

## *EAPN BRIEFING*

# **Social Investment Package: Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020**

MARCH 2013, BRUSSELS

## INTRODUCTION

*On the 20<sup>th</sup> February 2013, the Social Investment package was adopted by the Commission. It is DG Employment's main social inclusion input to Europe 2020, to the poverty and other social targets, aiming to complement the social dimension of the employment package/youth guarantee initiatives. It consists of a main Commission Communication<sup>1</sup>, a Commission Recommendation (on Child Poverty) and 8 Staff Working Documents (SWD). The Commission Recommendation and Communication have the most status, with the SWD being mainly informative, representing the views and initiatives of the Commission, but not adopted by the Council. There is no one major concrete social inclusion initiative comparable to the Youth Guarantee. The SIP offers few novelties, building on existing work in different areas, but does provide an important insight into the ideological direction of the Commission, in the current context of economic governance and austerity, as well as its vision of a stronger social dimension in the EU. As it is delivered through Europe 2020, a soft Open Method of Coordination, its main impact will be in how it is mainstreamed through Europe 2020 and the European Semester, Cohesion policy and other EU funds, but also in agenda setting at member state level.*

*The main message is that social policy should be seen as a social investment, using budgets more efficiently to get employment/economic and social returns, strengthening people's capacity to enter the labour market and society, through a life cycle approach. However, the good intentions are undermined by predominant messages about efficiency and the need to refocus social budgets towards more activating and enabling budgets and away from 'passive social protection', pressing for more targeting, temporary payments and conditionality. The rest of the package (which includes many already planned initiatives from the European Platform against Poverty – Child Poverty Recommendation, Active Inclusion Report, Homeless report) as well as Staff Working documents on Health, Long-term care etc, includes some important positive recommendations, but the lack of coherence with the Social OMC, EPAP and overall key messages of the SIP cause great concern, particularly in its impact on Europe 2020, the European Semester and the CSRs. EAPN will be preparing a response to the SIP with its members in the coming weeks.*

*This briefing has been produced by the EAPN Policy Team (Sian, Amana, Vincent and Claire) with support from the Administrative Team (Leticia and Rebecca) and provides a summary and assessment of the Communication and the Staff Working papers.*

---

<sup>1</sup> EC Communication: Towards Social Investment for Growth and Cohesion- including implementing the European Social Fund (2014-20).

## CONTENTS

In this page you will find quick links to the Commission documents and to the individual EAPN briefing notes.

COMMISSION DOCUMENTS	EAPN BRIEFING NOTES
<a href="#">General Page including Press Release and Frequently Asked Questions</a>	
<a href="#">Social investment package: Key facts and figures</a>	
<a href="#">Citizens' summary – Social Investment Package for Growth and Cohesion (other languages available)</a>	
<a href="#">Main Communication: Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020</a>	<a href="#">EAPN Briefing on Main SIP Communication</a>
<a href="#">Commission Recommendation: Investing in Children – breaking the cycle of disadvantage (2013)</a>	<a href="#">EAPN Briefing: Investing in Children: breaking the cycle of disadvantage</a>
Staff Working Document: Evidence on Demographic and Social Trends – Social Policies Contribution to Inclusion, Employment and the Economy ( <a href="#">Part 1</a> ) and ( <a href="#">Part 2</a> )	<a href="#">EAPN Briefing: Evidence on Demographic and Social Trends: Social Policies Contribution to Inclusion, Employment and the Economy (2 volumes)</a>
<a href="#">Staff Working Document: Follow-up on the implementation by the Member States of the 2008 European Commission Recommendation on active inclusion of people excluded from the labour market – towards a social investment approach</a>	<a href="#">EAPN Briefing: Follow-up on the Implementation of the Active Inclusion Recommendation of 2008 – Towards a social investment approach</a>
<a href="#">Staff Working Document: 3<sup>rd</sup> Biennial Report on Social Services of General Interest</a>	<a href="#">EAPN Briefing: Biennial report on Social Services of General Interest</a>
<a href="#">Staff Working Document: Long-term care in ageing societies</a>	<a href="#">EAPN Briefing: Long-Term Care in Ageing Societies</a>
<a href="#">Staff Working Document: Confronting Homelessness in the European Union</a>	<a href="#">EAPN Briefing: Confronting Homelessness in the European Union</a>
<a href="#">Staff working document: Investing in Health</a>	<a href="#">EAPN Briefing: Investing in Health</a>
<a href="#">Staff working document: Social investment through the European Social Fund</a>	<a href="#">EAPN Briefing: Social Investment through the European Social Fund</a>

# Main Communication: Towards Social Investment for Growth and Cohesion – including implementing European Social Fund 2014-20

## **Introduction**

The Communication on the SIP's main message is that social policy should be seen as a social investment, using budgets more efficiently to get employment/economic returns. The focus is primarily on strengthening people's capacity to enter the labour market and society, through a life cycle approach. Although much of the language/rhetoric picks up on EAPN demands on the SIP, the good intentions are undermined by predominant messages about efficiency, in order to deliver on austerity measures, refocusing social budgets towards more 'activating and enabling services' and away from 'passive social protection', including more targeting, temporary payments and conditionality. There is also a lack of coherence and consistency with the rest of the package of Staff Working Papers and the Commission Recommendation on Child Poverty, which include some important Recommendations reflecting EAPN demands.

## **Summary of SIP Communication**

The Communication picks up the arguments expressed in the Staff Working paper on evidence on social and demographic trends, highlighting the 3 functions of welfare systems (social investment, social protection and stabilization). Although it starts by seeming to support an integrated approach: *"well-designed welfare systems combining a strong social investment dimension with the other two functions, increase the effectiveness and efficiency of social policies, whilst ensuring support for a fairer more inclusive society"*, it quickly moves to stress the priority of the investment function *"giving activation measures more of a prominent role"*. It then stresses that social protection support should be **temporary**, using **conditionality and better targeted to those in need**. Effectiveness is also to be increased through individualized and integrated services (i.e. one stop shops), and simplifying procedures.

## **Key Challenges**

The main challenge is seen to be how to finance the welfare state in the context of austerity and demographic ageing. The solutions focus on increasing efficiency and effectiveness, by reforms to welfare systems, but also by out-sourcing public services to private and third sector. Social investment in human capital is the main priority, investing in care, education and training of children and youth in order to ensure access to the labour market, but recognition is made that jobs do not always *"lift families out of poverty. The working poor represent a third of adults of working age at risk of poverty"* and growing inequalities of disposable income, and drops in living standards **targeted, conditional** affecting the vulnerable, disproportionately. Gender is also highlighted as a growing concern with 12 million more women than men in poverty and 3 gender gaps – activity rate, engagement in labour market (in part time jobs) and gender pay gap of 16.2%.

**The Main Solution: simple, targeted and conditional social investment.**

3 priorities are established:

**1. Increase the sustainability and adequacy of social systems through simplification and better targeting**

The main recommendations are:

→ **What Member States should do**

- MS should allocate more money to **social investment** in social spending i.e. put money into child/care, education, training, active labour market policies, housing support, rehabilitation and health services, (not cash benefits).
- Financing should be improved by **better revenue** collection, broadening tax bases and making tax more growth-friendly.
- Simplifying benefit **systems and tackle fraud and non take-up**, through one stop shops and unified benefit systems, target support to those most in need.

→ **What the Commission should do**

- **Monitor implementation through the European Semester** and see how far MS have shifted to social investment, improving “adequacy and sustainability”.
- The **SPC will work on financing SP systems** and develop a methodology by end of 2013, sharing practices through the Social OMC.
- An **independent advice health expert panel** investigating effective ways of investing in health will be set up in 2013.

**2. Pursuing activating and enabling policies through and more effective support**

The focus is labour market participation, “*using social policies (services and cash benefits) to activate and enable*”, with an emphasis on temporary support. Funding should in some cases be switched from cash benefits to services, and support made conditional. “*In certain cases social services are more supportive than cash benefits....they should be conditional upon the individual achieving an appropriate and specific goal*”.

The main Recommendations are:

→ **What Member States should do**

- “Fully **implement the Recommendation on Active Inclusion** (2008) without further delay, including with funding from ESF and ERDF, integrating its three pillars: adequate income support, inclusive labour markets and enabling services”.
- Put in place **legal frameworks to ensure access to high quality and affordable social services** respecting EU rule.
- **Establish reference budgets** for efficient/adequate income support taking into account local, regional and national needs, reflecting progress in the NRPs.
- **Set up comprehensive homelessness strategies** based on prevention, housing-led approaches and reviewing regulations and practices on eviction.
- **Close the gender gap and address women’and other groups participation** in the labour market, tackling discrimination and offering reconciliation including childcare.

- **Align tax/benefitsystems to make work pay** – tapered thresholds and targeted in-work fiscal incentives – using ESF, ERDF, European Integration Fund and European Migration and Asylum fund.
- **Use the Fund for European Aid for the Most Deprive (FEAD)** – to tackle material deprivation/homelessness, including accompanying measures for social inclusion.
- Implement **Recommendation on access to basic bank account**.
- Develop **concrete strategies for social innovation** (Public, private, third-sector partnership), providing financing, training and other support including EU funds and scale up successful projects. Prioritise in CSRs and NRPs.

