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Long-term unemployment: Council Recommendation – frequently asked questions

Why a focus on long-term unemployment?

The number of long-term unemployed persons doubled between 2008 and 2014 and currently account for half of total unemployed in the EU. In the third quarter of 2015 long-term unemployment affected 10.5 million people (4.3% of the active EU population), 63% of whom have been out of work for more than two years.

Addressing long-term unemployment is one of the key challenges of the jobs and growth agenda as set out in President Juncker's [Political Guidelines](#) and as strongly acknowledged in the Commission's [Annual Growth Survey 2016](#).

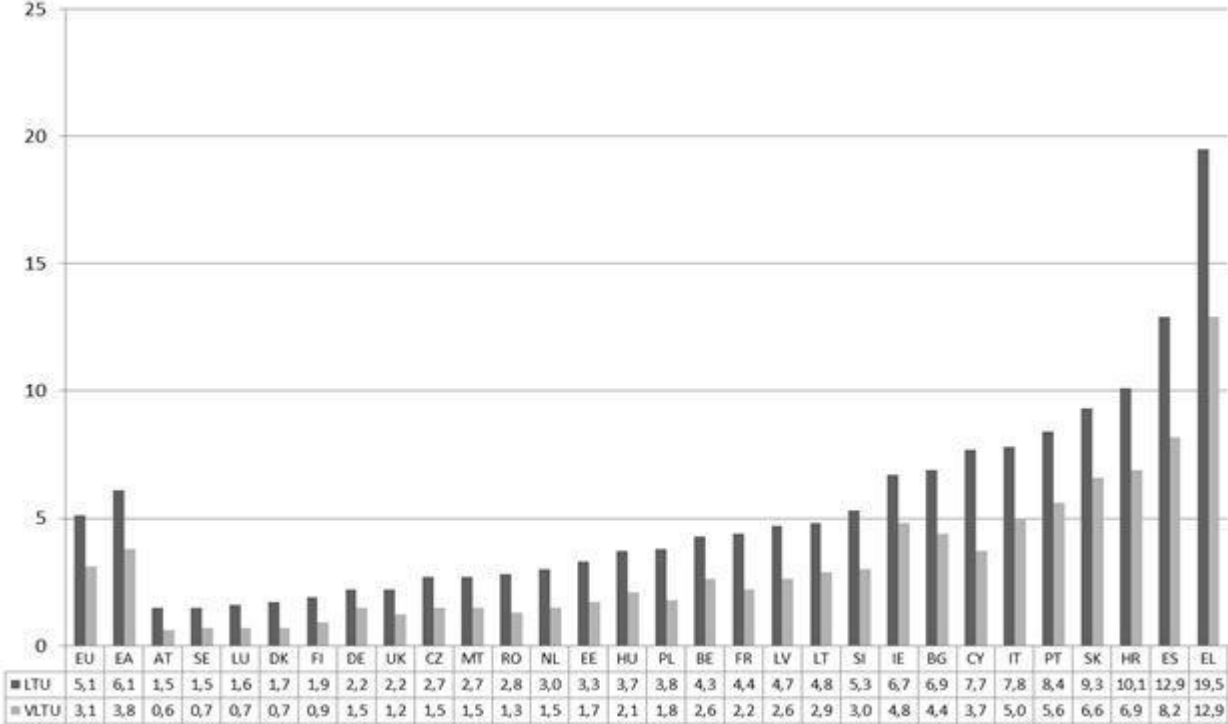
Long-term unemployment is an acute problem because the longer people are out of work the more problematic it is to return. Long-term unemployed persons, that is people who are out of work for over a year, have about twice as low chances of finding employment than the other unemployed. Many risk leaving the labour market altogether. Each year, a fifth even stop trying to find a job and are classified as inactive.

This trend needs to be reversed to ensure that more long-term unemployed persons can benefit from the economic recovery. Tackling long-term unemployment would contribute to sustainable growth and cohesion. It would reduce the impact of higher social assistance and lower tax revenues on public finances. It would also open a way out of poverty for both the workers affected and their families, as half of those finding a job also escape the risk of poverty.

How is the situation of long-term unemployment in the Member States?

