EAPN Assessment of the Country Reports and Proposals for Country-Specific Recommendations 2017

Annex: Country Fiches

May 2017
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1. **What is your general assessment of the Country Report? Does it provide a coherent assessment of the progress on meeting the Europe 2020 goals, in your country, particularly the poverty target? Is it primarily focused on the CSRs? How does it compare to last years? Please highlight the positive and negative aspects of the report.**


The report involves lots of economic and financial contents. It also focusses EU 2020 goals in different passages: Employment (p. 23ff), Research & Development (p. 34), Climate Change and Energy (p. 35f), Education (p. 26f).

The report doesn’t contain an own chapter regarding the EU 2020 goal “Poverty and Social Exclusion”. Poverty and social exclusion is only mentioned in connection to policy fields or on examples of vulnerable groups. Poverty mostly seems to get processed as a marginally detail or cross-sectional area during the report.

Compared to other subjects the EU 2020 goals R&D, Climate Change and Energy get too little space and discussion in the report. The goals Education and especially Employment (labour market) are more detailed. The target Poverty and Social Exclusion isn’t focussed during the report as a single topic and the CSR summary assessment only says: “In the baseline year 2008, the number of people at risk of poverty and social exclusion was 1 699 000. The respective number for 2015 was 1 551 000, i.e. 147 000 less, requiring additional efforts to meet the target.” (Risk of poverty or social exclusion target” : -235000). (p. 42)

The following parts of the Report include poverty as a subject:

The “Executive Summary” points out: “Social welfare standards are still high overall, but some groups are at greater risk of poverty and inequality is on the rise” (p. 3).

The chapter “Economic Situation and Outlook” contents a short passage “Social Developments”. There the social situation is described as “good overall, although some groups are at higher poverty risk”: because of the large gender gap in pay and pensions elderly women, and children of foreign-born parents who face at-risk-of-poverty rates above the EU average. (p.6)

This chapter mostly describes challenges and more or less good practices. It generally misses the “outlook”.

2. **What is missing from the Country Reports? ie, what new developments or issues (positive and negative) are left out? Give examples/evidence if you can.**

The following parts of the report should include poverty as a subject:

The chapter “Reform Priorities” discusses pensions (increased gender pension gap from 35% in 2008 to 39% in 2015, not set in context with poverty, p. 17) and healthcare. The healthcare part is quite
critical and gives a good overview about the challenges. It misses the connection to poverty and social exclusion.

Also, the labour market is described very detailed, this chapter mentions “groups who suffer from weaker labour market outcomes, notably older workers, low skilled workers, women and people with a migrant background” and “increase in unemployment is concentrated in certain groups (...) non-EU born people” (p. 23). Not set into connection with poverty and social exclusion.

“Reform Priorities” also includes “Social Policies”, which is handled in 5 sentences: the situation is described as overall good, the population at risk of poverty is one of the lowest in the EU, the wide gender pay gap persists, has impact on poverty rate of women, other vulnerable groups: children of foreign-born parents (poverty rates of 34,6% above the EU average of 33,2%). (p. 26)

This part is alarming short and doesn’t even deal with poverty and exclusion as a EU 2020 target. It just describes insufficient vulnerable groups. No suggestions for progress.

Education: “School education in Austria produces only average outcomes in terms of basic skills achievements and the influence of the socioeconomic status remains important.” In this passage the vulnerable group of children of foreign-born parents is only described through their deficits in the PISA results. (p. 26) No connection with poverty and social exclusion.

Generally a view vulnerable groups, mainly elderly women and children of foreign-born parents are described but there are lots of other vulnerable groups, who aren’t mentioned like for example, single parents. A detailed discussion regarding people who are endangered to or do experience poverty is missing. That is a pity having the Austrian Social Report from 2016 in mind, that includes detailed information regarding “living conditions, poverty and income in Austria”, page 179-227. It has direct connection to the EU 2020 goals and should be an informative, official document to use for the Country Report.

3. **Give your top 3 priority recommendations (CSR proposals) for policy action at the national level, and give your justification?**

1. Risk of poverty or social exclusion target
2. Take steps to improve the educational achievements of disadvantaged young people, in particular those from a migrant background.
3. R&D target: 3.76% of GDP
BELGIUM

1. What is your general assessment of the Country Report? Does it provide a coherent assessment of the progress on meeting the Europe 2020 goals, in your country, particularly the poverty target? Is it primarily focused on the CSRs? How does it compare to last years? Please highlight the positive and negative aspects of the report.

If we take into account the five goals of the Europe 2020 strategy, we must conclude that Belgium in overall makes some macro-economic progress in response to the CSR recommendations of 2016. Yet, the progress made, has no significant positive influence on the reduction on poverty. The impact of the socio-economic measures (finances, taxes, investment,) on poverty is rarely made, nor explained. Different issues can only presume an overall negative outcome regarding poverty.

There is no right-based approach of the issue on poverty, education or income. The chapter on Social Policy is too limited... It is hardly a summary of what has been done or should be done to reduce the inequalities. Compared to the other Europe 2020-goals, it is the least elaborated.

It is even worse to read in the report that the goals which (will) affect mostly the daily life of the citizens (reducing poverty, maintaining an effective social security system, climate change,) will probably not be reached by 2020.

<table>
<thead>
<tr>
<th>POSITIVE</th>
<th>NEGATIVE</th>
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<tbody>
<tr>
<td>Macro-economic</td>
<td>Macro-economic</td>
</tr>
<tr>
<td>• Economic growth;</td>
<td>• Job creation not in favour of already disadvantaged specific groups with a higher risk of poverty, creating insiders and outsiders of the economic en social system;</td>
</tr>
<tr>
<td>• good performance on job creation, as a result of the decrease of labour costs;</td>
<td>• Despite the social transfers, the inequality in wealth tends to grow. Lower incomes households have worsened in 2015-2016. Higher financial distress;</td>
</tr>
<tr>
<td>• Higher household consumption;</td>
<td>• Inflation is higher than in the surrounding countries;</td>
</tr>
<tr>
<td>• Income inequality under the EU-average (thanks to social transfers);</td>
<td>• Vulnerability of the Belgian economic growth due to the public finances;</td>
</tr>
<tr>
<td>• Better trade balance.</td>
<td>• The poverty-risk in Belgium is higher than the EU average for the unemployed population;</td>
</tr>
<tr>
<td></td>
<td>• The household debts increased (mostly mortgage loans – but debt-to-assets are still positive) larger proportion of disposable</td>
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</table>
income is invested in housing, the real estate in Belgian is over evaluated).

Poverty/Social Inclusion

- Stability of the overall risk of poverty or social exclusion below the EU average.
- Risk for the elderly (older than 65) has fallen
- the Barcelona targets of children under 3 years in childcare and of children from 3 till the minimum compulsory school age who go to school are reached
- Poverty-reducing impact of taxes and transfers tend to reduce the poverty rate for jobless households.

Poverty/Social Inclusion

- Increase of risk-of-poverty-or-social inclusion for young people (18-24);
- Higher poverty risk for specific groups (low skilled people, people with disabilities, people with migrant background).
- Higher financial distress for households in the lowest income quartile (high indebtedness)
- Increasing dichotomy between the highly educated en low-educated people in the working-age population.
- Very incomplete chapter.
- Does not take into account a lot of aspects that contribute to poverty and the impact of some measures (taxation on services, VAT increases for some products and services), that have an influence on the quality of life of the poorest. For example: the influence of the energy bill on the household finances, the access to some social benefits.
- The employment policy is seen by the government as the only effective activation policy. Which is a very reductive view.
- The children poverty is hardly treated, while it is an important concern of the Belgian anti-poverty policy. A federal plan against child poverty has been elaborated, but not yet acted by the federal entities.
- Increasing number of people relying on welfare and invalidity schemes. Unemployment policies tend to push the (mainly young) working age adults to social assistance benefits. Concerning the elderly workers (+50), there seems to be a more
important flux to the invalidity insurance system.

- Restraining the eligibility for benefits for young jobseekers and the digressively on the unemployment allowances expelled more jobseekers to social assistance.

Education and skills

- Belgian education system has a good average performance (yet with a significant increase of low-achievers)
- Better average on school leaving than the European one.
- The different governments launched reforms to reduce the inequities.
- Development of dual learning (companies take part in secondary education)
- Reform of the initial teacher education (in response to the upcoming challenges)

Education and skills

- Large differences between communities regarding the low-achievers percentages.
- Declining of the share of top performers (15 years old). The decline is most pronounced in the Flemish community. The other two communities were already under the national average.
- Several causes have an impact on the school performances: social-economic (poverty) and cultural background, family structures (single parent families) and language spoken at home. The problems are more acute in city areas. The Brussels Region is mostly confronted with the problematic issue.
- There is an insufficient policy response to the growth of the school population that is forecasted (mainly in the French community although efforts have been, made in the good direction, they are still not sufficient to decrease meaningfully the impact of socio-economic inequalities in the school population regarding the successful ending of schooling).
- Risks of big disparities between the communities as a result of different shortages (educational infrastructure, access to (experienced) well qualified teachers to cope with an increasing diversity in the school population). This will have an unfavorable impact on the mainly migrant school population in the big cities where the number of school leavers is higher than the Belgian average.
• Income Tax reform within the employment policy tend to increase the net income of the low and average wages and to support the return to the labor market of older workers.

• Regional policies directed on specific target groups (as a result of the sixth State reform)

• Promoting the inter-regional movement of labor from Brussels and Wallonia to Flanders

• Segmentation of the labor market by contract type is mainly negative for people with a migration background. They are more represented in the precarious contracts segment. The gap between the EU-born and non-EU born is cause for concern (also for second generation migrants who were educated in Belgium).

• The employment rates differ highly according to the skills of the working age people. The mismatch is meanly caused by more pronounced decrease of the manufacturing in Belgium compared to the EU (less low-skilled workers needed) and due to the less participation in adult lifelong learning.

• Impact of employability measures or lower social contributions for the employers for younger or older workers could have a negative outcome for other aged (low skilled) workers. The effects of the measures must be evaluated later on.

Funds

• The overall EU-investment to help Belgium reach its targets (taking into account several funds: ESI, EFSI, EIB) is considerable.

• The report overflows briefly the Europe 2020 targets according to the reduction of poverty. It mentions concisely all targets, but does not clarify the amount foreseen for those issues, as it does for R&D or actions in the area of low carbon economy.

Participation

• There is no information regarding the participation of the stakeholders (certainly not the civil society). Mostly the government policy is putted forward.

2. What is missing from the Country Reports? ie, what new developments or issues (positive and negative) are left out? Give examples/evidence if you can.

When one looks at the five headlines targets of the Europe 2020 strategy, it is remarkable to note that the first four issues do have a distinctive chapter, while poverty and social exclusion do not.
The country report should develop a separated chapter, or each chapter should bring in a link to poverty. For instance, what is the impact from the employment policy on the poverty risk? The issue is briefly mentioned but not analyzed. Other issues and links should also be more accurately examined (housing, tax shifts, energy costs,) to explain why the poverty rates do not diminish.

Besides the government policies, the roles of the different stakeholders (civil society, trade unions, ...) regarding the policy against poverty is not sufficiently underlined, nor the difficulties they encounter in their daily work as a result of the austerity policy of the different governments.

The proportions or amounts of EU-funds going to the policies against poverty should be more specified in the report.

To combat poverty every policy should be multi-dimensional as is poverty. This must be shown through the report, which isn’t.

3. **Give your top 3 priority recommendations (CSR proposals) for policy action at the national level, and give your justification?**

1. **Upgrading the minimum income to ensure a life in dignity for all citizens**

   BAPN and the Regional Networks against poverty reaffirmed in June 2016, just before the national budget negotiations, the need to increase the social allowances & benefits above the European poverty threshold (60 % of the median income).

   In addition to this demand the pleaders for the increase, advocate also the use of reference budgets to approach the real needs of the households living in precarity.

   This requirement was a reminder for the Belgian authorities to their commitment written down in the federal government agreement of 2014. Until this day, insufficient measures were taken to respond to this commitment.

   The main policy undertaken by the federal government to tackle poverty is to reorder the labour market, convinced that the only true way to avoid poverty is by work. Combined with budgetary austerity, this policy tends to pull down different social rights or to condition more the access to those rights (decrease of unemployment allowances, liberalization or flexibility of labour market,).

   It is the conviction of BAPN that work is essential for the socio-economic development of each person. Yet, living in poverty and the ways to get out of it are multi-dimensional and increasing jobs quantities cannot be the only accurate response. There are indeed much more areas that should be taken into account to undertake an effective policy (such as a good housing policy, a good and fair health system, the automatic access to social rights (right base approach), a truly inclusive labour market,)

2. **Build and strengthen an inclusive market**

   This recommendation has already been made during the last NRP assessment. Yet, it is regrettable to read that little progress has been made to integrate the vulnerable groups in society into the labour market. The conditions wherein migrants, for example, most work (precarious contracts) are not to favour stability in their daily lives. The dropping of the insertion allowances for younger people and
the unemployment rates of the older workers, are not necessarily the result of a booming labour market, but also the consequences of a hardening employment policy.

BAPN and its members plead for an inclusive labour market where employer’s benefits are not the only element to take into account and not given without counterparty: the wellbeing of the workers should be of primary concern. The upcoming segment of temporary contracts is a worrying trend.

