



Council of the
European Union

Brussels, 4 October 2016
(OR. en)

12492/16

SOC 555
EMPL 366
ECOFIN 828
EDUC 297

NOTE

From: Presidency
To: Permanent Representatives Committee/Council
Subject: Follow-up of specific employment-related issues
- Implementation of the Recommendation of the Council on Long-Term
Unemployment (LTU)

Delegations will find attached a note from the Presidency with a view to the exchange of views at the EPSCO Council on 13 October 2016.

Addressing long-term unemployment

Whilst the improved economic situation has created better employment and social prospects, certain vulnerable groups are still suffering the full blown effects of the global economic crisis. This is the case of the long-term unemployed, whose complex situation leads to losses of income, human capital erosion, a higher incidence of health and psychological problems, and increased household poverty. In the EU, long-term unemployment (LTU) remains high, at 4.3% of the active population. It must therefore continue to be addressed with utmost urgency.

Accompanied by the economic upswing, long-term unemployment has decreased over the past year in 1.5 million. Countries which suffered the most have achieved large reductions. Whilst the trend is encouraging, 10.5 million EU citizens continue to be unemployed for more than one year, out of which 6.6 million for more than two years, fueling poverty, inequality, resentment and political discontent.

On 15 February 2016, the Council adopted its Recommendation on the integration of the long-term unemployment on the labour market¹. The Council Recommendation offers a framework for making support simpler and more effective, whilst at the same time giving sufficient flexibility to Member States in the design and implementation of their LTU measures. This gives them considerable discretion to choose and tailor policies adapted to the national circumstances. Additionally, the long-term unemployed are not a homogenous group. Coordinated support provided to the long-term unemployed should therefore be tailored to individual needs. Two key delivery challenges in the Recommendation are the individualization of support using job integration agreements and the set-up of a single point of contact.

While some countries are well advanced, Member States facing the biggest LTU challenge are also those with a large **capacity gap**. Often the range of active measures and social services is still under development, requiring considerable investments. New inter-institutional routines for achieving coordination require trust-building and can also take time.

¹ OJ C 67, of 20.2.2016, page 1

Countries facing the biggest administrative challenge are also those with largest **European Social Fund (ESF)** allocations. The funds can be put to good use for creating a data infrastructure that links information from training and social services providers with the PES. There are long-term gains from this investment, as it enables better evaluation of programmes, proof of value for investments.

Bringing back the LTU to work often requires funding the **employer's involvement** through employment incentives, subsidised workplace learning, adult apprenticeships and strengthened services to employers. Social enterprises and sheltered employment may play a role for groups with multiple disadvantages, such as remote Roma communities or people with disabilities, while public work schemes can be a last resort in areas with exceptionally poor job growth. Such interventions need however to remain targeted and be thoroughly evaluated.

Tackling long-term unemployment should also be supported by demand-side measures involving balanced macroeconomic policies. Policy measures to boost growth and jobs will have positive effects on the long-term unemployment trends. As regards the Recommendation, a structured and ambitious **monitoring of progress** in the implementation should be carried out. Clear quantitative indicators should show progress in activation of the long-term unemployed and sustainable employment outcomes. EMCO can deliver a reinforced and structured multilateral surveillance maximizing the policy learning potential from the Recommendation. The Network of European Public Employment Services should continue developing the LTU dimension of benchlearning, thereby enabling capacity building and progress towards good practice.