The situation varies significantly across the Member States. In 2014, the long-term unemployment rate ranged from 1.5% in Austria and Sweden to almost a fifth of the total labour force in Greece (19.5%).

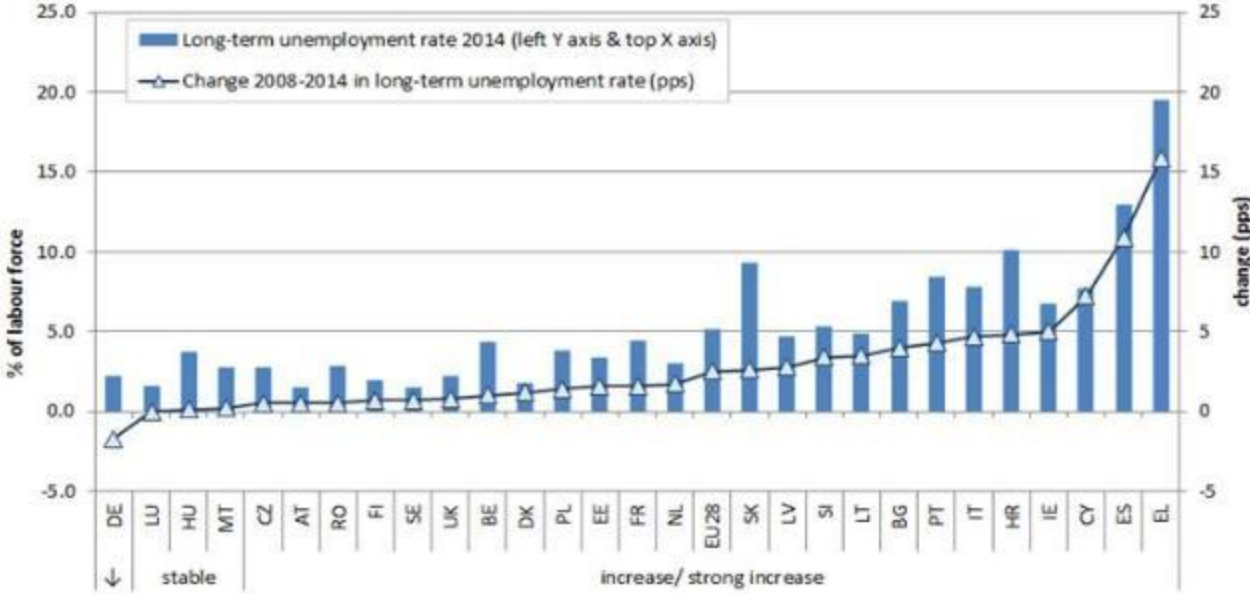
Figure: Long-term^[1] and very long-term unemployment rates^[2] in 2014 of the active population aged 15-74 years (in %)



Source: Eurostat Labour Force Survey (LFS)

Long-term unemployment rates increased in all Member States except for Germany since 2008, as shown in the figure below:

Figure: Change in LTU rates EU-28, 2008-14



Source: Eurostat Labour Force Survey (LFS)

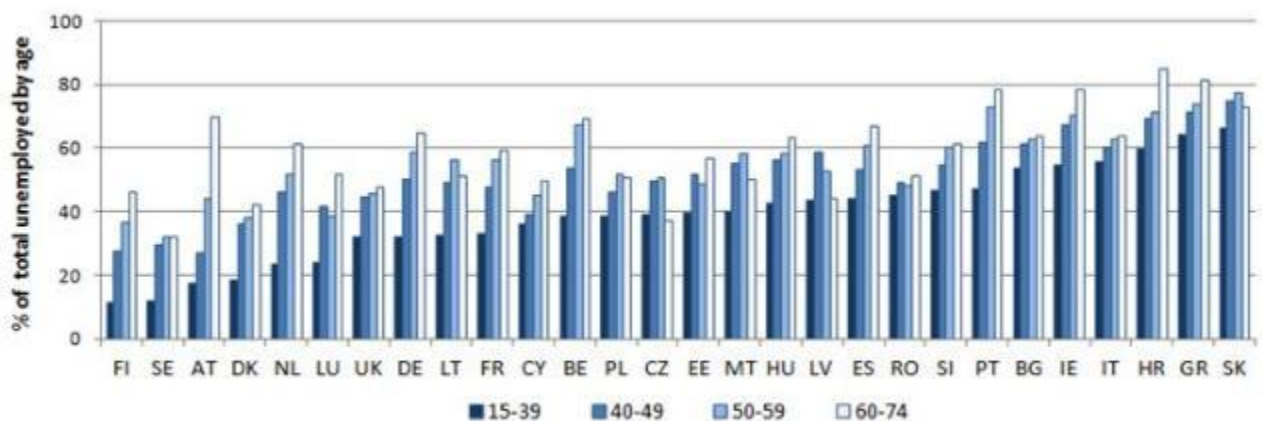
Who is long-term unemployed in the EU today?

