Indicator Framework for monitoring the integration of the long-term unemployed into the labour market

Methodological manual

28 February 2018

Note: this manual is intended to support the regular collection of data for monitoring of the integration of the long-term unemployed into the labour market. It should be considered as a living document that may be revised in response to the practical experience of data collection and/or policy needs.

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List of abbreviations

EC	European Commission
EMCO	Employment Committee
EU-LFS	EU Labour Force Survey
EURES	European Employment Services
EU-SILC	EU Survey on Income and Living Conditions
IF	Indicator Framework
JIA	Job-integration agreement
LMP	Labour Market Policy
LTU	Long-term unemployed
MS	Member State
PES	Public Employment Services
SPC	Social Protection Committee
YG	Youth Guarantee

1   Introduction

§1.   On 15 February 2016 the Council of the European Union adopted a Recommendation on the integration of the long-term unemployed into the labour market (2016/C 67/01)[1], hereafter referred to as the "LTU Recommendation".

§2.   The LTU Recommendation calls on Member States to:

- Support the registration of jobseekers with an employment service and improve the labour market orientation of integration measures, inter alia, through a closer link with employers.
- Provide individual assessments to registered long-term unemployed persons.
- Make a specific offer of a job-integration agreement at the very latest when a long-term unemployed person has reached 18 months of unemployment.

§3.   Within the context of the LTU Recommendation:

- **long-term unemployed** (LTU) refers to persons who have been unemployed continuously for at least a year;
- **registered** refers to persons registered as unemployed with the Public Employment Services (PES);
- a **job-integration agreement** (JIA) is understood to be a written agreement between a registered long-term unemployed person and a single point of contact, having the objective of facilitating that person's transition into employment;
- **single point of contact** refers to a person/organisation responsible for supporting registered LTU through a coordinated service offer involving available employment and social support services. This point of contact could be based on a framework of inter-institutional coordination and/or be identified within existing structures.

§4.   The Employment Committee (EMCO) has a mandate to monitor the implementation of the LTU Recommendation, in close cooperation with the Social Protection Committee (SPC) with regard to social services and income provision, through the multilateral surveillance within the framework of the European Semester and the Joint Assessment Framework. The European Network of Public Employment Services[2] also actively supports the monitoring process[3].

§5.   This monitoring should follow the use of job-integration agreements, the extent to which LTU (re)gain employment and whether their integration into the labour market is sustainable.

§6.   To this end, the European Commission (EC) together with EMCO developed an Indicator Framework for monitoring the implementation of the LTU Recommendation. The Framework includes indicators at three levels of monitoring: aggregate, direct and

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[1] http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016H0220(01)&from=EN
[2] http://ec.europa.eu/social/main.jsp?catId=1100&langId=en
[3] The PES network provides data from its Benchlearning programme and has worked on quality standards for JIAs that have been used to develop requirements for structured metadata on the characteristics of the JIAs implemented in each country to be collected alongside the quantitative administrative data.

follow-up. Each level of monitoring includes an overall indicator, and one or more supplementary indicators and context indicators.

§7. The indicators are based partly on existing data sources, mostly managed by Eurostat and harmonised at EU level, but also on national administrative data not previously collected at EU level.

§8. In order to provide the required data, a new LTU administrative data collection was developed and tested through a pilot exercise in 2016. A first full data collection was completed in 2017 (for reference year 2016) on the basis of a dedicated methodological manual (version of January 2017). This document is an update of the methodological manual, taking into account lessons learnt from that experience.

2   Background

2.1   LTU Recommendation

§9. The LTU Recommendation aims to ensure that LTU receive adequate individualised assistance to support their (re)integration into the labour market, through the following actions and initiatives:

- registration of jobseekers;
- individual assessments and approach;
- closer links with employers; and
- job-integration agreements.

2.1.1   Registration of jobseekers

§10. Employment services, together with other partners supporting labour market integration, should encourage the registration of jobseekers with an employment service, in particular through improved provision of information on the support available.