#### →What the Commission will do

- **Monitor reforms towards Active Inclusion** within European Semester, develop a **methodology for reference budgets** in 2013 and monitor **adequacy of income support** using reference budgets once developed with MS.
- **Clarify rules on State Aid**, internal market and public procurement for social services through an updated guide and regular exchanges with stakeholders.
- Prepare a **Recommendation on best practices for Roma Inclusion**
- Present a **legislative initiative on access to basic payment accounts**.
- Inform people of social rights through user **friendly Social Protection Guides**, a **Directive to prevent discrimination to reduce obstacles to mobility** of workers.
- Provide **guidance to MS on how to use social innovation** using ESI (European Structural and Investment Funds).
- Present a **Report in 2013** on the implementation of the Communication “Solidarity in Health, reducing health inequalities in the EU”.

### 3. *Social Investment through the individual’s life*

Providing integrated support at critical risk moments in a person’s life, and preventing hardship later with a primary focus on investing in early learning, health, youth guarantee, long-term care and active ageing.

The main recommendations are:

#### → What Member States should do

- **Implement the Recommendation on ‘Investing in Children – breaking the cycle of disadvantage’** in an integrated way through case and in-kind benefits, access to early education, health and social services and eliminate school segregation, prioritise early childhood education and care (ECEC), in line with the Barcelona targets on childcare and report progress in the NRP, using EU funds.
- **Implement the Recommendation on ‘policies to reduce early school leaving’** and develop evidence-based, comprehensive policies encompassing prevention, intervention and compensation.
- **Use guiding principles for Active Ageing and solidarity** between Generations and active ageing index to monitor old people in employment/social participation etc.

### →What the Commission will do

- **Improve longitudinal data**, particularly for children and report progress in the Employment and Social Developments in Europe report.
- **Test the effectiveness of conditional cash transfers** for supporting ECEC – through a research project in Progress making benefits conditional on registering children in early care services?
- Work together with the SPC on a **report on long-term care policies** to support healthy and active ageing/independent living for all ages including use of new technologies, developing a policy makers manual for MS in designing long-term care strategies.

### Guidance for the Use of EU Funds 2014-2020

The guiding principle in the Communication is to use EU funds “*to be a catalyst for growth and jobs across Europe, notably by leveraging productive and human capital investments*” (Conclusions of the European Council 7-8 February 2013), but investment in ESF has decreased since 1989 and needs to be restored with the 25% on ESF and 20% on promoting social inclusion and combating poverty, still the subject of intense Council negotiations. Inclusive growth is to be fostered through using funds for “*employment, human capital development, modernisation of public services, territorial investment and social inclusion reflecting the CSRs and main challenges identified in the Staff Working Documents assessing the NRPs*”, highlighting the need to complement ESF with ERDF i.e. in investing in childcare, health, housing and education infrastructure. A new term is used *ESI (European Structural and Investment funds embracing in particular the ESF, ERDF, PROGRESS 2007-2013, the Programme for Social Change and Innovation (PSCI 2014-2020 and the Fund for European Aid to the Most Deprived (FEAD))*. A specific focus for ESF will be social innovation, social economy and social entrepreneurship, testing innovative approaches and then up-scaling them to deliver effective social policies.

Other key funds will include: PSCI, Horizon 2020, COSME (Programme for competitiveness of enterprises and SME), And FEAD, as well as resources from World Bank, Council of Europe Development Fund and EIB.

### Key Recommendations

#### →What Member States should do

- Allocate **cohesion and rural development funds to human capital development** e.g. **employment, social inclusion**, reducing territorial inequalities, active and healthy ageing, accessibility of social, education and health services and lifelong learning, to deliver on the CSRs and the Europe 2020 targets.
- **Address multiple needs of disadvantaged people**, including those living in poor and isolated areas, with coordinated approaches (ESI).
- Seek ways to **complement EU funds with funding from World Bank** etc.
- **Test new approaches to social policies** including PSCI and scale up through ESI.

- *“Involve stakeholders, particularly civil society organisations close to the target groups for social interventions, in programming and implementation and facilitate their access funds”.*

#### →What the Commission will do

- Develop **operational policy guidance on ESI funds** reflecting a social investment approach by mid-2013, then monitor results, including with CSRs.
- **Promote sharing of knowledge** with a knowledge bank with Eurofound on practices, and develop poverty maps.
- **Support capacity building through ESF of national and regional authorities** to implement effective policies including social entrepreneurship.

#### Targeted EU initiatives

##### Some new financial tools will be developed

European social entrepreneurship funds (part of PSCI from 2014), and the Commission will propose a regulation to set up a new *European Social Entrepreneurship Fund*, and develop a methodology to measure the socio-economic benefits, including a high-level conference in 2014. Other instruments will include: micro-financing and social impact bonds (incentivizing private investors to finance social programmes by offering returns from the public sector).

#### Conclusions

*The final conclusions add in some new elements rather than summarizing the whole text, pressing for a more coherent approach to Europe 2020, and the need to ensure stakeholder engagement at all levels, but with a focus on supporting the new social investment priorities.*

- 1) **Strengthening social investment** as part of the European Semester: MS are urged to strengthen **involvement of relevant stakeholders at all level, notably social partners and civil society organisations** in the *modernization* of social policy as part of Europe 2020, and to give particular attention in the their NRP to social investment priorities and the implementation of active inclusion.
- 2) **Make better use of EU funds** to support social investment.
- 3) **Streamline governance and reporting** – MS are urged to make proposals to strengthen the social dimension of Europe 2020 with a better connection to existing process such as the OMC and enhanced reporting. The Commission will *“strengthen guidance and monitoring instruments, taking into account the existing macroeconomic, fiscal and employment governance tools, with a view to limit and address divergences related to social policies”*. They highlight the importance of the *Social Protection Performance Monitor*. They promise continuing dialogue with stakeholders, notably in the Annual Convention of the Platform against Poverty and Exclusion.

## **Positive points**

- Within the Communication there are individual initiatives which reflect some EAPN demands, but not the overarching message.
- Affirmation initially that well-designed welfare systems combine social investment with protection and stabilization functions.
- Support to individualized and integrated services and benefits, simplifying procedures to support better access.
- The need to ensure that any fiscal consolidation measures are adequately designed to avoid negative repercussions on poverty+ social cohesion.
- Pressing for full implementation of the Active Inclusion Recommendation without delay in an integrated form – i.e. the three pillars, putting in place legal frameworks to ensure quality social services, monitoring through Europe 2020 and the European Semester, and clarifying EU roles and better Guide.
- The recognition that MS welfare systems are failing to protect people from poverty and social exclusion and unemployment, and that adequacy should be reinforced through reference budgets, backing the joint development of a common methodology, and monitoring on adequacy through the NRPs.
- Backing the implementation of the Child Poverty Recommendation (Investing in Children: breaking the cycle of disadvantage) and on reducing early school leaving, focus on cash benefits and access to quality services including early education, asking for better delivery on the Barcelona targets on childcare, with increase in longitudinal data.
- Backing comprehensive strategies, based on prevention, housing-led approaches to tackle homelessness, and supporting the use of the FEAD.
- Closing the gender pay gap and address women's and other groups' barriers to the labour market.
- Recommendation on best practices on Roma Inclusion, with yearly reporting on .Roma Inclusion Strategies within the European Semester.
- Recognition of support for third sector in partnerships for social innovation, providing training and mentoring support, particularly through PSCI and use the European Funds to trial and scale up.
- Operational Guidance to MS on how to use European Structural and Investment funds to implement CSRs, (if these are positive)and implement the Europe 2020 targets, and to deal with the multiple needs of the poor with coordinated action. The development of new financial instruments – e.g. micro-financing, social impact bonds.
- Involvement of stakeholders in EU Funds, *“particularly CSOs close to the target groups for social interventions, in programming, implementation and facilitate their access to funds”* is very important.
- Directive on access to payment accounts and a study on best practices to protect consumers.
- Work with SPC to report on long-term care policies to support healthy and active ageing, developing a policy makers manual.
- Strengthen involvement of stakeholders, explicitly referencing civil society organisations at all levels, particularly through the Annual Convention.

- Improving the knowledge sharing on how to better target ESF-funded interventions with the development of poverty maps.

