a lack of funding is the main challenge to overcome. Evidence from a 2020 Commission report of adult learning supports this assertion in finding that there was a general increase in total expenditure in non-formal adult education across the EU Member States and sources of financing (i.e. individuals, private employers and public investment in active labour market policies) from 2010/2011 to 2015/2016. Individuals' and private employers' expenditures in particular increased in most Member States. The potential impact of ILAs on government expenditure on education and training would also need to be carefully considered and further assessed in order not to reduce the budgets of existing publicly funded initiatives.

Employers are concerned that if resources are channelled away from existing well-functioning approaches such as training funds and into an ILA this could, potentially, be detrimental to the overall provision of training within the respective national frameworks. The diversity of national labour markets corresponds with diverse approaches to training and it is at the national level where training responses are most appropriately designed and implemented.

Additionally, employers are concerned that ILAs could weaken the association between the financing and content of training provision thereby potentially resulting in training being less job-oriented and consequently less responsive to employers' needs.

There are a number of factors that can create barriers to employability, such as low skills, living in a rural or remote area, belonging to ethnic minorities, low socio-economic background. Employers have some doubts whether a ILA approach will reach out to those people that are most in need of further training and sufficiently address the problem of low motivation among certain workers to participate in training.

It is also important to have dialogue between in-company and external training providers in order to ensure the quality and relevance of training, both in the private and public sectors.

People who have had limited success in the education system previously are much less likely than those who have been successful to seek additional training on their own, even if they need it. Therefore, ILAs could actually result in less re and up-skilling of the people in the work force that may need it the most.