3. **Restructure the taxation system towards fiscal justice**

The tax shift does not actually improve the economic wellbeing of the most vulnerable citizens. The shift from labour taxes to consumer taxes does not ease the existence of the poorest among us.

It is noted that, despite the austerity policy of the government and the failing tax shift, the government has to search repeatedly new incomes to answer to the CSR-recommendation of the EC.

Sadly, the government tends to respond to those expectations by cutting back the social expenses, to pull down the social security.

BAPN and the networks advocate for a fair fiscal redistribution system. Fiscal incomes should not mainly come from labour or consumption, but also supplied with taxes on profit and capital. It is a matter of equity.
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**General assessment**

More comprehensive/coherent and transparent Country report then the report from the last year.

**Negative/positive**

The excuse for the overall socio economic situation in Croatia was the fact, that Croatia had 2! Elections in one year! This situation accompanied by the related dynamic, prevented/decreased certain “planned” developmental results/structural reforms (education, social welfare sector, pension system).

High debts in corporate sector-the extremely high debts of the biggest corporate enterprises are endangering overall economic and social situation (critical right now!).

The Country report does not focus on poverty per se-although it points out some positive trends in the labour market-the rate of unemployment fell -12,8%, although there is, on the other hand, serious lack of professional profiles in seasonal workload! Regulatory environment is restrictive-not encouraging private initiatives.

Highlighted is the positive aspect of the current situation in Croatia-after 6 years of depression, the depression cycle has been broken-there is the increase in growth of 3,5%.

The positive and mainly the only reform is being implemented within the tax system.

2. **What is missing from the Country Reports? ie, what new developments or issues (positive and negative) are left out? Give examples/evidence if you can.**

The Country report is lacking coherent analysis and the conceptual frameworks for the crucial structural reforms in the administration (national and local level), in educational and social welfare sectors.

Missing is also more inclusive, participatory role of civil society in creating of the national policies.

3. **Give your top 3 priority recommendations (CSR proposals) for policy action at the national level, and give your justification?**

1. Reduction of the population at risk of poverty or social exclusion
2. Reduction of the proportion of young people not in employment
3. Increase of the public investing for social protection - ensure of a minimum income for all as a means to preventing and fighting poverty.

**Brief Justification/evidence of why these are the priority**

The relevant activities to enable implementation of the named 3 priorities did not happen in the last year.
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Overall, the Czech Republic has made some progress in addressing the 2016 country-specific recommendations. Substantial progress has been achieved with the parliament approval of the fiscal framework legislation (January 2017) as well as with a new career system and salary increases for teachers, as part of efforts to improve the attractiveness of the teaching profession. Some progress has been achieved with the reform aimed at making education more inclusive. There was some progress in removing barriers to greater labour market participation by under-represented groups, in particular women. Several measures contained in the anti-corruption action plan have been adopted and a new act on public procurement entered into force in October 2016. There was limited progress in ensuring the long-term sustainability of public finances.

Regarding progress in reaching the national targets under the Europe 2020 strategy, the Czech Republic has either reached or is making good progress towards its targets in most areas, including employment, R&D, renewable energy, greenhouse gas emissions and tertiary education. The country has also successfully reduced the risk of poverty or social exclusion. While the early school leaving rate remains low in international comparison, it has increased slightly over the past years and there are marked regional disparities.

In the context of a tight labour market, the participation of under-represented groups, including women with young children and low-skilled workers, remains low. The labour market participation of women with young children is negatively affected by the low availability of affordable childcare, long parental leave entitlements and low use of flexible working arrangements. Labour market outcomes for low-skilled workers are notably weaker than for all other groups. While the rate of poverty is one of the lowest in the EU, people with disabilities and members of the Roma community face a much higher risk of poverty due to low participation in the labour market.

Labour market outcomes have improved considerably in recent years but there is now a growing risk of labour market shortages. The unemployment rate stood at 4.0% in 2016, the lowest rate in the EU. The employment rate has risen quite rapidly in recent years amid high demand for labour. Employment growth is expected to slow down in the coming quarters, however, with limited scope for the participation rate to rise further. The likely emergence of demographic constraints in the medium term is expected to put further pressure on labour market conditions. **Wage growth has accelerated, although it has been modest given to the current degree of tightness in the labour market.**

Unemployment, including long-term unemployment, has continued to fall and the Czech Republic continues to have one of the lowest poverty rates in the EU.

2. **What is missing from the Country Reports? ie, what new developments or issues (positive and negative) are left out? Give examples/evidence if you can.**
The document fails to highlight the problem of over-indebtedness which is leading many people into a poverty trap. Furthermore, the problem of increasingly limited access to housing is not mentioned at all. As regards in-work poverty, the report merely talks about labour taxation but fails to address the problem of inadequate wages. Additionally, the ways unemployment trends are presented do not reflect the reality of problems faced by those experiencing long-term unemployment.

**What policies are needed to address poverty and social exclusion more effectively?**

In the Czech Republic, there is a need to change the terms of debt relief in order to make the system more accessible to persons at risk of poverty and social exclusion. In order to do this, the revision of laws related to over-indebtedness is of utmost importance; these include the Insolvency Act and the Act on Bailiffs and Executory Activities.

The Act on Social Housing needs to enter into force without delay as planned (1/1/2017) and begin to systematically deal with the situation in the housing sector in the Czech Republic. This also implies that the observed trend towards commercial dormitories must be reversed. In this context, regional governments play an essential role, as they have recently been given the responsibility to distribute housing allowances—a process that has been disrupted due to the lack of a unified methodology to distribute these allowances. Therefore, national guidance on how regions should improve access to housing is needed.

In this context, the EU could support the Government of the Czech Republic to address the problems of poverty and social exclusion more effectively by providing financial support and political support to solve the problem of access to housing, as well as to give clear recommendations on how to solve the problem of over-indebtedness of individuals (and not only State budgets).

3. **Give your top 3 priority recommendations (CSR proposals) for policy action at the national level, and give your justification?**

**Access to quality services:**

1. Introduce means-tested measuring and enforcement of alimony payments, establish an adequate level for required resources that allow all children to realise all rights of the child and establish financial mechanisms (i.e. including financial support by the State in case one parent does not pay) that ensure that all parents or legal guardians meet their obligations.

**Access to quality services:**

2. Guarantee the implementation of the Act on Social (affordable) Housing within the foreseen time schedule, which should ensure adequate legislative regulation of the rights and obligations of all stakeholders, and allocate sufficient resources in a timely manner as well as through the timeous allocation of resources.

**Inclusive labour markets:**
| 3. Increase the level of the minimum wage to CZK 12,000 and impose stricter controls on employers’ compliance with labour legislation (e.g. safety standards, over-time compensation, and undeclared work).

**Other:**

4. Revise the Insolvency Law and the Law on Court Executors and Execution so that Czech legislation provides adequate conditions to reduce the high levels of private over-indebtedness. |
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Its seems that EU 2020 is still more outlined in the Country report, especially it’s social goals and that macroeconomic matters, structural changes, competitiveness etc. are driving logic behind the CR. Of course the CR also deals with social sector and employment and EU2020-targets, but it seems that the logic in them is also a bit more stick than carrot -kind of solution than last year, and what is missing is the analysis of how the negative incentives to work can produce more poverty.

2. What is missing from the Country Reports? ie, what new developments or issues (positive and negative) are left out? Give examples/evidence if you can.

Last time the CR was looking some socially negative trends a bit more closely and thinking that why are they worsening, now this is a bit more missing, even the social trends are not turned in big picture.

E.g. in Country report Finland is encouraged to increase incentives to work and dismantle traps. Cuts to unemployment benefits and adding conditionally is brought up in a positive light. But it is not evaluated how cuts to benefits will impact the risk of poverty and social exclusion.

It is said In Country Report that strengthening incentives to work is the key to increase labour market participation. Narrowing the eligibility to some benefits, strengthening conditionality or increased sanctions in case of non-compliance with activation requirements are some of the measures proposed by the government. As said in the Country Recommendations 2016 it is also important introduce positive incentives to accept work, such as improving the possibility to combine work and benefits. It is also important to increase the budget for active labour market policies instead of cutting it. Increased incentives to work bring the best benefits when coupled with effective active labour market policies.

In Country Report, it is said that some recent measures allow early retirement for the long-term unemployed, and that this may build up expectations that similar possibilities will be available again in the future and this may discourage those eligible to seek employment. Instead of suspecting people to get lazier, it would be good to point out that something should be done to ultimate causes of this situation: try to find more far-reaching solutions and influence the causes of long-term unemployment especially very long-term unemployment (over two years).
3. **Give your top 3 priority recommendations (CSR proposals) for policy action at the national level, and give your justification?**

1. Decrease poverty and social exclusion in the line of Europe 2020 national target. That could mean raising the level of basic income security benefits, building more affordable housing especially to big cities and improve the position of low income families and older people.

2. Improve the situation of long-term unemployment (including youth, refugees/migrants/immigrants) and decrease unemployment. It is important to increase resources for active labour market policies, especially for wage substitutes and Youth Guarantee.

3. The social and health care reform should be done so, that it would decrease health and wellbeing inequalities and secure good and accessible services also for vulnerable people and people who needs many services. The present proposal about “the freedom of choice” does not promote equality and cost-effectiveness.

**Brief Justification / Evidence:**

1. Poverty is not decreasing and many different developments and policies (including cuts in the social security, prices of housing) indicate that it will continue to increase. There is evidence made by microsimulation, that the budget of the state 2017 is going to affect so, that poverty rate and gini-coefficient is going to rise. This is top priority recommendation, if Finland is going to have any hope in achieving it’s 2020 national poverty target!

2. Unemployment is not anymore increasing, but long-term unemployment is still increasing or at least stagnating, feeding poverty and taking Finland further away from achieving it’s 2020 national employment target.

3. Social and Health care reform is quite good on its way, but the aim to reduce health inequalities with this reform is more and more missing, when the government has made deal to open more competition and force every actor (including public sector) form companies, which can jeopardize the whole reform. Finland has relatively big health indifferences between socio-economical groups.
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**What is going well in Germany:**

- Economic growth, national budget surpluses
- In 2016, the Federal Government provided the federal states once more with extra funds for investment in social housing and expanding preschool childcare
- Poverty reduction along German national Europe 2020 target
  - Unemployment rate 3.9%
- Latest projection of tax revenue undertaken by the Ministry of Finance suggests that tax revenue is projected to rise over 2016-2020 by about 0.6% of GDP.

**What is going bad in Germany:**

- All in all, weak public investment
- Household income and consumption continue to be restrained by the high tax wedge on labour, especially for low-wage earners.
- A key reason for child poverty in Germany is the high at-risk-of-poverty rate of single parents (33.7% in 2015) including in-work poverty (24.3% in 2015).
- Increase in employment has been partly due to an increase of (involuntary?) part-time work, in particular among women. In-work poverty has steadily increased in Germany in recent years and is above the EU average (in 2015, 9.7% compared with 9.5%), which partly relates to the high proportion of part-time employment. Mini-jobs remain widespread, with about 4.8 million people having a mini-job as their only job in September 2016, which represents only a 1% reduction in a year. A significant share of mini-jobbers earns hourly wages below the general minimum.
- The good labour market performance of recent years has not led to a decline in the risk of poverty. Various indicators of relative poverty and social exclusion are on the increase.
- The larger low-wage sector has created new employment possibilities but also tends to accentuate wage inequality and in-work poverty.
- Low upward mobility due to a relatively strong link between socioeconomic background and education outcomes contributes to inequality.
- Capital income is generally exempted from social security contributions.
Around 57% of long-term unemployed people (around 1 million) have been in that status for more than two years. A significant proportion of them suffer from multiple employment barriers such as low skills and a lack of language skills, health problems, care obligations or age-related problems. Jobcentres do not seem to sufficiently link active labour market policy (ALMP) measures to follow-up actions. Moreover, the per-capita integration budget for long-term unemployed recipients of unemployed benefit II (Eingliederungsleistungen) has been reduced since 2010.

2. **What is missing from the Country Reports?** ie, **what new developments or issues (positive and negative) are left out? Give examples/evidence if you can.**

**Extending working lives remains a challenge**

Especially in the context of ageing. Extending working lives is only possible if matched with incentives for later retirement and with skills-upgrading measures based on well-targeted relevant types of learning.

The health aspect is totally missing in this context. Health prevention measures during working time, healthy working conditions and support for people with physical or mental illness in order to empower them if they are able and prepared to work.

Pension adequacy is expected to further deteriorate. The number of people at risk of old-age poverty is expected to increase in the coming years. Until now the take-up and coverage of second- and third-pillar schemes is too low to fully compensate for the decrease in the replacement rate of the first pillar.

**Public Health,** indicators to measure the effectiveness of public health measures have to be included in the country report even though health is not a direct issue or target in the Europe 2020 Strategy. However good health is a condition for wellbeing and for being able to overcome poverty.