2.1.2   Individual assessment and approach

§11. Employment services, together with other partners supporting labour market integration, should provide personalised guidance to those concerned. To that effect, service providers should:

- Ensure that registered LTU are offered an in-depth individual assessment and guidance at the very latest when they reach 18 months of unemployment. The assessment should cover their employability prospects, barriers to employment and previous job-search efforts.
- Inform registered LTU about job offers and available support in different sectors of the economy and, where appropriate, in different regions and other Member States, in particular through the European Employment Services (EURES).

2.1.3 Job-integration agreements

§12. Registered LTU not covered by the Youth Guarantee (YG)[4] should be offered a job-integration agreement (JIA) at the very latest when they have reached 18 months of unemployment. The JIA should comprise, as a minimum, an individual service offer aimed at finding a job and the identification of a single point of contact.

§13. A JIA should address the specific needs of registered LTU by coordinating services and measures provided by relevant employment and social services through a single point of contact. It should detail, on the one hand, the explicit goals, timelines and the obligations to be met by the registered LTU person and, on the other hand, the coordinated service offer available to the client. The JIA should be regularly monitored in light of changes in the situation of the LTU client and, if necessary, adapted to improve their chances of transition into employment.

2.1.4 Closer links with employers

§14. Closer ties between the needs of the labour market and integration measures are to be fostered, inter alia, through closer links with employers. To that effect, Member States should:

- Encourage and develop partnerships between employers, social partners, employment services, government authorities, social services and education and training providers to offer services that better meet the needs of enterprises and registered LTU.

- Develop services for employers such as screening of job vacancies, placement support, workplace mentoring and training, and post-placement support to facilitate the professional reintegration of registered LTU.

- Focus any financial incentives on schemes supporting integration into the labour market, such as recruitment incentives (e.g. subsidies and reductions in social insurance contributions), in order to increase job opportunities for registered LTU.

2.2 LTU Indicator Framework

§15. The LTU Indicator Framework aims to monitor the implementation and impact of the LTU Recommendation and comprises a set of indicators organised in three levels:

1. **Aggregate monitoring**: macro-economic indicators based primarily on data from the EU Labour Force Survey (EU-LFS)[5] but also on data from the EU Survey on Income and Living Conditions (EU-SILC)[6] and the EU Labour Market Policies database (LMP)[7]. These are intended to monitor the general labour market situation and living conditions of LTU in the EU and provide an indirect means of assessing the impact of the LTU Recommendation.

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[4] The target population for the Youth Guarantee is typically all young people under the age of 25 years of age but can also be all young people under 30 in case of Member States applying the extended definition.
[5] http://ec.europa.eu/eurostat/web/lfs
[6] http://ec.europa.eu/eurostat/web/income-and-living-conditions/overview
[7] http://ec.europa.eu/social/main.jsp?catId=1143&intPageId=3227&langId=en

2. **Direct monitoring**: implementation indicators based primarily on data from the LTU administrative data collection, but also on data from the EU-LFS, EU-SILC, LMP, the PES Bench learning data collection[8] and the European Commission's Tax and benefits database[9]. These are intended to monitor the delivery of services to implement the LTU Recommendation, focusing on the extent to which LTU are provided with JIAs and their transition into employment.

3. **Follow-up monitoring**: follow-up indicators based primarily on data from the LTU administrative data collection, but also on data from EU-LFS. These are intended to monitor the sustainability of labour market outcomes, with particular focus on LTU with a JIA that found employment.

3 LTU administrative data collection

§16. The LTU administrative data collection is intended to provide the data needed to calculate and interpret a number of the direct and follow-up indicators defined in the LTU Indicator Framework.

3.1 Scope

§17. The scope is defined by the target population of the LTU Recommendation, namely registered LTU not covered by the Youth Guarantee (YG). That is, registered LTU aged 25 or over or, in case of Member States applying the extended YG definition, aged 30 or over.

§18. For the purposes of improving comparability between countries and alignment with indicators based on data from the EU LFS and other harmonised sources, the LTU Indicator Framework applies an upper age-limit of 64. Thus, the collection covers registered LTU aged 25-64, or 30-64 in the case of Member States applying the extended YG definition.