### **Key concerns**

- **The lack of coherence and consistency** of the Communication and package with a disparate shopping list of measures under the different thematic paper.
- **The overriding message that backs austerity** as the right course and argues for **switching funding from social protection to social investment**, rather than an integrated approach (social protection and social investment, stabilizer).
- **Although some of investment priorities could be positive – i.e. childcare, education training, housing support, health**, positive active labour market, they are likely to undermine funding in social protection and do not respond to our key demand of **defending/marshaling evidence of the pro-active role of social protection**: benefits to social, health, employment, economy et
- **Whilst implementing active inclusion is a priority, (combining social protection and social investment approaches), the priority is given to activation, and conditional services.**
- The emphasis on **targeting, conditionality and temporary nature** of benefit support is deeply worrying, undermining backing for universal, rights-based welfare systems with tailored approaches, particularly targeting benefits to only those most in need and new testing of conditionality of benefits e.g. linked to parent's use of early learning services etc. The focus on reference budgets seems an outlier.
- **The lack of a big concrete initiative that could make a difference i.e. step forward on social standards** – comparable to the Youth Guarantee, and the failure to back EU and national strategies to fight poverty and exclusion, comparable to the national job plans.
- **The lack of reference to the need to invest in better democracy, participation and systematic national and stakeholder engagement** is a concern. Stakeholder engagement at national level, is focused on modernizing social protection, with no reference to people experiencing poverty, nor the need to engage national parliaments, with the main role in the Annual Convention. The participation pillar of the Child Poverty Recommendation is also missed in the Communication.
- **Although CSO engagement in EU funds is emphasized**, there is a strong focus on public, private and 3<sup>rd</sup> sector partnerships, with concerns about how far NGOs will really be facilitated, and whether the agenda isn't more of a privatization one.
- **Ensuring a full participation in the delivery of the SIP Priorities through EU Funds is crucial** but it requires the availability of financial means such as global grants and technical assistance. All of them are not even mentioned here.

## **Commission Recommendation: Investing in Children: breaking the cycle of disadvantage**

### ***Introduction***

The long-awaited Commission Recommendation on Child Poverty and child well-being is now published as part of the SIP under the new title. The Recommendation is not a Council Recommendation but is the strongest Commission instrument in the SIP. It establishes principles and guidelines for effective integrated strategies to fight, but builds on more than a decade of consensus on child poverty through the Social OMC (Open Method of Coordination on social protection and social inclusion) counting on Commission and Council support ie the European Platform Against Poverty (EC 2010), the June SPC advisory report as well as the October 2012 EPSCO Council Conclusions. This reflects the effective lobby work of children's organisations including Eurochild/Unicef as well as EAPN and other social NGOs and other stakeholders. It therefore has a better chance of being implemented at national level, but will need active partnership engagement – including from NGOs, parents and children. A detailed proposal on implementation through a partnership approach has been made by an Adhoc group of which EAPN is a member, with CARITAS, Eurochild, Unicef, ESN, PICUM, Eurodiaconia, Coface. This has been picked up and confirmed in the Recommendation. The Recommendation picks up most of the key messages of EAPN, and reflects the inputs made during the consultation and follow up.

### ***Summary***

The Commission Recommendation aims to establish a common European Framework, to strengthen synergies across policy areas and to help MS review and exchange on better practice and innovative approaches. The Recommendation is proposed as a key instrument to help deliver both the Europe 2020 poverty and early school leaving targets, implemented through the European Semester particularly relevant CSRs. The Multiannual Financial Framework, particularly Structural Funds is expected to provide key funds for implementation.

### ***Preamble***

The justification highlights children as a key group at risk of poverty and the need to prevent the transmission of disadvantage as a social investment, with particular focus on early intervention and prevention. It underlines the key treaty and international agreement basis including the respect for human dignity and the UN Convention on the Rights of the Child, and summarizes the key milestones on the road to achieving the Recommendation.

It confirms the need for integrated strategies focused on prevention, built on three pillars: 1) support to adequate livelihoods – access to labour market and adequate income support, 2) access to essential services, and 3) right to participate. Whilst well-being is no longer in the title, the most 'successful strategies' are signposted as policies improving 'child well-being', beyond income poverty.

## Horizontal Principles

These 17 principles highlight the need for integrated strategies beyond material security, based on a children's rights approach. These should take the best interests of the child into consideration, whilst acknowledging "*the importance of supporting families as primary carers*".

They underline the need to balance *universal* policies aimed at promoting well-being and *targeted* approaches, with specific focus on children at risk because of multiple disadvantage. E.g. Roma, homeless children etc.

## Integrated Strategies: Promotes the 3 pillar approach

**1) Access to adequate resources:** The primary focus is on supporting parents participation in quality inclusive jobs, tackling disincentives and making work pay, but also increasing working conditions and support measures ie parental leave and access to affordable quality early childhood education and care. A secondary focus is on ensuring adequate living standards through benefits, complementing cash income support with in-kind. Adequacy, coverage, take up all should be considered as well as sensitive approaches to means-testing to avoid stigmatization. The dangers of conditionality are highlighted, although discretionary use is supported.

**2) Access to affordable quality services:** The primary focus is investing in early childhood education and care (ECEC), as a social investment to address inequality, ensuring affordability and adapted provision. Support is urged for parents in their role as the main educators, encouraging joint working. Education systems need to be made more inclusive to break the cycle of disadvantage, promoting high quality education that "*promotes their emotional, social, cognitive and physical development*". Resources should be better targeted to the disadvantaged, fostering de-segregation policies, whilst addressing affordability barriers. Comprehensive early school leaving encompassing prevention, intervention and compensation measures are supported as well as strengthening professional profile and training for teachers. Providing children with a safe, adequate housing and living environment is a key priority, including preventing homelessness, involving children in planning processes.

Enhanced family support is required to prevent children being taken into care, avoiding institutional settings, providing support to children left behind when parents migrate.

## Children's right to participate

This covers both participation in play, recreation, sport and cultural activities, providing safe spaces and better afterschool activities, as well as participation in decision-making activities. The latter covers involvement as service users, participation structures and child-friendly justice, but doesn't specifically name participation in policy decision-making processes.

## Governance, implementation and monitoring

It stresses the need to work across sectors with improved governance, coordinating between key actors, particularly in fields of education, health, employment, health, equality and

children's rights and ensuring mainstreaming. It recognizes the need for close partnership working with local authorities, as well as social partners, local communities, CSOs, and children.

### **Evidence-based approaches**

It calls for better use of existing statistics and administrative data to monitor impact on children and their families, particularly related to child deprivation, child care, health and the most vulnerable children and to improve timeliness. Better exchange and practice on tried and tested intervention models and review of temporary policies introduced during the crisis.

### **Making full use of EU instruments**

The Communication calls for child poverty to be made a key issue in Europe 2020, mobilizing all the tools and indicators, in the NRPs and CSRs, as well as the Social OMC, considering "*the added value of setting national targets*". The EU financial instruments should be exploited e.g. Programme for Social Change and Innovation (PSCI) and European Social Fund (ESF) to test, evaluate and scale up policy innovations, the Fund for the most deprived, and other schemes. Full use of the thematic objectives in ESF – on poverty and social inclusion, but also investing in employment, education, skills and lifelong learning, access to services, community-led development are urged as well as promoting partnership in programming and access to SF with relevant stakeholders, at national, regional and local levels, in particular public authorities, social partners, NGOs in order to mobilize action to combat child poverty.

### **Positive points**

- The Recommendation is a well-written, comprehensive and coherent proposal building on the consensus reached on child poverty over the last decade in the Social OMC, providing a strong basis for positive integrated approaches built on child rights and family support. It reflects most of EAPN key demands in the consultation.
- It confirms the value of the 3 pillar approach, giving a strong emphasis to access to quality work, adequate income support, affordable quality services and children's participation.
- It underlines the role of affordable, quality early childhood education/care, to support parental employment, and break the cycle of deprivation as a social investment.
- It recognizes the need to support families as primary carers, and main educators of their own children, encouraging early childhood services to work closely with them.
- Adequate family income support is backed, highlighting the need for cash income support complimented with in-kind benefits in key services.
- The dangers of means-testing, stigmatisation and conditionality in benefits linked is raised, although insufficient to challenge the underlying messages in the main SIP.
- Children's right to participate and be heard is backed not only in play and cultural activities but as service users, participation structures and the legal system.
- Strong attention to ensure that the most disadvantaged children are reached, with specific proposals on homeless, migrants.
- Europe 2020 is to be used as the main implementation mechanism, monitoring indicators and through the NRPs and CSRs, with a tentative proposal on sub-targets.

- The potential of EU funds is well explored, although no specific mechanisms are proposed to ensure this delivery.
- Partnership in programming and access to SF by stakeholders at all government levels, as well as NGOs is emphasized, and role in mobilizing to combat child poverty.

### ***Key Concerns***

- Although the integrated approach to implement child poverty is welcomed, it fails to place the fight against child poverty within an overarching EU and national strategy to fight poverty for all groups.
- Child well-being is rather invisible, only stressing that the most successful strategies move beyond child poverty, but not the key elements necessary to promote it.
- The recognition that most poor children grow up in poor families is also low profile, although family support is evident, joint work to ensure that families are taken out of poverty could be more strongly underlined.
- The issue of quality work could be more strongly mainstreamed particularly when supporting parents, single parents, ensuring that they can access affordable childcare and other services, avoid poverty traps and can access jobs that take them and their families out of poverty.
- A stronger emphasis on universal benefits and services as well as targeted services would be welcomed, as there is a greater emphasis on targeting/means-testing, which could undermine preventative role and support for well-being.
- The raising of the issue of conditionality of benefits linked to concrete outcomes in education is deeply worrying, and raises concerns over how far human rights should be made conditional.
- No concrete road map for implementation, as requested by the Adhoc Alliance, has been set out, with the main focus on mainstreaming through Europe 2020 and Structural Funds, but without a concrete objectives and timeline.
- There is insufficient focus on how partnership can be mobilized and the role of participation of multilevel governance, civil society organisations including a direct role for children and families on poverty, in the NRP/ and NSR process.

