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Subject: Connecting education, the labour market and society - Towards a New Skills Agenda for Europe
- *Policy debate*
(*Public debate in accordance with Article 8(2) of the Council's Rules of Procedure*)
[proposed by the Presidency]

Following consultation of the Education Committee, the Presidency has drawn up the attached discussion paper as the basis for an exchange of views at the Education, Youth, Culture and Sport Council on 24 February 2016.

Draft discussion paper
for the policy debate at the EYCS Council of 24 February 2016 on

Connecting education, the labour market and society

Towards a New Skills Agenda for Europe

The forthcoming **New Skills Agenda for Europe**, announced in the European Commission's 2016 Work Programme¹, will address skills development and the skills gap with a focus on employability, mobility, competitiveness and fair and balanced growth. It will look in particular at the skills needed, at all levels, to meet the challenges and make the best use of the latest developments, particularly in the digital field, and to ensure that people can develop and upgrade their competences to keep pace with an ever-changing labour market and societies. It will propose specific EU actions and back up concerted policy efforts by Member States, aimed at promoting the active involvement of relevant stakeholders in education, training and the labour market.

It is against this background that the Netherlands Presidency is organising the policy debate at the February EYCS Council and the EPSCO Council in March, with a view to raising awareness and underlining the urgency of the issues at stake regarding skills in a broad sense. This will **enable Education Ministers to raise those issues and considerations they believe should be addressed within the Skills Agenda, thereby helping to shape this strategic European initiative.**

¹ 13486/15

Towards a shared skills agenda

Fostering talent and skills drives innovation and competitiveness and offers a sound basis for high productivity. It is also the best way to reduce unemployment, poverty and social exclusion². This is all the more important since the European economy faces challenges which are long-term and structural in nature. We see major trends that are transforming our economies and societies. Globalisation and technological progress, ICT in particular, are **changing our lives, jobs, jobs content and the way we communicate and cooperate** with each other. New business models and opportunities for entrepreneurship are emerging, as well as innovative and non-standard forms of work.

The impact is being felt throughout the **labour market**, in all segments. The demand for more and higher skills is rapidly increasing. The minimum skills level required is rising as well as broadening to include **digital, high-end technical and social skills**. The pace of skills depreciation is accelerating in cases where skills are not regularly updated, while in the middle segment we observe that technology is taking over routine skills and substituting for labour. Given these dynamics, unemployment remains at high levels, up to 20% in EU countries, and it seems increasingly challenging to bring these numbers down.

Challenges to be addressed

A large share of the EU population **lacks a sufficient level of basic skills** to be employable and take part in social life. Almost 70 million European adults do not possess sufficient literacy or numeracy levels. When it comes to our young people, the numbers are only slightly better: one in five 15-year-olds is a low performer in these basic skills³. 40% of EU citizens have only low level or no digital skills, yet these are essential to fully take part in today's society.

² European Commission, Annual Growth Survey 2016, COM(2015) 690 final.

³ OECD PIAAC survey on EU working age population and PISA survey on 15-year-olds.

Skills gaps and mismatches have increased in many sectors and regions in Europe and are a serious concern⁴. This acts as a drag on employability, growth and competitiveness. Nearly 40% of companies report difficulty in finding staff with the right skills, including *digital skills*.⁵ These difficulties may be the result of years of economic crisis, but probably also of the rapidly evolving work patterns in the digital economy.

Even when skills are available, they are not always properly identified or used. Some 44% of EU employees have lower skills than needed to achieve full productivity and have ample potential to grow in their jobs⁶. At the same time, however, we see that due to the economic crisis people are more inclined to accept jobs below their qualification or skills level. Around 25% of highly qualified young adult employees are estimated to be overqualified for their job.⁷

The urgency is to up-skill our generations and to activate and fully utilise their skills to unlock Europe's growth potential and strengthen social inclusion.

An important way of improving the labour market relevance of skills and qualifications is to **increase the active involvement of businesses and other relevant actors**. Around 40% of adult employees have completed education or training involving some form of work-based learning⁸. However, the degree to which enterprises are involved varies considerably across Europe and is often confined to vocational education and training (both initial and continuing). This weak involvement contributes to people leaving education and training without being sufficiently prepared for the labour market or without relevant skills to set up a business. A strong commitment by labour market actors is needed to close the skills gap and to ensure a better use of employees' skills.

⁴ E.g. “*Skill Shortages and gaps in European enterprises - Striking a balance between vocational education and training and the labour market*”, Cedefop, 2015.

⁵ Third European Company Survey (2013), Eurofound

⁶ *Matching skills and jobs in Europe, insights from Cedefop's European skills and jobs survey*, 2015.