§19. Registered LTU aged 25+ (or 30+ for countries using the extended YG definition) who were registered with a YG provider before they became 25 (or 30) and continue to receive support from the YG remain outside the scope of the LTU data collection until they are deregistered from the YG scheme.

§20. **Registered LTU** refers to persons registered as unemployed with the Public Employment Services (PES) for a continuous spell of at least 12 months.

- **Registered unemployed** is defined according to national definitions[10].

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[8] http://ec.europa.eu/social/BlobServlet?docId=18857&langId=en

[9] https://ec.europa.eu/info/business-economy-euro/indicators-statistics/economic-databases/tax-and-benefits-indicators-database_en

[10] The ILO definition of unemployed, which is applied in the EU-LFS, refers to persons without work (not even one hour in the reference week), available for work and actively seeking work. The criteria to be registered as unemployed are generally broadly similar but vary across countries and may be slightly relaxed compared to the ILO criteria. For example, in several countries it is possible to be registered as unemployed whilst having a small part-time job that is below a certain threshold of hours/income.

- **Public employment services (PES)** refers to the national employment service (and/or regional/local equivalents) together with any other publicly funded bodies whose main responsibility is to facilitate the integration of unemployed and other jobseekers in the labour market[11].

§21. In measuring the duration of unemployment, all temporary interruptions of the unemployment spell for any reason (including participation in an active labour market measure, sickness, maternity, inactivity, transitions into employment, etc.) with a continuous duration of more than 28 days should be treated as a **break** in the unemployment spell, which resets the duration of unemployment to zero.

§22. Age is measured on the date of observation.

§23. In the case that the population covered by monitoring data reported deviates in any way from the specifications above this should be clearly explained in the accompanying metadata.

3.2   Statistical unit and additional terms

§24. The **unit of observation** used in the LTU administrative data collection is always **persons**.

§25. Data are collected in relation to two groups:

- **Registered LTU** (see §20)
- **JIA users:** registered LTU having a job integration agreement. The population of JIA users is, by definition, a subset (up to 100%) of the population of registered LTU.

§26. An organisation/service provider responsible for providing JIAs to registered LTU is referred to as a **JIA provider**.

3.3   Measurement period

§27. The **reference period** for data collection is the calendar year.

§28. In this manual, the **reference year** of a specific round of data collection is denoted as **Y**. The year preceding the reference year is denoted as **Y-1**, while the year following the reference year is denoted as **Y+1**.