## **Commission Staff Working Document – Evidence on Demographic and Social Trends: Social Policies Contribution to Inclusion, Employment and the Economy (2 volumes)**

### ***Summary***

This Staff Working Document sets out the evidence of long-term trends and social challenges underpinning the main arguments of the Commission’s Communication on the Social Investment Package. It is presented in two volumes .The first (chapters 1 to 6) focusing on role of social investment, long-term trends and social impact of the crisis, with a focus on risks over the life course for key groups, with the second on the size, composition and effects of social spending, and improving the timeliness of data.

It highlights growing inequalities, and divergence between EU members in terms of the efficiency and effectiveness of spending and analyses social spending in terms of 3 key functions – 1) social investment 2) social protection and 3) stabilization. Whilst it claims that “social investment policies reinforce social policies that protect and stabilize”, the main arguments are rather dangerously used to defend prioritizing social investment over the other functions.

### **The three functions of social spending**

Social investment is defined in terms of offering a return in terms of increased employment, enhancing growth, aiming at strengthen people’s skills and capacities, to prepare them to confront risks over the life course and improving their future prospects. Social protection has the function of supporting or protecting people who face social risk. The stabilisation function – provides an automatic stabilizer to the economic, with economic downturn the need for social intervention increases. Although it is recognized that social policies often support 2 or 3 of these functions, arguments are used to defend the effectiveness of social investment over other functions particularly related to childcare, active labour market policies, rehabilitation and education.

### **Long-term trends and Social Impact of the crisis**

Data highlighting the main challenges are analysed including ageing population, changing family structures, mobility, role of information technologies highlighting the growing divergence across the EU.A strong case is made for the positive role of social protection acting as an automatic stabilizer, particularly in the North and Central MS, but highlighting growing income inequality, emphasizing wage polarization and the disappearing middle, persistent labour market segmentation, which welfare systems are failing to mitigate.

Evidence is shown for rising poverty and exclusion, emphasizing the need to focus on gaps in service as well as income, gender, the depth and duration of poverty as well as severe forms of poverty – homelessness, Roma and migrants.

## Economic returns on social investment

Whilst poverty and exclusion are shown as linked to adverse health, literacy, poor school performance, stress levels, crime and social unrest, the document avoids attempting to quantify the costs in terms of health, economic costs, as being *too difficult to take account of the broad range of factors*, and chooses to monitor *opportunity costs* – ie direct economic loss in labour market incomes and related public resources ( benefits and taxes) rather than on the general costs of poverty (i.e. health, crime outcomes, intergenerational transmission of poverty. This is a major set back.

## Risks over life course

Evidence is drawn together to demonstrate the risks of compounding early disadvantage and the need for early intervention with children, but highlighting risk of child poverty from low parental income and inadequate support. Other key issues are role of quality childcare, unmet need for health care and gender differences. Youth unemployment and growth of NEETs (13.2% - 7.5 million) is linked to both early school leaving and deteriorating labour market situation, with low employment and concentration in low quality jobs (eg 40% in temporary jobs). Growing in-work poverty is highlighted and linked to education and skills, disparities in earnings and working conditions, and low work intensity, highlighting key concerns about declining transition rates i.e. probability of unemployed finding a job.

## Size, composition, trends in spending and effectiveness of social protection

The diversity is highlighted, both in terms of levels of social protection expenditure (from 18% in BU, EE, LV, RO to 32% in DK, FR and NL), and the make-up of the expenditure, the largest component being pensions (nearly 40%), then health followed by disability, family/child then unemployment benefits (below 2%). The relative share of funding spent on social investment rather than protection or stabilization is emphasized seeking to demonstrate that social investment has been greater in some countries (BE, FR, NL, AT as well as Nordic countries) and that this is associated with better outcomes in poverty and employment. However, it also demonstrates that social protection has been more effective at sustaining household income during the crisis than tax systems.

Priority interventions are argued for: in early intervention in childhood, lifelong learning and up-skilling. In terms of poverty and exclusion social transfers are recognized as reducing poverty from 25 to 50%, but highlights differences in effectiveness in terms of targeting and conditionality, composition and balance of benefits in cash and in kind.

An alert is given to the growing number of people not covered by benefits, risking crime and informal labour market increases, and the low level of benefits with only Ireland, Denmark and UK reaching the at risk of poverty level. Non-take up is also highlighted. Active Labour market policies are highlighted as having a positive impact on employment rates. But the evidence on the effectiveness of combined active labour market and income support measures (i.e. receipt of benefits) is shown as crucial, in terms of **supporting return to work**.

## **Social protection financing trends**

The trends of a shift from social contributions to general taxation is emphasized in all countries, with choices of increasing income tax rates, taxing income rather than labour and indirect taxation with a marked preference by MS for the latter, with negative redistributive effects, which it is argued can be counterbalanced by other measures.

## **Timeliness of data and better indicators on outcomes**

This section highlights problems with timeliness and indicators. 3 areas are highlighted – improving analysis and monitoring, data collection at EU and national level and new methods and models. Proposals are made for improving timeliness, e.g. with early estimates of data (material deprivation), alternative indicators, micro-simulations and use of data from NGO and other social service providers. The need for new indicators is highlighted to measures in-kind benefits (i.e. services), the dynamics of poverty and exclusion and extreme poverty.

## ***Positive Points***

- Well-designed social systems combining the three functions – social investment, protection+stabilization are key for effectiveness/efficiency of social policies.
- Social protection has functioned well as an effective automatic stabilizer in the crisis particularly in northern and continental countries, but effect declining.
- The trend towards social inequality is exacerbated by fiscal consolidation measures, and differentiated impacts to different population groups as well as income/wage gap.
- Recognition that more needs to be done to capture the multiple facets of poverty and social exclusion, access to health and other services, gender, extreme poverty including homeless, Roma and migrants.
- Greater concern around the depth and duration of poverty – with the poor getting poorer (from 21.7% to 23.3% in 2011) and growing persistence of poverty.
- The need to measure better the economic returns on social investment – although focused on opportunity costs – i.e. loss to economy and labour market incomes.
- The importance of early intervention with children, increasing parent's wages as well as income support, and investing in affordable childcare.
- Size of social spending counts, but also how it is spent – backing approaches that integrate investment and social protection (p.59 vol2). Major problems with people no longer covered by benefits, but also duration, coverage, and non-take up.
- Labour-market friendly social spending most effective when active labour market policies are combined with benefits, and ALM on its own isn't enough.
- Need to improve the timeliness of social data and develop better indicators to capture the reality of poverty.

## **Key Concerns**

- There is a lack of consistency/coherence on arguments used on social investment that appears to back switching funding to investment functions, to the detriment of social protection rather than confirming the success of an integrated approach covering all 3.
- The welcome focus on growing inequalities emphasizes polarization of incomes, due to collapse of middle-ranking jobs and skill/training gaps rather than lowering job quality, or the declining wage shares (high/low wages) or in relation to profit or GDP, or declining progressivity of taxation.
- Increased attention to in-kind services is welcomed, but risks posing this as an alternative to cash benefits, which is likely to increase hardship in a cash-based economy and run risks of punitive conditionality.
- Minimum Income is hardly mentioned, with a focus on unemployment and other benefits. Fails to highlight its low cost (less than 1% of social spending) and its impact on poverty reduction/link to inclusion. Focus on Roma, Youth and Homeless fail to mention lack of access to MI as a key obstacle.
- The focus on economic returns chooses to ignore the overall cost of poverty and only focuses on failure to access work, without considering whether the job provides a sustainable route out of poverty, or considering the major health, social and economic costs of failing to provide an adequate income.
- The focus on early learning focuses the responsibility for intergenerational disadvantage on the parents “whose socio-economic status influences their capacity and resources to invest in children” rather than recognizing structural causes.

# **Staff Working Document: Follow-up on the Implementation of the Active Inclusion Recommendation of 2008 – Towards a social investment approach**

## ***Introduction***

This Staff Working Document is aimed at assessing how Member States have implemented the European Commission Recommendation of 2008, on the active inclusion of people furthest from the labour market. The Recommendation is based on three mutually reinforcing pillars: adequate income support, access to quality services, and inclusive labour markets, which are aimed at ensuring professional integration for those who can work, and social participation for those who cannot. The paper assesses the steps that different Member States have taken to implement the recommendation, looking at the three pillars individually, but also at integrated approaches. It also proposes further guidance to Member States for implementation, as well as to the European Commission, which will assess implementation in the European Semester.

The paper is a strongly descriptive document, rather a research report, not a political paper at all. While it captures some important issues, it also misses some, and it is not always consistent with the Active Inclusion Recommendation itself. The main concern regarding this document is that it reduces poverty-reduction to integrated Active Inclusion approaches only, while regarding Active Inclusion as strictly a means to get people back to work. Furthermore, integrated approaches are exclusively understood as one-stop shops, which is the main indicator for assessing implementation of the Strategy. A real poverty strategy is missing, which would also take into account those who can't find work or a quality job, as well as social participation, with access to rights, resources and services for all groups.

