

The European Council's Recommendation on the integration of the long-term unemployed to the labour market

Introduction



The link between unemployment and ill health is well established¹. Scientific knowledge goes deeper, suggesting that unemployment is worse for health for lower socio-economic groups, and less deleterious for health for those who have larger social networks². Unsurprisingly, *long-term* unemployment sees effects on ill health compounded: people experience negative pressures on their physical and mental health from a variety of sources for longer. Indeed, a recently published review of the scientific literature found that

“The long-term unemployed carry a markedly higher burden of disease, particularly mental illness, than employed persons and those who are unemployed only for a short time. The burden of disease increases with the duration of unemployment”³.

Long-term unemployment is not only a tragedy for the individuals concerned but also threatens economies: it reduces tax receipts, increases expenditure on social protection and health, and has negative effects on the skills and knowledge of the workforce – thereby reducing the potential for future economic growth.

This EuroHealthNet policy briefing examines a recent initiative at the European Union level, which has been agreed upon but not yet responded to by national authorities and others responsible for its implementation: *The European Council's Recommendation on the integration of the long-term unemployed to the labour market*. The briefing describes the main modalities by which the initiative aims to return the long-term unemployed back to the labour market, and certain avoidable bad practices that could exacerbate the difficulties faced by people experiencing long-term unemployment.

A ‘social triple A’ may be the goal but the prevalence of long-term unemployment means this is far from reality

The European Commission aims for what it calls a ‘social Triple A Rating’⁴. Yet despite efforts to reduce youth unemployment (e.g. the Youth Employment Initiative⁵) and encourage a stronger economic recovery (e.g. European Fund for Strategic Investments⁶ and Capital Markets Union⁷) the outlook remains bleak for many unemployed people, particularly those classified as long-term unemployed⁸.

Long-term unemployment has increased in the EU in recent years and now accounts for half of total unemployment: while around 33 per cent of unemployed people had been out of work for more than one year in 2009, by 2014 this had risen to 50 per cent⁹. It primarily affects people with 'low employability', i.e. those with no or low-level qualifications, the 'wrong' or outdated technical skills for the local labour market in an era of ever-increasing globalisation, or those lacking 'soft skills'¹⁰. Many of those experiencing long-term unemployment also face multiple disadvantages related, for instance, to health, disability, discrimination, substance misuse, a criminal record or housing¹¹.



Workers with low skills or qualifications and third-country nationals are twice as likely to experience long-term unemployment¹².

A focused recommendation with flexibility for different policy responses

In October 2015 the European Council "broadly welcomed" the European Commission's draft recommendation on "the integration of the long-term unemployed into the labour market"¹³. This paved the way for European Council Recommendations, which were agreed on 7 December 2015¹⁴.

The general objective of the recommendation is to increase the transition rates of the long-term unemployed to employment by taking action in four areas:

1. Encouraging registration with an employment service.
2. Ensuring that everyone is offered in-depth individual assessment and guidance when they reach 18 months of unemployment.
3. Job integration agreements, as part of a 'mutual responsibility approach'. These include explicit goals and obligations that the long-term unemployed job seeker must meet, such as taking active steps to find a job, accepting job offers and participating in education, training or other activities to improve skills and qualifications. In addition, the job seeker will be informed about job offers in different sectors of the economy and where appropriate, in other member states.
4. Employer involvement: engaging employers and minimising the administrative burden they face obtaining support to employ people who are long-term unemployed. This could be for activities such as pre-screening candidates, matching clients to vacancies, filling job placements or providing workplace training. It could also involve the development of tax incentives to create more job openings.

Importantly, the recommendation "gives an indication of actions to be taken at national level. It complies with the principle of proportionality since it offers a flexible framework and guidance for



modernisation and reform processes in the Member States"¹⁵. In terms of job creation, the recommendation states that member states should take flexicurity principles into account. Elsewhere, the Commission asserts that this recommendation is part of work to develop a European Pillar of Social Rights¹⁶, alongside the Youth Employment Initiative, social indicators used as part of the European Semester¹⁷, and future initiatives concerning labour mobility and work-life balance.

Using the flexibility built into the recommendation to apply lessons from research and practice



Overall, the aims and content of the recommendation are welcome. The EuroHealthNet-coordinated DRIVERS project¹⁸ examined social protection and active labour market policies (ALMPs) in EU countries and found that comprehensive and individualised approaches are required to support the long-term unemployed (back) into the labour market. In terms of overall approach the recommendation is therefore in line with DRIVERS, and with responses to a consultation on the issue submitted by EuroHealthNet and many other organisations back in May 2015¹⁹.

Nevertheless, the proposal could be improved and made more specific in a number of areas, as outlined below. The remarks that follow are directed towards the Commission, member states and sub-national levels, as all will play a role in setting priorities, providing funding and implementing the recommendation.

Focus on the hard to reach and those who face multiple disadvantages

Special attention should be given to people furthest from the labour market, who often face multiple disadvantages and barriers to (re-)entering the labour market. These people have the greatest need of assistance but are also the most difficult to reach and help. Too often, either through design or simply as a result of the obvious difficulties reaching 'the hard to reach', the policy focus shifts to 'easier-to-reach groups'.