Long-term unemployment affects a variety of people. Workers with low qualifications and third country nationals are twice as likely to experience long-term unemployment, while people with disabilities and disadvantaged minorities such as the Roma are also disproportionately affected.

Long-term unemployment is three times higher among low qualified workers than among those with high qualifications. It affects slightly more men (54%) than women (46%).

The age distribution of the long-term unemployed persons is quite even, with slightly higher rates before 30 and after 55. Older workers have more stable employment and are overall less affected by unemployment. However, when they become unemployed, they have higher risk to remain so.

Long-term unemployment as share of unemployment, by country and age groups, 2013



Source: Eurostat, LFS

The diversity of situations means that support should be tailored to the needs of each person. This requires a differentiated approach and a broad tool box matching the individual barriers to work.

What are the main obstacles to the labour market integration of the long-term unemployed?

On the one hand, they are due to structural and cyclical elements such as a lack of investment limiting job creation and a lack of responsiveness in the labour market. On the other hand, they are related to insufficient support to help the long-term unemployed get back to work.

This recommendation focuses on the issue of insufficient support from employment and social services to the long-term unemployed and addresses its root problems:

- Insufficient activation coverage: Although long-term unemployed people make up 50% of unemployment, in 2012 only an estimated 20% of active labour market programmes were allocated to them. In addition, many long-term unemployed people are not registered with employment services, with rates reaching 50% in some Member States, and have therefore no access to any job finding support measures.
- Wrong focus of long-term unemployment programmes and insufficient employers' engagement: In many countries, programmes are not focusing enough on bringing people back to the labour market and they are not geared to employers' needs. In some countries the focus lies on public works schemes (about 31 % of spending on active labour market measures for the long-term unemployed in 2012), which do not always open pathways back to the labour market.
- Limits of individualised service: Individualised services such as assessment, profiling or clear action plans are not always accessible to the long-term unemployed.
- Discontinuity of services to the long-term unemployed: during the unemployment period, long-term unemployed see the support they receive shifting from public employment services to social assistance authorities. When responsibilities are not clearly allocated between agencies, case histories might not be transferred and coordination of services is limited. These discontinuities can delay an effective support for return to work.

The structural barriers to integration are also addressed through other existing and new instruments such as the European Semester, the forthcoming New European Agenda of Skills and the Pillar of Social Rights, as well as through the [European Fund for Strategic Investments \(EFSI\)](#).

Which is the target group of the Recommendation?

The guidance provided by the Recommendation refers to those long term unemployed people who are registered with an employment service, either a public employment service or a social assistance service.

Which results do we expect from the Recommendation?

The key result expected is an increase in the transition rates from long-term unemployment to employment by making the services provided to the long-term unemployed more effective, in particular in the Member States with higher numbers of long-term unemployed and less support available to them. It should help to reduce the gaps in current transition rates between the low performing Member States and well performing ones.

Long-term unemployment is one of the most significant causes of poverty. Chances to exit poverty are linked to the chances of successful transitions to employment. Half of the long-term unemployed who will take a job are expected to escape the risk of poverty.

The Recommendation should help Member States improve the services they offer by ensuring a personalised approach and a clear identification of rights and

obligations of the unemployed and the organisations providing support. In particular, the Recommendation is expected to:

- Increase individualised support through a re-assessment of their needs and employment prospects and a job integration agreement;
- Strengthen continuity in support through a coordinated service offer involving available employment and social support services through a single point of contact;
- Increase the engagement of employers in programmes targeting long-term unemployed.