Another serious concern is the way this report fits into the overall Social Investment Package, fitting it into the “lifecycle approach” and investing in human capital. Exposure to risk of poverty and social exclusion is not considered static, but as a temporary state, before a person returns to the labour market. It does not adequately address the issue of those who cannot work in sustainable, quality employment, it does not mention support into social participation, and it does not reflect on the need for a broader strategy to fight poverty and social exclusion for all groups.

The proposed follow-up at the end of the document, which contains recommendations for both the national as well as the EU level, is however quite positive, echoing most of EAPN's concerns. There is also strong encouragement for stakeholder involvement, including people experiencing poverty and their NGOs.

Please see below for some of the main positive elements, as well as main concerns, for each pillar and for the integrated approaches, as well as on the role of the EU and its monitoring, and key recommendations for Member States and for the European level.

## **Overall Comments**

### **Positive Points**

- Active Inclusion to be monitored in the framework of the European Semester; the document mentions the set-up of national poverty strategies, but reduces them to integrated Active Inclusion approaches (which means one-stop shops);
- Minimum income schemes should be assessed in relation to the national poverty target (derived from Europe 2020), using reference budgets;
- Recognizes the high correlation between the poverty situation in a given Member State and the robustness of that country social protection system;
- Positive (although rather generic) recommendations for Member States and the European level at the end, echoing most of EAPN's concerns;
- Speaks explicitly about the participation of relevant stakeholders in designing, implementing and monitoring of national active inclusion strategies.

### **Key Concerns**

- While there are some considerations about the impact of the crisis, austerity, fiscal consolidation etc, Troika is not mentioned, neither concrete negative impacts per se;
- Ex-ante or ex-post or any kind of social impact assessment is missing, although it speaks about mainstreaming Active Inclusion in the NRPs and NSRs;
- The report identifies as what is missing to make progress on integrated approaches: one stop shops (key indicator); greater effectiveness and efficiency of social protection systems (not adequacy...), linking employment policies with social support (very worryingly...);
- There is a very strong emphasis on one-stop shops as **only** indicator for the integrated approaches, but it focuses more on how they would simplify organization and administrative convenience, delivery, and take-up, nothing about how to improve the support itself;
- A “back to work” approach is predominant, Active Inclusion is not seen as also a tool for social participation of those who can't work;
- There is a lot of emphasis, repeated, on the need to “modernize” social protection, which sounds rather vague and neo-liberal;
- Social policy experimentation is suggested for implementation – worrying;
- Beyond targeted support for administrative capacity and policy coordination with EU funds, there is absolutely no other action mentioned on the role of Structural Funds. The Commission should give guidance to Member States on how to use Structural Funds to support integrated active inclusion approaches, and make it happen, while designing the Operational Programmes with a targeted support for NGOs for delivering innovative and successful socially-integrated projects (with capacity-building, technical assistance and tailor-made grants schemes).

## **Minimum Income**

### **Positive Points**

- Strong emphasis on reference budgets as means to establish adequacy, as well as indicator for monitoring (by the European Commission); examples from UK, NL, IE and BE (Flanders); nothing about positive hierarchy when speaking about adequacy.
- Welcome attention given to adequacy and take up issue regarding minimum income, however, later in the text, take-up is mainly focused on fraud prevention.
- Focus also on low coverage and ensuring that the most disadvantaged are reached, plus better transitions in gradually phasing out income support.

### **Key Concerns**

- Very negative reference to the need to ensure that MI levels are no higher than 40% to eliminate inactivity traps (they wrongly reference the research paper by Vandembroucke, including Anne Van Lancker);
- No countries are reported as not having minimum income – only adequacy, coverage and non-take-up are considered; statement that all those who don't have a national one have regional or local schemes in place;
- Minimum income support constantly strongly linked to getting back to work only; stress on eligibility and conditionality linked to work, while the Active Inclusion Recommendation speaks about social participation and “those who can/can't work”;
- The report assesses that minimum income not linked to national minimum wage in any of the Member States;
- Countries are divided in groups according to minimum income criteria: HU is considered as having “simple and non-categorical schemes with restricted eligibility conditions”, while BG, IT and EL are considered to be having partial or piecemeal arrangements with reduced coverage; LU is not present in the categorisation (but appears in subsequent statistics and examples);
- Although minimum income is granted for an unlimited amount of time, it is conditional upon conditionality checks (often understood as work-related);
- The issue of stigma is not addressed at all in take-up, only accessibility, information, delivery etc – one-stop shops are the miracle solution, as well as information guides;

## **Inclusive LabourMarkets**

### **Positive Points**

- Comprehensive section and references to in-work poverty, but emphasis on household composition, low work intensity and personal characteristics; some good wording on insecure contracts, but less, and very weak on low pay; nothing on quality work per se; the focus is on increasing work intensity through childcare, although not affordable or quality;
- Recognizes the need for concerted efforts on demand and supply side, although this is not done through public investment, but, rather, through subsidies for employers, not public investment and a New Deal for quality, sustainable job creation

- Acknowledges the need to choose the right activation measures, with some useful comments on phasing tailored programmes to the individual, taking into account specific needs of different groups – particularly people with disabilities, migrants, homeless, elderly, minorities and the Roma, single parents etc.

### **Key Concerns**

- “By inviting Member States to put in place inclusive labour markets, the recommendation called on them to support access and return to employment through active labour market policies (ALMP)”- this is a simplistic and incomplete interpretation;
- Inclusive labour markets are assessed based on: tax and benefits system (LM friendliness), labour market segmentation, participation in activation measures, design and level of expenditure on ALMP – it missed elements of job quality (including low pay), discrimination, personalized support (including in-work) and social economy;
- There is a constant repetition of active labour market policies (ALMP), without clarifying what it means, what kind of activation, and without mention of preventive measures;
- Income support linked to availability to work in most Member States, plus conditionality on accepting any job, or any “suitable job” (as defined by the employment services); sanctions include withdrawal or suspension of benefits, as well as reduction of amount;
- There is nothing about empowerment, dignity, respect;
- No link made with the current revision, by the European Commission and the Employment Committee, of the concept of quality work;
- The report links a high level of benefits to lower activation, and vice-versa.

### **Services**

#### **Positive Points**

- Mentioning that fiscal consolidation is putting pressure on social expenditure, as well as the crisis and austerity measures, but no value judgment or alternative suggestions;
- There is backing for universal service provision, based on evidence that it faces fewer problems of stigmatization, compared to targeted;
- References to need for better indicators to chart access to quality services – although unclear what services;
- Important quote of experts by experience, as useful example of client input into service delivery with people experiencing poverty in Belgium.

#### **Key Concerns**

- Reviewed mainly function of access to childcare, housing costs, adult participation in education and training, need for healthcare – quite restrictive;
- Just as in the main communication, there is an overemphasis on children and youth, elderly, single parents, low work intensity;
- Sections on energy, housing, financial services – mere revision of situation in countries;
- Very little on affordability, no mention of recent out-of-pocket payment, closing down or merging of schools and hospitals etc;
- Services are called enabling services (flanking), which makes the link to labour market activation – not broader social participation, human rights, etc; the main concern is to

help people into work, rather than social rights, broader social participation, etc, and are highlights as only important for particularly groups.

## ***Integrated Approaches***

### **Positive Points**

- Includes participation of relevant stakeholders as one of the 4 key elements; the others are comprehensive policy design; integrated implementation; vertical coordination;
- Section 5.2 (page 45) on participation of national stakeholders; EAPN is quoted without being properly referenced;
- Case studies include the Welfare Watch in Iceland.
- Recognition that civil society actors, including EAPN, gave a more negative picture of the implementation of Active Inclusion, and highlighted the very limited involvement of relevant actors;
- Supports the rolling out of successful local Active Inclusion approaches and test new ones.
- Recognition that the 2008 Recommendation has been interpreted in very different ways, reducing its potential to make a difference to ensure integrated approaches.

### **Key Concerns**

- Defined as one-stop shop approach only, which is inconsistent with the Recommendation (which does not mention these at any point); the perspective of the needs of the beneficiary is missing, the emphasis being mainly on combating fraud and improving delivery – with conflicting objectives, undermining the trust and focus on accompaniment and support.
- When speaking of the three pillars in this section, it does not say “inclusive labour markets”, but “active labour market policies”; this is inaccurate and dangerous.

## ***Role of the EU and monitoring***

### **Positive Points**

- Mentions that the Social Protection Committee (SPC) and its Indicators Sub-Group (ISG) have developed indicators to assess implementation; however, the work on indicators focuses mainly on access to services, which is important, but not on indicators for integrated approaches, and the adequacy of minimum income as well as coverage and take-up;
- Recognizes the low profile and priority of Active Inclusion, especially integrates strategies, in the NRPs (information seems to be from EAPN, but not referenced);
- Mentions that in 2012 Active Inclusion was a priority for reviewing the NRPs, and many CSRs were on that, but not on integrated approaches – mostly on labour markets, some on services (especially childcare) and very few on minimum income.
- Implementation of Active Inclusion, especially integrated approaches (=one-stop shops) to be monitored in the framework of the European Semester, and minimum income to be assessed in relation to the national poverty target, based on reference budgets.

