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From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: Implementation of the Recommendation on the integration of the long-term unemployed into the labour market: EMCO Key Messages
- Endorsement of the EMCO key messages

With a view to the EPSCO Council on 8 December 2022, delegations will find attached Annex 1
Data collection for monitoring the LTU Recommendation: preliminary results for 2021.

EMCO review of the Council Recommendation on the integration of the long-term unemployed into the labour market

Annex to the Key Messages

Data collection for monitoring the LTU Recommendation: preliminary results for 2021

The Council Recommendation on the integration of the long-term unemployed into the labour market¹ (hereinafter the LTU Recommendation) was adopted in February 2016 in response to the high levels of long-term unemployment across the EU that arose following the large-scale job losses incurred during the economic and financial crisis. The primary aim of the LTU Recommendation is to provide individualised and integrated support for long-term unemployed people that involves all relevant services (employment, social, health) in order to improve transition rates and, thereby, reduce the economic and social costs associated with prolonged unemployment.

This report presents **key preliminary results of monitoring the implementation of the LTU Recommendation in 2021**². Data collection was based on the associated Indicator Framework and accompanying methodological manual, as revised by the Indicators Group of the Employment Committee (EMCO-IG) in February 2019.

¹ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32016H0220%2801%29&qid=1456753373365>

² Data for 24 countries are fully validated while the data for the remaining three (IE, HR and LU) remains provisional.

1. Context for the implementation of the LTU Recommendation

Indicators at the aggregate level describe the context for the implementation of the LTU Recommendation in each Member State and at EU level. At the same time, the evolution of these indicators through time represents an indirect means of monitoring the impact of the Recommendation and other relevant policies (e.g. preventative actions).

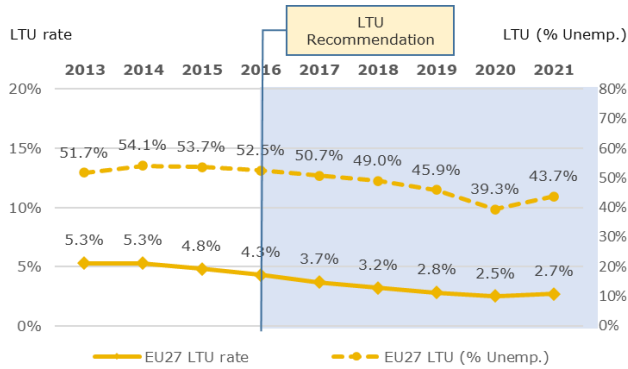
Data from the EU Labour Force Survey show that the numbers of LTU aged 25-64 in the EU fell each year between 2014 and 2020, from 9.9 million to 4.6 million, resulting in a reduction in the long-term unemployment rate from 5.3% to 2.5% (see Figure 1). In 2021, this downward trend was interrupted as numbers of LTU rose to 5.1 million and the long-term unemployment rate increased to 2.7%, both reaching levels just below those last seen in 2019. This represents a delayed impact of the COVID-19 crisis as those who had been unemployed since 2020 reached long-term unemployment in 2021.

Administrative data from national registers paint a less favourable picture. More than twice as many people have been registered as unemployed for a year or more (11.6 million) than are recorded in the LFS as being out of work, available for work, and actively seeking work for at least a year (5.1 million). Moreover, this difference is understated because the administrative data for 12 countries have a more restricted coverage (age-group 30—64 rather than 25-64)³. A further difference is that the number of registered LTU started to rise in 2020 (rather than 2021 as shown in the LFS) and was more than 30% higher in 2021 than in 2017, the year after the Recommendation was adopted (see Figure 2).

The average stock of registered LTU increased by 1.2 million in 2021 compared to 2020 despite a net outflow of LTU during the year (6.1 million ending spells vs. 5.2 million spells reaching 12 months duration). National data providers attribute this to the outflows being concentrated in the latter part of 2021 as labour market conditions started to improve.

³ The 12 countries are BG, EE, HR, IT, CY, LV, LT, MT, PL, PT, SI and SK. These are mostly countries that applied the extended definition for coverage of the original Youth Guarantee.

