



**COUNCIL OF EUROPEAN MUNICIPALITIES AND REGIONS  
CONSEIL DES COMMUNES ET REGIONS D'EUROPE**

# **CEMR message to the Employment Summit**

**Brussels, May 2009**

## **Introduction:**

1. The financial and economic crisis is having a major impact on the living and working conditions of people. It can be observed that the most vulnerable groups are hit hardest, for example third-country migrants and long-term unemployed, but also young people and single parent families, who risk falling into precarious situations.
2. Local and regional governments are important actors in tackling the crisis and should therefore be better involved and empowered by their national governments – financially and in other appropriate ways – to carry out their responsibilities as employers and to create preconditions for new jobs and economic growth. In particular, the financial base and the resources of local and regional governments must be protected.
3. Local and regional authorities have to take measures to ensure social stability and to prevent social exclusion. They also have to satisfy the increasing need for social assistance and welfare to the vulnerable and people in need.
4. In addition to that, local and regional authorities are an important employer with about 17 million employees in Europe. This should be taken into account when looking for solutions to the crisis.
5. Local and regional government fund, build and maintain a broad range of infrastructure and basic services that are a precondition for competitive enterprises and the creation of labour. Thus effective and well functioning local public services are an important factor in promoting economic development.
6. CEMR wishes to further contribute to the debate by identifying opportunities that local and regional authorities have to reduce the negative impacts of the crisis and by promoting the exchange of experience and best practices.

## **Recruitment<sup>1</sup>:**

7. CEMR welcomes the approach to provide employment opportunities for groups that are particularly hit by unemployment such as for example young people. Increasing the number of apprenticeships is a measure to integrate young people into the labour market and in doing so, qualifying them for the time after the crisis.
8. Those vacancies that are available in local and regional authorities should be better promoted. New tools such as Internet portals can help to ensure that employers and job seekers meet better and more effectively than before.

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<sup>1</sup> Concrete examples from local and regional authorities in the different countries are provided in the annex (p.4).

9. Recruitment in the social economy can help to keep people in the labour market and at the same time reducing the negative social impacts of the crisis and providing support to vulnerable groups.

**Working conditions:**

10. CEMR wishes to underline the importance of keeping employment stable. In times of recession this might be achieved by the effective use of working time and wage systems.
11. In our view it is pivotal to use the full potential of social dialogue to ensure that both employers and employees benefit from changes in human resource management.

**Investment in human capital / employment services:**

12. CEMR wishes to highlight the importance of investing in education, qualification and training. This includes the creation of apprenticeships, accompanying people in their career planning, CV and interview workshops, language training for migrants and other measures.
13. Local and regional authorities continue their efforts to provide life-long learning opportunities for their employees and citizens of all ages.
14. Local and regional authorities provide assistance to groups such as young people, migrants or single parent families in order to improve their integration in the labour market. This assistance consists amongst others of the provision of childcare, support in legal questions and mentoring.

**Projects to create new jobs:**

15. Projects to create new jobs should go along with investments in infrastructure, be it energy efficiency of buildings, expansion of broadband structures or others, in order to link short term measures for the creation of new jobs with long term measures for economic growth.
16. These measures should respect all three dimensions of sustainable development: economic, environmental and social. They require adequate financial resources for local and regional authorities.
17. Existing programmes for the creation of jobs could be accelerated. However, transparency has to be ensured.

## **Partnerships for employment:**

18. CEMR calls for close cooperation between the different levels of government, cooperation between public and private sector and with the social economy and we welcome the partnerships that have been established to tackle the negative impacts of the financial and economic crisis.
19. In some countries the cooperation between the local/regional and the national level increased to jointly tackle the crisis. CEMR welcomes these positive examples and wishes to highlight that an enforced cooperation helps to better target measures and to better tailor them to local circumstances.
20. Municipalities and regions and national authorities share the responsibility towards vulnerable groups. Partnerships between these levels are vital to successfully reintegrate those groups into the labour market and to provide effective public employment services for people furthest from the labour market.
21. Local and regional authorities do also launch joint initiatives in order to develop integrated approaches with the emphasis on increasing employment, improving skills and stimulating business growth.
22. Many local and regional authorities support small local businesses or cooperate with businesses for the creation of jobs and the qualification of the workforce.

