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**NOTE**

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From:	Employment Committee
To:	Permanent Representatives Committee/Council
Subject:	Indicator Framework for Monitoring the Council Recommendation on the integration of the long-term unemployed into the labour market

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Delegations will find attached EMCO's Indicator Framework for Monitoring the Council Recommendation on the Integration of the long-term unemployed into the labour market.

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## Indicator Framework for Monitoring the Council Recommendation on the integration of the long-term unemployed into the labour market

### A. Introduction

In December 2015<sup>1</sup> the Council adopted a Recommendation on the integration of the long-term unemployed into the labour market.

The Recommendation calls on Member States to:

- Encourage the registration of jobseekers with an employment service, in particular through improved provision of information on the support available
- Provide personalised guidance to those concerned through Employment services, and other partners supporting labour-market integration
- Offer a job-integration agreement at the very latest when they have reached 18 months of unemployment to registered long-term unemployed persons not covered by the Youth Guarantee
- Encourage and develop partnerships between employers, social partners, employment services, government authorities, social services and education and training providers to provide services that better meet the needs of enterprises and registered long-term unemployed persons.

The Recommendation mandates EMCO to "**monitor** in close cooperation with the Social Protection Committee on the social services and income provision, **the implementation of this Recommendation** through the multilateral surveillance within the framework of the European Semester, and **through the Joint Assessment Framework of indicators**. The **monitoring should follow up** on the extent to which the **registered long-term unemployed have regained employment, whether their integration into the labour market is sustainable and the use of job integration agreements**. The European Network of Public Employment Services shall contribute to this monitoring".

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<sup>1</sup> 2015/0219 (NLE)

This paper outlines the Indicator Framework for monitoring the implementation and the Recommendation at EU level.

The objectives of the initiative, as explained by the Explanatory memorandum, are:

The general objective: to increase the transition rates to employment of the long-term unemployed.

The specific objectives:

- (1) increase coverage with higher registration and active support for the long-term unemployed,
- (2) ensure continuity and coordination between relevant services
- (3) increase the effectiveness of interventions aimed at both the long-term unemployed and employers.

The monitoring arrangements should be drawn in relation to the objectives of the initiative, creating a basis for the evaluation foreseen in 2019, in line with the requirements of the recommendation.

The Indicator Framework comprises indicators at three levels of monitoring types of indicators:

1. **Aggregate monitoring:** Macroeconomic indicators monitoring the general situation of long-term unemployed in the labour market.
2. **Direct monitoring:** Implementation indicators monitoring the delivery of the services to implement this Recommendation, especially on the use of job integration agreements
3. **Follow-up monitoring:** Follow-up indicators assessing the outcomes – regaining employment - and the sustainability of labour market integration of long-term unemployed.

It should be noted that throughout the Indicator Framework, long-term unemployed are defined unemployed people with duration of unemployment greater than 12 months, unless otherwise specified. The indicator framework will provide only one part of the monitoring effort. The other part, as signalled in the text of the Recommendation, will rely on a more qualitative assessment through multilateral surveillance.

It is proposed to integrate the indicators to monitor the Recommendation in the Joint Assessment Framework (JAF) through the creation of a new module. The module will be devoted to the monitoring of the implementation and results of the LTU Recommendation and will feature all the indicators under the three levels of monitoring.

In addition the current JAF Policy area on Active Labour Market Services (PA3) will be revised to reflect the agreed indicators at the macroeconomic level of monitoring.

The data collection and reporting will take place on an annual basis for each of the three categories.

The source of data for the aggregated level indicators (category 1 above) will be the EU Labour Force Survey (LFS) and the LMP database, whereas the indicators for the direct and follow-up levels (categories 2 and 3 above) will be calculated on the basis of administrative data, data linking and survey data where relevant.

## **B. Indicators framework for monitoring the implementation of the Recommendation on the long-term unemployed<sup>2</sup>**

### **1. Aggregate monitoring: macroeconomic indicators**

Macroeconomic indicators based on the EU LFS are intended to monitor the general situation of long term unemployed in the EU. They represent an indirect means of monitoring the effects of implementing the LTU Recommendation

The indicators presented below describe the overall aggregated context as well as the impact of the implementation of the Recommendation in each MS through their evolution through time. These general indicators need to be complemented by the indicators monitoring delivery and follow-up to be able together to allow assessing the impact of policy measures.

