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From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	COUNCIL DECISION on guidelines for the employment policies - *Adoption*

Delegations will find attached the Annex to the Employment guidelines as referred to in document 15095/24 to be adopted by the Council (EPSCO) at its session on 2 December 2024.

ANNEX

Guideline 5: Boosting the demand for labour

Member States should actively promote a sustainable social market economy and facilitate and support investment in the creation of quality jobs, also taking advantage of the potential linked to the digital and green transitions, in light of the Union headline and national targets for 2030 on employment. To that end, they should reduce the barriers that businesses face in hiring people, foster responsible entrepreneurship and genuine self-employment and, in particular, support the creation and growth of micro, small and medium-sized enterprises, including through access to finance, and by exploiting the potential of the renewable and circular economy. Member States should actively promote the development of the social economy, including social enterprises, and tap into its full potential. They should develop relevant measures and strategies for the social economy, foster social innovation and encourage business models that create quality job opportunities and generate social welfare, notably at local level, including in the circular economy and in territories most affected by the transition to a green economy, including through targeted financial and technical support.

To strengthen resilience in the face of possible economic and/or labour market shocks or persistent structural changes, well-designed short-time work schemes and similar arrangements play an important role. They can also support structural transformations by facilitating and supporting restructuring processes and the reallocation of labour from declining sectors towards emerging ones, thereby increasing productivity and competitiveness, preserving employment and helping to modernise the economy, including via associated skills development. Well-designed hiring and transition incentives and upskilling and reskilling measures, developed in close cooperation with social partners, should be considered in order to support quality job creation and transitions throughout the working life, and to address labour and skill shortages, also in light of the digital and green transformations, demographic change, as well as of the impact of Russia's war of aggression against Ukraine.

Taxation should be shifted away from labour to other sources more supportive of employment and inclusive growth and in line with climate and environmental objectives, taking account of the redistributive effect of the tax system, as well as its effects on women's participation in the labour market, while protecting revenue for adequate social protection and growth-enhancing expenditure.

Member States, including those with statutory minimum wages, should promote collective bargaining on wage setting and ensure an effective involvement of social partners in a transparent and predictable manner, allowing for adequate responsiveness of wages to productivity developments and fostering fair wages that enable a decent standard of living, paying particular attention to lower and middle income groups with a view to strengthening upward socio-economic convergence. Wage-setting mechanisms should also take into account socio-economic conditions, including employment growth, competitiveness, purchasing power and regional and sectoral developments. Respecting national practices and the autonomy of the social partners, Member States and social partners should ensure that all workers have adequate wages by benefitting, directly or indirectly, from collective agreements or adequate statutory minimum wages, taking into account their impact on competitiveness, quality job creation, purchasing power and in-work poverty.

Guideline 6: Enhancing labour supply and improving access to employment, lifelong acquisition of skills and competences

In the context of the digital and green transitions, demographic change and Russia's war of aggression against Ukraine, Member States should promote sustainability, productivity, competitiveness, employability, inclusiveness and human capital development, fostering acquisition of skills and competences throughout people's lives and responding to current and future labour market needs, also in light of the Union headline and national targets for 2030 on skills. Member States should also modernise and invest in their education and training systems to provide high quality and inclusive education and training including vocational education and training, improve educational outcomes and the provision of opportunities to develop skills and competences, including those needed for the green and digital transitions, and ensure access to digital learning, language training (e.g. in the case of refugees including from Ukraine or in facilitating labour market access in cross-border regions) and the acquisition of entrepreneurial skills. Member States should work together with the social partners, education and training providers, enterprises and other stakeholders, to address structural weaknesses in education and training systems and improve their quality and labour-market relevance, including through targeted financial and technical support. This would also contribute to enabling the green and digital transitions, addressing skills mismatches and labour shortages, including for activities related to net-zero and digital industries, including those relevant for the EU's economic security, and those related to the green transition, such as renewable energy deployment or buildings' renovation.

Particular attention should be paid to addressing challenges related to the educational performance of young people, especially in the area of basic skills. Action is needed to address the challenges faced by the teaching profession, including its attractiveness, tackling teacher shortages, and the need to invest in teachers' and trainers' digital skills competences. Moreover, education and training systems should equip all learners with key competences, including basic and digital skills as well as transversal competences, and critical thinking in light of the threat of disinformation, to lay the foundations for adaptability and resilience throughout life, while ensuring that teachers are prepared to foster those competencies in learners. Member States should support working age adults in accessing training, raise awareness also among employers for the importance of a lifelong-learning-friendly work environment and increase individuals' incentives and motivation to seek training, including, where appropriate, through individual learning accounts, and ensuring their transferability during professional transitions, as well as through a reliable system of training quality assessment. Member States should explore the use of micro-credentials to support lifelong learning and employability. They should enable everyone to anticipate and better adapt to labour-market needs, in particular through continuous upskilling and reskilling and the provision of integrated guidance and counselling, with a view to supporting fair and just transitions for all, strengthening employment and social outcomes and productivity, addressing labour-market shortages and skills mismatches, improving the overall resilience of the economy to shocks and making potential adjustments easier.