3. **Give your top 3 priority recommendations (CSR proposals) for policy action at the national level, and give your justification?**

1. Making active inclusion more attractive and more compulsory (well organized jobcentres coordinating job offers and job seekers in an effective way – active labour market policy; high quality social services; adequate and decent minimum income)

2. Using the national budget surplus for an increase of the per-capita integration budget for long-term unemployed recipients of unemployed benefit II

3. Collecting more capital for social security contributions, including capital income
Ireland

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The Country Report for Ireland covers a wide range of issues. While it is predominantly on economic issues, and there are a number of gaps, it is fairly comprehensive on most areas related to services and on issues related to access to the labour market. In the Executive Summary the Report states that ‘Member States should focus on improving social fairness in order to deliver more inclusive growth’. This is an important opening statement.

It provides an update on progress in meeting the Europe 2020 target, including the poverty target, and in responding to the 2016 CSRs for Ireland.

Strengths and weaknesses

It is not easy to separate strengths and weaknesses of the report as they are at times linked.

Taxation and Investment: The 2016 report went into great detail on the deficit in social services and infrastructure in Ireland and this translated into a line in the macroeconomic CSR. The 2017 report mentions this issue under the heading of investment but is much weaker on the deficits in social infrastructure. The 2016 report also went into great detail on the fact that Ireland’s tax to GDP ratio is 10% below the EU average and the challenges this brings for investment in infrastructure. It was also critical of cuts to taxes which erode the tax base rather than expand it. The 2017 report covers the issue of the narrow tax base and some of the cuts which further erode it. However, apart from a reference in the Annex on the CSRs at the end it does not refer to the Government’s commitment to the complete elimination of the Universal Social Charge (USC). This is effectively an income tax with those on higher incomes paying a higher percentage USC. The Government has already made cuts to this in two successive budgets and it resulted in a disproportionate benefit to the better off.

Both the 2016 and 2017 reports also fail to refer to the Stability and Growth expenditure rules which limit the resources available for investment and instead is critical of the Government for not following the CSR recommendation to ‘use windfall gains from strong economic and financial conditions, as well as from asset sales, to accelerate debt reduction’. This would have even further reduced the resources available for critical investment in infrastructure.

Poverty: The report states that material deprivation has fallen, but is still much higher than in 2008 before the crisis. The rate of poverty and social exclusion is higher than the EU average, including for children. Relative poverty is below the EU average but increased among young people in 2015. Social transfers play a major role, reducing relative poverty from 46.3% to 16.3% in 2015. In relation to the Irish poverty target it states that achieving the target ‘remains ambitions’.

While poverty levels may have peaked, and material deprivation is falling, they are still at crisis levels and poverty is a daily reality for a large number of people. The report does not communicate any urgency in relation to this situation. Also, as in previous years, the section on poverty and related social polices fails to approach it in an integrated manner and does not address the need to ensure access to adequate minimum income for all, or the need for employers to pay a living wage. The
The report focuses on the high level of low-work intensity for some groups, which is falling but remains well above the EU average. It states that persistent joblessness is more common for women, older adults, those with lower levels of education, adults with a disability and in one-adult households with children. It mentions the Government commitment to developing a ‘Pathways to Work for Jobless Households’ and to introducing a new working family payment to support the transition to work. It highlights the need to address work disincentives in the tax and welfare system. Importantly it also highlights that only about 3% of those in receipt of unemployment benefits would be financially worse off in the short term when taking up work but that there is need for in-work benefits to increase the financial gain from taking up work. While there is a need to ensure that work pays the report does not address the need to ensure decent pay and a living-wage as key elements to making work pay. Focusing on lowering taxes and increasing in-work supports can be important measures but both risk contributing to the erosion of the tax base and subsidising inadequate pay if it is not implemented alongside the provision of a living wage and adequate take home pay.

The report should be promoting an integrated active inclusion approach to supporting people to transition to the labour market involving access to adequate minimum income and quality services and decent jobs with living wages.

Inequality: The report highlights that Ireland has one of the highest levels of market income inequality in the EU but that the tax-benefit system is effective in reducing income inequality to below the EU average. It also states that households' net wealth inequality is relatively higher than income inequality and among the highest in the EU. The report does not make any attempt to say how this could be addressed but does highlights that cutting personal income tax, which is Government policy, could significantly reduce revenue collection and have a regressive impact on income redistribution which could increase inequality. Throughout the report it does not mention the issue of decent pay, another measure which can help address market income inequalities.

Employment: The specific challenge of addressing the needs of the very long term unemployed is highlighted. The Report also highlights the low labour market participation of people with disabilities, referring to the Government’s Comprehensive Employment Strategy for People with Disabilities. Addressing the needs of these groups, as well as the needs of jobless households, through the promised Pathways to Work for Jobless Households will require an integrated active inclusion approach. This is not addressed in the Country Report. The current reviews of Ireland’s main activation programmes are mentioned. It will be interesting to see if this review, and the Commission’s subsequent commentary, will focus on issues wider than just numerical outcomes and address the dominant culture and the quality of activation services from the perspective of those using it. The report rightly highlights the skills gaps that exist for those who are low skilled.

Housing and homelessness: The Report highlights the current housing crisis a number of times and recognises both the economic and social consequences of the shortage in housing, including high levels of homelessness. It correctly recognises that the current housing completions are not sufficient to meet demands. However it could be stronger on this point, including on the challenges in the delivery of the targets set in Rebuilding Ireland – the Action Plan for Housing and Homelessness. It is rightly critical of the new Budget 2017 ‘help to buy’ tax measure for first time buyers which will result in an increase demand, and possibly house prices, as opposed to addressing supply. In terms of spiralling market rents it supports Government measures to increase housing benefits to help those on low incomes to meet the cost but is critical of the new policy on rent controls as it claims this this will impact on supply. However, there is an urgent need to stem the
rapid increases in rental costs which are at their highest levels ever and a direct cause of homelessness.

**Health:** The section on health focusses on cost-effectiveness, an ongoing issue for the Commission related to structural reform since the troika memorandum of understanding. The report does mention the negative impact of the Irish two-tier health system, which allows those with health insurance to jump the queue in the public health system but in a much less thorough way that in the 2016 Report. In both cases it fails to link this inequality in the Irish system to the lower health outcomes for the most marginalised individuals and groups and on the lowest incomes. It refers to the All-party Oireachtas (Parliament) Committee which is tasked with proposing a 10 year strategy for the reform of the Irish health system. This will hopefully result in a more rights based approach to health including addressing current health inequalities and the social determinants of health. The report does highlight the importance of ongoing development of Primary Health Care Centres in Ireland, which should result in greater equality of access and better preventive measures, but the Commission only highlights the cost-effective benefits of these Centres.

**Education:** The report correctly indicates that Ireland has met its target for early school leaving and at 6.9% in 2015 is among the lowest in the EU. It also highlights the important role of the Delivering Equality of Opportunity in Schools (DEIS) Programme. In relation to educational performance it states that the ‘impact of socio-economic status on performance is fairly limited’. It is important that the Commission provide the evidence to support this statement. EAPN Ireland, among other organisations, has highlighted the importance of including sub-target for the three Europe 2020 social targets to ensure that no group is left behind. There is a lower educational achievement for some groups such as Travellers and those from lower socio-economic backgrounds and while the DEIS programme helps to address it, further measures are needed, and in particular for those for whom the formal education system does not deliver the desired outcome. The 2016 Report highlighted the impact of cuts in educational support for Travellers during the years of austerity as having a long term negative impact on Travellers. This is the case and needs to be addressed through including sub-targets and linked policy responses for specific groups.

**Childcare** is an issue raised for many years by the European Commission for Ireland, including in the CSRs and it is raised again in the Country Report. There is a lack of affordable quality childcare in Ireland. Providing the level of childcare that is needed will require a large increase in investment. The Report mentions the new Single Affordable Childcare Scheme which was announced in Budget 2017, which if fully developed and invested in over the coming years could result in a positive childcare model in Ireland. This scheme includes a subsidy element for low income families. A number of changes need to be made to the proposed design of the new Scheme to make it more accessible and affordable including increasing the hours for the ‘standard hours subsidy from 15 to a level which better reflects the childcare needs of those working part time. The issue of ‘quality’ childcare was named in the 2016 CSRs and there is a specific focus on it in the 2017 Country Report, which outlines some of the measures taken by the Irish Government to begin to address quality. All of these issues are key to ensuring that the model of childcare developed in Ireland not only supports parents, and particularly women, to access the labour market but also help address child poverty and ensure all children have a better start in their lives.

2. What is missing from the Country Reports? ie, what new developments or issues (positive and negative) are left out? Give examples/evidence if you can.
Similar to previous years the Country Report does not address the issue of access to or the adequacy of minimum income in Ireland. This is despite the fact that the current levels are below the poverty line and not adequate to meet a Minimum Essential Standard of Living. There was a welcome €5 increase in all adult social welfare payments in Budget 2017, which comes into effect in March 2017, although there were only smaller increases for jobseekers under 26 years of age who are on a reduced payment.

While highlighting the need to address low work intensity as part of measures to reduce poverty it does not mention the issue of precarious work or the gap between the Minimum Wage and what is required for a living wage. Instead it only highlights the importance of in-work benefits and taxation.

The section of the report dealing with health mainly focuses on cost-effectiveness and does not address inequalities in the health system and the lower health status of those on low incomes or marginalised groups and communities.

3. **Give your top 3 priority recommendations (CSR proposals) for policy action at the national level, and give your justification?**

   1. The Irish Government needs to develop and implement a five-year anti-poverty strategy to replace the current extended strategy which comes to an end in 2017. This must be an integrated all of Government strategy which is based on human rights, dignity and equality and addresses:
      - Access to adequate social welfare levels to meet a minimum essential living
      - Access to quality jobs for all
      - The provision of affordable and accessible quality public services including housing, health, care, education and training, utilities and transport.

      The strategy must involve a delivery infrastructure which includes poverty and equality impact assessment, the resourcing of a community infrastructure which supports the effective participation and engagement in decision making of those experiencing poverty and social exclusion and a taxation base to adequately resource the delivery of the strategy.

   2. Implement a meaningful process for transparent ex-ante poverty, equality and gender impact assessment which must be carried out on all relevant policies, including economic policies such as the national Budget. This will ensure consistency in the policy making process and recognise the integrated nature of social, economic and environmental policy.

   3. Benchmark social welfare rates to a level which raises people out of the risk of poverty and to the amount required to allow people to meet a minimum essential standard of living. These rates should apply to everyone.
4. The necessary steps must be taken to broaden the tax base and increase tax levels towards the EU average while strengthening the fairness and progressiveness of the taxation system.

**Brief Justification / Evidence**

While Ireland has a social inclusion strategy (the current strategy is an Updated National Action Plan for Social Inclusion 2015-2017) it is currently being implemented in a piecemeal manner and not in an integrated way. There is also little evidence of an all-of-Government ownership of the strategy. During the crisis and in the recovery particularly elements have not been addressed and poverty levels have grown with 16.9% of people at risk of poverty, 25.5% experiencing material deprivation and 8.7% (4.2% in 2008) experiencing both of these and therefore in consistent poverty. The Europe 2020 target is to reduce consistent poverty to 2% or lower by 2020. This will not be achieved without commitment to implementing a new integrated and ambitious all-of-Government strategy.

While Guidelines for poverty impact assessment exist for Ireland and it is supposed to be part of the regulatory impact assessment process it is only implemented in very limited and non-transparent way with no real sign of impact. This has meant that many policies have been developed which have increased and deepened poverty levels for people. The current Programme for Government commits to ‘develop the process of budget and policy proofing as a means of advancing equality, reducing poverty and strengthening economic and social rights’. This includes establishing new processes in relation to the annual Budgets. It is important to see these commitments progressed.

While there was a welcome €5 increase in March 2017 the current social welfare rates, particularly for those of working age are inadequate. Working age social welfare rates are €193 per week while the 60% at-risk of poverty line was just over €229.97 per week in 2015. Also the vast majority of household types who are dependent on social welfare are not able to afford a minimum essential standard of living. A lower social welfare rate also applies to many young people under 26 years of age.

Ireland’s tax take is low by EU standards, around 10% below the EU average. While measures were taken to broaden the tax base and increase tax levels during the crisis as a means of contributing to closing the budget deficit the Government has introduced measures to reduce taxes on incomes in the last two budgets. Many of these measures have also been regressive and had a greatest benefit for those on higher incomes.
LATVIA

1. What is your general assessment of the Country Report? Does it provide a coherent assessment of the progress on meeting the Europe 2020 goals, in your country, particularly the poverty target? Is it primarily focused on the CSRs? How does it compare to last years? Please highlight the positive and negative aspects of the report.

Positive: at least few absolute numerals appeared to visualize reality, but still more absolute (not %) digits should appear. All information done in % should be explained also in absolute digits.

Real action plan should be mentioned to be implemented with concrete terms and description.
Sanctions, penalties, if implementation will not appear should be described.

Minimal income GMI 50EUR per person per month is mentioned!

Where is decent and dignity life criteria?

Austerity actions and changes of law is very fast, but changes for dignity life and adequate minimal income is very long term and still in promises

2. What is missing from the Country Reports? ie, what new developments or issues (positive and negative) are left out? Give examples/evidence if you can.

Should be concretely mentioned minimal pension (around 65 EUR per person per month), disability benefit/pension on which person with disability or special needs should be able to survive (around 75 EUR per person per month).

Politicians report free medical services available for children and other in need, but only on paper, ie, for free dentist children should wait in a queue and waiting when the quota appears, same for different public with chronically diseases.