While the Recommendation can make a difference in the quality, accessibility and relevance of the support received by those who are long-term unemployed, it is no substitute for macroeconomic instruments to solve structural issues on the labour market.

In which countries will the Recommendation make more of a difference?

Some Member States with high transition rates to employment already have in place the elements proposed in the Recommendation. The impact will be higher in Member States with weaker support structures and higher rates of long-term unemployment. However, there is scope in most of the Member States for improving the performance of the support for long-term unemployed persons in three aspects: coverage, discontinuity, and activation design.

More continuity in support delivery: Impact would be higher in Member States with no formal coordination in place, such as Bulgaria, Cyprus, Greece, Spain, Croatia, Italy, Lithuania, Malta, Romania.

Increased individualised support: Impact will be higher in Member States without individual approaches in place, such as Czech Republic, Croatia, Portugal, Romania, Cyprus, Greece, Spain, Italy, Latvia, Hungary.

Stronger employers' engagement: Impact is expected to be higher for countries with large public work schemes such as Hungary, Germany, France, Croatia, Czech Republic, Latvia

Providing guidance for better use of the European Social Fund will contribute to reinforcing support structures and to increase the added value of EU structural funds.

Are there good examples of concrete and positive results in countries already implementing a similar approach?

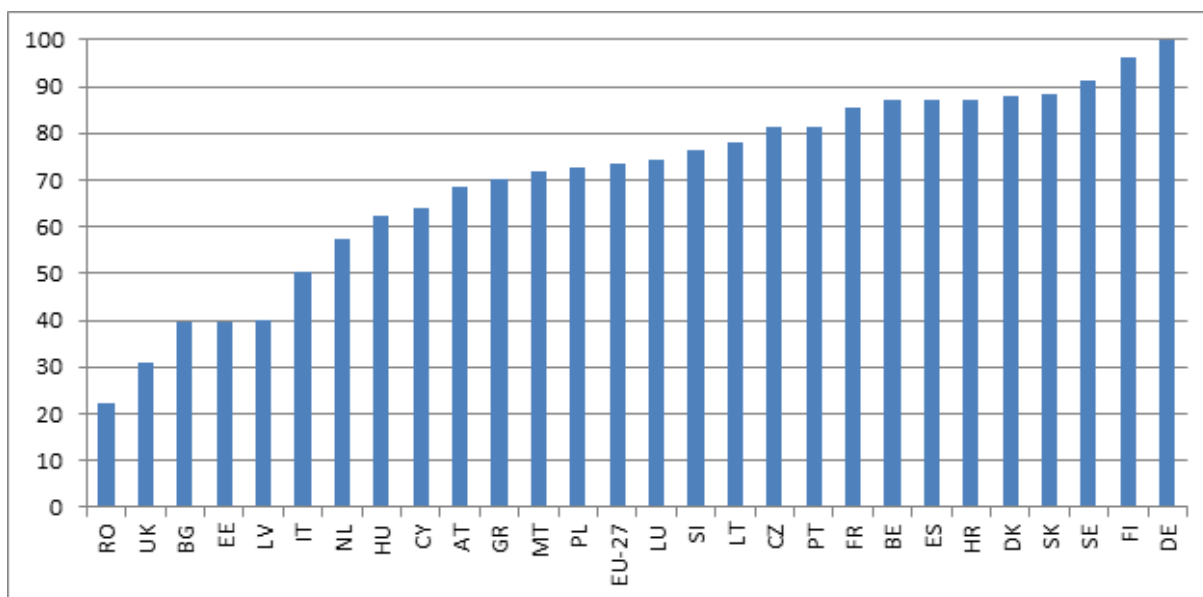
Mechanism	Impacts on coordination and transitions to employment
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Single point of contact to services, measures and benefits	The introduction of a single point of contact led to increased re-employment probabilities and people moving off benefits in the United Kingdom and faster job finding among the long-term unemployed persons in Germany , while improving the quality of occupational matches.
Intensified intervention through single point of contact	<p>In Germany, the “Berlin Job-Offensive” offered intensified counselling and guidance by reducing the number of cases handled by caseworkers and higher contact intervals with the jobseekers (every 4 weeks), increasing transitions to employment.</p> <p>Improved monitoring of job search activity and more credible threats of sanctions also increased transitions to employment in Germany, Denmark and Estonia.</p>
Better enforcement of benefit conditionality	A pilot from Netherlands shows that intensified contacts focusing on rights and duties lead to higher job search intensity.
Individualised support	Evidence from Germany, Netherlands, Sweden, Portugal and Denmark shows that lower caseloads and higher “contact intensity” have a positive impact. A model combining intensive support, caseworker discretion and monitoring of outcomes has a positive impact on both placement rates and on matching jobs to the qualifications of the persons.
Employers engagement	<p>Personalised interventions with employer involvement increase transitions to work for unemployed with longer duration, as shown by evidence from Austria and Sweden.</p> <p>A scheme in Germany for jobseekers aged over 50 that included counselling and training based on close cooperation between local public authorities, service providers and employers also registered positive re-employment effects.</p>