3.4   Compilation of data

§29. The data provided should cover all registered LTU and JIA users in the country. In the case of multiple JIA providers, the data should be aggregated and adjusted where necessary to ensure no double counting. If this is not possible (e.g. due to differences in the approach applied by one or more JIA provider or to the lack of any means to identify potential double counting) then the data should be provided separately for each JIA provider together with explanatory metadata.
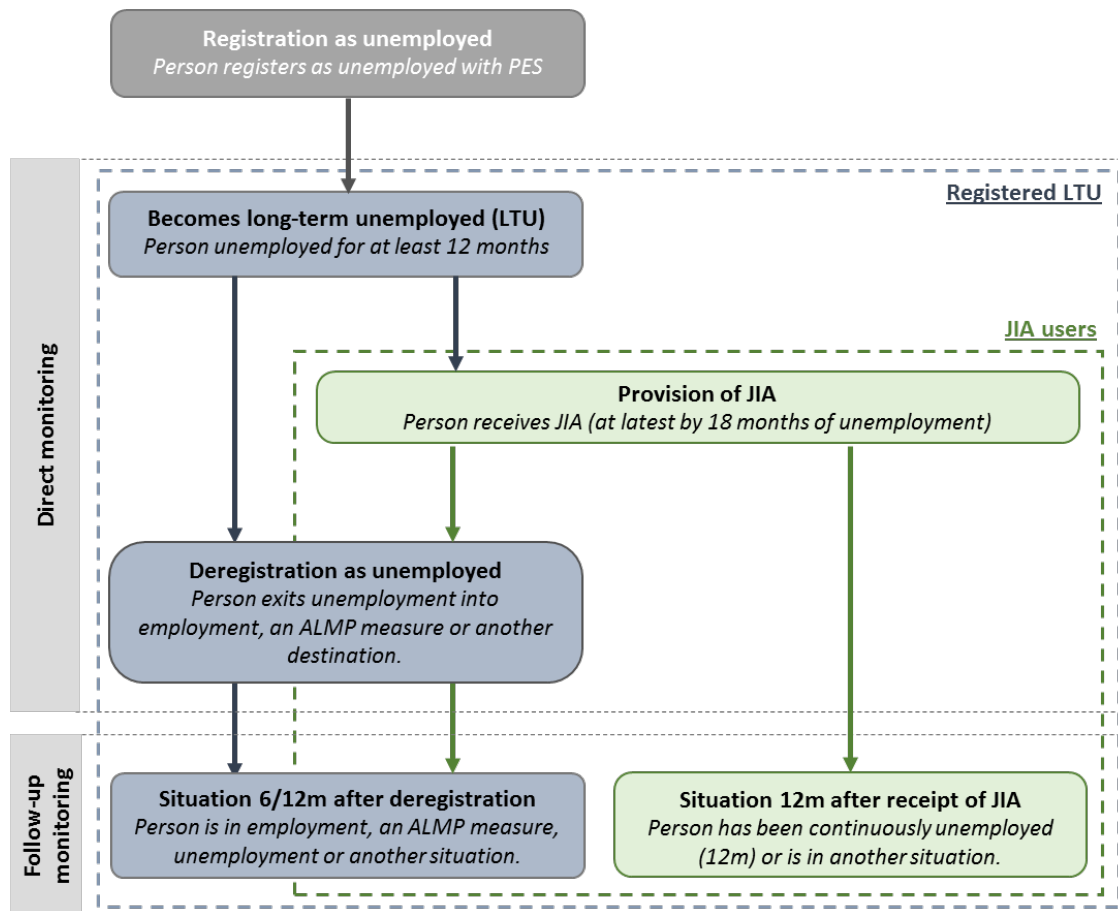
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[11] Definition applied in the EU LMP database (see §37 of the LMP methodology: http://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-GQ-13-002)

4   Variables and breakdowns

4.1   Pathways for registered LTU

§30. The potential pathways and key events associated with becoming registered LTU and receiving a JIA are summarised in Figure 1 below. This figure identifies which of the key events concern JIA users and/or all registered LTU and which are associated with the direct and follow-up levels of monitoring.

Figure 1: Pathways and key events for registered LTU and JIA users

4.2   Key variables: entrants, exits and stocks

§31. Data are collected using three main variables: entrants, exits and stocks. Entrants and exits are both flow variables which quantify the numbers of people subject to events over a specific period of time (e.g. one month or one year), while stock variables quantify numbers of people at a specific point in time.

4.2.1 Stocks

§32. **Stock**: an instantaneous observation of the number of persons (registered LTU or JIA users) at a given point in time. Two stock variables are collected.

§33. **Initial stock**: the stock at the start of the reference year (i.e. 1 January in year Y).

§34. **Annual average stock:** the average stock during the reference year (Y). This is calculated as the average of a number of sub-annual observations, ideally monthly[12]. Averages based on observations with lower frequency (e.g. quarterly) are considered less reliable. In all cases, metadata should inform on the frequency of the underlying observations used.

4.2.2 Entrants

§35. **Entrants**: a cumulative observation of the number of starts (inflows) during the reference year.

§36. The concept of an entrant varies with the population covered:

- **Registered LTU**: number of persons becoming LTU during the reference year – i.e. reaching 12 months of registered unemployment;

- **JIA users**: number of persons becoming a JIA user during the reference year – i.e. registered LTU newly receiving a JIA. This includes people becoming LTU in the reference year and then receiving a JIA and people that were already LTU in the previous year but did not receive a JIA until the reference year.

  In the case that a JIA is provided to registered unemployed before they become LTU (i.e. before 12 months of unemployment) then, for the purposes of this data collection, the initial date of delivery should be ignored and the date of receiving the JIA should be considered to be coincident with the data of becoming LTU (i.e. at 12 months unemployment).

