



Fighting long-term unemployment:

The contribution of European cities



1. Long-term unemployment is one of the most urgent challenges in Europe today

In February 2015, the European Commission launched a public consultation on tackling long-term unemployment¹, one of the most serious challenges that Europe faces today.

Unemployment and in particular long term unemployment², especially amongst young people and over 50s, has become an increasingly urgent issue for city administrations. The EURO CITIES declaration on work, launched on 26 February 2015, also highlighted it as a serious challenge in our cities. Most European cities have noted an increase in unemployment since 2010 mainly due to the economic crisis. Recent statistics also show that long-term unemployment currently affects 4.9% of the active EU population³.

Long-term unemployment has negative social and economic consequences for individuals and society, and the groups most affected need comprehensive support and investment. Unfortunately, the downsizing of the public sector in some member states has had an impact on the capacity of local authorities to offer the support required.

2. Long-term unemployed are a very diverse group in need of a highly individualised approach better delivered at local level

Cities are the level of government closest to citizens and have considerable knowledge of the local economy and the labour market. They are also aware of the challenges involved in combatting unemployment at local level. City authorities can play a vital role in “preventing and reducing long term unemployment, and in making labour markets more inclusive through further reforms, in particular by improving the efficiency of public employment services, the effectiveness of activation measures including linking activation and social assistance and enabling services, and through social entrepreneurship”⁴.

City authorities already have a central role in delivering integrated and individualised services targeted to the many different groups of long term unemployed people. The

¹ <http://bit.ly/1Fp1zMU>

² Long-term unemployment is defined as people who have been unemployed for 12 months or more (OECD, 2013).

³ Background document European Commission public consultation on long-term unemployment, February 2015

⁴ Draft Council conclusions 6182/15 ‘Moving towards more inclusive labour markets’, March 2015

European Commission background document to the public consultation is a start in acknowledging the potential role that cities can play in tackling long-term unemployment. But more recognition and better channelling of financial resources to cities is needed to fully enable them to fight long-term unemployment.

3. Main challenges related to long-term unemployment

We have identified the following main challenges to boosting employment across Europe:

- low levels of economic growth
- the demand and supply mismatch on the labour market
- the skills mismatch and continued mismatch between education and the labour market
- continued barriers to employment for vulnerable groups, e.g. young people not in education, employment, or training (NEETS), older workers, people with disabilities, people with a migrant background or of ethnic origin, low-skilled, single parents and others, contributing to a cycle of increased inequality and social exclusion
- underperforming public employment services that are not adequately tailored to individuals' specific needs and to local economy opportunities
- national employment policies that are not flexible; with 'one size fit all' approach not taking into account individual and local business needs, resulting in weakened impact, haphazard implementation and ineffective services⁵
- lack of well-designed activation measures that take into account barriers to work such as high childcare costs or lack of suitable childcare, housing and transport

Long-term unemployment poses its own challenges; evidence shows that the longer someone is unemployed, the harder it is for them to return to the labour market. It also increases disengagement and inactiveness among the long-term unemployed including young people, as well as impacting significantly on health and well-being.

The 'one size fits all' approach cannot work. Tailored measures are essential to meet the needs of a wide variety of groups with very specific requirements and different characteristics in terms of skills, competences, personal background and age.

The most efficient schemes involve a high level of integration among services at local level, together with strong coordination between different levels of governance, taking into consideration the local economy. In reality coordination is often poor, there is often a lack of consultation of city authorities by national governments, nationally driven services tend to be disconnected from local ones, and activation, education, and social support measures are not sufficiently integrated at local level.

With the continuing economic crisis, financial constraints have also led to a significant reduction in human and economic resources for cities, including cuts in social inclusion and active inclusion budgets⁶.

⁵ 'The Europe 2020 mid-term review: cities' views on the employment, poverty reduction and education goals, EUROCITIES, October 2014

4. What cities do to tackle long-term employment and what we can do better

We have observed a number of common trends when it comes to success factors of active inclusion measures at local level, including those combating long-term unemployment

- **Better and stronger cooperation between national and local employment services:** city authorities can work with businesses and training agencies at local level to create better employment opportunities linked to the needs of the local economy. They can also work with the private sector, NGOs and other associations to provide individual employability pathways, including specific counselling and soft-skills development for people affected by long term unemployment.
- **Flexible and tailored approach:** interventions are most successful when they are flexible and designed to adapt to the individual's needs, with links to holistic and specialist support to respond to a range of personal barriers and improve resilience. This is crucially important for the long term unemployed where very different target groups are involved.
- **Preventative approach:** there is the need to find timely and comprehensive solutions to avoid people becoming unemployed for too long; there is also a need to improve linkages between education providers, the employers and the local economy in order assist young people's transitions into the labour market and older workers re-entering the labour market, and to ensure high-quality careers advice and vocational guidance.
- **Coordination and integration between different policies and services:** this can result in a 'single access point' or 'one-stop-shop' for multiple services and an effective combination of access to social services (including childcare, housing and healthcare), labour market activation measures and education to work accompanying schemes⁷.
- **Focus on both supply and demand side:** the involvement of the private sector (i.e. single companies and business associations) and the increased use of social - clauses as a core element in public procurement is crucial; as well as working on activation and up-skilling to promote a closer match between potential employers and employees. City authorities are also well-placed to work with employers to integrate high-quality skills growth, business support and employability measures, responding to both opportunities and needs at a local level.
- **Improved connectivity:** including maximising access to appropriate digital information and tools, but also ensuring that public transport networks enable unemployed people reach training and job opportunities cheaply and easily.
- **Intermediate labour market:** cities support social economy and social entrepreneurship organisations, such as social cooperatives and other voluntary

⁶ Investing in an inclusive society, Cities for Active Inclusion, EUROCITIES, 2013

⁷ Social Investment in cities: integrated services at local level, EUROCITIES, December 2014

organisations. Intermediate labour markets provide job opportunities to those people further from the labour market⁸.

These trends give some indication of how city authorities can design effective tailored measures and integrated services to support those most in need. As noted by the OECD⁹, the most effective initiatives for tackling long-term unemployment are rooted within their communities and have an advanced understanding of local conditions and the local labour market.

Our cities are crucial in the fight against long-term unemployment. Policies and measures in this field must be ambitious and we believe that a stronger and more systematic role for local authorities will strengthen their overall impact.

This should be formalised through a specific commitment from European and national bodies to involve cities in the design, implementation and evaluation of the range of measures needed to address long term unemployment; it should also be enabled through a dedicated allocation of resources, such as specific earmarking in the European Social Fund.

⁸ OECD - LEED Report: Tackling long-term unemployment amongst vulnerable groups, June 2013

⁹ Ibid