## Key Concerns

- Calls for national anti-poverty strategies, supported with EU funds, BUT “such strategies should aim at the active inclusion of people excluded from the labour market” – while anti-poverty strategies should be broader than just Active Inclusion, and even the Active Inclusion recommendation is broader than getting people back to work;
- Equally, the document identifies the national anti-poverty strategy as a means “to address the different needs of those specific target groups facing labour market exclusion”, and then proceeds to reduce Active Inclusion to an integrated support system (income, services, ALMP) to help people back to work (page 52).

## Recommendations and follow-up

There is a strong recommendation that Member States should implement integrated approaches on the 3 pillar, stating that the fight against poverty can only be effective if all three pillars are considered, and that it can also prevent people losing their accumulated human capital. However, the Recommendations are rather generic, and fail to stress the need for implementation – particularly of the 1992 Council Recommendation on minimum income – or to provide a road map for implementation. They don't call for assessments of how Active Inclusion is contributing to poverty reduction and why, as well as other social, health and employment outcomes.

### At the national level

- Safeguard integrated approaches;
- Mainstream Active Inclusion in the NRPs, including in monitoring and evaluation;
- Promote and support local Active Inclusion pilot projects;
- Focus on household characteristics – personalised approaches for target groups, but emphasis on services, not integrated support;
- Clear call for stakeholder involvement, explicitly mentioning people experiencing poverty and civil society organisations.

### At the European level

- Calls for explicit, evidence-based monitoring and guidance to Member States for implementation, but no suggestions of a concrete roadmap;
- Further development of indicators by the SPC – with an emphasis on services, especially healthcare, child care, and housing;
- Mainstream Active Inclusion in the evaluation and monitoring of Europe 2020 – but only for the social targets;
- Affirmation that “active inclusion contains the mix of policy interventions needed to fight poverty successfully” – not enough!
- A coordinated use of Structural Funds (especially ESF complemented by ERDF) to support integrated active inclusion approaches, combining personalised and tailor-made support measures (re-integration schemes, training...), together with the provision of financial support, and complemented by investment in childcare, education, healthcare, long-term care infrastructures and services.

## 3<sup>rd</sup> Biennial report on Social Services of General Interest, Commission staff Working Document

### **Introduction**

**Status of the document:** A Staff Working Document

These documents don't bind the European Commission as an institution, do not introduce new elements but facilitate a better understanding of the action of the Commission.

**Aim of the document:** It is the third of a series of Commission Reports on SSGI, part of a Commission strategy of clarification on SSGI. These reports are tools aimed at ensuring monitoring of the area, giving an account of significant development, clarification of existing rules, and fostering dialogue with stakeholders.

The general idea underpinning the work of the Commission in this area is that a good implementation of EU rules will increase the effectiveness, transparency and efficiency of public spending. *"Thanks to the EU rules, investing in social services will deliver a greater return for people living in Europe"*.

### **Summary**

The **introduction** summarizes last years' EU action regarding the SSGI, from the first description of SSGI by the Commission in 2006<sup>2</sup> to the adoption of the *Voluntary European Quality Framework for Social Services* in 2010<sup>3</sup>.

The importance of SSGI for social cohesion and access to fundamental rights is stressed, as well as their potentiality to create jobs is underlined, as their key role for social investment.

The report recalls the attention paid to SSGIs:

- in the **Annual Growth Survey 2013** "broad access to affordable and high quality services such as social services and health care, childcare, housing and energy supply"
- in the **Structural Funds Common Strategic Framework**, which states that "enhancing access to affordable, sustainable and high quality services, including healthcare and SSGIs" is one of the key actions for the European Social Fund.

It also reminds the on-going debate on the application of EU rules on State Aid, internal market and public procurement to social services.

Critics concern:

- rules making it harder to organise and finance SSGIs;
- rules leading to the deregulation of the sector and the generalization of low quality services...

---

<sup>2</sup>*Implementing the Community Lisbon Programme: Social services of general interest in the EU*, COM (2006 final, 6.10.2010 6) 177 of 26 April 2006.

<sup>3</sup>SPC/2010/10/8 final.

From the point of view of the Commission these critics are unjustified but some difficulties may arise from the way EU rules are implemented by Member states. Therefore the Commission has developed a series of actions aiming at engaging a stakeholders' dialogue and a better understanding of the rules: SSGI forums held in 2007, 2008, and 2010; Guide on EU rules updated regularly and biennial reports.

The **content** of the report sums up 3 recent developments in the area.

► **First development: The new STATE AID PACKAGE FOR SGI (“Alumnia package”) adopted in 2012, encompassing 4 elements**

This package is meant to make it easier to apply State Aid rules by means of clarification and simplification.

Contents of the Alumnia package	Comments
Communication on the application for state Aid rules <sup>4</sup>	Clarifies the basic concepts of State Aid relevant for SGEI
Revised Commission Decision on ‘public service compensation’ <sup>5</sup>	Defines the condition under which financing for a SGEI is compatible with the internal market and doesn’t have to be notified to the Commission
Revised Framework for State Aid in the form of public service compensation <sup>6</sup>	To be used to assess SGEI compensation that is not exempted from notification
SGEI <i>de minimis</i> regulation <sup>7</sup>	SGEI compensation under 500000euros per undertaking do not fall under State Aid scrutiny

► **Second development: the Commission proposals on a directive to modernize public procurement rules (not adopted yet, co decision process on the way)**

This proposal aims at addressing the criticism that public procurement procedures for social services lead to cheap and poor quality services. Main points of interests for EAPN:

- Threshold of 500 000 euros below which EU public procurement rules would not apply;
- Flexibility in the Member State’s choice of procedures (in the limits of the respect of basic principles of transparency and equal treatment);

---

<sup>4</sup>Communication from the Commission on the application of State Aid rules to compensation granted for the provision of services of general interest, OJ C 8, 11.01.2012.

<sup>5</sup>Commission Decision of 20 December on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest, OJ L 7, 11.01.2012, p 3

<sup>6</sup>European Union framework for State aid in the form of public service compensation (2011), OJ C 8,11.01.2012, p. 15.

<sup>7</sup>Commission Regulation on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid granted to undertakings providing services of general economic interest, OJ L 114, 26.4.2012.

- Increased attention to the specific characteristics of social services,
- Possibility to Member states to maintain only the possibility to award social services on the basis of criteria combining quality and price rather than price only;
- Increased number of possibility to take account of social consideration in procurement procedures (for example the possibility to reserve contract for certain types of actor in the social economy)

### ► Third development: the 2013 guide

Following the adoption of the SGEI package, the Commission published on 15 February 2013 [updated version of its \*Guide to the application of the European Union rules on state aid, public procurement and internal market to services of general interest \(SGEI\), and in particular to social services of general interests \(SSGI\)\*](#)<sup>8</sup>.

### **Positive points**

Note: As this document doesn't bring any new elements, one can comment only on the general tone of this document (and political implications of it) and refer to previous analyses of the EU actions to which this document refer.

- The acknowledgment of the key role of social services, to ensure access to fundamental rights and foster social cohesion and inclusive growth , as well as a key element of social investment job creation. Therefore the recognition of their specificities in the context of the internal market: social services are not any kind of goods and should not be dealt with as any kind of goods on the internal market.
- *“Social services are therefore essential for fostering inclusive growth: economically, expenditure on these services enhances human capital and thus is a form of investment, a social investment with mid- to long-term return to individuals, society and the economy as a whole.”*
- **Clarification of rules, as well as establishing predictable and proportionate rules** is indeed useful to encourage Member States to invest in social services .
- **‘Proportionate and diversified approach’** is promoted with regards to state aid and public procurement so as to allow specific treatments for social services, and to avoid strict rules applying to small scale social services.
- The Directive proposed by the Commission on public procurement aims at allowing Member States to use procurement strategically to promote employment and social inclusion in line with Article 9 of the TFEU.

### **Key concerns**

- The reference to the current reality of huge cuts in public services budgets and in some countries these services being literally destroyed under the austerity policies is totally absent from the document, who only recognizes that *“Investing in high-quality,*

---

<sup>8</sup>Staff Working Document (2013) 53.

*affordable and efficient social services is needed today more than ever*". A more accurate description of the current reality would have been needed for setting the context to any discussion on the recent development regarding services which could be the first step before launching a social impact assessment of the liberalisation of a growing number of SSGIs.

- In relation to this reality, the Commission should have taken the opportunity of this report to address to Member States clearer messages on the need to stop now cutting in public services.
- As regards to public procurement rules, the Commission makes a proposal that allows Member states to use the rule strategically to promote employment and social inclusion: they should more strongly recommend such an approach.
- A main issue today is the financing of SSGIs. Member States tend to disengage themselves and local authorities are often facing huge difficulties to maintaining the provision of public services. From the main Communication of this **package "towards social investment for Growth and cohesion"** it is clear that the Commission wants to encourage private investment in public services. Clarification of Public Procurement rules may aim at facilitating the investment of private money in SSGI as a 'solution' of the disengagement of Member States...in the framework of a liberal 'modernisation' of social protection. We on the contrary think that Member States should not step back from the core responsibilities and that privatization can have tremendous negative effects (creaming up beneficiaries, access made more difficult for the most vulnerable, priorities given to the most profitable activities and clients...).