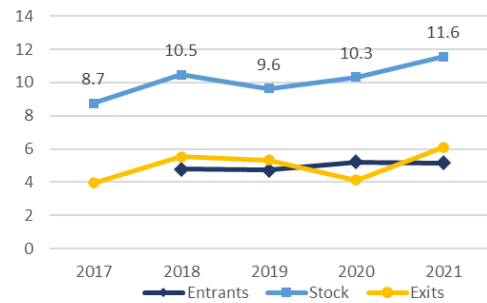
1. Figure 1: Long-term unemployment rate and share of unemployed who are LTU, 25-64, EU-27, 2013-2021 (%)



2.

3. Source: Eurostat, Labour Force Survey (19/11/2022).

4. Figure 2: Registered LTU, 25-64, EU-27, 2017-2021 (millions)



5.

6. Source: LTU monitoring database (1/11/2022).

7. Note: Age-group 30-64 for BG, EE, HR, IT, CY, LV, LT, MT, PL, PT, SI and SK.

2. Implementation of the LTU Recommendation

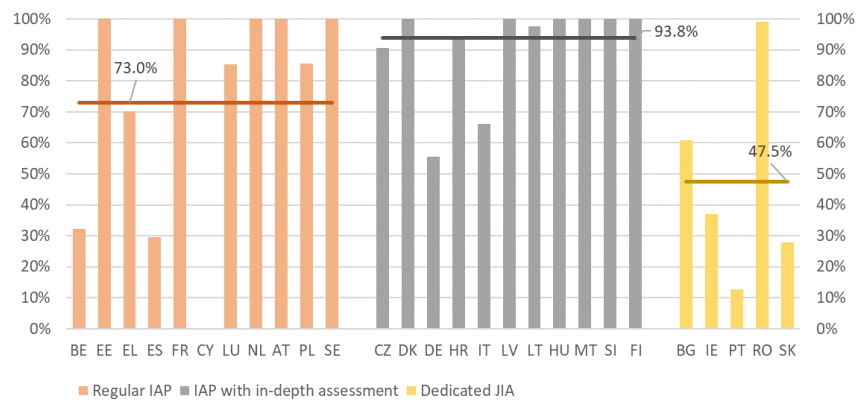
The LTU Recommendation requires that all registered long-term unemployed are offered an in-depth individualised assessment and provided with a job integration agreement (JIA), signed with a single point of contact providing access to all relevant services, at the latest by 18 months of unemployment. It is not, however, prescriptive in the way that countries implement the relevant services. The different approaches adopted for JIA delivery can be categorised into three groups:

- **Dedicated JIA:** A distinct plan is provided only to LTU on the basis of an in-depth assessment;
- **IAP (individual action plan) with in-depth assessment for LTU:** The regular IAP provided to all (or most) unemployed is updated/enhanced for LTU on the basis of a further in-depth assessment/review process that is triggered either at a specific duration or by a mandatory renewal process;
- **Regular IAP:** The regular IAP provided to all (or most) unemployed is considered to fulfil the requirements of a JIA. The plan may be reviewed and updated on an ongoing basis but there are no mandatory reviews linked to the duration of unemployment or the lifespan of the plan.

Direct monitoring indicators measure the actual implementation of the LTU Recommendation, and the labour market transitions that result from this intervention in each Member State and at EU level. These rely on a dedicated LTU administrative data collection following individual pathways for LTU to measure the use of JIA and the extent to which registered LTU regain employment.

At EU level 69.2% of LTU registered for at least 18 months had a JIA in 2021, a slightly lower proportion than in 2020 (70.0%) and 2019 (70.9%). After six years of implementation, still only half of Member States (13) fulfil the first objective of the Recommendation by providing a JIA or its equivalent to at least 95% of LTU that have been registered as unemployed for at least 18 months (see Figure 3). All but one of these Member States (RO) are members of the two groups that use IAPs provided to all unemployed with or without additional in-depth assessment and/or some differentiation in the service offer for LTU. There are five Member States (BE, ES, CY, PT and SK) in which at least two in three LTU who have been registered for at least 18 months do not have an active JIA.