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## **Annex: concrete examples from local and regional authorities in the different countries**

### Finland:

#### **1. Recruitment portal**

A municipal sector innovative online recruitment portal was projected in Finland in 2008. The aim of this recruitment project is to plan a national solution for municipal recruitments and for finding substitutes and stand-ins. The goal is also to secure the workforce supply, improve municipal employer branding and lower the amount of mechanical work in recruitment and selection. As a result vacant municipal jobs and job seekers will meet better and more effectively than before. This is a joint project with the Ministry of Finance.

#### **2. Guidelines on effective local authority services and human resource management**

New bipartite guidelines on effective local authority services and human resource management practices were published in March 2009. One of the main foci in the guidelines is the connection and interrelation between effective services and human resource management. The guidelines are being introduced to the social partners in local authorities in written form, via web page material and during a road show in April 2009.

#### **3. CLAE guidelines for human resource management in a time of economic recession**

The Commission for Local Authority Employers (CLAE Finland) published in April 2009 a journal supplement containing articles and recommendations on how to manage workforce and apply evidence-based human resource management practices in a time of financial constraint and down-sizing in local authorities. The main focus in the recommendations concerns good human resource management planning, workforce flexibility, effective use of working time and wage systems and an assessment of effective working processes and work content. Local negotiations and agreements are needed in most cases when changes are introduced.

Social partners of the local government sector have decided to set up a working group for consideration of measures by which the working careers can be prolonged.

### Germany:

#### **1. Investing in human capital**

Local authorities continue their efforts in education and qualification. For example social care workers accompany young people and in particular the socially

disadvantaged in their career planning. There are also special qualifying measures for young mothers, individual mentoring for migrants and other programmes.

## **2. Projects for the creation of new jobs**

German local authorities will benefit from the economic stimulus plan launched by the federal government with roughly €10 billion earmarked for investments in education and infrastructure at local level. The investments will be used mainly to optimise the energy efficiency of school and kindergarten buildings and to expand broadband infrastructure. This would not only help small and medium businesses to keep employment stable but it would also establish the ground for a knowledge based society.

### Greece:

#### **1. Introduction**

Local authorities in Greece do not still have the economic capacity to finance special projects against the finance crisis. That comes as a result of the fact that Greek local authorities manage an amount that doesn't reach the 5% of the GDP, and also the Central Government still withholds part of the institutionalised sources of local authorities.

However, local authorities are an important employer and in many cases, especially in the case of regional authorities, they are the most important employer in the regions. In the framework of its 2008 annual congress, KEDKE focused in dealing with the consequences of the crisis in local societies.

The central issues in the sectors of social policy and employment, that KEDKE claimed and to a great degree achieved, until 2010 are:

#### **2. Social welfare structures**

The maintenance of 2000 social welfare structures (childcare and care for the elderly, counselling and support of socially vulnerable groups) with 8000 workers and 400.000 beneficiaries that were created by the 3rd CSF.

#### **3. Employment opportunities to young people**

The participation of local authorities and their enterprises, in the implementing bodies of the program "a beginning, a chance", with 40.000 employment opportunities of the Greek Manpower, Employment Organisation (OAED) in the framework of European directives on provision of employment opportunities to young unemployed of 16-25 years old that did not have any relation up to today with the job market.

The Agreement between the Central Union of Municipalities and Communities of Greece (KEDKE) and OAED for a three-year special employment programme of 20.000 job posts, co-financed, aiming at stimulating employment in local societies and covering acute local needs, particularly in disadvantaged regions.

#### **4. To consider**

In the framework of the current finance crisis, we should point out:

- a. The regionalization of policies and the targeting in the local level,
- b. The need of developing a system of reliable local indicators
- c. The need for continuity of all social structures after 2013, regardless the economic situation. There has been a discussion with the Central Government, as well as the European Commission, regarding the financing of structures related to elderly after 2010, due to the financing difficulties in Greece.

KEDKE has asked the enforcement of measures regarding local initiatives concerning employment by € 100.000.000, stressing the need to support tourism and environment, in local level.

Also, KEDKE has asked the institutionalisation of social economy, which is still pending, as well as the support of the existing social enterprises.

Last but not least, Greek local authorities have asked the decentralized operation, in local level, of the services related to employment, of the Greek Manpower, Employment Organisation (OAED) and their interconnection to the municipal structures (existing and future) that support employment.

#### The United Kingdom:

##### **1. Overview**

Local authorities in England are taking quick action to adapt their services and the way their work to tackle the impacts of the recession and boost employment as illustrated in the case studies provided below.

There are also impacts on local government's role as an employer; there is evidence that the number and rate of redundancies in local government have increased markedly since the economic downturn began. In a recent LGA Group survey (March 2009) 50% of authorities reported that they have already had to make cuts in staff. 69% anticipate that their local authority will have to make future staff cuts. Local government pay negotiations are also expected to be difficult given the financial pressures local authorities are facing.