Member States should foster equal opportunities for all by addressing inequalities in education and training systems, including in terms of regional coverage. In particular, children should be provided with access to affordable and high-quality early childhood education and care, in line with the new "Barcelona targets" and the European Child Guarantee Member States should raise overall qualification levels, reduce the number of early leavers from education and training, support equal access to education of children from disadvantaged groups and remote areas, increase the attractiveness of vocational education and training (VET), support access to and completion of tertiary education, and increase the number of science, technology, engineering and mathematics (STEM) graduates both in VET and in tertiary education, especially women. Top performance and excellence in educational outcomes should also be supported, given their role in fostering the future innovation potential of the EU. Mermber States should facilitate the transition from education to employment for young people through quality traineeships and apprenticeships, as well as increase adult participation in continuing learning, particularly among learners from disadvantaged backgrounds and the least qualified, addressing gender-specific and other barriers that may affect their access and participation. Taking into account the new requirements of digital, green and ageing societies, Member States should upgrade and increase the supply and uptake of flexible initial and continuing VET, strengthen work-based learning in their VET systems, including through accessible, quality and effective apprenticeships, and support low-skilled adults maintain their employability. Training opportunities should be provided to allow workers to attend training programmes during working hours (and at no cost to the workers). Furthermore, Member States should enhance the labour-market relevance of tertiary education and, where appropriate, research; improve skills monitoring and forecasting; make skills and qualifications more visible and comparable, including those acquired abroad, and ensure a more consistent use of EU-wide classifications (i.e. ESCO); and increase opportunities for recognising and validating skills and competences acquired outside formal education and training, including for refugees and persons under a temporary protection status. Beyond using the untapped potential of the EU domestic workforce, attracting talent and skills from outside the EU via managed migration, preventing exploitative working conditions and fighting undeclared work can also contribute to addressing skills and labour shortages, including those linked to the green and digital transitions such as in STEM sectors and in healthcare and long-term care.

Member States should provide unemployed and inactive people with effective, timely, coordinated and tailor-made assistance based on support for job searches, training, up- and reskilling and access to other enabling services, paying particular attention to people in vulnerable situations and people affected by the green and digital transitions or labour market shocks. Concrete measures that include in-depth individual assessments of unemployed people should be pursued as soon as possible, at the latest after 18 months of unemployment, with a view to significantly reducing and preventing long-term and structural unemployment. Youth unemployment and the issue of young people not in employment, education or training (NEETs) should continue to be addressed through prevention of early leaving from education and training and structural improvement of the school-to-work transition, including through the full implementation of the reinforced Youth Guarantee, which should also support quality youth employment opportunities. In addition, Member States should boost efforts notably at highlighting how the green and digital transitions offer a renewed perspective for the future and opportunities for young people to enter and remain in the labour market.

Member States should aim to remove barriers and disincentives to, and provide incentives for, participation in the labour market, in particular for low-income earners, second earners (often women) and those furthest from the labour market. In view of high labour shortages in certain occupations and sectors (notably in STEM sectors, ICT, healthcare and long-term care, education, transport and construction), Member States should contribute to fostering labour supply, notably through promoting adequate wages and fair working conditions, ensuring that the design of tax and benefit systems encourages labour market participation, and that active labour market policies are effective and accessible, respecting the role and autonomy of social partners. Member States should also support a work environment adapted for persons with disabilities, including through targeted financial and technical support, information and awareness raising, and services that enable them to participate in the labour market and in society. The gender employment and pay gaps as well as gender stereotypes should be tackled. Member States should ensure gender equality and increased labour market participation of women, including through ensuring equal opportunities and career progression and eliminating barriers to leadership access at all levels of decision making, as well as by tackling violence and harassment at work which is a problem that mainly affects women. Equal pay for equal work, or work of equal value, and pay transparency should be ensured. The reconciliation of work, family and private life for both women and men should be promoted, in particular through access to affordable, quality long-term care and early childhood education and care services, as well as through adequate policies catering to the changes brought to the world of work by digitalisation. Member States should ensure that parents and other people with caring responsibilities have access to suitable family-related leave and flexible working arrangements in order to balance work, family and private life, and promote a balanced use of those entitlements between parents.