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<sup>2</sup> It should be noted that the definition of long-term unemployment differs between LFS and EU-SILC. While the LFS definition is the standard definition of LTU, defining LTU on the basis of EU-SILC allows important additional monitoring possibilities on the living conditions of the long-term unemployed. In LFS the LTU are those unemployed persons (i.e., unemployed in the reference week, currently available for work and actively seeking work) who have been unemployed and searching for a job for at least 12 months, in EU-SILC the LTU are those who were unemployed for the 12 months during the income reference period, are unemployed at the time of the survey interview and are actually looking for work. While in general the results of both definitions are quite similar in most Member States, the difference in the LTU populations defined in both surveys is significant in some Member States, with the EU-SILC definition usually resulting in a higher number of LTU.

## List of possible indicators at the Aggregate level of Monitoring:

Overall Indicator	Long term unemployment rate of the adult (25-64) working age population (as % of active population 25-64) - total <sup>3</sup>	Data Source LFS
Supplementary indicators	Share of adult working age population (25-64) long-term unemployed as a percentage of the total adult working age population (25-64) unemployment.	LFS
	Long term unemployment rate of the adult working age population (as % of active population 25-64) by educational level (low-medium-high according to ISCED 2011 classification)	LFS
	Long term unemployment rate of the adult working age population (as % of active population 25-64) by gender	LFS
	Long term unemployment rate of the adult working age population (as % of active population 25-64) by age (25-55 and +55)	LFS
	Activation rate of adult registered long-term unemployed (LPM cat.2-7)	LMP
	Transition rate of adult long-term unemployed to employment by age (25-55 and +55), gender and qualification level (low-medium-high according to ISCED 2011 classification)	LFS
	Share of LTU over 25 registered with PES by gender <b>Aim:</b> To monitor to the extent to which Member state respond to the call in the Recommendation to encourage the registration of jobseekers with an employment service, in particular through improved provision of information on the support available.	LFS
	AROP rate of LTU working age adults (25-64)	EU SILC
	Material deprivation (MD) rate of LTU working age adults (25-64) <b>Aim:</b> These two indicators describe the overall aggregate social situation of the long-term unemployed in terms of their risk of poverty and exposure to material deprivation as well as the broad impact of the implementation of the Recommendation in each MS through their evolution over time.	EU SILC

<sup>3</sup> The long term unemployment rate – total will remain the overall indicator for PA3. The adult rate is suggested as the overall indicator for the macro part of the module

<b>Context indicators</b>	Long term unemployment rate of adult working age population by duration (12-18m, 18+)	LFS
	Transition rate of adult long-term unemployed to inactivity by age (25-55 and +55), gender and qualification level (low-medium-high according to ISCED 2011 classification)	LFS
	Non-transition rate of adult long-term unemployed (remaining long-term unemployed) by age (25-55 and +55), gender and qualification level (low-medium-high according to ISCED 2011 classification)	LFS
	In work poverty rate for working age adults (25-64)	EU SILC
	Housing cost overburden rate among LTU working age adults (25-64)	EU SILC
	Unmet need for medical care of LTU working age adults (25-64) <b>Aim:</b> The 3 indicators above cover items in the area of incentives to enter employment (in work poverty), and with regard to the general impact of key social services in supporting social inclusion of the LTU population.	EU SILC
	Use of formal childcare for children less than 3 <sup>4</sup>  <b>Aim:</b> This indicator provides information on the use of a key service (childcare) regarded as important to support transitions into work. It gives an indication of the degree of access to childcare, which could have an impact on possibilities to take up employment and hence reduce LTU and social exclusion.	EU SILC
	Participation in education and training for LTU working age adults (aged 25-64)( in %)	LFS

<sup>4</sup> To investigate if extraction possible for LTU

## 2. Direct monitoring of the implementation of the Recommendation

The indicators outlined in the previous section, whilst useful and important, provide an indirect mean of monitoring the implementation and effects of the LTU Recommendation, thus they need to be complemented by indicators that better measure the direct impact of policy initiatives. These indicators are able to respond directly to the call in the Recommendation: “The **monitoring should follow up** on the extent to which the **registered long-term unemployed have regained employment**, whether their integration into the labour market is sustainable and **the use of job integration agreements**.”

The indicators presented below provide information on the actual implementation of the Recommendation in each country as well as on the labour market transitions of LTU which result from the implementation.