LGA welcomes CEMR's actions to gather and promote case studies ahead of the EU Employment Summit in May to demonstrate local government's capacity to act quickly and innovatively in responding to local employment concerns.

The strong local variations in the impact of a recession have shown that solutions must be tailored to local circumstances which will also be critical to ensuring longer-term local prosperity. National and EU resources and actions must be targeted at functional economic areas which are likely to be sub-regional or local in nature.

##### **2. Recruitment**

###### Increasing apprenticeships across local government

Local government currently employs about 7,300 apprentices. From discussions with key councils who are championing this agenda such as London Borough of Barking and Dagenham it is both possible and right to increase apprenticeship opportunities in the face of the economic situation across all regions and in all councils.

In January 2009 the LGA Group set a clear aspiration for councils by setting a two year target to increase the number of apprentices in local government by 7,500 by 2011. The LGA Group is working in partnership on a number of apprenticeship initiatives at present and planning a joint work programme in 2009-10 to work with local authorities and partners to achieve this target.

### **3. Projects to create new jobs**

#### East Riding of Yorkshire Council

Up to £100 million worth of East Riding of Yorkshire Council capital expenditure is to be brought forward over the next three years to provide jobs and boost the local economy.

The ambitious scheme was approved by councillors in February 2009. The accelerated capital programme will see a raft of future projects begin sooner than originally planned, as part of a drive to create at least 500 jobs for local people.

Before the economic downturn began, East Riding's capital programme was between £80 and £90 million a year for the next three years, with an overall forward programme in excess of £600 million.

Councillors agreed that bringing forward some of this work would have a positive impact on the local economy, particularly the construction industry, which has suffered in the economic downturn. They have now agreed to bring forward around £100 million worth of spending, an extra £30 million of investment each year until 2012.

Schemes which could be accelerated include the £16 million redevelopment of a leisure centre site in Bridlington to create a new multi-purpose centre providing a wide range of community services.

There are plans for £12 million of work to upgrade a stretch of road between the Humber Bridge and Beverly, a project which will also create around four miles of footway and cycle paths.

And there are proposals to create 200 to 350 new council homes and refurbish existing housing stock, build new educational buildings, and create three new customer service centres with integrated libraries.

More information is available [here](#).

### **4. Employment services / Investing in human capital**

#### Westminster City Council

Through an initiative called Westminster Works, Westminster City Council will help thousands of job seekers into training and sustained employment. Using a combination of European Social Fund (sourced through London Councils - see below), the council's own revenues, funding from developers, and Westminster's



Local Area Agreement Partnership Fund, the initiative will have a particular focus on deprived areas of the city and is being delivered by a consortium of local organisations and charities led by Paddington Development Trust. Through neighbourhood based advisors it will offer a personalised package of support to help job-seekers into work. On the demand side the Westminster Works project will work with employers to generate a range of opportunities, including six-month job placements, two-week job trials, and CV and interview workshops.

To help London boroughs like Westminster regenerate and use ESF funds to react to local need during these difficult times, London Councils developed a £9m ESF cofinancing employment programme for 2009-2011 in which 13 London boroughs chose to participate. It is designed to directly support the 13 boroughs' key strategic objectives, giving them the advantage adding value to local authority investment thereby doubling funding, addressing local needs and, and enabling the boroughs to respond quickly to the changing economic climate.

Westminster council has also supported the establishment of the new London Apprenticeship Company. This innovative, not for profit company will source, recruit, employ and train the best apprentices on behalf of host employers. Businesses will benefit from a reduction in red tape by not having to manage the payroll, probationary reviews or pastoral care of their apprentices. It is the first such company in the UK, and sectors will include logistics, transport, construction, health, financial services, creative and cultural, and the hospitality and leisure industries. Apprentices will graduate from the scheme with qualifications such as NVQs and BTECs. Many will progress to fully employed status with their host employer. The company has been set up by two local colleges - Kingsway College and City of Westminster College - community regeneration charities - Paddington Development Trust and Vital Regeneration, and Skillset Australia, a leading provider of apprenticeships in Australia.

More information is available [here](#).

## **5. Governance**

### Leicestershire County Council

Leicestershire County Council and Leicester City Council are working together to combat the credit crunch. They are jointly taking steps to improve economic performance and minimise the impact of the recession on the sub-regional economy. The global downturn has presented the area with new challenges. The two local authorities are determined to overcome these by delivering effective solutions together. The economic situation has brought about an increased sense of common purpose and political leadership, optimism and energy. As a result, Leicester and Leicestershire are working together to become one of the few areas in the country that are developing a multi-area agreement (MAA).