## **Staff Working Document: Long-Term Care in Ageing Societies**

### ***Overall***

The paper deals with how social investment can address needs for long-term care as people grow older, as part of the lifecycle approach. It is complemented by the Staff Working Documents on Investing in Health and Social Services of general Interest (also part of the Social Investment Package). It follows up on the European Year on Active Ageing and Intergenerational Solidarity (2012) and its focus on independent living, and is in line with the Council principles on Active Ageing. The paper examines future developments in demography and needs of long term care(LTC), the situation in the Member States, social protection challenges, and proposed solutions (including good practices). It identifies the need of a LTC social investment strategy, based on prevention, health and rehabilitation; productivity drives in care delivery; raising older people's capacity to manage self-care and independent living. It concentrates on efforts to prevent, postpone or mitigate the need for LTC.

### ***Positive Points***

- Recognition that it is not longer lives per se lead to dependency and need of LTC, but health determinants and empowerment of older people, which are identified as a key areas for policy makers;
- Acknowledgement that it is better to age at home and support interdependent living over institutionalization, as reflected in people's preferences as well;
- Factors identified to support ageing at home: joint living, adapting of the home, assistive aids and ICT access to informal or formal help and home care services;
- Points out that, in the case of informal care, neither its quality nor its sufficiency can be guaranteed, and it is not a solidarity model, as it doesn't share costs across society;
- Gender issue acknowledged: most recipients are women, most caregivers are women;
- Quality of LTC is quite consistently mentioned, including previous work done through the SPC and the Social OMC, and the Quality Framework for SSGIs.

### ***Key Concerns***

- The paper is explicitly about LTC associated to old age, completely ignoring LTC needed for other circumstances (such as, for instance, sickness or disability regardless of age);
- Very little is mentioned poverty and social exclusion of old people, about decent incomes and how they affect quality of life, physical and psychological state, and may lead to earlier or increased need for LTC;
- Little mention of affordability of services and home adaptations, some references to some countries offering cash vouchers for services, or allowances for informal care, as opposed to other countries where payments are out of pocket;
- Some weak mentions of how informal carers may face poverty as they can't take up paid work; more emphasis on how they don't pay taxes by not taking up work;
- Cost of formal care is also considered only from the perspective of the economy, ie, imposition on strained public budgets;
- NGOs are mentioned as LTC service providers only;

- While the high incidence of informal carers, especially migrants, is mentioned, it is not done from the perspective of the workers, but rather loss of revenue from undeclared work for the Governments;
- Almost nothing about working conditions, including pay, in the care sector, in passage references to burnout, emphasis instead on the “productivity” of care-giving.
- Beyond the reference to Structural Funds as a way “to boost investment in age-friendly environments and more qualified professional carers”, this paper does not elaborate on how concretely to support investment in long-term care via EU Funds.

# Staff Working Document: Confronting Homelessness in the European Union

## **Overall**

This paper is aimed at proposing an urgent concerted action to take preventative measures contributing to reducing the risk and mitigating the impact of homelessness.

The CSWD is divided up into 2 main parts:

- Part I: is a stock taking of homelessness. It aims at explaining and tracking the recent evolution of homelessness, including difficulties of defining homelessness and housing exclusion, access barriers to quality and affordable housing and how the economic crisis has impact negatively on this.
- Part II : focuses on mapping the policy responses developed by the Member States and the EU: preventing homelessness, improving service provision to homeless people (and participation and empowerment)
- It sets out core elements of homelessness strategies highlighting most efficient policy practices in Member States and EU level.

This paper also contains 2 annexes: the first one compiling recent EU Actions on homelessness, the second one gathers tables and data on homelessness.

## **Positive Points**

### **Part I**

- This is a very clear document clearly explaining the phenomenon of homelessness linked clearly to housing exclusion, showing the multiple and cumulated negative impacts on homeless' life and preventing them from living a living a dignified life and enjoying their human rights. It also shows the massive costs for the whole society.
- It highlights the risk factors and triggers for homelessness, and the multiple risks for different groups, with particular reference to increasing barriers to affordable, quality housing.
- The impact of the economic crisis on homelessness is thoroughly investigated with the description of the evolution in terms of profiles concerned.

### **Part II**

- This part on policy responses gives a quite comprehensive view of all the levers to use to have a successful and decisive contribution to mitigate/ eradicate homelessness.
- This rightly starts by developing integrated, housing-led, long-term strategies at national, regional and local levels with specific targets to reduce homelessness. But, this would need to be coordinated with national anti-poverty strategies to ensure a greater policy consistency and efficiency so as to foster the delivery on the national poverty reduction targets.
- It starts by stressing that general prevention and early intervention, combining structural measures as part of welfare, housing, employment, education and family, are

the most cost-effective and less harmful policies combating homelessness. In that regard, the Commission rightly points out the positive correlation between the level of expenditure of welfare regimes and outcomes for homeless people. This general policy approach will be successful if complemented by more targeted and tailor-made actions to address the specific difficulties encountered by homeless people.

- The targeted measures to facilitate access to homeless people to inclusive labourmarkets with the provision of adequate levels of income support. The issue of precarious jobs and unsecure employment is also mentioned.
- The importance of improving access to locally available and affordable permanent housing of homeless and low-income people.
- There is a welcomed reference to ensuring a sufficient financial support at Member State's level through income support.
- The empowerment of homeless people both in the policy-making process and the service delivery is very crucial and mentioned here. This is a key element to make sure that policies and services confronting homelessness will really answer the needs of people facing homelessness and ensure the full enjoyment of their human rights.
- The reference to strengthening the partnerships and stakeholders' involvement is of particular relevance to develop suitable policy responses meeting the specific circumstances/ needs on the ground and building on successful innovative initiatives developed by NGOs working with/ for homeless people.
- A better mobilization of Structural Funds and other EU Financial Instruments to combat homelessness with a welcomed proposal to introduce a thematic reporting on the use of Structural Funds to combat homelessness and housing exclusion (if done in a coordinated manner with a national reporting mechanism on the SF common thematic objective "promote social inclusion and combat poverty").
- The proposals aiming at facilitating the measurement and monitoring of homelessness at national and EU level go in the right direction. In particular, Member States are encouraged to use standardized and broad definitions of homelessness ( based on the ETHOS definition) and implement standardized monitoring methods and regular data collection. This could be boosted by the setting up of a cross-border and learning network as proposed by the Commission. At EU level, the Commission proposed to reinforce the work on the trends, data collection and indicators in the framework of the SPC with Eurostat and Member States through peer reviews, transnational exchanges. The work on the indicators would be further developed through the Indicators subgroup of the SPC. But, all of that should be linked to the European Semester process to make sure that it will help tracking any progress on the delivery on the EU poverty reduction target.

## **Key Concerns**

### **In Part I, important pieces of the puzzle are not sufficiently present**

- The income element is strikingly absent. There is a growing pressure to decrease people's income and wage throughout the EU which impacts negatively on the financial household stability and heavily contributes to increasing the risk factor to become

homeless. Austerity measures that are being taken by EU Member States lead in more and more cases massive cuts and tougher conditioning mechanisms on unemployment and social benefits and decrease of the wage level for civil servants. At the same time, more and more companies are also putting into place a stricter wage moderation affecting the employees' wages. For people outside the labour market, adequate income support is vital to ensure access to affordable housing, to prevent and alleviate homelessness, particularly for key target groups.

- There is a timid reference to quality employment. But given the current economic context, the effects of the economic crisis should be much more investigated. The nature of employment is also becoming more and more precarious while the level of unemployment is increasing dramatically in the majority of the EU Member States. This contributes to make more and more people vulnerable to housing-related issues.

**Part II: Despite the quite comprehensive summary of essential policy responses proposed by the Commission both at National and EU Level, some aspects should be more highlighted**

- It is difficult to see how an effective strategy to tackle homelessness can be developed, without clearer reflection on the link with rising poverty and social exclusion, setting a homeless strategy within an overarching strategy to fight poverty and social exclusion at EU and national level. It would have been helpful to see a stronger reference to the Social OMC common objectives – particularly relating to the access to rights, resources and services.
- The provision of an income support mentioned should be put in the more global framework of ensuring access to an adequate minimum income as a key measure to prevent as well as alleviate poverty. In that frame, the EU could boost it in various ways like promoting the use of the reference budget method (as proposed in the CSWD on the EC Recommendation on active inclusion), with reference to the benchmark of the at risk of poverty threshold.
- The above-mentioned point makes clear that we cannot really talk about integrated policy approaches without embracing the 3 pillars of the active inclusion concept (access to adequate minimum income, inclusive labour markets and access to quality and affordable services). Integrated active inclusion approaches are crucial both to prevent and combat homelessness, as elements of an integrated antipoverty strategy and should be better stressed.
- The governance side should ensure a stronger link to the European Semester process with a reporting going beyond the NRPs but also the NSRs to facilitate any follow up by the Commission and the Council through relevant CSRs.
- If stakeholders' involvement including NGOs is mentioned, this should be made clearer that it will apply to national policy-making processes on homelessness as part of the anti-poverty strategies taken by EU Member States to deliver on the Europe 2020 poverty reduction target.
- This partnership principle should also be made possible by ensuring that Member States will dedicate proper financial means via EU Funds like SF (technical assistance, capacity-building, global grants...