To get disability certificate persons in risk of poverty do not have sources to do all necessary medical examinations because of prices and can’t enter disability benefit/pension. Disability recertification for persons in working age is very short term (2 years).

3. Give your top 3 priority recommendations (CSR proposals) for policy action at the national level, and give your justification?

1. GMI should be increased significantly at least 400EUR per person per month and it should be state guaranteed, sharp available and to be free of lot of bureaucratically procedures

2. Non-taxable minimum should reach at least 600EUR per person a month

3. Free medical services and for disability certification should be available at least for children, pensioners and others in work age need with low income and at risk of poverty (under 600EUR per person per month)
Brief Justification / Evidence:

Comparably unequal in comparison to private/NGO (up to EUR1000 per person per month) too high salaries/wages in public sector (from EUR3000-90000 per person per month), especially, state/municipality owned enterprises and state/municipality owned NGO-s and office personnel.
1. **What is your general assessment of the Country Report?** Does it provide a coherent assessment of the progress on meeting the Europe 2020 goals, in your country, particularly the poverty target? Is it primarily focused on the CSRs? How does it compare to last years? Please highlight the positive and negative aspects of the report.

**Positive**

New generous child allowance (called 500+) which is universal from the second child. It is expected to decrease overall poverty, child poverty and income inequality significantly.

Rural poverty was mentioned but only in the context of proposals of reform of the farmers’ pension system.

Emphasizing high rate of in-work poverty but only in the context of rising minimum wage.

Pointing at deficiencies of long-term care system which is underfinanced and exclusionary for carers.

**Negative**

Cash benefits are seen as incentives for work not as social protection measures or social investment.

Segmentation of the labour market is seen as productivity and human capital issue only.

Flexibility of the labour market is still main preoccupation with security neglected.

No mention of rights-based approaches predominant economic view.

2. **What is missing from the Country Reports?** ie, what new developments or issues (positive and negative) are left out? Give examples/evidence if you can.

Energy poverty, housing poverty, homelessness, poverty of the unemployed, poverty of the disabled not mentioned

Active integration recommendation, Investing in children recommendation not mentioned, not applied to evaluation of country progress

3. **Give your top 3 priority recommendations (CSR proposals) for policy action at the national level, and give your justification?**

1. Substantially expand childcare for 0-3 year-olds and pre-school 3-5 year olds with special programs for children form disadvantage families. Increase in financing government Program Toddler (Program Maluch) should be at least from 151 million zł to 500 million zł per year.
2. Make new child allowance (program 500+) more redistributive and equitable by exclusion of rich families (at income test 1922 zł net per person in family) and introduce of gradual withdrawal of allowance for families with income above income test (50 gr for 1 zł).

3. Change focus in antipoverty policy from families with children to families without children but with dependent adults and single person households in working age and retirement age.

**Brief Justification / Evidence:**

1. Childcare for 0-3 year olds is very important as social investment and life chances equalization. It is good for mothers and children living in poverty. Mothers could look for job, combine job and care. Children from poor families have more diverse and stimulating environment. As the evidence from Germany showed expansion of 0-3 childcare is good for fertility rate.

2. New child allowance is also for rich families but it excludes some low-income families e.g. single parent with one child at minimum wage.

3. Prediction from microsimulation models are very optimistic for decreasing poverty in families with children. It is highly probable that in future years, poverty will be more prevalent in households without children, especially in single person households.
1. **What is your general assessment of the Country Report? Does it provide a coherent assessment of the progress on meeting the Europe 2020 goals, in your country, particularly the poverty target? Is it primarily focused on the CSRs? How does it compare to last years? Please highlight the positive and negative aspects of the report.**

**General assessment:**

Generally, economic aspects continue to be the main content of the report; however, it’s important to say that, following the last year report, it contains a significant analysis of the Portuguese social context. The analysis is not fully balanced because some subjects needed a more deep analysis, like housing, but this doesn’t happen.

Overall, the report clearly states that *While the Portuguese economy has continued to recover for the fourth consecutive year, it remains vulnerable to shocks.* This match with the IMF report, which was published in the same day and that also recognizes the evolution of the country’s economy, but *reveals doubts regarding the sustainability of the results.* The Government answered making a positive analysis of the national economy and about the deficit (that will not exceed 2.1% of GDP) and finalising with a reference to the National Reform Program as an important instrument to increase potential growth and ensure sustainable and inclusive growth.

**Positive aspects:**

- The report highlights as positive the “recovery of the labour market” as a result of the employment increase and a drop in the unemployment. According to the most recent data from the National Institute of Statistics (INE), the unemployment rate in December 2016 reached 10.2%, which is "the lowest observed since March 2009 (10.0%)". Also in December 2016, "the employed population was estimated at 4 601.6 thousand people, having increased 0.4% (16.9 thousand) in relation to the previous month", that is, 58.7% (in December 2015 it was 57.1%). It should also be noted the Government’s intention to integrate the so-called “state precarious”, including teachers and other contract employees – many of them in this situation for a long period. Although these numbers are still insignificant, they are symbolic (for labour market in general and also for the state sector) regarding the intention to solve the employment situation of these workers.

- The increase of the National Minimum Wage is also assumed as important taking in consideration its impact in reducing in-work poverty. The fact that the Government has created a “structure to monitor the impact of minimum wage developments... through quarterly reports that are published and discussed with the social partners” is also significant, since it’s fundamental to monitor the implementation and effectiveness of the measures that are implemented. The Government has already announced the intention to implement “an upward trajectory of the NMW that will achieve 600€ in 2019”. So on the 1st of January the NMW was updated to 557€. It should also be noted that Portugal has one of the highest rates of working poor in the EU (6th place) with 10.9% (2015). This rate has increased compared to 2014 (10.7%). The main factors explaining this situation are low quality employment and unsafe/precarious working relationships.

- The report also highlights the fact that “active labour market measures [continue] to favour transitions to employment, although the percentage of jobseekers is declining”. The suspension
of the obligation of persons registered in the employment centre to appear twice a month in the services is highlighted as important, since in the Commission view it has been “replaced by personalized measures, including for the long-term unemployed”.

- In terms of Health the “efforts to guarantee access to quality health care” is highlighted as positive. At this level we highlight the reduction of waiting lists, reduction of user fees, and the increase in the number of Family health units.

- Regarding Education, once again, the good results in reducing the school drop-out rate – one of the goals of Europe 2020 strategy – is highlighted. The report also mentions the Educational Territories of Priority Intervention Program and the strength of school autonomy (allowing schools to design policies in line with local needs). In terms of measures implemented is seen as forward the Plan to promote school success because this plan aims “tackle inequalities in education and prevent school failure”, both problems that the report considers that are still worrying in the Portuguese reality.

- Finally social protection: its positive the measures implemented in the beginning of 2016 related to a better coverage of the social protection system. The recovery of the amounts of family allowance, Social Insertion Income; solidarity complement for the elderly, and so on it was very important. The Commission highlighted the impact of social insertion income changes in the reduction of poverty severity, when comparing to the impact of the changes implemented in the family allowance and the elderly complement. It’s also positive the new provision for the unemployed who no longer have access to unemployment benefits or support. Until November 2016 the new provision has already covered 3 065 people.

**Negative aspects:**

- Considering unemployment the report recognizes the still serious national situation of long-term unemployment and youth unemployment. According to INE, the long-term unemployment rate in 2016 reached 62.1% which, in the Commission’s view, "had a negative impact on potential growth". With regard to youth unemployment (15 to 24 years), this rate stood at 28.0% in 2016 (INE). One of the highest in the European Union. The report also states that Portugal continues to have a serious labour market segmentation that, particularly, pushes young people into precarious jobs. The Commission considers that "employment support measures aimed at promoting hiring under fixed-term contracts" will have a limited impact on the segmentation of the labour market. It is also noted that the strong increase in Tourism will have contributed to the growth of employment, but nothing is said about the type of employment that is created, since in the area of tourism the risk of seasonal and temporary employment is higher.

- The minimum wage increase remains to be seen with reservation considering that can "bring some risks for employment in the categories with low wages".

- Considering health it’s mentioned that there are still limits to access to primary health care, specially the fact that there are people without family doctor.

- Regarding education, the report highlights the impact that the socioeconomic situation has in student performance. This situation is particularly relevant in high retention rates: "the gap is significant, with rates higher than 52% among disadvantaged students and less than 9% among those in favour."

- The report mentions that the “indicators of inequality, poverty and social exclusion have improved in 2015, in line with declining unemployment”. In fact the AROPE Indicator decreased between 2014 and 2015 from 27.5% to 26.6%. At the national level, INE also points out the reduction of the poverty risk rate from 19.5% (2014) to 19.0% (2015). Portugal also has serious
poverty and social exclusion (29.1% by 2015), and the trend of declining poverty in the elderly has been overturned in recent years, reaching 18.3% in 2015 (17.0% in 2014). The Commission’s own report states that even the poverty and exclusion rate of older people is lower than that of children, that it is still above the EU average. With regard to the targets set in the 2020 Strategy, the number of people at risk of poverty or social exclusion increased by 72,000 between 2010 and 2015. Despite the decrease between 2013 and 2015, the national target remains far from being achieved. It is also highlighted as worrying that Portugal continues to be one of the countries with the highest level of inequality in income distribution. According to INE, in 2015, 20% of the population with the highest income received approximately 5.9 times the income of the 20% of the population with the lowest income. The level of inequality between rich and poor also extends to access to health care: "the gap between the poorest and the wealthiest families in the unmet need for medical care reported by the family increased from 2.3 pp in 2008 to 6.7 pp in 2014 (EU average: 4.9) ".

2. What is missing from the Country Reports? ie, what new developments or issues (positive and negative) are left out? Give examples/evidence if you can.

- Following 2016 CR is highlight the negative migration flows, the emigration and the population ageing, and their significant impacts on the reduction of working population and long-term growth. The report continues to stress that the rising cost of aging jeopardizes fiscal sustainability. However, nothing is said about the fact that Portugal continues without an effective policy for the promotion of active aging, which in an integrated strategy would have effects in all the social and economic sectors of the country. Even at the level of pensions, for example, the increase in retirement age is mentioned, but nothing is said about the importance of lifelong learning and the importance of adjusting working conditions to the age of the workers. For example, in a country where the lack of digital skills continues to hinder the revitalization of the skills of the workforce, especially among the elderly and low-income groups, it's crucial to define and implement measures to take into account the ageing challenge at national and European level.

- Housing continues to be residual in the report. Even so, the document states that there are signs of setbacks in housing market reforms, but it still needs a more comprehensive assessment, in particular, given the difficulties still faced by vulnerable people in accessing to a decent housing.

- The situation of certain groups, such as the homeless, immigrants, and ethnic minorities, including the Roma communities, is still missing in the report.

- Gender issues, in particular regarding women situation, remains very residual in the report. Reference is made to the employment rate and the state of sickness and health incapacity of women which is still higher than the European Union average but requires a more detailed analysis of the difficulty of access to the labour market, Poverty, and even their higher rates of longevity and the difficulties that older women face due to the low pensions they receive (due to lower contributory careers).

- In the poverty analysis nothing is said about the importance of a national strategy to fight this problem, especially when it’s recognized that the 2020 target is far from being reached. In the same sense, and following the community orientation to allocate at least 20% of structural funds for the fight against poverty and social exclusion, nothing is said about this. It is considered that the intervention of SF is aimed at addressing the broader structural obstacles to growth,
competitiveness and job creation. It should be noted that poverty is an obstacle to growth but is also a consequence of a number of factors to which the definition of a Strategy is fundamental.

- Regarding structural funds nothing is said about the delays in the opening of applications and the definition of certain programs, such as FEAD, which was only presented in 2017.
- Like last year report, this one lacks again to mention the need for effective participation of different actors in the decision-making process, with a view to a greater and better transparency of public policies and their local and national needs and the necessary co-responsibility of individuals and communities.
- Finally there isn’t a explicit focus on fighting child poverty, reinforcing the investment in childcare services quality, accessible for all; also in education and tax regimes in favour of families with dependent children and in promoting policies and services that support a better conciliation between family life and work.

3. **Give your top 3 priority recommendations (CSR proposals) for policy action at the national level, and give your justification?**

1. Definition and implementation of a national and a European strategy to fight poverty and social exclusion with particular attention to specific groups, like elderly, children, homeless, ethnic minorities, among others.

2. The need to implement a strategy of active inclusion with a close attention to young people and NEET.

3. Promote intergovernmental cooperation and social dialogue.

**Brief Justification / Evidence:**

1. A National Anti-Poverty Programme is essential, as it is not possible to fight poverty and social exclusion with an emergency programme structured on piece-meal policies with no intrinsic coherence. It is also not possible to detach social policies from other policies (including employment and education and training policies but also fiscal, economic and demographic policies), as the current situation clearly demonstrates the strong negative influence of the policies currently implemented and makes the case for the poverty proofing of those. Only under a comprehensive and coherent strategy will be possible to fight poverty and social exclusion with better and improved social policies that are not questioned and endangered by other relevant (and most of the predominant) policies.

2. It’s important to make a good use of Structural Funds – Portugal 2020 Program – to guarantee the inclusion into decent jobs of NEET and young people. In this process we can’t forget the access to an adequate social protection system.