Leicester is a core city, situated at the heart of the county. With a total population nearing one million, the sub-region acts as an integrated economic area because of its commuting, retail and transport patterns.

The MAA proposal was submitted to the government in November 2008. It has a clear focus on economic development and an emphasis on increasing employment, improving skills and stimulating business growth. It provides an opportunity for the city, county and district councils and other partners, notably the police and the National Health Service, to work together. The MAA aims to build a strong relationship between local, regional and central government and its agencies.

The sub-region has an ambitious economic vision to inspire businesses, residents and investors in its city, towns and rural areas. In 2020, Leicester and Leicestershire aim to have “a prosperous, enterprising and dynamic economy, characterised by innovative businesses and creative people, attractive places and sustainable communities.”

Partners are committing to working together through the MAA to capitalise on the opportunities and overcome the current economic challenges. The MAA provides the Leicester and Leicestershire partnership with a framework within which it can deliver its priorities and achieve its economic aspirations.

Alongside the MAA, the county and city councils have put into place new sub-regional governance arrangements. They have also agreed to establish an economic development company that will drive forward the delivery of their MAA.

More information is available [here](#).

## **6. Helping businesses**

### Brighton and Hove City Council

An emergency recession relief package is on offer to local businesses in Brighton and Hove, designed to help them with cash flow during the economic slowdown. Brighton and Hove City Council has committed to:

- paying small businesses within 10 days of receipt of an invoice
- offering small businesses monthly rent payments, instead of the usual quarterly ones, on a case-by-case basis
- offering small businesses the opportunity to pay business rates in 12 annual instalments, instead of 10, again on a case-by-case basis
- creating a taskforce with representatives from the public and private sectors to monitor and act on the crisis
- funding business support clinics, sector-specific workshops and professional drop-in events to advise businesses on dealing with issues.

The council has been working with the Brighton and Hove Chamber of Commerce to bring together local support organisations. These include Business Link and traders' associations. Regular meetings to share knowledge and work collaboratively are held. The meetings act as a valuable tool for listening to and acting on the needs of local businesses. They have influenced the council's response to the economic situation.

The council is also running a 'buy local' promotion. This encourages shoppers to support the local economy by choosing the services of local businesses, shops and producers. A dedicated website, ['Buy Local in Brighton and Hove'](#)

has been set up. It provides a place for local businesses to promote themselves and for shoppers to search a directory of local goods and services. More information is available [here](#).

### Lancaster City Council

Lancaster City Council has teamed up with Lancashire County Council to offer a package of financial support for small businesses.

The two councils are working together to help new and existing small businesses in the Lancaster district. Lancaster City Council's rent grant scheme and Lancashire County Council's Kickstart micro-credit scheme can be provided separately or as a package of assistance to qualifying businesses.

The rent grant scheme was introduced during 2008 to provide a boost for new and early-stage businesses. It offers grants of up to £2,500, an amount based on 50 per cent of the first year's basic rent on commercial premises within the district.

In spite of the challenging economic climate, the first few months of the scheme saw significant interest, with a number of grants awarded to local companies.

To qualify for Lancaster's rent grant scheme, businesses must have been trading for less than three years, employ no more than 10 full-time staff, and should operate in certain sectors, including:

- manufacturing
- ICT and new media
- environmental technologies
- creative industries
- services to industry or community enterprises.

They must also be able to show that there is potential for employment growth.

The early years are crucial for small businesses. According to Business Link, around 20 per cent of new businesses fail within the first year and 50 per cent fail within the first three years. During an economic downturn, getting a business off the ground can be even more difficult.

Lancashire County Council's Kickstart micro-finance scheme is available throughout the county. It offers loans of up to £5,000. It is funded by the council's economic development company, Lancashire County Developments Ltd, and operated by Business Venture Group Ltd.

Kickstart offers loans for up to five years with a repayment rate generally two per cent above base rate. With the Bank of England base rate falling rapidly, businesses can currently obtain loans on extremely favourable terms.

Repayment holidays can be arranged, for which a small fee is charged. As well as funding, supported businesses can get help in preparing business and marketing plans. They can also access details of available sites and premises.

All profits from the Kickstart fund are reinvested to ensure that other Lancashire businesses can benefit from the scheme in the future.

More information is available [here](#)