How do you expect people to be encouraged to register?

Registration of the long-term unemployed persons with employment services decreased slightly from 77 % to 73% during the crisis and the registration rates vary widely among Member States. In several Member States, this rate is below 50%. The long-term unemployed that are not registered with an employment service have no access to job finding support measures.

Registration of the long-term unemployed in 2014 (%)



The Recommendation will provide incentives for the long-term unemployed persons to register with an employment service by clarifying the support linked to the registration:

- An individualised service which responds to the needs and expectations of each individual;
- A concrete perspective of getting back to the labour market;
- A single point of contact, where they can access all services, measures and benefits.

What do you mean by in-depth assessment of the long-term unemployed persons?

As integration problems are due to multiple factors, the long-term unemployed persons require individualised support tailored to their needs and potential. To design this support, an in-depth assessment of the individual situation is necessary. The Recommendation proposes to put in place an in-depth individual assessment for each registered long-term unemployed person at the very latest at 18 months of unemployment. The assessment should lead to counselling and guidance based on the person's employment track, job search history and evolving employment barriers. The results of the assessment should form the basis for designing the job integration agreement.

An assessment at the very latest at 18 months of unemployment does not preclude individual assessments at earlier stages of the unemployment spell or the development of a preventive approach. The in-depth individual assessment referred to in the Recommendation should update and complement the previous assessments and interventions.

What is a single point of contact?

The single point of contact should be the reference point for the long-term unemployed and provide them with individualised, tailored guidance and simplified access to employment and support services.

Member States should make institutional arrangements so that a coordinated range of services can be delivered to the long-term unemployed persons to ensure continuity and consistency of the support offered by different agencies (public employment services, social services and municipalities). It should facilitate the smooth and secure transmission of relevant information concerning jobseekers' support history and individual assessments between service providers, in compliance with data protection legislation.

Establishing a single point of contact can be achieved in different ways. It can involve a wider organisational restructuring such as joining up contact with clients, integrating offices or the transfer of organisational functions between agencies. But it can also be set up through inter-institutional cooperation, based on cross-referrals and data exchange.

The experience of countries that established single points of contact confirms its positive effect on extension of both registration and coverage of employment services (for example United Kingdom, Germany, Denmark and Estonia).

What is a job integration agreement?

The job integration agreement is a written agreement between the unemployed person and a single point of contact offering a plan for return to work at the latest at 18 months of unemployment and registered at an employment service. It will detail goals, timelines, the obligations of the long-term unemployed persons and the services offered by different organisations responding to the jobseekers' needs.

The interventions offered in the agreement will be tailored to the needs of the individual as identified in the in-depth individual assessment and will be built on measures available at national level (such as job search assistance, training, work experience, mentoring, debt counselling, rehabilitation, social support services, care services, migrant integration, housing and transport support). It will be offered to all long-term unemployed persons falling under the scope of the Recommendation.

Why is it signed at the latest at 18 months of unemployment?

Looking at transition rates from unemployment into employment, it is possible to observe a large drop between 12 and 24 months of unemployment. 18 months has therefore been chosen as a relevant latest timing for intervening to reverse this trend. Most Member States offering interventions similar to the ones proposed in the Recommendation act within that same period.