4.2.3 Exits

§37. **Exits**: a cumulative observation of the number of exits (outflows) during the reference year.

§38. Exit occurs when a registered LTU is deregistered – i.e. when the unemployment spell ends (for any reason) and the person is no longer considered registered unemployed according to national definitions. Since JIA users are by definition always registered LTU, exit from registered LTU and from being a JIA user are coincident.

4.3   Breakdowns

4.3.1 Universal breakdowns

§39. All variables collected for the direct level monitoring (reference year Y) are broken down by **sex**, **age** and **educational attainment** while variables collected for follow-up level monitoring (reference year Y-1) are broken down only by **sex** and **age**.

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[12] Average annual stock = $\left(\sum_{i=1}^{12} monthly\ stock_i \right) \Big/ 12$, where i=1...12 is the number of months in a year.

In the case that observations cover less than the full reference year, the denominator should reflect the number of the months covered.

§40. **Sex:** For each variable/breakdown three values should be reported:

- Total (men and women)
- Men
- Women

§41. **Age:** For each variable/breakdown three values should be reported:

- Total (aged 25-64 or 30-64 in countries applying the extended YG definition)
- 25-54 years (or 30-54 in countries applying the extended YG definition)
- 55-64 years

§42. **Educational attainment**: the highest level of education successfully completed according to the ISCED 2011 classification system[13]. For each variable/breakdown four values should be reported:

- Total
- High: ISCED levels 5-8
- Medium: ISCED levels 3-4
- Low: ISCED levels 1-2

4.3.2 Breakdowns of stock variables

§43. **Duration of unemployment:** length of the unemployment spell – i.e. time between registration as unemployed and the date of observation.

§44. A breakdown by duration of unemployment is collected for all stock variables (initial stock (§33) and annual average stock (§34)) using the following categories:

- >=12 months: registered unemployed for at least 12 months (total)
- >=12 and <18 months: registered unemployed for at least 12 months but less than 18 months
- >=18 months: registered unemployed for at least 18 months

Note that, by definition, all registered LTU and JIA users have been unemployed for at least 12 months.

4.3.3 Breakdowns of flow variables

§45. **Exits by destination:** the situation of people immediately after deregistration as unemployed. Data are collected according to the following breakdown:

- **Total** (all exits)
- **Employment**: in employment or self-employment. The employment can be regular or subsidised (including relevant ALMPs), full or part-time, permanent (open-ended contract) or temporary (fixed-term contract).
- **Active labour market measure (ALMP)**: participating in an active labour market measure belonging to categories 2-7 of the LMP database classification of

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[13] For further information on ISCED 2011 see http://www.uis.unesco.org/Education/Pages/international-standard-classification-of-education.aspx

interventions by type of action[14] but <u>excluding</u> ALMPs providing employment or self-employment which should be recorded in the previous category.

- **Other known destination**: all other known destinations (e.g. full-time education, sickness, maternity, moved abroad, retirement, death, etc.)

- **Unknown**: number of exits for which destination is unknown – i.e. total exits less the sum of the above breakdowns.

§46. Note that by definition (§38), exit occurs on deregistration (unemployment spell ends) so that participation in any activity – employment or ALMP - that does not break the unemployment spell should not be recorded here.

§47. **Exits by subsequent situation:** the situation of people at fixed points in time (6 or 12 months) after their deregistration as unemployed. Data are collected according to the following breakdown:

- **Total** (all exits).

- **Employment**: in employment or self-employment. The employment can be regular or subsidised (including relevant ALMPs), full or part-time, permanent (open-ended contract) or temporary (fixed-term contract).

- **Active labour market measure (ALMP)**: participating in an active labour market measure belonging to categories 2-7 of the LMP database classification of interventions by type of action[15] but <u>excluding</u> ALMPs providing employment or self-employment which should be recorded in the previous category.

- **Unemployment**: registered as unemployed with the PES.

- **Other known destination**: all other known destinations (e.g. full-time education, sickness, maternity, moved abroad, retirement, death, etc.)