3. Intergovernmental cooperation is key for the definition of a national European Strategy to fight poverty and social exclusion, as well as social dialogue with civil society and people experiencing poverty and social exclusion. At this level we can’t forget one of the dimensions already mentioned in the previous Country Report and that is related with the importance to guarantee an effective participation in all the European semester. We have already identified some changes in this process.
at national level, but it would be fundamental to guarantee the real participation of different actors and guarantee the inclusion of their contributions not only in key documents, such NRP, but also in national policies.
1. **What is your general assessment of the Country Report? Does it provide a coherent assessment of the progress on meeting the Europe 2020 goals, in your country, particularly the poverty target? Is it primarily focused on the CSRs? How does it compare to last years? Please highlight the positive and negative aspects of the report.**

**General assessment.** The Report is extremely well documented, with a strong economic focus and key points on social hardships. It acknowledges that the Spanish economy continues to enjoy a strong recovery, and that is moving towards a more balanced composition of growth than before the crisis; Growth is expected to slow, but remains robust. However, the Commission warns that the legacy of the crisis has not yet been fully overcome, and significant challenges remain. Spain has undertaken a substantial economic adjustment, but the stock of imbalances leaves the economy vulnerable. Private sector debt continued to decrease, supported by a healthier financial sector, but public sector debt has not been reduced, resulting in a slow reduction of the very high level of external debt. On the social side, although unemployment has been falling rapidly, the Report remarks that it remains very high, and both poverty and income inequality are among the highest in the EU. New jobs are part-time or temporary, often seasonal, and tend to be occupied by women and young people.

**Report’s conclusions on EU2020 goals:**

- Spain is performing well in reducing greenhouse gas emissions and is also on track to achieve the agreed renewable energy share.
- The tertiary education attainment target is within close reach.
- While the country is still far from the targets for the employment rate and early school leaving, the gaps were reduced substantially in 2015 and 2016.
- By contrast, there was little progress towards the targets for R&D investment, energy efficiency, and reducing poverty risk.
- Social developments: The improvement in the labour market translated into a small decline in poverty and social exclusion rates.
- Income inequality, as measured by the income quintile ratio (3), widened during the crisis, and is one of the highest in the EU. This trend was largely due to soaring unemployment and persistent segmentation (4), which mainly increased inequalities at the bottom of the income distribution (OECD 2015). There is a specific chapter: LABOUR MARKET, EDUCATION AND SOCIAL POLICIES.

**Report’s assessment of CSRs 2016:**

Overall, Spain has made limited progress in addressing the 2016 country-specific recommendations. It should be borne in mind when assessing progress towards implementing the CSRs that, since the publication of the CSRs and until early November 2016, Spain had a caretaker government without full legislative powers. However, limited progress was achieved in strengthening public procurement policy frameworks, and some progress in implementing the fiscal framework law.

CSR 2 (which we can consider as “the social” one): (Verbatim) “Take further measures to improve labour market integration, by focusing on individualised support and strengthening the effectiveness of training measures. Enhance the capacity of regional employment services and reinforce their
coordination with social services. Address gaps and disparities in minimum income schemes and improve family support schemes, including access to quality childcare and long-term care”.

- Some progress was achieved in the provision of individualised support by the regional employment services.
- However, limited progress was made in improving coordination between employment and social services, addressing gaps in social benefits and improving family support, including the provision of child-care services.
- The Commission finds that Spain has made some progress in implementing CSR2, following the adoption of a three-year action plan to strengthen the employment services' capacity to provide individualised support for long-term unemployed and the evaluation made of the regional employment services.
- Some progress was made in the provision of long-term care services.
- Progress was limited in improving the labour market relevance of tertiary education and in fostering university-business cooperation, as well as in increasing performance-based funding for public research bodies and private sector investment in research and innovation.
- Job creation has been strong in recent years and unemployment decreased rapidly, but remains very high. Labour market reforms are credited to have cushioned the fall in employment during the later stages of the crisis and increased the responsiveness of employment to growth. Wage moderation has also been an important driver of strong job creation and competitiveness gains in recent years. The unemployment rate has been declining rapidly in the past three years, but remains among the highest in the EU, especially among young and low-skilled workers. Almost half of the unemployed have been without a job for more than a year. Spain is taking measures to strengthen individual support to the long-term unemployed, but their effectiveness depends on the capacity of the regional public employment services.
- The widespread use of temporary contracts may impact negatively on the social situation and hinder productivity growth.
- Weaknesses in activation and social policies hinder a fast reduction in poverty.

It is INTERESTING to read Box 2.1, “Contribution of the EU budget to structural change in Spain”, as the Report highlights that Spain is the third largest beneficiary of European Structural and Investment Funds (ESI Funds), with an allocation of up to EUR 37.4 billion up till 2020. This is equivalent to around 0.5% of Spanish annual GDP.

2. What is missing from the Country Reports? ie, what new developments or issues (positive and negative) are left out? Give examples/evidence if you can.

The Report, with a comprehensive review on the prevention and correction of macroeconomic imbalances, indicates that there have been improvements in the labour market because "the readiness of the employment reaction to economic growth has increased and it has resumed The creation of jobs, favoured by greater flexibility and the maintenance of wage moderation. " (Page 10)

However, we remark that this recovery has not improved the poverty of employed persons, which continued to rise (13.1% in 2014), especially among those on temporary or part-time contracts, who are women in its majority. Even the Report recognizes this and also that there are other factors of
poverty in employment, as the low hourly wages and the low level of work intensity at the household level (page 49).

We agree with the European Commission that "The widespread use of temporary contracts can adversely affect the social situation and slow down productivity growth. Spain has one of the highest percentages of workers with temporary contracts in total employment within the EU. Many of these contracts are of very short duration. The widespread use of temporary contracts can adversely affect productivity growth, particularly by offering fewer opportunities for on-the-job training. All too often, temporary jobs do not provide a good basis for a stable career path and may be associated with worse working conditions and greater risk of poverty "(page 49).

Another important issue in "poverty at work" is the very low minimum wage: although it has increased by 8%, so has the minimum contribution to Social Security, which is still one of the lowest in Europe. The Commission states: "After a virtually complete freeze, the minimum wage has risen by 8% in 2017. The new minimum wage has been set at EUR 707.6 per month (14 per year). This follows a very small nominal increase (2.2% in cumulative terms) between 2011 and 2016, below accumulated inflation (2.8%) and productivity growth (5%). The minimum wage in force until 2016 was one of the lowest in the EU, although it was also below the percentage of workers who perceived it. This seems to indicate that the immediate impact of the increase on poverty in employment, job creation and the overall distribution of wages will be moderate "(page 43).

Briefly, our main critique, perhaps, is that the Report's approach is contradictory, as they require the Spanish public expenditures and debt reduction (which –de facto- means of more austerity) on the one hand, and they demand more poverty and inequality reduction, on the other. We agree with the Report that it is “good” that social spending has stabilized after four years of decline. Nevertheless, if “more adjustment” is implemented, it will not allow to recover 2008’s social expenditure level.

Finally, the 2017 Report does not mainstream, nor prioritize the three categories of the European Pillar of Social Rights.

3. **Give your top 3 priority recommendations (CSR proposals) for policy action at the national level, and give your justification?**

1. A Comprehensive Plan to Combat Poverty should be put in place, with three perspectives:
   
   - Protection and promotion of those fundamental aspects whose possible deterioration has a greater incidence in triggering processes of social exclusion (employment, housing, minimum incomes ...).
   - Protection of those particularly vulnerable groups (Single-parent households with children, unemployed adults and those without income or income, households with no income, households with large families, households with widowed and low-income households, households that cannot provide the basic needs of children and grandchildren, households with people with disabilities, with great unmet needs, support for their autonomy, homeless people, migrants and refugees).
   - Objective (ex ante) evaluation of the potential (regressive) impact of policies that are implemented at all levels (social screening), in order to avoid negative consequences on people with fewer resources and opportunities.
Poverty and social exclusion are multidimensional and complex phenomena. Risk factors interact, generating synergistic dynamics that enhance and activate processes, creating spirals of upward or downward social mobility. Based on this conception, we understand that a plan to combat poverty, in the current context, must contemplate three fundamental human rights, support in the exercise and enjoyment of all others that entails human dignity for all people: Income Guarantee, Housing Guarantee and Active Social Support.

2. INCOME GUARANTEE

2.1. Increase in the number of persons receiving minimum income through the Autonomous Communities and Social Security, compared to 2016, making the income system compatible with part-time or temporary employment, in a complementary way, thus facilitating labour market reinsertion. The goal should be to increase 230,000 new recipients of minimum incomes, up to at least 550,000 in total.

2.2. Increase of 20% in the amounts of non-contributory, welfare, disability, sickness and disability benefits, to combat the poverty of these groups.

2.3. Increase of 20% of widows' pensions, to combat the poverty of these women, prioritising those with family burdens, with a disability of 65% or more; and other specific situations. Estimated: 2,400,000 beneficiaries.

2.4. 20% increase in orphans and permanent disabled pensions, to tackle disadvantages and poverty of these groups. Estimated: 1,280,000 beneficiaries.

2.4. Child benefits extension up to a 1,200 Euro per child (0-17) per year. This monthly amount is similar to what would be the average of these benefits in Europe (and would lift many families from the poverty line). This amount would be contributed to the salaries or benefits of the father, mother or guardian. In the case of persons affiliated to the Autonomous Workers' Regime (self-employed), it could be deducted from VAT and/or Social Security contributions. Estimated: 3,000,000 children and young people from 0 to 17 inclusive.

2.5. Bring the Minimum Wage closer to the Average Salary, and not to the Poverty Threshold.

2.6. Establish systems of bonus to employment, when the person has a job, but it does not ensure a decent life. Establish a tax credit system for the precarious middle classes, to complete a decent income.

3. HOUSING GUARANTEE. Spain has one of the lowest public spending on social housing in the EU. In recent years, this has been reduced even more. The plan we propose would be aimed at guaranteeing housing for the sectors in most social exclusion (homeless), families in AROPE (especially single parents), young people, people with disabilities and low income, low employability groups and non-contributory benefit recipients, among others. The current housing stock should be increased up to 15,000 homes.

a. We also propose an "individual second chance law", for cases of people and families who have lost their home and, moreover, have been left with a debt that they cannot pay. This figure exists in most European countries, in addition to the United States, and would mean a financial respite for thousands of households.
b. This Plan should serve to combat energy poverty, which particularly affects the poorer sectors. Specifically, the Government should ensure that no handicapped person with disabilities is deprived of their access to basic subsistence goods, such as electricity and gas, as they constitute a particularly vulnerable group.

4. SOCIAL ACCOMPANIMENT. Social accompaniment is a privileged tool to deal with problems and fragilities derived from situations of vulnerability and social exclusion already existing, as well as a prevention measure to avoid chronification of severely excluded people. In general terms, we believe that it is imperative to allocate more resources to allow personalized attention and follow-up after the actions received, especially for the most vulnerable groups, with the aim of reducing future abandonment and inactivity. In addition, the development of psychosocial intervention programs (especially those aimed at families with minors in situations or at risk of social disruption) and the implementation of preventive coordination protocols for the detection and management of risk situations may have a very positive impact on the fight against poverty and child exclusion.

Key guidelines are:

- Improvement of Social Services and Long-term care for dependent persons
- Fighting school failure and early school leaving
- Strategy for citizenship and integration of people of foreign origin, and their descendants
- Strategy against Gender Violence

**Brief Justification / Evidence:**

This issue is urgent and a priority. The percentage of people at risk of poverty or social exclusion has declined slightly, but it is very high, up to 28.6%, well above that of 2008 and the EU average. The situation is worse in many vulnerable groups, non-EU citizens, youth, children and persons with disabilities. Three million people live in extreme poverty. These circumstances affect almost 1 in 3 children. This is not only socially serious, since the absence of more than a quarter of the population in the internal market also negatively affects both economic activity and public income.

The EU2020 target was to have 1,400,000 fewer people in AROPE's situation in 2020. Currently, the trend goes in the opposite direction: there are 2,890,000 more than at the beginning of the Strategy. And there are only 3 years to complete the period.

We insist on the Comprehensive Plan to fight against Poverty, which should be addressed primarily to the 700,000 families with no income, and those in "very high poverty" and "extreme poverty" (50% and 40% of the median income, according to The Survey of Living Conditions, INE).

We highlight two consequences of this increase in spending: (1) the Plan would also allow the local economies to be invigorated or expanded; and (2) a percentage of expenditure would return indirectly and directly.
SWEDEN

1. What is your general assessment of the Country Report? Does it provide a coherent assessment of the progress on meeting the Europe 2020 goals, in your country, particularly the poverty target? Is it primarily focused on the CSRs? How does it compare to last years? Please highlight the positive and negative aspects of the report.

   It is our opinion that the Swedish CPR gives a generally correct description about the situation in Sweden, positive and negative and trends. The growing income gaps are identified.

2. What is missing from the Country Reports? ie, what new developments or issues (positive and negative) are left out? Give examples/evidence if you can.

   The gaps in social security, the fact that an increasing amount of individuals doesn’t “fit in” within the social security system.

   The report also over-looked the fact that there is a hidden poverty, among groups who might seem to have a safe situation. For example families with children, single parents or old people with low pensions.

   Even though the report identifies some important problems, they don’t manage to follow up, face the consequences and present solutions to the problems.