Figure 3: Use of JIAs amongst LTU registered for at least 18 months, 2021 (% , 25-64)



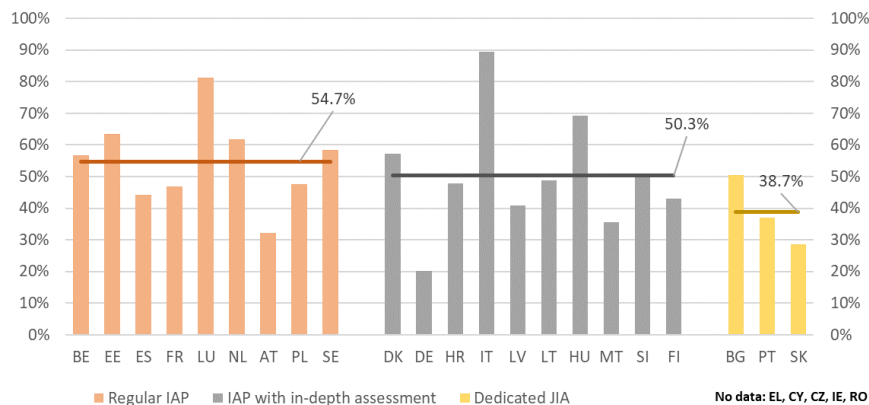
Source: DG EMPL, LTU monitoring database (21/11/2022).

Note: Lines show the average result for countries with data in each JIA delivery group.

In the 22 Member States for which data on transitions to employment are available⁴ (see Figure 4), a total of just under 3.8 million JIA users ended their unemployment spell in 2021, of which 1.8 million, or 49.0%, are known to have taken up employment. The results are best for countries that use a regular IAP (average of 54.7%), followed by those using an IAP with in-depth assessment (50.3%) and lowest for those using a dedicated JIA (38.7%).

Comparison with previous years shows that transition rates at EU level were higher (better) than in 2020 (47.6%) and 2019 (43.8%). At national level, rates are higher than in 2020 in 16 of 22 Member States and lower in only 6 Member States, likely reflecting improved labour market conditions as the impact of COVID crisis eased.

Figure 4: Proportion of unemployment spells ending in employment for JIA users, 2021 (%)



Source: DG EMPL, LTU monitoring database (21/11/2022).

Note: Lines show the average result for countries with data in each JIA delivery group.

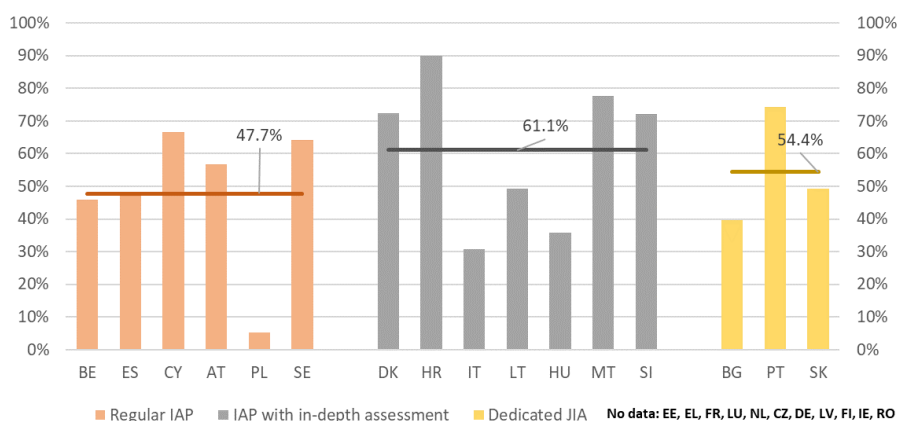
⁴ Data are currently missing for CZ, CY, EL, IE and RO.

3. Follow-up monitoring

Follow-up indicators look at the extent to which employment outcomes are sustainable – i.e. the proportion of JIA users that ended their unemployment spell by taking up work that is still in work (not necessarily in the same job) a year later.

Data are currently available for just 16 Member States⁵ (see Figure 5). In these countries, 37.8% of JIA users taking up work in 2020 were in work a year later, a lower proportion than for those leaving the register in 2019 (42.9%). Both results are likely to be understated to some extent as roughly two in five (43.5% and 36.8% respectively) of those covered by the data was in an unknown situation. The results are best for countries using an IAP with in-depth assessment (61.1%) or a dedicated JIA group (54.4%) than those using a regular IAP (47.7%).

Figure 5: JIA users in employment 12 months after exiting to employment in 2020 (% , 25-64)



Source: DG EMPL, LTU monitoring database (21/11/2022).

Note: Lines show the average result for countries with data in each JIA delivery group.

⁵ Data are currently missing for CZ, DE, EE, EL, IE, FR, LU, LV, NL, RO and FI.