- **Not applicable**: number of persons for whom an observation of their subsequent situation is not yet applicable because the data are collected before they have reached the relevant observation point (6 or 12 months after exit).

- **Unknown**: number of exits for which destination is unknown – i.e. total exits less the sum of the above breakdowns.

The information concerns the situation at the relevant observation point (6 or 12 months after exit) irrespective of the situations which may have applied between exit and the observation point.

§48. **Entrants continuously unemployed.** As part of follow-up monitoring, data on entrants for JIA users in reference year Y-1 are broken down to identify those remaining unemployed for a continuous period of 12 months after receiving a JIA. The following breakdown is collected:

- **Total**: Total entrants (JIA users, Y-1).

- **Continuous unemployment**: Number of entrants who have been continuously registered as unemployed for at least 12 months (without any break in the

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[14] See http://ec.europa.eu/eurostat/documents/3859598/5935673/KS-GQ-13-002-EN.PDF
[15] See http://ec.europa.eu/eurostat/documents/3859598/5935673/KS-GQ-13-002-EN.PDF

unemployment spell) after receiving a JIA. Since a new JIA user by definition has a duration of unemployment of at least 12 months, persons covered here will now have a duration of unemployment of at least 24 months.

- **Other**: All other known or unknown situations.
- **Not applicable**: Number of entrants for whom the observation is not applicable (data are collected before they have reached 12 months after receiving a JIA).

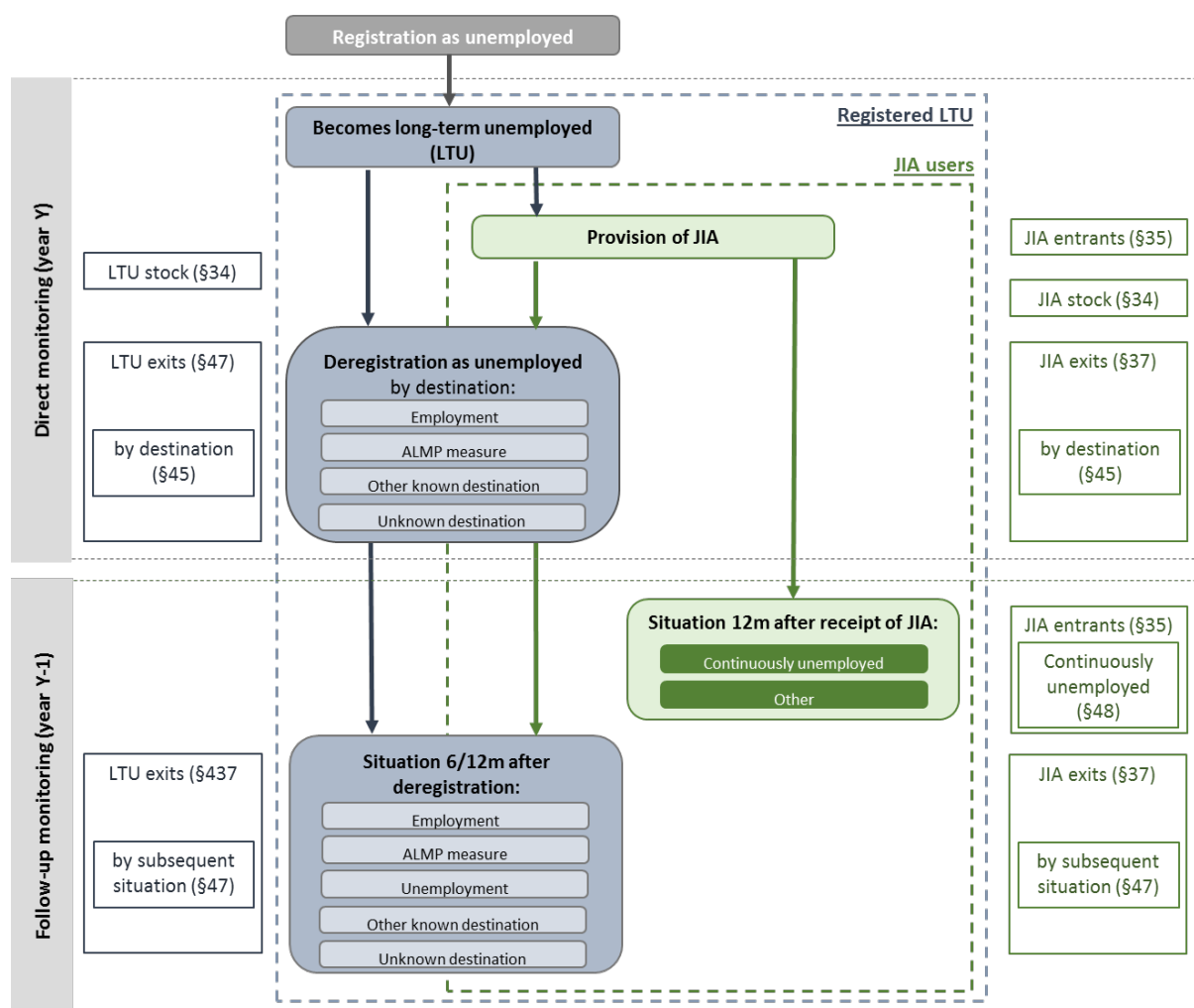### 4.4 Summary of variables and breakdowns collected