## List of possible indicators at the Direct level of Monitoring:

<p><b>Overall Indicator</b></p> <p><b>Use of Job integration agreements (JIA)<sup>5</sup></b></p> <p><b>Definition:</b> Number of adult<sup>6</sup> registered long term unemployed with duration of unemployment more than 18 months having a job integration agreement / Number of adult registered long term unemployed with duration more than 18 months</p> <p><b>Aim:</b> To monitor to what extent Member States are fulfilling the condition in the Council recommendation to provide a Job Integration Agreement to long term unemployed, before they have reached the 18 months of unemployment.</p>	<p><b>Data Source</b></p> <p>Administrative data collection</p>
<p><b>Supplementary indicators</b></p> <p><b>Use of Job integration agreements within 18 months:</b></p> <p><b>Definition:</b> Number of registered adult long term unemployed with duration 12-18 months having a job integration agreement / Number of registered adult long term unemployed with duration of 12-18 months</p> <p><b>Aim:</b> To measure the share of adult long term unemployed who received a Job Integration Agreement before they have reached the 18 months of unemployment.</p> <p><b>Regained employment for LTU</b></p> <p><b>Definition :</b> Number of adult (aged 25-64) registered long term unemployed who entered employment in the reference year after a job integration agreement/ total number of adult (aged 25-64) registered long term unemployed having a job integration agreements in the reference year</p> <p><b>Aim:</b> To monitor the share of positive labour market transitions of long term unemployed following a Job Integration Agreement.</p>	<p>Administrative data collection</p> <p>Administrative data collection</p>

<sup>5</sup> According to the Recommendation a ‘job-integration agreement’ 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 on the labour market. This point of contact could be based on a framework of inter-institutional coordination and/or be identified within existing structures

<sup>6</sup> For the implementation of the Recommendation, adult population refers to working age population not covered by the Youth Guarantee schemes, i.e., 25-64 years old, or 30-64 years old in the case of Member States applying the extended definition for youth in the Youth Guarantee

	Breakdown of above by gender, age (25-55, +55) and education (low, medium, high according to ISCED 2011 classification)	
<b>Context indicators</b>	Number of adult (aged 25-64) registered long term unemployed with duration of unemployment more than 12 months having a job integration agreement / Number of adult (aged 25-64) registered long term unemployed with duration more than 12 months	Administrative data collection
	Number of registered adult (aged 25-64) long-term unemployed with a duration of unemployment up to 18 months / total number of registered adult (aged 25-64) long term unemployed	LFS
	Activation rate of adult registered long term unemployed (LMP category 1 - services)	
	Transition into employment within 6 and 12 months of unemployment per age group, gender and qualification level (low-medium-high according to ISCED 2011 classification), as a share of all PES registered transitions into employment	LMP
	Net replacement rates for the LTU (in %)	PES Benchlearning
	Share of LTU working age adults (25-64) receiving any benefits	European Commission Tax and Benefits database
	Share of social benefits in total disposable income of LTU working age adults (25-64)	
	<b>Aim:</b> Concerning the three indicators above: The first indicators are well established to measure income support to the unemployed. The second is complementary and provides information on the coverage/take up of benefits in the target population. The last one looks at the relative importance of benefits in total disposable income of LTU adults.	EU-SILC
		EU-SILC

### 3. Follow-up of individuals having signed an integration agreement

Follow up indicators are needed to show whether sustainable labour market outcomes were achieved for individuals through the implementation to the Recommendation. These indicators are able to respond directly to the call in the Recommendation "The **monitoring should follow up** on the extent to which the registered long-term unemployed have regained employment, **whether their integration into the labour market is sustainable** and the use of job integration agreements".

The proposed indicators aim to identify the labour market status of individuals sometime after signing a job integration agreement. Special focus is placed on **registered long-term unemployed that have regained employment**, in accordance with the text of the Recommendation.

## List of possible indicators at the follow-up level of Monitoring:

	Data Source
<p><b>Overall Indicator</b></p> <p><b>Previously LTU still in employment 12 months from obtaining a job after having a job integration agreement</b></p> <p><b>Definition:</b> Number of previously adult (aged 25-64) registered long-term unemployed who are in employment 12 months after obtaining a job after having a job integration agreement / total number of adult (aged 25-64) registered long-term unemployed obtaining a job after having a job integration agreement.</p> <p><b>Aim:</b> To measure the effectiveness and sustainability of the Job Integration Agreement (JIA) by establishing the share of LTU with a JIA and in employment afterwards who maintain an employment 12 months after.</p>	<p>Administrative data collection</p>
<p><b>Supplementary indicators</b></p> <p><b>LTU still in unemployment 12 months after a job integration agreement</b></p> <p><b>Definition:</b> Number of adult (aged 25-64) registered long-term unemployed who are in unemployment 12 months after having a job integration agreement / total number of adult (aged 25-64) registered long term unemployed having a job integration agreement.</p> <p><b>Aim:</b> To measure the sustainability and long term effects of the Job Integration Agreement (JIA) by establishing the share of LTU with a JIA who are unemployed 12 months after.</p>	<p>Administrative data collection</p>