3. Give your top 3 priority recommendations (CSR proposals) for policy action at the national level, and give your justification?

   1. Increased social security - fill the gaps in the system. The received amount levels should cover not only basic needs, but also the cost of a decent life.

   2. A more human and secure labour market. Create jobs for everyone, i.e. people with different skills, age, health etcetera.

   3. Housing. Build more houses - and to a cost that give people a chance to pay the rent. Increase the dialogue between all relevant stakeholders, in order to develop new ideas and constructive solutions.

   4. For further analysis, se the attached file / text.

   **Brief Justification / Evidence:** see attached files

Three challenges for Swedish economy / social policy

1. Exclusion from the housing market
2. Exclusion from the labour market
3. Hidden poverty and exclusion from social security
In Sweden we have found that new groups and more and more “ordinary people” are poor or in the risk zone for poverty.

In many countries in the European Union, people are struggling with increased debt burden. Indebtedness is a growing problem in several parts of the EU, and is an important factor when we discuss the origins of poverty and ways to deal with the problem.

An important explanation is the increasing costs of living in our country, primarily because of high housing costs. As in many other countries, Sweden has housing shortage, especially in the larger cities. The situation is especially difficult in our capital, Stockholm. Prizes are extremely high, both for buying ground and for building or (re)constructing houses.

In the latter part of the twentieth century, Sweden had a strong system of rent control. Therefore it was affordable for ordinary people to rent their home, even in the cities. The downside of this system, was that many people who had a rented apartment held on to it indefinitely. If you were not “within the system”, it was more or less impossible to get in. Because of that, the government allowed more market thinking, with the purpose to increase mobility.

In the 1990:s, there was a huge financial crisis. Interests increased dramatically, forcing people who had bought a house or an apartment to leave their homes. They were forced to sell for a prize under the level they had paid when they bought it. Many people left their home with a debt they could never pay back, but still without roof over their heads.

Today the situation has stabilized, but many parts of the problem remain. The production of rented apartments are far from sufficient. Most of the inhabitants in the cities have to buy their home. And the prizes continue to rise. Today an apartment in Stockholm can cost more than 100 000 euros per square meter. So if you need for example a two bedroom flat, you have to pay 700 000 - 800 000 euros or more. There are not many people who can afford that.

To rent an apartment, the landlord or owner demands that you have up to three times the rent cost as an income, that is after having paid the taxes. A salary like that is far from reachable for most people. And to make things even worse, it is necessary that you have a permanent employment. In Sweden these kind of jobs are more or less extinguished. People are hired for shorter periods and have to change jobs frequently. So banks don’t allow them to lend money to buy a home. They think that it is too risky.

Unemployment and short-term jobs becomes a negative spiral, interacting with homelessness. If you don’t have a home of your own, it is difficult to hold on to a job and vice versa. And even though the interests are now low, the prizes for a home are higher than ever before. So the actual consequences are similar to the 1990:s, when interests were high but the prizes fell.

So the second problem is insecurity in the labour market. Not knowing for how long you have a job and a salary, is a huge stress factor. This can – beyond the social and economical consequences – lead to health problems making things ever worse.

More people than ever before are excluded from social security. In Sweden we have three main kinds of support. First there is the protection against income loss for the unemployed. If you lose your job, there is an insurance to cover for parts of the lost salary. Secondly, society can support you if you are unable to work because of illness, disability or other health problems. And – as the last solution – there is basic social support for those who don’t fit in with any of the other systems. But
basic social security is hard to achieve and society demands a lot in return from the receiving individual.

Society have step by step reconstructed the systems, apparently for the purpose of making it harder to get social security. Rules are made tougher so less people fit in, and there are administrative obstacles as well, such as complex forms and regulations. For example, if you get sick you have to fill in a four page form, and the instruction for how to fill in the form consists of eight (!) pages. If Swedish is not your native tongue or you have cognitive problems etcetera, it might be more or less impossible to do it right. And because of that, you lose your possibility of getting the financial support that you actually deserve.

An upcoming problem is the hidden poverty among families with children, especially single parents. These households don’t have resources to fill the child’s basic needs, such as food and clothing. Then there are old people, women in particular, who have had a low income in their active years. Since the pension is based on the amount of money you have earnt during your working life, people with low skilled jobs (“blue collar”) or housewives get very low pensions. That is when they need it the most; in old life when health and power deteriorates.

The gap between socio-economic categories continue to grow. If you are well off, you are pretty safe in our society. Public or private insurances, personal savings etcetera provide a sufficient support if something happens. But for the poorest, there are no resources left.

EAPN Sweden is extremely worried about this development, and we see no signs of decreasing of the problems. The government (no matter which political party; conservative or radical) and civil service show little or no interest to deal with the situation.

We fear that within a few years or decades, poverty have spread ever more and we might find that we have "a lost generation". Young people can’t get neither a job or a home. That ruins hope and self esteem, leading to social exclusion and permanent problems; social, economical and psychological. It is our opinion that political reforms are necessary. It is an investment with no losers – a win-win equation.
1. What is your general assessment of the Country Report? Does it provide a coherent assessment of the progress on meeting the Europe 2020 goals, in your country, particularly the poverty target? Is it primarily focused on the CSRs? How does it compare to last years? Please highlight the positive and negative aspects of the report.

- The UK Country Report 2017 (SWD (2017) 93 final) was published on 22 February 2017. It is a fairly comprehensive assessment of important dimensions of UK macroeconomic and structural/sectoral policies.

- The 2016 CSRs were: CSR1: reduce excessive deficit; CSR2: address shortfall in infrastructure investment and take further steps to boost housing supply; CSR3: Address the skills and training deficit; improve on the quality of apprenticeships and improve the availability of affordable, high-quality, full-time childcare.

- The Report assessment concludes that there has been ‘some progress’ (p11) in CSR2 and CSR3. CSR1 is not addressed in this report as the data were not available at time of publication.

- The report includes commentary on macroeconomic, financial, housing, trade, labour market and social policies, investment and productivity and sectoral policies. The report accurately identifies risky or non-performing sectoral policies.

This commentary focuses on sectoral policies in housing, employment and social protection. The Report pays more attention than in earlier years, to the social impact of policies. But there is still an unwillingness to look bluntly at policy impact on social inclusion and social cohesion – even though these are clearly linked to economic performance (and political stability), which is the core focus of the Report.

**Housing (pp. 16-21 of the Country Report)**

Earlier Reports discussed housing policy mainly in terms of macroeconomic stability and financial risk. This latest report is clearer about the social impact of market failure or misdirected policy. It again raises issues about housing supply and prices, but notes the shift away from demand led-policies which contributed to pushing up house prices. The social policy section of the report note the impact for household budgets, especially for low income families. 12.5% of the UK population spend over 40% of their income on housing, including 22.1% of young people.

The Report notes declining home ownership, the surge in high-cost renting in the private landlord sector and the lack of alternatives – for example, house-building by municipalities is nugatory. The report recognises the significant shift in government policy to support a mix of tenures. It notes also the Help to Buy scheme, which misdirected resources to many families with above median and even average incomes and who surveys showed could afford to buy without support. These are all issues EAPN UK raised in our 2016 commentary and we are pleased to see them noted here.

However, the housing section of the report continues to put too much emphasis on ‘solutions’ that focus on land availability and support for private developers/public-private partnerships. These ‘lacks’ are not the main drivers of housing market failure in the UK. The long-term policy of sale of municipal housing at knock-down prices (forced sales too) continues to reduce the availability of housing at
affordable rents, as does raising social housing rents faster than the rate of inflation, while wages and benefits are stagnant or falling in real terms. There has been very limited relaxation in the restrictions on municipal house-building. Recent changes to the treatment of mortgage interest relief may slow what has been a very rapid expansion of ‘buy-to-let’ landlords. But, but without changes to public house-building policy – and better opportunities to build pensions (for many small buy-to-let landlords, the income from these properties and the asset value is their pension), this positive development could have negative unintended consequences both in terms of access to housing and a section of society’s capacity to provide for its old age.

The UK housing policy framework is a key driver in problems of access to secure, affordable, quality housing. The housing section of the Report does not address housing inequality and access to housing (other than for home ownership). It does not discuss the increased problems of access to housing due to changes to housing benefits. For example, except in exceptional circumstances, young people aged 18-21 will no longer receive housing benefit. Young people fleeing violent or otherwise abusive or neglectful home circumstances, or LGBT young people without family support may find it more difficult to access housing support, without revealing situations they may have difficulty with. Neither does this section of the Report discuss risks of homelessness or bad housing, both of which have markedly increased. Currently (2017) there is concern about rent arrears and people at risk of homelessness who have been migrated onto Universal Credit (UC), the new integrated means-tested social assistance benefit which replaces six previous benefits. Prior to the change, social housing providers could take rent directly from people’s benefits. More than 90% of rents due were collected. Under the current system, it is around 50%.

**Employment and skills (pp 24-26 of the Country Report)**

The UK has relatively high employment rates, but the report notes the gender gap in hours of work and correctly identifies caring responsibilities as a key factor in women’s employment patterns. The Report identifies the more difficult and regionally varied conditions for young people, with some improvement in the numbers of those not in employment, education or training (‘NEETs’). But the Report, while referring to the (harsh) conditionality in the policy approach to young people not in paid work, does not refer to the lack of evidence that this has any positive impact and indeed may slow the rate at which young people can find paid work.

The Report recognises the extensive scale of low wages, low wage growth (now below inflation), wage compression and low productivity and new forms of work. The Report notes a rise in low-skill insecure work. However, the Report does not make explicit, as we think is warranted, the link between the policy framework of ‘flexible labour markets’ and low productivity and reduced employee rights. In the UK, the context of common law freedom of contract, combined with limited and declining social assistance floors and ever-increasing ‘conditionality’ for unemployed people and low-income part-time workers, means employers can and do dictate contract terms. There are nearly 4m self-employed workers and 1m zero-hours workers, a rapid rise in recent years, which has not occurred in Germany and France.

The Report notes the considerable problem of skills mismatch and the under-utilisation of graduate skills. It notes a plethora of reports and reforms, but there is little new money, the further education sector has been severely cut, and the Report hints that there is no scale of action relative to the scale of the challenge. Devolution in England of skills management to Local Enterprise Partnerships, which are mainly business-led, may aim to meet employers’ current needs, but LEPs are not functionally or financially operating at a strategic level. Similarly, the Report notes long-running problems related to
the concept and value of apprenticeships in the UK and whether these will be resolved by proposed reforms and whether the changes are sufficiently focussed on raising UK productivity. A long-time key UK problem is that since the removal of industry training boards and levies 40 or so years ago, skills’ development has been both an individual employer-led and voluntary activity and it has resulted in underinvestment in skills and severe cuts in training at the bottom of business cycles. The Government has yet to take a comprehensive, strategic, properly funded lead.

**Education (pp 26-27 of the Country Report)**

The Report notes that the UK is slightly above the EU average in maths, reading and science basic skills, but does not note that performance in the constituent nations varies considerably, with English outcomes better than Welsh results, for example. This means that there is no reflection on the source of these differences and whether they can be corrected.

There have already been severe cuts to the arts, music and civic education offer in state schools and a loss of school assets such as playing fields. School managers increasingly cutting core teaching posts. From 2017 state schools face an 8% real cut on average due to tight budgets and changes in funding formulae. Schools in areas with more pupils on Free School Meals (FSM) will experience bigger cuts. Eligibility for FSM is a key indicator of child and household poverty.

The Report notes that a major impact on education outcomes is socio-economic status, but not migrant status. The Report refers to the Pupil Premium, which is a resource that is distributed according to the percentage of poor students in schools (as indicated by eligibility for FSM) but does not note that it is a much smaller sum than the budgets it replaces (but welcome none the less). Nor does it note reports that some schools are interpreting the legitimate use of the resource very freely, so that it is not really focussed on support for attainment of disadvantaged pupils.

The Report refers to the programme of school autonomy and variety in types of school, and refers to risks to quality assurance particularly in multi-academy trusts. We are pleased to note this cautionary point, but the Report does not refer to issues of equality and access, arising from the higher resources given academy schools and widespread evidence of social selection in access to them. The report is also cautious about Prime Minister May’s flagship policy of re-introduction of grammar schools, which select on a measure of ability, recognising the potential to increase educational inequality and social segregation. 3% of children attending existing grammar schools are eligible for FSM, compared to 18% in their local area. There is evidence of the overall negative effect of grammar schools on education outcomes in a local authority area, in those few local areas where they have been allowed to remain, for example Manchester Trafford. Despite commitments from many existing grammar schools to change their admissions policies in favour of children from poorer homes by September 2018, there is a real concern about the potential impact of grammars from the clear majority of state school teachers and leaders and expert institutes, and even on the Conservative backbenches in Parliament. School autonomy (from local authority support) and selection do not address major drivers of variable educational outcomes, including poverty and social class, an ageing teacher workforce and declining teacher retention (because of high workloads, constant change, stressful assessment pressures and flat salaries). Education funding has been flat in money terms since 2010 and the sector now faces a real cut of 8% to 2020. In this context, if no other, the higher cost of academised schools and the launch of grammars is a poor use of resources.
The Report notes the high proportion of UK graduates and their high employability. Earlier the employment section referred to the underutilisation of graduate skills, but it is not followed up here, despite one report that says 60% of UK graduates are working below their graduate level.