§49. The variables and breakdowns collected as part of the direct and follow-up level monitoring are summarised in Table 1 below.

Table 1: Summary of data collected

Variables collected	For which groups				With which breakdowns							
	Registered LTU		JIA users									
	Total	of whom, exited to employment	Total	of whom, exited to employment	Sex	Age	Educational attainment	Duration of unemployment	Continuous unemployment	Destination	Subsequent situation (6m)	Subsequent situation (12m)
Direct monitoring												
Initial stock (Y)			✓		✓	✓	✓	✓				
Annual average stock (Y)	✓		✓		✓	✓	✓	✓				
Entrants (Y)			✓		✓	✓	✓					
Exits (Y)	✓	✓	✓	✓	✓	✓	✓			✓		
Follow-up monitoring												
Entrants (Y-1)					✓	✓			✓			
Exits (Y-1)	✓	✓	✓	✓	✓	✓					✓	✓

§50. Figure 2 illustrates the relationship between the variables and breakdowns collected and the key events illustrated earlier in Figure 1.

Figure 2: Relationship between the variables collected and key events

4.5 Derived data

§51. The following variables are calculated from directly collected data.

§52. **Total number of JIA users**: the total number of JIA users in the reference year. Calculated as the sum of the initial stock (§33) of JIA users and new JIA users (entrants) in the year (§35).

5 Definition and calculation of indicators

§53. This section provides the definitions and calculation methods for each of the direct and follow-up monitoring indicators dependent on the LTU administrative data collection.

§54. In accordance with the Indicator Framework, direct level monitoring indicators should be broken down by sex, age and educational attainment. Additional breakdowns may also apply for specific indicators (e.g. breakdown by duration of unemployment). In all cases, the breakdown should apply to the observation used in both the numerator and the denominator of the indicator.

§55. All observations used to calculate indicators are constrained in the first instance by the scope of the data collection (see section 3.1). Hence, "registered LTU" is always limited to those aged 25-64 (or 30-64 in the case of countries applying the extended YG definition) and not covered by the YG. Specific indicators may then apply further filters.

5.1 Direct monitoring indicators

§56. Four direct monitoring indicators are based on administrative data: one overall indicator, two supplementary indicators and one context indicator.

§57. **Overall indicator: Use of JIAs among LTU registered for at least 18 months**. Number of JIA users unemployed for at least 18 months divided by the number of registered LTU unemployed for at least 18 months.

§58. The indicator is calculated using stock data for reference year Y:

- Numerator: **JIA users**: annual average stock (§34) with duration of unemployment >=18 months (§44).
- Denominator: **Registered LTU**: annual average stock (§34) with duration of unemployment >=18 months (§44).

§59. **Supplementary indicator 1: Use of JIAs among LTU registered for less than 18 months**. Number of JIA users unemployed for less than 18 months divided by the number of registered LTU unemployed for less than 18 months.