How shall the Member States finance the implementation of the

recommendation?

Implementation can be supported by the [European Social Fund](#) (ESF). Measures under the [European Regional Development Fund](#) (ERDF) could also be mobilised to support the objectives of the initiative (e.g. investments in infrastructure for employment services, or support for self-employment and start-ups). Proactive programme management through existing mechanisms foreseen by the Common Provisions, European Social Fund and European Regional Development Fund Regulations (e.g. reallocating funds within a priority axis, aligning programming and project selection criteria) could support the efforts of Member States.

In addition, any Member State wishing to provide additional funding to implement a new Country Specific Recommendation on long-term unemployment could address a re-programming request to the Commission.

How can the European Social Fund (ESF) support the implementation of the Recommendation?

The Recommendation will serve as a quality reference for ESF interventions under the current programming. It will improve the allocation of ESF funds and its effectiveness. It thus complements and reinforces the ESF interventions.

On the basis of current programming for 2014-2020, the unemployed will constitute at least 41% of the allocations supported by the ESF, and at least 25% of these will be for the long-term unemployed persons^[3].

The 2014-2020 ESF allocations allow room to increase the financing of support to long-term unemployment and to enhance its efficiency. Under the investment priority on active labour market measures, 11.08 billion euros were programmed for 2014-2020, with particularly high shares in Slovakia, Finland and Ireland. Under the investment priority on increasing the capacity of labour market actors, 980 million were programmed, with higher allocations in Italy and Romania. 12,93 billion euros were programmed under the social inclusion priority, with higher shares in Netherlands, France, Ireland and Belgium. Additional funds have been programmed under the European Regional Development Fund for investment in employment services and social infrastructure.

What is the relation between the new initiative and the Youth Guarantee?

The [Youth Guarantee](#) (YG) was established by the Council in 2013 to address high levels of youth unemployment and inactivity resulting from the crisis and to improve school to work transitions. It aims to provide every person up to 25 years old with a quality offer for training, an apprenticeship or a job within four months of leaving education or being unemployed.

This recommendation follows an approach similar to the one of the YG, proposing an intervention model based on an individual, coordinated offer, but it targets those outside the scope of the YG. The two initiatives are therefore fully complementary.

Most Public Employment Services (PES) recognise a significant impact of the YG

initiative on their delivery capacity^[4]. By proposing a clear framework for citizen relevant action, the Youth Guarantee prompted public administrations to deliver additional services for young people.

How will implementation of the Recommendation be monitored?

Monitoring shall be conducted within the Employment Committee in close cooperation with the Social Protection Committee on aspects covering the social services and income provision and with the European Network of Public Employment Services. The monitoring would use the mechanisms of multilateral surveillance within the framework of the European Semester, and the related indicators of the Joint Assessment Framework. The monitoring should follow up both implementation and sustainability of outcomes: the use of job integration agreements, the extent to which the registered long-term unemployed persons have regained employment, whether their integration into the labour market is sustainable.

The Recommendation also encourages the assessment of Public Employment Services' performance in this area. This would entail the inclusion in the PES benchlearning process of the European Network of Public Employment Services of a dimension related to the labour market integration of the registered long-term unemployed in order to share experience and exchange good practice.

The effectiveness of the initiative will be further assessed by an evaluation, in cooperation with the Member States and after consulting the stakeholders concerned, of the action taken in response to this Recommendation. A report to the Council on the lessons learned is due three years following the adoption of the Recommendation.

[1] The long-term unemployment rate is the share of unemployed persons since 12 months or more in the total number of active persons in the labour market. Active persons are those who are either employed or unemployed.

[2] The very long-term unemployment rate is the share of the unemployed persons since 24 months or more in the total number of active persons in the labour market.

[3] Minimal estimate on the basis of the MS having chosen to set targets for the long-term unemployed. The share will most likely be higher, as it is not an obligation to programme for all common indicators.

[4] [EC \(2014\) – The Role of PES in the Delivery of the Youth Guarantee; PES Network Self-assessment Report on PES capacities to implement the Youth Guarantee](#)