The Report notes high variability in uptake of higher education by social class and gender: white males from state schools are least likely to take up higher education. There are some outreach models from various universities and some government funding to increase take-up from disadvantaged groups, but the core causes of social class variation in access and uptake are deep and largely unaddressed.

The Report also notes the introduction of the Teaching Excellence Framework in universities – there is already a Research Excellence Framework - and the fact that outcomes are linked to fees that can be charged to students. There has been considerable disquiet in Russell Group universities about the metric. Overall it is another step to greater centralisation of control by government, despite government no longer funding higher education teaching.

A risk not referred to in this Report is the risk to university funding models caused by Brexit – in particular, the potential loss of EU research funding, in which the UK has a very successful track record.

**Social protection (pp. 27-30 of the Country Report)**

**Income poverty**

The report notes the at-risk of poverty rate is stable, but the figures are from 2015 and there is no discussion of the effect of the skewed and compressed income distribution (including the slower rate of growth at the top end following the financial crisis). UK government does not report on the poverty target and has downgraded its own child poverty target in policy terms, and is changing it, but there is no comment in the Report on this matter.

There are £2b per annum of new income tax cuts, most of which go to the better off. There is some new support for those on low or moderate wage incomes: a 30p per hour increase in the National Living (i.e., minimum) Wage (from 1 April 2017) and an increase from £11,000 to £11,500 in the personal tax allowance (i.e. income allowed before tax on income is taken). The threshold for higher rate of tax has also been raised, from £43,000 to £45,000 per annum. None of these developments help those of working-age not in paid work, or those working too few hours/ earning too little to benefit much or at all from the increase in the minimum wage and the increase in the personal tax threshold, or from the additional support for childcare (see below)

The Resolution Foundation has estimated that the richest people will get 80% of the rewards from tax and benefit changes that come into effect from April 2017. The major changes in welfare benefits, mainly social assistance, reduce real incomes dramatically.

A big part of this is due to changes to tax credit top-up payments for those in low-paid work. On top of all the cuts implemented from 2010 to now, £1b more has been taken out of the welfare budget this year. The changes affect new clients, therefore those in the cycle of low-paid work/benefits/low-paid work will soon be ‘new’ clients. It is expected that the changes will take out £12b a year by 2020.
has not yet been fully implemented (and will be further delayed till 2022) yet has already been subject to significant negative developments in its generosity. The Report refers to the Resolution Foundation finding that Universal Credit has a ‘far worse’ disincentive to work for second earners, than the tax credit system it replaces.

The Welfare Reform Act of 2016 further cut the real value of benefits by introducing a freeze for four years, from 2016-2020, in tax credits, including the child element of tax credits. These payments top-up low incomes from paid work. The freeze is the biggest change to minimum incomes, especially over the longer term. The impact has been exacerbated by price inflation following the Brexit vote, when the value of sterling dropped nearly 20%. Price inflation is now 2.3%. The Resolution Foundation has shown that all incomes below the median (more than the bottom 40% of the income distribution) will decline in real terms, with those of the poorest people falling most, by nearly 16% between 2016 and 2020-21. The top half of incomes will grow slightly, but the top 20%, especially the top 1%, have been hit by post-crisis and now Brexit uncertainty, slowing income growth for the financial sector. According to the Institute for Fiscal Studies, the impact of tax and benefit reforms from May 2015 to April 2020 cuts real incomes for all families on benefits, or in-work with one earner.

**Impact on those not in paid work:**

- Lone parents who are not in paid work lose 21% of their incomes by 2020
- Couples not in paid work, with children, lose about 18%
- Single adults with no work lose above 15%; Single adults and single parents in work lose less than 1% in real terms
- Couples with children and one earner, lose about 4%.

**Impact on households with earnings from paid work:** The Resolution Foundation gives the following examples of the combined impact of tax and benefit changes:

- A low-income single parent with a baby, earning £17,300 per year, will be £530 worse off; they lose £610 from benefits cuts and gain £80 from tax cuts
- A middle-income working couple earning £33,500 a year, with three children including a baby, will be £2,500 a year worse off. They lose £2,700 from benefits and gain £160 from tax cuts
- A high-income couple with two children, earning £100,000 a year, will be £480 better off, with no benefits losses and gains from tax cuts

It seems clear that the 1992 Recommendation on Sufficient Resources and Minimum Incomes, and the 2008 Active Inclusion Recommendation, which includes a pillar on adequate income, is not being honoured.

For the first time, the government attempted to raise more cash from the self-employed. Nearly 5 million people in the UK are self-employed. National Insurance rates are lower for the self-employed than for employees. Above the income threshold of £156 a week, employees pay 12% NI and their employers pay 13.8% for their employees. The self-employed with the lowest profits
(under about £5000) pay 2%. Those with profits above about £8000 pay 9%. Measures which change the ‘class’ 2 or 4, abolishing 2 and improving access to benefits for class 4, come into effect shortly. But budget changes in March 2017, which raise NI by 2% over two years and cost about £589 per annum extra for the self-employed with profits above about £16,000 were reversed following outcry led by Tory-supporting newspapers. This is despite their better access to state pension benefits from later in 2017. But the low profits group will pay much more for access to state pension benefits, or go without.

We are pleased that the Report has linked the variation in poverty risks amongst groups to the different policy treatment of working-age adults, children and retired pensioners. We are pleased that the future risk of poverty given further ‘welfare reform/cutbacks’ is explicitly stated, as is the different treatment of pensioners - the only group to benefit from the ‘triple lock’ on income uprating. However, the clear policy risk is that the triple lock will be taken off, increasing pensioner poverty; many older people live mainly or solely on their state pension, one of the lowest relative to earnings in the EU. The anti-poverty approach would be to reverse the freeze on working-age and child benefits and raise them in line with earnings.

Chancellor Osborne’s major 2013 Welfare Reform Act contained provisions that came into effect in stages up to 2017. There was another major Welfare Reform and Work Act in 2016. These two changes have taken tens of billions of pounds’ sterling per year, from the welfare budget, focused on people of working age and hitting particularly hard, women, children and people with a disability.

People with a disability

The Report states the gap in at-risk-of-poverty and exclusion (AROPE) for people with a disability, 33%, and notes it is relatively high by EU standards. The gap for those with and without disabilities is 13.6pp in the UK compared to 8.7pp in the EU.

The Report does not refer directly to the policy changes that have increased the risk of poverty for people with a disability, who confront very low chances of gaining stable, suitable employment. Examples of two key changes that have cut the incomes of many people of working-age with a disability or will do so shortly for new clients are:

- **Removal of Disability Living Allowance and its replacement with Personal Independence Payment (PIP)** for people of working age. Migration to PIP started in 2014. Eligibility criteria are tighter, assessment, particularly for people with mental ill-health or intermittent conditions, is widely considered to be not fit for purpose. Many people are significantly financially worse off after migration to PIP and the numbers receiving benefit are significantly lower than for DLA. There is current concern (March 2017) about changes to PIP. For example, regulations in PIP concerning both mobility and psychological distress are being amended, partly to reverse a High Court judgement. The Secretary of State for Work and Pensions has chosen initially to bypass the formally constituted Social Security Advisory Committee which scrutinises social security regulations, by invoking ‘urgency’ (as is his right).

- **Changes to the work-related activity component of Employment and Support Allowance.** Prior to April 1 2017, those not currently working were divided into the unemployed actively seeking work and those not able to work currently, who had a higher benefit to reflect the impact of their condition on job search and job opportunities. This group was itself subdivided into those not able to work in the foreseeable future and those who might be able to work in future and who must engage
in work-related activity. This latter group had some conditionality around job-search and various work and search related activity. Under the previous Welfare Reform Act of 2013, the length of time this group could claim a higher rate of allowance than unemployment benefit was 12 months. Under the 2016 Act, this group have had their benefit cut from £109.30 to the same amount as those currently able and seeking work. Unemployment benefit is known as Job-Seeker’s Allowance and it is a flat rate of £73.10 per week for single adults aged over 25 (and much lower for younger people). This is a loss of over £30 a week to people who are new claimants in the ESA group. It is a clear disincentive to seek work, in case it is not sustainable and the person becomes a new claimant.

There is a coalition of 30 disability charities who have sent a letter asking for the change to be overturned.

Children

The Report notes that 13.4% of UK children lived in jobless households in 2015, one of the highest in the EU. But the Report also notes that the share of children in households in absolute poverty after housing costs, in which someone in the household is in paid work, was 67% in 2015, up from around 50% ten years previously.

Child benefit was a universal benefit paid to all parents, but has been frozen, means-tested and tapered for middle-income earners and removed above an income threshold of about £50,000 pa (check). But child benefit, as it was before, not means-tested, targeted directly to children, paid to the mother, was a most effective way to combat risk of child poverty and to maintain support for the benefit, as all families gained.

The Report states that child poverty is ‘worryingly high’ and is very clear on the scale and expected rise in child poverty of 1.3 million children, by 2020, due to changes to support for working-age households, especially the cuts to Working Tax Credits including the child element of tax credits.

The Report notes a further tightening of support for children, announced in the 2016 Act which came into effect in April 2017. For new social assistance claimants, the ‘family’ element of child tax credit is eliminated and the third child and subsequent children in families are not eligible for the child element of tax credits to top up low incomes of families in work. There are some exceptions to the third child policy. These include twins, adopted children and children born as a result of rape. There is no explanation of how this rape will be proved for welfare benefit purposes and no training provisions for staff. There is no assessment of the likely impact on a third child, of any feelings that they are less worthy of public support than their older siblings. In the UK, after 6 months of contributions-based benefit, which is not means-tested, unemployed people receive flat rate unemployment benefit. Even if the assumption is that ‘poor people should not have children they cannot afford’ there is no explanation of why a family in well-paid work who lost that work are now unworthy of the third child they had in good faith. 600,000 three-child families will be an average £2,500 a year worse off in the long run. 300,000 four-child families will be £7,000 worse off (source IFS).

Another new policy applies to many fewer households, but has caused more public comment in the press. Until now a parent who has been bereaved of their spouse, could receive additional income support until the youngest child has left full-time education. This additional support recognised the financial as well as emotional difficulties of such families, and the gain to the exchequer which would not now pay out a retirement pension. This benefit has now been reduced to a small lump sum and reduced support for a period of 18 months only. The reason given by government is that society has
changed, women work and stopping this benefit will assist widows or widowers to reintegrate into society.

The Report, as in previous years, notes the lack of affordable, quality, childcare in the UK. The Report states that 29% of children under 3 years of age attended formal childcare, but ‘only’ 4% of them for more than 30 hours per week. The Report correctly explains that this affects mothers’ capacity to work longer hours and may segment them in poorer parts of the labour market. But it would be a progressive step if childcare could be addressed also in terms of its benefits for child development. That might mean explicitly recognising it should be a right for all children and not every child would be suited to long hours or specific childcare settings. This would be more in the spirit of Article 24 (on the rights of the child in the European Charter of Fundamental Rights.

There is some positive new support for children: an increase of 15 hours of free childcare for mothers in paid work (September 2017) and additional support through tax-free childcare (end of April 2017). The Report notes the government’s plans to double the number of free childcare hours for three-and-four-year-olds, to 30 hours, whereas UK full-time weekly hours are closer to 42. The Report notes concerns that the allocated funding may not be sufficient. A recent survey found that fewer than half of childcare providers were intending to offer additional ‘free’ hours. Of those that did, some expected to charge more for these hours, or to charge for services currently provided ‘free’.

There are concerns about nursery and pre-school capacity and quality, which the Report notes. The Report notes shortage of provision despite a legal duty on local authorities to provide sufficient places, and difficulties in assessing quality across a range of settings. There is also an inconsistent focus on staff training and development and the government will publish a workforce strategy this year.

Other public services, health and social care (pp. 15, 29-30)

Public services, for which low-income people cannot afford private sector alternatives, continue to be hit at the same time as social assistance changes that cut real incomes for low and moderate income households.

For the first time, the Report addresses the health sector in terms of social policy. The Report Chapter 3.1 on public finances first addresses the healthcare system and the funding pressures it faces. It states that there is a ‘high risk to sustainability’ in the medium to long term (p15). The Report notes that in 2014, National Health Service (NHS) England identified that by 2020-21, there would be a £30b sterling gap (1.6% of GDP) between ‘needs’ and ‘resources’. Due to the NHS report the government committed an extra £8b over this period but demanded £27b of ‘efficiency savings’ which most analysts said was totally unrealistic while other changes were being introduced. Bed numbers continue to be cut and bed occupancy is 95% although there is an increased risk of hospital acquired infections above 85% and greater risk of return to hospital after relapse from the shorter in-patient periods.

There has been some limited shift to ill-health prevention polices, but the major shift has been to local level commissioning of services by mainly general practitioner-led (GPs, i.e. community-based doctors) Clinical Commissioning Groups. This is gradually leading to a ‘post-code lottery’ for example, for taxpayer-funded provision of elective surgery such as hip replacement and for some common medicines. GPs have also a financial incentive not to refer patients to consultants. 2017 has
seen the announcement of a national ‘relaxation’ of waiting time targets for elective surgery (targets have been missed every year for several years now and performance is worsening in the context of rising demands and stagnant budgets). The stage is set for a transformation in the scope and delivery (downwards) in the NHS and an increased role for for-profit business.

