

Public consultation regarding the provision of services to long-term unemployed in the Member States and at EU level

Background document

Long-term unemployment in the EU

After six years of subdued growth and low job demand, high long term unemployment (unemployed for more than 12 months) is emerging alongside youth unemployment as the main employment legacy of the crisis. Half of the unemployed are currently long term unemployed. Long term unemployment affects 11.9 million people or 4.9% of the active EU population. Of these, 59% have been jobless for at least two consecutive years.

Long-term unemployment has significant negative social and economic consequences for individuals and the society. For unemployed persons, it increases social stigma, leads to skills depreciation, loss of motivation, and higher incidence of health problems. Long-term unemployed can face prejudices and reluctance from potential employers to hire them and permanently lower earnings and career advancement prospects. At national level, persistently high long-term unemployment jeopardises overall employment policy goals, decreases overall matching efficiency on the labour market and undermines occupational and geographical mobility. The rapidly increasing share of the low qualified among the long-term unemployed also aggravates the trend of polarisation of the labour market.

Challenges to reduce long-term unemployment

High risk of dropping into inactivity and low transition rates to employment

As unemployment duration increases, the connection to the labour market deteriorates: the likelihood of re-employment in stable jobs decreases sharply, while the risk of sliding into inactivity increases. Once an individual has already been unemployed for more than one year, it becomes increasingly difficult returning to employment. Of those long-term unemployed in 2012, by 2013 more than half were still unemployed and another 19% were inactive (i.e. no longer searching for a job). The connection to the labour market deteriorates as unemployment duration increases.

The longer the unemployment period, the more support is needed to help the return to the labour market. Barriers to participation tend to accumulate, often requiring the involvement of more support services.

Support to long term unemployed

While Member States have some targeted programmes for long term unemployed, most of the resources for active labour market policies (ALMP) are directed towards those more employable. Many activation interventions are preventive and occur early during the unemployment spell, at 6 months or before. Following initial interventions, a large majority of the long-term unemployed keep to be registered, but receive little additional support.

Most Member States condition benefits on job search or minimal activation requirements. However, such conditionality is not always enforced, in most cases due to gaps in the offer of active measures.

In several Member States, the Public Employment Services primarily serve the unemployed eligible for unemployment benefits, targeting their interventions early during the unemployment spell for efficiency reasons.

As the unemployed go from short-term to long- unemployment, both the coverage and the intensity of active and passive labour market interventions decrease. Unemployment benefits stop in many countries within one year. When eligibility ends, the long-term unemployed may be eligible for non-contributory minimum income or other social assistance benefits, the responsibility for which varies between Member States (most often the social assistance agencies or the Public Employment Services). A range of other social services delivered through municipalities, social services and NGOs may intervene.

In many Member States, the range of ALMPs also narrows de facto with the length of unemployment, although most long term unemployed remain eligible. Measures for long-term unemployed can include interventions to address all kinds of lack of skills the jobseeker may be suffering from. Training approaches can focus on developing life skills, basic skills, job search skills, and/or training or retraining on vocational skills. The employer involvement becomes weaker in programmes for long-term unemployed, who are often activated through training remote from the workplace or through public works. The design and extent of support to employers who hire the long term unemployed or who participate in the activation effort varies considerably across Member States. The support can include incentives for employers to hire long-term unemployed, such as wage subsidies, bonuses for hiring long-term unemployed, reductions in social security contributions and/or training cost subsidies.

Coordination between delivery agents

Municipalities, family services and other social services are potential partners for Public Employment Services, when working to support the long term unemployed. Often such partnerships include NGOs, social enterprises, social partners and other support actors. Obligations to collaborate are not clearly defined, and cooperation mechanisms vary in strength, depending on the functions and attributions of institutions and on budgetary flows.

While some Member States already integrated services and provide one-stop-shops, others lack policy coordination at the national level, leading to fragmentation and inconsistencies in service provision. For the unemployed, the obligations required by different delivery agents and the services vary considerably. Co-ordination between these organisations is often poor, resulting in costly and inefficient administration, in poor monitoring and follow-up and in gaps in coverage.

Purpose of this public consultation

The European Commission 2015 Work Programme initiative for Promoting integration and employability in the labour market includes, inter alia, a proposal for a Council recommendation on integration of the long-term unemployed.

The objective is to reduce long-term unemployment by providing a consistent framework for Member States to strengthen support given to the long term unemployed, inter alia by cooperation between organisations providing this support. The initiative aims to provide more concrete policy

guidance for the implementation of the Country Specific Recommendations and to reinforce the monitoring of national efforts.

The Commission aims to present an impact assessment of a range of possible options for this initiative. This public consultation aims at contributing to the analysis and impact assessment. The purpose of the present consultation is to collect thoughts and opinions from the key stakeholders and experts on appropriate design and implementation of measures for long-term unemployed.