Guideline 7: Enhancing the functioning of labour markets and the effectiveness of social dialogue

In order to benefit from a dynamic and productive workforce and new work patterns and business models, Member States should work together with the social partners on fair, transparent and predictable working conditions, balancing rights and obligations. They should reduce and prevent segmentation within labour markets, fight undeclared work and bogus self-employment, and foster the transition towards open-ended forms of employment. Employment protection rules, labour law and institutions should all provide both a suitable environment for recruitment and the necessary flexibility for employers to adapt swiftly to changes in the economic context, while protecting labour rights and ensuring social protection, an appropriate level of security, and healthy, safe and well-adapted working environments for all workers. Promoting the use of flexible working arrangements such as teleworking can contribute to higher employment levels and more inclusive labour markets. Furthermore, Member States should support workers, businesses, and other actors in the digital transformation, including via promoting the uptake of ethical and trustworthly Artificial Intelligence (AI) tools. This can range from policies to upskill and reskill workers for new occupations and incentives for companies to develop and deploy technologies that have the potential to increase productivity, complement human labour, and alleviate labour shortages in critical sectors. In general, and in the context of climate change and digital transformation in particular, it is important to ensure that the workers' rights in terms of working conditions (including working time, and working arrangements that factor in heat waves), mental health at work and work-life balance are respected. Employment relationships that lead to precarious working conditions should be prevented, including cases involving platform workers, by ensuring fairness, transparency and accountability in the use of algorithms, and by fighting abuse of atypical contracts. Access to effective, impartial dispute resolution and a right to redress, including adequate compensation, where applicable, should be ensured in cases of unfair dismissal.

Policies should aim to improve and support labour-market participation, matching and transitions, also in light of demographic change, and including in disadvantaged regions. Member States should effectively activate and enable those who can participate in the labour market, especially under-represented groups, such as women and young people, as well as people in vulnerable situations, such as lower-skilled people and the long-term unemployed, persons with disabilities, people with a migrant background, including persons under a temporary protection status, people from marginalised Roma communities and older workers. Member States should strengthen the scope and effectiveness of active labour-market policies by increasing their targeting, outreach and coverage and by better linking them with social services, training and income support for the unemployed, while they are seeking work and based on their rights and responsibilities. Member States should make the best use of EU funding and technical support to enhance the capacity of public employment services to provide timely and tailor-made assistance to jobseekers, respond to current and future labour-market needs, and implement performance-based management, supporting their capacity to use data and digital technology. Private employment services also play a role in this respect.

Member States should provide the unemployed with adequate unemployment benefits of reasonable duration, in line with their contributions and national eligibility rules. Unemployment benefits should not disincentivise a prompt return to employment and should be accompanied by active labour market policies, including up- and reskilling measures, also in light of labour and skills shortages.

The mobility of learners, apprentices and workers should be increased and adequately supported, especially for learners in vocational education and training with fewer mobility experiences, with the aim of enhancing their skills and employability, exploiting the full potential of the European labour market and contributing to EU-level competitiveness, while tackling possible adverse demographic effects of mobility (including brain drain). Challenges to intra-EU labour mobility, including procedures to recognise professional qualifications or transfer acquired social security rights, should be tackled. Fair and decent conditions for all those pursuing a cross-border activity should be ensured by avoiding discrimination and ensuring equal treatment, enforcing national and EU legislation and stepping up administrative cooperation between national administrations with regard to mobile workers, benefitting from the assistance of the European Labour Authority.

The mobility of workers in critical occupations and of cross-border, seasonal and posted workers should be supported in the case of temporary border closures triggered by public health considerations. Member States should enhance legal migration pathways and provide for an effective integration policy for workers and their families, encompassing education and training, including language training, employment, health and housing, in accordance with their national laws and practices.

Member States should also strive to create the appropriate conditions for new forms of work, and working methods, delivering on their job-creation potential while ensuring they are compliant with existing social rights. They should provide advice and guidance on the rights and obligations which apply in the context of atypical contracts and new forms of work, such as work through digital labour platforms and telework. In this regard, social partners can play an instrumental role and Member States should support them in reaching out and representing people in atypical and new forms of work. Member States should also consider providing support for enforcement – such as guidelines or dedicated trainings for labour inspectorates – concerning the challenges stemming from new forms of organising work, including the use of digital technologies and of AI, such as algorithmic management, workers' surveillance and telework. Effective enforcement of information and consultation rights and collective bargaining are key in the development of and respect for workers' rights in the context of digitalisation processes, and in the use of AI and algorithms in work organisation and labour relations.