Chapter 3.4 (labour market, education and social policies) of the Report notes that the number of doctors per100,000 citizens in the UK is below the EU average. It refers to staff shortages and recruitment and retention problems in the NHS and a reliance on staff who qualified outside the UK. From 2016, alongside a 4-year freeze in welfare benefits there has been a 4-year ‘freeze’ or 1% rise in salaries in the public sector, in real terms a cut, which has affected recruitment and retention. The NHS spends billions on agency staff and the government has moved to restrict use of them. But hospitals are having to row back on a ban on their own nurses doing additional shifts as private agency staff elsewhere (many do this to support their incomes during the 4-year pay freeze) because such nurses are threatening to leave the NHS altogether.

The Report mentions a government plan to train more UK nurses, but this will barely cover attrition each year from an ageing workforce. Nursing students no longer get bursaries but must pay the same fees as other undergraduates. The government expects nevertheless an increase in student numbers as demand has always been more than the number of places formerly available. But universities are not at all sure that they can find the compulsory training places for them in hospitals and other health care settings which are under financial and staff pressure and struggle to find the supervision resources. As well, there are 20,000 NHS nurses and 70,000 care workers from the EU-27 alone.

Since the Brexit Referendum, there has been a collapse in demand for NHS jobs from EU-27, which Brexit may worsen. There is evidence that recruiting more staff from outside the EU-27 will raise recruitment costs by £5000 a head, as it will need to include visa costs and often English language training and possibly further training and equivalisation of qualifications, unnecessary for EU-27 staff.

Local and social services have been stripped of resources and powers for many of the things they used to do and given responsibility for public health initiatives but with restricted resources. There is delay in reform of funding for long-term care. The 2017 Country Report refers to the funding model for long-term care in England as ‘unsustainable’ (p30) and notes it is putting pressure on the NHS budget and this is correct.

Social care is means-tested whereas NHS ‘health’ care is free at the point if need. Dementia diseases are not treated, as are cancers, as diseases, but as conditions needing ‘social care’ and therefore are not free at the point of need. Support is means-tested, whether at home or in other care settings. Getting an assessment of need is time consuming and while people have a right to an assessment, this is not a guarantee that needs will be met by the public authorities. Cuts in local authorities’ budgets of up to 40% have meant that even disabled and/or elderly and frail people with severe needs are not guaranteed access to domiciliary services, and pay when they can get services. The two exceptions to means-tested payments are i) some ‘aids’ such as commodes and manual wheelchairs, which may assist frail people to continue living at home and ii) where there is an assessed need for ‘nursing care’ rather than social care (which includes all personal care night and day, for example for people who are bed-ridden and unable to carry out even the most basic tasks). There is a high bar and a narrow focus to ‘nursing care’, e.g. giving injections, and it is often available only at
the very end of life. For example, access to a hospice for respite and for the dying, requires a social services referral, and for elderly people especially, is granted for about 3 weeks prior to expected death, if a place is available, and there is no-one to care for them at home.

Residential care for frail older people and disabled people, and nursing and residential care for those with more complex and severe health needs, is sometimes inadequate and always expensive. For older people, residential care is about £600 a week on average; it starts a bit below £500 per week when block-bought by a local authority for means-tested low-income clients, but is more expensive for individuals, closer to £636 per week. Prices are often higher in those homes which take people with severe dementia. Homes that provide residential care with nursing, charge from £900-£1400 per week. Care homes with a ‘good’ Care Quality Commission rating, usually, but not always, are in the top part of the price range. Care homes which accept only local authority-paid clients are a limited number and are less likely to be highly rated, especially those for people with intellectual disabilities. Many other care homes, especially for the elderly, take both types of clients. Self-funders pay 30% above the real cost to subsidise the below-cost bulk-buying by local authorities for those too poor to pay their own costs. Self-funding residents are expected to use up their own funds including from the sale of their home. There is a sliding scale of support between £ 23,250 and £14,250 in capital and savings. Above the higher figure, people are entirely self-funding. Below the lower figure, they have full eligibility for fee support. A new somewhat more generous threshold has been delayed from 2017 to 2020.

The Report for the first time mentions concerns about access to and quality of mental health services, especially for children and young people. It refers to the conclusions of the NHS England Commission and their acceptance by the government, as well as the pledge for more funding. While this is welcome, it is insufficient and it should be noted that funding is essentially a transfer from other areas, including downgrading hospital waiting time targets. The Report notes the heavy financial cost, economically and socially, of mental ill-health, but especially in terms of employment and productivity costs, this is equally true of delays to elective surgery. The core problem is insufficient health care funding for the range of services.
2. **What is missing from the Country Reports?** ie, what new developments or issues (positive and negative) are left out? Give examples/evidence if you can.

The key contexts, not discussed, are:

- The 15-year stagnation in wages which is without precedent going back as far as the early 19c (Institute for Fiscal Studies). Disrupted labour markets from technology, domestic policy and Brexit pose further risks in future
- The continuation of ‘austerity’ budgets to 2025
- The potential impact of Brexit on employment and the capacity to fund social protection, and potential costs of new sources of external migration to the UK.

These may pose further serious potential threats to social inclusion and social cohesion as well as economic costs.

**Austerity**

Along with tight fiscal policy, there is and has been since the financial crash, very loose monetary policy, with ultra-low interest rates and money creation through mechanisms such as ‘quantitative easing’. This has benefited asset-owners, in other words the richest, most. There is very little loosening of fiscal policy since 2014 except in infrastructure – mainly for transport and private housing developers and this continues. There has been repeated weakening of social rights especially in employment and access to social assistance minimum incomes.

But the 2017 Country Report does not ‘join the dots’. No link is made between austerity budgets and drastic cuts to public services and minimum incomes. No link is made between weakly regulated labour markets and low wages and harsh conditions and poor productivity. No assessment is made about how much risk to social rights and social cohesion is too much and how near we are to that. There is a demand to boost investment and productivity and cut deficits to boost growth, but without any recognition of the failure of the strategy and policy framework over 20-30 years. No alternative strategy is offered. No new thinking is evident.

Presumably, political constraints prevent the Report from going much beyond description of the facts in the policy areas that are within the scope of the Reform programme; though it must be acknowledged that the 2017 Report is more frank about the risks and failings than in previous years. We are pleased that it reports on many policy concerns that we raised in our 2016 commentary and pleased that while no more space than before is given to social policy, the remarks are more specific and more supported.

**Brexit**

The Report does not and presumably could not, mention risks associated with Brexit (or opportunities). There are already Brexit costs. The impact of inflation due to the 20% fall in sterling has reduced the real value of social security and social assistance benefits and raised some public service costs, and this will worsen over years. It has had a negative impact on the value of occupational pension assets, already in greater deficit since the Brexit vote (could be £300b fall in wealth).

Costs after Brexit could also affect resources available for social protection, for example:

- ‘Divorce’ bill 0-€60b in two years
- Jobs and skills: Power imbalance in trade relations: trade is 3% of EU GDP and 13% of UK GDP and this will affect the balance of job losses from any increased costs of trading; Regulatory and technical specification costs; Skills shortages; Tax base erosion (if go for ultra-competition and cut VAT (17% of revenue) etc.,
- Importance of the kind of Brexit deal or lack of one: legal chaos if crash out without a deal, higher costs
- Note even if ‘Singapore model’ works to increase trade volumes sufficiently to keep up jobs and revenues, distributional impact could be severe
- Loss of soft power may affect growth prospects and employment

There are also risks to Social Protection from Brexit arising from loss of EU law, policy and processes. For example,

**Employment**

There is a significant list of EU-derived rights. These are mainly secondary legislation and even if retained in the Great Repeal Bill, they are easy to remove as statutory instruments do not need to go through Parliament

- The European Court of Justice (ECJ) is important in broadening rights and in overturning narrow conceptions in UK government implementation. In EU law, e.g., anti-discrimination is a fundamental value and trumps economic interests. In UK common law there is almost no protection; freedom of contract is key.

- There is a strong suspicion that Directives on Working Time, Agency Workers and Parental Leave, plus uncapped compensation for discrimination are on a government ‘hit-list’.

- Lack of ECJ interpretation will over time widen gaps between UK and EU-27 protections.

**Social Protection**

It is mainly a national competence, so no risk of a bonfire of rights, but:

- Some hard law Directives apply domestically to all employees concerned, e.g. in pensions, non-discrimination between men and women in statutory social security (including social assistance in some elements) and in occupational schemes; there will be also, a major change in occupational pension regulation and governance, but not in force till 2019. The EU is also working on a pan-European framework for personal pensions.

- There is EU competence in cross-border co-operation. There are Directives covering 8 types of benefits for working age and pensioners.

- UK pensioners living in the EU-27 get automatic up-rating. Ex-EU this applies to only a small number of countries with which we have bilateral agreements and other countries have no wish to change arrangements. Up-rating not guaranteed after Brexit. There are 115,000 UK pensioners in Spain.
- Pension aggregation for workers who have lived and worked in several countries is done by a specialist agency in each Member State. It is complex because of different systems. Rules are generous to the employees.

- The European Health Insurance Card: this gives individuals the right to access state health systems; it pays out for unanticipated health needs. Offered on same basis as for nationals of the country therefore does not include repatriation costs. Also, does not provide access to private health care. But workers and holidaymakers from UK to EU may have to take out private health insurance after Brexit.

- In skills and education field there is also a mechanism for equivalising qualifications.

- One potentially positive area is that UK will outside the Services Directive, which can be a risk to public service provision as opposed to services to the public. However it should be noted that the UK has not needed external pressure to move towards more privatisation in public services, or more austerity.

Rights: European Charter of Fundamental Rights, 2009

The Charter is focused on the EU as an entity but new proposals from the European Commission must ‘have regard’ to the Treaty and impact evaluation of new proposals required. EAPN would like this mainstreamed into a poverty impact assessment. There is mainly ‘soft law’ (e.g. Recommendations) follow-up to the Articles in the Charter but it is important in creating space and budgets for ‘social Europe’, which UK will no longer be a party to. Even if the Great Repeal Bill preserves rights, most can be removed later by statutory instrument without the approval of the UK Parliament. Important also is that the UK will not be part of developing processes for improvements and coordination in rights and policies. It is the drifting apart of the UK and EU-27 over time, in access to rights, which is a major concern, and with it the risk of ‘social dumping’.

Some key Articles and soft law follow-up where the UK may lose ground are:

- Charter Article 34 Right to Social Protection and ‘soft law’ follow up – the Active Inclusion (AI) Recommendation 2008


- Charter Article 35: Right to Healthcare

‘Soft law’ processes

- The poverty target in the Europe 2020 headline targets

- The European Semester process (which is the context in which this commentary is prepared)

3. Give your top 3 priority recommendations (CSR proposals) for policy action at the national level, and give your justification?

Below are our three priorities, with the most important element in each put first
1. **Social assistance:**
   - Unfreeze welfare benefits now, uprate with RPI and aim for progressive realisation of adequate minimum income for all groups, based on consensual reference budgets
   - Reverse the 2-child benefit policy so that all siblings are of equal value

2. **Health and social care:**
   - Invest heavily in provision of social care for elderly and disabled people, both at home and in other settings and rapidly produce a new mechanism for long-term funding that is efficient and equitable and recognises the diseases of old age on the same basis as other chronic illnesses
   - Increase hospital bed numbers to reduce bed-occupancy from 95% to 85% for better bed management, lower hospital acquired infection risks and to enable maintenance of single-sex wards

3. **Housing:**
   - Launch a large-scale social house-building programme of energy-efficient, environmentally friendly homes at affordable rents, with due regard to local transport and employment and services
   - Reverse the sell-off and rent increases in social housing. Provide greater security in the private rented housing sector and put controls on rent increases. Literally put back minimum floor space into housing requirements, to avoid ‘rabbit-hutch’ studios and tiny homes
   - Provide ‘housing first’ solutions for homeless people and those at risk of homelessness

**Other important priorities**

- Make **taxation** more progressive, equalise taxes on employees and self-employed in line with better access to benefits for self-employed, introduce wealth tax and close business tax loopholes to pay for public services and social assistance

- **Brexit:** Protect the rights of EU 27 and UK nationals; protect employment and social rights in the Repeal Bill and afterwards; aim for a ‘soft Brexit’ deal and give Parliament and the public a vote at the end of the negotiation process

**Brief Justification / Evidence:**

**Priority 1** is about reversing the rapid decline in the real value of minimum incomes which are well below the consensual adequate minimum income level (research funded by the Joseph Rowntree Foundation) for all working-age groups. The specific policy picked out in this Priority (the 2-child policy for support from social assistance) is to draw a line in the sand on the attack on children’s rights and well-being

**Priority 2** is about ending the scandal of lack of access to care for frail and vulnerable elderly and disabled people and taking pressure off acute hospital beds
Priority 3 is about providing secure access to quality housing for low income households, that enables children to grow up in a stable environment. The specific policy area of rent controls and space standards is to improve access to secure housing now in which people can thrive, for low income households, including young adults and families and people at risk of homelessness. Housing First is aimed at an effective means of supporting people already homeless or very badly and insecurely housed.
The European Anti-Poverty Network (EAPN) is an independent network of nongovernmental organisations (NGOs) and groups involved in the fight against poverty and social exclusion in the Member States of the European Union, established in 1990.

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