One problem is non-uptake of social protection. This is a result of lack of knowledge of legal rights and of perceptions of stigmatisation when accessing it, and contributes to increased social exclusion and hardship among those concerned. It could be tackled, however, by enabling people to access and obtain their rights and entitlements, providing integrated support to help individuals with complex needs, and providing front line staff with the means necessary to treat their clients appropriately²⁰.

Another problem is the need for organisations involved in helping hard-to-reach groups back to the labour market to have specialised knowledge and expertise to reach and work with clients, and the trust of those they aim to serve. The Equal Initiative – which focused in particular on generating fresh ideas and evidence to improve the employability of hard-to-reach groups and (re-)integrate them in the labour market – suggested that development partnerships of neighbourhood groups, training and education providers, the private sector and public employment services are best able to engage with hard-to-reach groups and support them with their varied and overlapping needs²¹.

This notwithstanding, the recommendation and policy responses to it should be realistic: those who are furthest from the labour market are unlikely to be able to move directly from long-term unemployment to stable employment; the aim should instead be to support people along the pathway to employment via intermediary steps ('soft outcomes')²². These intermediary steps also reduce social exclusion and improve well-being, important social goals in themselves.

Health: a cause and consequence of long-term unemployment

Health services can play an important part in an integrated and personalised approach to supporting the long-term unemployed back to the labour market. Ill health is both cause and consequence of long-term unemployment, and poor mental health among the long-term unemployed is markedly higher than in the general population²³. Integrated and personalised services to help the long-term unemployed to return to the labour market should therefore include the possibility to refer job seekers to specialist medical services.



A 'mutual responsibility approach' that does not aggravate existing disadvantages

The mutual responsibilities approach provides incentives for job seekers to participate in ALMPs and incentives to employers to hire and sustain job seekers' employment. Nevertheless, stringent conditionalities such as benefit withdrawal disproportionately affect those who already face the greatest disadvantages, are already at the greatest risk of social exclusion, and already have the most chaotic lives. As a result, conditionalities could lead to reduced levels of uptake of social rights, avoidance of services that could help the unemployed, and distrust of providers involved in ALMPs.

Seen this way, conditionalities could potentially push people even further from the labour market, thereby entrenching long-term unemployment and undermining health and well-being. While these

conditionalities may be useful in some cases, they should be implemented on the basis of proven effectiveness in terms of helping people from across the social gradient into employment.

The importance of stimulating both supply and demand in the labour market

It is not the case that unemployed people always ‘lack’ a skill, qualification or some other attribute to enter employment. Indeed, it was not deficiencies in job seekers that caused the increase in long-term unemployment since 2007, but badly regulated financial markets, indebted member states, segmented labour markets and a lack of investment, new jobs and aggregate demand resulting from recurrent crises.

While this recommendation may not be the place to put forward measures to stimulate job creation *per se*, other measures targeted at the demand side of the labour market may well be. These could include tackling barriers to work by confronting discriminatory recruitment practices (concerning age, ethnicity, sex, geographic area/district, etc.) and promoting workplace adaptations for workers with particular needs. These measures could also include financial or fiscal incentives to hire the long-term unemployed – and even disincentives for not doing so, such as those already in existence in several European Union member states for particular categories of workers²⁴.

Labour market flexibility, but not long-term precarious employment

Employment should provide meaning, social connections, adequate remuneration and enough flexibility and security to support health and well-being. The focus should therefore be on fair employment. Unfortunately, the focus in recent years has been more on flexibility than security, resulting in increases in temporary and often precarious forms of employment.

Employment that is perceived to be unfair by workers leads to psychosocial stress and mental ill health²⁵. While it is true that temporary work can be beneficial for some job seekers, in many other cases, particularly when it becomes long-term and inescapable, it leads to frustration, inability to progress with life plans (e.g. start a family), reluctance to take up social rights, lack of self-esteem and the perception of inequity²⁶. Thus, the recommendation could have placed more emphasis on the importance of the right balance between flexibility and security.

The importance of taking responsibility at European Union, member state and sub-national levels

The current proposal is by necessity flexible, but could be more specific in the areas noted above to avoid repeating known bad practice. Ultimately, and to some extent regardless of the content, policy responses are dependent on pre-existing priorities and contexts faced by national and sub-national authorities. The European Structural and Investment Funds (ESIFs) are the main source of European funding for achieving the goals of the Council Recommendation, but European funding can be slow to reach beneficiaries, makes up a small proportion of overall spending on (re-)integrating the long-term unemployed into the labour market in many countries, and is time-limited to individual projects or programmes. This means that local, regional and national authorities have to take responsibility and dedicate their own resources to the issue over the long term as well.

EuroHealthNet remains committed to supporting the implementation of measures to return people experiencing long-term unemployment to the labour market: it is an issue of social equity and an important means of promoting health equity. EuroHealthNet has over 50 members and partners across Europe that supports its goals, and which can provide useful input to ensure that efforts to reduce long-term unemployment are equitable and effective.