Building on existing national practices, Member States should foster democracy at work and ensure an enabling environment for bipartite and tripartite social dialogue at all levels, including collective bargaining, in the public and private sectors in accordance with national law and/or practice, after consultation and in close cooperation with social partners, while respecting their autonomy. Member States should involve social partners in a systematic, meaningful and timely manner in the design and implementation of employment, social and, where relevant, economic and other public policies including in the setting and updating of statutory minimum wages. Member States should promote a higher level of coverage of collective bargaining, including by promoting the building and strengthening of capacity of the social partners, enable effective collective bargaining at all appropriate levels and encourage coordination between and across those levels. The social partners should be encouraged to negotiate and conclude collective agreements in matters relevant to them, fully respecting their autonomy and the right to collective action. The role of the social partners is crucial in the design and implementation of balanced solutions that facilitate a fair transition towards a decarbonised economy.

Where relevant, and building on existing national practices, Member States should take into account the relevant experience of civil society organisations' in employment and social issues.

Guideline 8: Promoting equal opportunities for all, fostering social inclusion and fighting poverty

Member States should promote inclusive labour markets, open to all, by putting in place effective measures to eliminate all forms of discrimination and ensure equal opportunities for all, and in particular for groups that are under-represented in the labour market, also with due attention to the regional and territorial dimension. They should ensure equal treatment with regard to employment, assistance to jobseekers, social protection, healthcare, early childhood education and care, long-term care, education and access to goods and services, including housing, regardless of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

Member States should modernise social protection systems to provide adequate, effective, efficient and sustainable social protection for all, throughout all stages of life, fostering social inclusion and upward social mobility, incentivising labour market participation, supporting social investment, fighting poverty and social exclusion and addressing inequalities, including through the design of their tax and benefit systems and by assessing the distributional impact of policies. Complementing universal approaches with targeted ones will improve the effectiveness of social protection systems. The modernisation of social protection systems should also aim to improve their resilience to multi-faceted challenges. Particular attention should be paid to vulnerable households that are affected by the green and digital transitions and by high cost of living, including housing and energy costs. Member States should further address gaps in access to social protection for workers and the self-employed in light of the rise of atypical forms of work.

Member States should develop and integrate the three strands of active inclusion: adequate income support, inclusive labour markets and access to quality enabling services, to meet individual needs. Social protection systems should ensure adequate minimum income benefits for everyone lacking sufficient resources and promote social inclusion by supporting and encouraging people to actively participate in the labour market and society, including through targeted provision of social services. The availability of affordable, accessible housing and quality services such as early childhood education and care, out-of-school care, education, training, and health and long-term care is a necessary condition for ensuring equal opportunities. In line with the Union headline and national targets for 2030 on poverty reduction, particular attention should be given to fighting poverty and social exclusion, including in-work poverty. Child poverty and social exclusion should be especially addressed by comprehensive and integrated measures, including through the full implementation of the European Child Guarantee. Member States should ensure that everyone, including children, has access to essential services of good quality. For those in need or in a vulnerable situation, they should also ensure access to adequate affordable housing, including social housing, or housing assistance . They should ensure a clean and fair energy transition and address energy poverty as an increasingly significant form of poverty, including, where appropriate, via targeted support measures aimed at households in vulnerable situations. Member States should, where appropriate, make effective use of EU funding and technical support to invest in social housing or housing assistance, housing renovation and accompanying services and address the urgent need for affordable and adequate housing. The specific needs of persons with disabilities, including accessibility, should be taken into account in relation to those services. Homelessness should be tackled specifically with prevention measures and by promoting access to permanent housing and the provision of enabling support services.

Member States should ensure timely access to affordable preventive and curative healthcare and long-term care of high quality, while safeguarding sustainability in the long term. In the context of an increasing demand for long-term care, also linked to demographic changes, gaps in adequacy, as well as workforce shortage and poor working conditions, should be addressed.

In light of Russia's war of aggression against Ukraine and in line with the activation of Council Directive 2001/55/EC[1], Member States should continue offering an adequate level of protection to displaced persons from Ukraine. For unaccompanied minors, they should also implement the necessary measures. Displaced children should be ensured access to early childhood education and care and other key services in line with the European Child Guarantee.

In a context of increasing longevity and demographic change, Member States should secure the adequacy and sustainability of pension systems for workers and the self-employed, providing equal opportunities for women and men to acquire and accrue pension rights, including through supplementary schemes to ensure adequate income in old age. Pension reforms should be supported by policies that aim to reduce the gender pension gap, promote active and healthy ageing and extend working lives, such as by raising the effective retirement age, notably by facilitating the labour market participation and ensuring working conditions adapted to the needs of older workers. Member States should establish a constructive dialogue with social partners and other relevant stakeholders, and allow for an appropriate phasing in of the reforms.

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[1] Council Directive 2001/55/EC of 20 July 2001 on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof (OJ L 212, 7.8.2001, p. 12).