§60. The indicator is calculated using stock data for reference year Y:

- Numerator: **JIA users:** annual average stock (§34) with duration of unemployment <18 months (§44).
- Denominator: **Registered LTU:** annual average stock (§34) with duration of unemployment <18 months (§44).

§61. **Supplementary indicator 2: Rate of transition into employment for JIA users**. Number of JIA users who exited to employment divided by the total number of JIA users.

§62. The indicator is calculated using directly collected and derived data for reference year Y:

- Numerator: **JIA users:** exits (§37) with destination employment (§45).
- Denominator: **JIA users:** total number (§52).

§63. **Context indicator: Use of JIAs among LTU.** Number of JIA users divided by the number of registered LTU.

§64. The indicator is calculated using stock data for reference year Y:

- Numerator: **JIA users:** annual average stock (§34).
- Denominator: **Registered LTU:** annual average stock (§34).

5.2 Follow-up indicators

§65. Three follow-up monitoring indicators are based on administrative data: one overall indicator, one supplementary indicator and one context indicator.

§66. **Overall indicator: JIA users in employment 12 months after exiting to employment**. Number of JIA users who exited to employment **and** are in employment 12 months later, divided by the number of JIA users who exited to employment.

§67. The indicator is calculated using data on exits for reference year Y-1:

- Numerator: **JIA users:** exits (§37) with destination employment (§45) and subsequent situation (12m) employment (§47).
- Denominator: **JIA users:** exits (§37) with destination employment (§45).

§68. **Supplementary indicator: JIA users still unemployed 12 months after receiving a JIA**. Number of JIA users unemployed continuously for 12 months after receiving a JIA divided by the number of JIA users.

§69. The indicator is calculated using data on entrants for reference year Y-1:

- Numerator: **JIA users:** entrants (§35) continuously unemployed for 12 months (§48).
- Denominator: **JIA users:** entrants (§35).

§70. **Context indicator: JIA users in employment 6 months after exiting to employment**. Number of JIA users who exited to employment **and** are in employment 6 months later, divided by the number of JIA users who exited to employment.

§71. The indicator is calculated using data on exits for reference year Y-1:

- Numerator: **JIA users:** exits (§37) with destination employment (§45) and subsequent situation (6m) employment (§47).
- Denominator: **JIA users:** exits (§37) with destination employment (§45)

5.3 Collection of data

§72. Registration as unemployed and the subsequent provision of a JIA by a JIA provider are both expected to rely on the personal details of the persons concerned being recorded in a register/database. This will need to record (as a minimum) basic personal information (sex, age and educational attainment) and information about all key events. This could include, for instance, date of entry onto the unemployment register, date JIA received, dates of participation in measures, date of exit from the unemployment register and reasons for exit (including the destination). Such administrative datasets (either directly or through links to other registers) should provide all the information needed for direct monitoring indicators.

§73. Follow-up indicators depend on information on the subsequent situation of registered LTU, and the subset of JIA users, that will generally be collected after a person deregisters as unemployed and is no longer in contact with the relevant authorities. However, the structure of the data needed to calculate indicators means that the information collected on subsequent situation needs to be related to a participation record that includes the personal characteristics about the person (level of educational attainment, sex and age) and their destination after exit. Ideally, this will be achieved

either by adding the follow-up information to the main administrative dataset or by linking the administrative dataset to other relevant registers (e.g. a register recording social contributions may provide evidence of a person being in employment). It is also possible to collect follow-up information through surveys but this approach is liable to be more costly and burdensome in the long run.

§74. The reference period for all data is always the calendar year (§27-§28). The data collection for reference year Y will normally take place in year Y+1. Depending on the actual timing of the collection, some or all of the data on the subsequent situation of entrants and exits which form part of the follow-up data will not yet be available and can only be collected with some delay. A normal data collection exercise in year Y+1 will therefore request the following variables (breakdowns are identified in section 4.3 and summarised in Table 1):

- For year Y:
  o Stocks
  o Entrants
  o Exits by destination

- For year Y-1:
  o Exits by subsequent situation (6m and 12m)
  o Entrants continuously unemployed (12m)