⁷ Ibid

⁸ Ibid

A strong commitment by labour market actors is also needed to ensure a better use and **continuous development of current employees' skills**, including by supporting relevant further training. Businesses need to stay creative and strengthen their innovative capacities, with differences in relation to the character and scale of the companies and the need for specific skills and knowledge (“craftsmanship”) in addition to more generic skills. At the same time, it should be a common practice that employees invest continuously in their own employability by updating and upgrading their skills. Currently, only one in ten members of the adult workforce participates in lifelong learning.

Skills will only translate into better economic and social outcomes if they are understood and used effectively. However, there still is a **lack of understanding and, to some extent, trust in the quality of qualifications** acquired in another Member State or outside the EU. This creates barriers to worker mobility in the EU and to the integration of workers from third countries. A particular challenge for skill policies is to **connect different learning environments**. After all, we learn not only at school, but also in informal learning environments at home, at work, in communities, with peers. Inroads have been made in **validating non-formal and informal learning**⁹. This is particularly relevant for people with lower qualifications, who are unemployed or at risk of unemployment, and for those who need to change their career paths, to identify development needs and access requalification programmes. Opportunities and levels of uptake for validation, however, vary significantly across Member States.¹⁰

⁹ Council Recommendation of 20 December 2012 on the validation of non-formal and informal learning

¹⁰ 2014 European Inventory on validation of non-formal and informal learning

Lastly, **new developments** in society or in the economy may challenge existing policies and instruments. This is the case, for instance, when it comes to integrating migrants who are already in the EU into the labour market or to handling the consequences of the increasing inflow of refugees, a problem which particularly affects a number of Member States ¹¹. Promoting the inclusion of migrants into the labour market is essential to ensure their effective integration into the host societies and their positive impact on the EU economy. To this end, skills audits and the validation of their prior learning and experience should be promoted as a priority, together with language training.

A number of **initiatives and instruments** are in place at EU level. In the light of the policy challenges, it is important to reflect whether these are still fit for purpose and what improvements and alignments can be made at a European, national and regional level. There are differences in the degree of implementation, awareness and understanding of existing initiatives and web-tools geared towards skills and qualifications and career guidance for the purposes of employment and further learning.

The discussion about skills is closely linked to the performance of our education systems and the place of our education institutions in society. We need to ensure that education systems are able not only to adapt to rapidly changing labour market needs, but also to offer an empowering and sustainable skills basis which keeps pace with the transformations in society. To address this challenge, **education should encourage students to step outside their ‘comfort zone’ and contribute to finding solutions to tomorrow’s questions.**

¹¹ Draft Joint Employment Report 2016.

There is increasing recognition that not only knowledge and cognitive skills are relevant in society, but that so-called "**transversal**" (some say "**21st century**") **skills and socio-emotional skills are crucial** for economic and social success. Creativity, problem solving, critical thinking, entrepreneurship, working together and learning to learn are increasingly regarded as skills for the future¹². Additionally, digital skills are also elementary to be able to function in a digital economy. Ideally, education and training institutions should provide people with the skills needed for evolving careers instead of simply preparing them for a specific profession.

This has **implications for curricula and teaching methods** at all levels of education and training, which should seek to foster a broader set of transversal skills. For example, future learning may involve more hybrid work forms, combining classroom and work situations by using digital and online applications. Modern learning environments should at the same time ensure that people can develop their own talent in full on the basis of informed study and career choices. It also requires intelligent and sustained investment by all relevant actors in formal, non-formal and informal learning opportunities.

¹² See also the 2015 Joint Report on "ET2020" and the OECD Skills for Social Progress, 2015.

Organisation of the debate

To promote an interactive and dynamic discussion, the Presidency has invited an external speaker to launch the debate by giving a fresh perspective on the issue of connecting education, the labour market and society.

With a view to providing input for the Commission's forthcoming Skills Agenda, Ministers will then be invited to raise those issues and considerations they believe should be addressed, by reacting to **(one of) the statements listed below:**

1. Statement 1

Curricula and teaching methods should focus on developing a broader range of skills needed for the jobs of the future and society at large.

2. Statement 2

To reduce skills gaps and mismatches, education institutions should open up by actively engaging in partnerships with business and other relevant actors.

3. Statement 3

Member States should step up their efforts in identifying, activating and fully utilising the skills and qualifications of present and future generations. To support national policies and cross-border mobility, better use should be made of all relevant -improved- EU instruments.

Note

The *draft Resolution on promoting socio-economic development and inclusiveness in the EU through education: the contribution of education and training to the European Semester 2016* also contains a number of statements on skills which are relevant for this debate.

Furthermore, it is envisaged that this discussion paper will also serve as a basis for a paper for the discussion in the EPSCO Council on 7 March. The Chair of the EYCS Council will summarise the conclusions of the debate in the form of a letter addressed to the Chair of the EPSCO Council. This letter will thus be taken into account in the deliberations on the issue of skills by the EPSCO Council as foreseen for 7 March.