Acknowledgements:

Linden Farrer (final draft) & Riitta-Maija Hämäläinen (original research and first draft).

¹ See for instance: 1) Wanberg CR: The individual experience of unemployment. *Annu Rev Psychol* 2012, 63:369–396. 10.1146/annurev-psych-120710-100500PubMedView Article. 2) Jin RL, Shah CP, Svoboda TJ: The impact of unemployment on health: a review of the evidence (Reprinted from *Canadian Medical Association Journal*, vol 153, pg 529–40, 1995). *J Public Health Pol* 1997,18(3):275–301. 10.2307/3343311View Article.

² Norström et al. (2014) - How does unemployment affect self-assessed health? A systematic review focusing on subgroup effects. *BMC Public Health*. Available at: <http://bmcpublichealth.biomedcentral.com/articles/10.1186/1471-2458-14-1310>.

³ Herbig et al. (2013) - Health in the long-term unemployed. *Dtsch Arztebl Int*. See: <http://www.ncbi.nlm.nih.gov/pubmed/23837086>.

⁴ Speech by Commissioner Marianne Thyssen at Roundtable with Civil Society organizations: Forging common action to achieve the Social Triple A for Europe http://europa.eu/rapid/press-release_SPEECH-15-5751_en.htm

⁵ <http://ec.europa.eu/social/main.jsp?catId=1176>.

⁶ http://ec.europa.eu/priorities/jobs-growth-investment/plan/index_en.htm.

⁷ http://ec.europa.eu/finance/capital-markets-union/index_en.htm.

⁸ The ILO consider long-term unemployed as those who have been without a job for more than one year, but are actively looking for a job and are willing to accept if they are offered a job. This definition is followed by the EC for this initiative.

⁹ http://ec.europa.eu/eurostat/statistics-explained/index.php/Labour_market_and_Labour_force_survey_%28LFS%29_statistics#Unemployed.

¹⁰ European Employment Observatory Review – Long-Term Unemployment, 2012. Luxembourg. Publications Office of the European Union.

¹¹ <http://lankellychase.org.uk/wp-content/uploads/2015/07/Hard-Edges-Mapping-SMD-2015.pdf>.

¹² http://europa.eu/rapid/press-release_MEMO-15-5562_en.htm.

¹³ European Council – Outcome of the 3412th Council meeting (5/10/15), Employment, Social Policy, Health and Consumer Affairs. See http://www.consilium.europa.eu/en/meetings/epsco/2015/10/st12670_en15_pdf/.

¹⁴ Outcome of the 3434th Council Meeting on Social Policy, Health and Consumer Affairs (07/12/2015). See http://www.consilium.europa.eu/en/meetings/epsco/2015/12/st14968_en15_pdf/.

¹⁵ Proposal for a COUNCIL RECOMMENDATION on the integration of the long-term unemployed into the labour market-Political agreement. See <http://data.consilium.europa.eu/doc/document/ST-14361-2015-INIT/en/pdf>.

¹⁶ See http://europa.eu/rapid/press-release_MEMO-16-64_en.htm.

¹⁷ See <http://ec.europa.eu/social/main.jsp?catId=756>.

¹⁸ See <http://www.health-gradient.eu>.

¹⁹ European Commission - Public consultation regarding the provision of services to long-term unemployed in the member states and at EU level (May 2015). See <http://ec.europa.eu/social/BlobServlet?docId=14186&langId=en>. summary of results

20

http://health-gradient.eu/wp-content/uploads/2015/02/DRIVERS_Policy_Brief_IncomeSocial_Protection_rel2.pdf.

²¹ See for instance the evaluation reports at http://ec.europa.eu/employment_social/equal_consolidated/about/evaluation.html. Alternatively, see pages 14-21: http://cesi.org.uk/sites/default/files/working_brief_back_issues/Working_Brief_179_November_2006.pdf.

²² See for instance http://www.brighton-hove.gov.uk/sites/brighton-hove.gov.uk/files/downloads/equalities/OCSI_EDuce_ReducingInequalityReview_phase_2_full_report.pdf, <http://www.publications.parliament.uk/pa/ld200910/ldselect/ldcom/92/9206.htm>, <http://www.gov.scot/Publications/2009/12/14102912/6>, and <https://www.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/tsen-evidence-review.pdf>.

²³ <http://eurpub.oxfordjournals.org/content/early/2014/11/22/eurpub.cku186>.

²⁴ See for instance as examples the many existing measures at national level pertaining to workers with disabilities in “Statutory measures” at <http://www.eurofound.europa.eu/observatories/eurwork/comparative-information/workers-with-disabilities-law-bargaining-and-the-social-partners>.

²⁵ See FP7 DRIVERS <http://health-gradient.eu/home/publications/english/> & SOPHIE <http://www.sophie-project.eu/index.htm>.

²⁶ Bosmans K, Hardonk S, De Cuyper N & Vanroelen C (2015) Explaining the relation between precarious employment and mental well-being. A qualitative study among temporary agency workers. *Work. A Journal of Prevention Assessment & Rehabilitation*. DOI:10.3233/WOR-152136.