## Accompanying Document: SWD - Investing in Health

### **Overall**

This Staff Working Document (SWD) aims to show how investing in health contributes to the Europe 2020 goal of smart, sustainable and inclusive growth. Priority is given to getting more value for money - demonstrating how efficiency gains can be made to public spending on health that still preserve good health levels and contribute to growth and employment-friendly expenditure. It recognizes the need to ensure universal access and increase quality of health care and to take action to reduce inequalities in health which exacerbate poverty and social exclusion.

### **Three areas for investing in health are proposed:**

- 1) Investing in sustainable health system: showing how reforms aimed at improving cost-efficiency and austerity can be consistent with maintaining public service levels.
- 2) Investing in people's health as human capital: focusing on improving public health to support employability, adequate livelihoods and contribute to growth.
- 3) Investing in reducing health inequalities: that can contribute to social cohesion, and break the vicious spiral of poor health that contributes to growing poverty and exclusion.
- 4) Proposals are also made under the MAFF (2014-16,) for a new Health Programme, and recommendations to use Cohesion Funds for health infrastructure as well as non-direct health investments: urban regeneration, social inclusion, employment, housing etc..

### **Positive Points**

- Recognition of the need to ensure universal access and equity in health services and adequate and sustainable financing, and mainstream concerns through Europe 2020 and the European Semester.
- Backing better health promotion and prevention in and outside the health sector, to mitigate demands on the health services – e.g. action on education, housing and environment and employment, and disease prevention delivering strong rates of return.
- Some proposals of efficiencies which focus on patients/people's needs – e.g. use of less expensive generic drugs, improving primary health care, improving staff motivation through better working conditions.
- Recognition that health strongly influences people's activity in the labour market, and that access to quality health care can lead to positive economic outcomes with examples of the Social Expenditure Projection Model (SOME) developed in Finland, which analyses the impact on population health and employment.
- Support to patient empowerment that can help people lead pro-active and fulfilling lives, but that it should not substitute for professional care.
- The backing given to the European Innovation Partnership on Active and Health Ageing to increase healthy life years by 2 years by 2020, bringing together key stakeholders including end users, focusing on prevention, screening, early diagnosis, care, active ageing and independent living, although NGO stakeholders are not explicitly mentioned.

- Need to invest in the health and social services sector (10% of employment), although with warnings about not increasing public spending.
- Health is highlighted as playing a key role in reducing the poverty target, with evidence of growing health inequalities in life expectancy and disability across the EU and for specific groups – e.g. Roma and migrants, as well as impact on employment and economic loss (1.5 – 9.5% of GDP).
- The causes of inequality are seen as due to bad access to healthcare for disadvantaged groups as well as poor diets, housing, living and working conditions, inadequate social protection systems. A key demand is to employ a multi-sectorial approach to ensure quality access to health care systems and address adequate incomes etc and to improve data and monitoring.
- Support to use EU Funding to increase access to better and safer health care, as 1 of the 4 objectives of the EU Health programme, including non-direct health investments ie in social inclusion and employment measures.

### ***Key Concerns***

- Getting value for money and efficiency seems more of a priority than effectiveness, with a focus on cutting public expenditure on health, in the climate of fiscal consolidation. Arguments show that higher spending does not automatically increase health outcomes.
- Accessibility and quality of health care could be under threat as main Commission guidance is on more cost-effective provision, which focus on cost-effective pathways to care, reducing access to specialist and hospital care, using new technologies including e-health, although it recognizes that it can be used inappropriately.
- Patient empowerment used to justify reduced direct care spending.
- There is more focus on impact of health on poverty, than poverty on health, though it is mentioned, and we miss stronger recommendations on the cost of austerity and increasing poverty on health outcomes and costs.
- Although there is an emphasis on stakeholder engagement, the explicit role of NGOs working with disadvantaged groups is not highlighted only end users. This may make it difficult to balance the strong lobbying interests of the medical profession and suppliers.

## **Staff Working Document: Social Investment through the European Social Fund**

### ***Overall***

In the framework of the new programming period 2014-2020, Structural Funds will have a key role to play in ensuring a full implementation of the SIP Framework. They are referenced all through the SIP Package (SIP Communication, CSWD on Homelessness, Commission's recommendation on child poverty, CSWD following up the implementation of the 2008 EC Recommendation on Active Inclusion, CSWD on the use of the ESF). The SIP clearly confirms that the NRPs and CSRs will be the drivers for guiding Member States on how to shape the priorities of the SF OPs (both ESF, ERDF).

But the main EU Fund delivering on the SIP priorities will remain the ESF in coordination with all the other EU Structural Funds.

This paper is aimed at helping Member States regarding the priorities of the ESF's co-funded programmes by showcasing good practices from EU Countries of projects on active inclusion, social services, childcare, long-term care; social innovation and social economy and entrepreneurship. This paper is accompanied with an annex comparing the Country specific recommendations to the thematic objectives and investment priorities defined in the draft Structural Funds 2014-2020.

### ***Positive Points***

- The attempt of the Commission to promote the use of the ESF to deliver on the poverty reduction target is to be welcomed with useful examples of good practices from EU Members and a clear table helping EU Member States to translate the CSRs into ESF OPs priorities.
- By Mid-2013, the publication of an operational policy guidance document for Structural Funds aiming at ensuring that more Structural Funds' investments will reflect the SIP priorities. This could be particularly useful to boost the contribution of Structural Funds to a proper delivery on the poverty reduction target.
- There are welcoming references to strengthening the partnership principle/ involvement of stakeholders with the reference to the new European Code of Conduct on partnership with a possible use of capacity-building to support NGOs in their efforts to promote social investment-related initiatives.
- Various aspects of social inclusion approaches are addressed and illustrated by good practices of SF-funded initiatives on active inclusion , childcare, long-term care, and social services
- Social innovation and social economy/ entrepreneurship are rightly perceived as ways to boost the delivery on the SIP Agenda. For social innovation, there is a useful proposal to facilitate capacity-building through mutual learning. For social economy, the issue of accessibility to finance is tackled which answer a crucial problem that social enterprises encounters at all level of their life-cycle. For social entrepreneurship, the issue of a

better targeting for benefitting from micro-credit facilities is rightly pointed out. This remains problematic for the time being.

### **Key Concerns**

- While showcasing good practices, the Commission forgot mentioning many other investment priorities which would be Member States to deliver in a comprehensive and integrated manner on the poverty reduction target such as the integration of marginalized communities, combating discrimination, enhancing access to affordable, sustainable, high quality services and community-led development strategies. It is to be expected that this will be done in the operational guidance document announced.
- The Commission's proposals on SF are based on the figures and content proposed in its draft Regulations for the programming period 2014-2020 without taking into account the damaging outcomes of the ongoing debate btw the Council and the European Parliament on the social inclusion strand of SF. In particular, the Commission is still assuming that the Minimum shares of ESF will remain unaffected despite their rejection by the Council.
- Despite the key role that Structural Funds should play in implementation integrated active inclusion approaches (as highlighted in the SIP), the SIP does not elaborate on how to make it operational with the financial support of the ESF and ERDF. There is hardly no good practice showing how a Member State has been trying to promote active inclusion in its ESF OP (with the exception of Belgium but not through an example of integrated approach combining all the 3 strands).
- If there is a good rhetoric on the partnership principle, concrete proposals on how to really make it happen are still missing. For instance, there is no real follow up given to the announcement made in the EPAP on tailor-made grants to make Structural Funds more accessible to small NGOs.
- Bottom-up approaches are not even mentioned when it comes to promoting social innovation with a worrying market-oriented approach - This argument is used to justify a greater use of the social experimentation methodology.
- Social economy: despite their big potential to ensure integrated pathways to social inclusion and quality employment for those who are the furthest from the labour market, no reference is made to WISEs.
- The table in annex confirms that CSRs on Social Inclusion and Poverty Reduction are from being systematic across all the EU countries. In most cases, a holistic and integrated delivery on the poverty reduction target is lacking which could ultimately lead to underuse the potential of Structural Funds in that respect.

## INFORMATION AND CONTACT

For more information on this publication, contact  
Sian Jones, EAPN Policy Coordinator  
[Sian.jones@eapn.eu](mailto:Sian.jones@eapn.eu) – 0032 226 5859

For more information on EAPN positions, publications and activities  
[www.eapn.eu](http://www.eapn.eu)



EUROPEAN ANTI-POVERTY NETWORK. Reproduction permitted, provided that appropriate reference is made to the source. March 2013.



EAPN is supported by the Directorate – General for Employment, Social Affairs and Equal Opportunities of the European Commission. Its funding is provided for under the European Community Programme for Employment and Social Solidarity PROGRESS (2007 – 2013).

For more information:

[www.ec.europa.eu/employment\\_social/progress/index\\_en.html](http://www.ec.europa.eu/employment_social/progress/index_en.html)

The information contained in this publication does not necessarily reflect the position of the European Commission.