



EAPN Assessment and Proposals for Country-Specific Recommendations 2014

Annex: Country Fiches

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AUSTRIA

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- 1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)
 - 1. Raise the amount of the means-tested minimum income, to introduce an independent minimum income for children and to include costs for housing.
 - 2. More labour-market measures and employment opportunities for people most excluded from the labour market, especially for people able to work only part-time.
 - 3. A reform of the educational system, which is highly segregating (full time school, common school for children from 10 14 etc.)
- 2. Do the Commission/Council Country-Specific Recommendations for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

There are two recommendations which go along with our proposals:

1. "Take new measures to increase the labour market participation of women, namely by further improving child care and long-term care services and address the high gender pay and pension gaps. Fully use the labour market potential of people with a migrant background by improving the recognition of their qualifications and their education outcomes."

The recommendation is rather general. In order to increase the labour market integration of women there are more measures needed than improving child care and long-term care services. There is no focus on gender pay gap and the fact that women very often only have access to part time contracts and are still are mainly responsible for care work.

Migrants are among the groups furthest away from the labour market, but the commission does not propose any special measures apart from improving the recognition of their qualifications, which focuses on highly qualified people only.

The government has taken into account this proposal: Contact points for the recognition of qualifications earned abroad have been implemented since January 2013.

2. "Improve educational outcomes, in particular of disadvantaged young people, including by enhancing early childhood education and reducing the negative effects of early tracking. Further improve strategic planning in higher education and enhance measures to reduce drop-outs."

There are also no concrete measures proposed as for example full time school or common school for children from 10 - 14.

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

In their first recommendation the Commission highlights the importance of reducing the budget deficit and makes no remark about the importance of keeping a balance of correction budget deficit and a sound level of social welfare expenditures.

c) The main gaps in the Commission/Council's CSRs for your country, what is missing

There is no reference at all to the minimum income scheme.

Adequacy of minimum income has to be guaranteed; there is also a need of improvement of access to social services (housing, healthcare); the promised initiatives to improve labour market inclusion for those furthest from the labour market have to be implemented. An integrated approach is totally missing.

3. **EAPN Assessment of the implementation of CSRs**

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

The very concrete proposition of the commission to reduce tax and social security burden on labour especially for low income earners not taken into account.

There also was no reduction of the high gender pay gap, whereas some small measures were introduced (online tool for comparison of wages between sectors, salaries must be indicated in job advertisements. compulsory pay gap report for businesses with more than 150 employees

Measures to improve educational outcomes of young people have been installed:

For young people until 18 years the obligation to be trained will be installed in 2016. Those who won't be trained by companies acquire occupational skills in "supra-company apprenticeship". However we would prefer a voluntary approach and criticize that this new obligation goes along with sanctions for both young people and their parents. Parents may receive an <u>administrative penalty</u> up to 400 EUR. The minimum income allowance is also linked to this obligation and the young people may get cuts on their welfare money.

Starting in January 2013, a youth coaching programme is being implemented throughout all of Austria's federal provinces. This programme provides advising and support for youths from the 9th year of school onward and is designed to help them find an educational or vocational path. Young people in danger of dropping out or failing to complete school receive special support.

For the year 2013, a budget of over EUR 22 million was available for youth coaching.

For the target group NEETS a new measure (AusbildungsFit) was tested in two federal provinces of Austria and will be extended to the rest of Austria. It provides training in basic qualifications and soft skills, an intensive vocational orientation, the opportunity to complete compulsory schooling and consistent socio-pedagogical support.

b) Is this a positive/negative development?

It is positive that some of the proposals have been implemented, but we have the impression that the proposals of the Commission are singular measures and an integrated approach is missing.

4. New Developments and New Alternative CSR proposals

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

There are no real new policies on poverty reduction. The introduction of the means - tested minimum income scheme was the main new measure during the last years.

Programs for young unemployed have been enlarged and the Austrian model of "youth guarantee" is highlighted as a best practice example all over Europe.

In the working program of the new government a revision of the means tested minimum income scheme is planned. This would be positive but we fear that it will be very superficial.

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

No difference from 2013.

c) Give brief justification for your proposals

As the government has not taken into account our proposals there is no need to change them as we consider them the solid measures to fight poverty.

We would propose to introduce a fourth key proposal: improving the participation of people experiencing poverty in all relevant forums.

BELGIUM

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- 1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)
 - 1. Activation measures without quality job creation are not a way out of poverty, but risk to be a way into poverty. Invest in quality jobs (sustainable, well-paid and accessible) and support excluded people into these jobs. Households with low work intensity are suffering extreme poverty in Belgium. A job is not a realistic short term porspective for many of those bouseholds. Strongthoning the income and support to

perspective for many of these households. Strengthening the income and support to these households should be a top priority for this government. All benefits should be increased above the real poverty line (calculated with the method of budget standards).

- **2. Austerity Measures are not re-launching the economy**. A better option is to invest in minimum income systems, secure social protection systems and services and embed a more equal tax system to provide the necessary finances for realizing this.
- 3. Develop clear concrete targets and sub-targets, with related indicators.

Evidence shows (latest EU SILC and others) that Belgium is clearly not progressing on the targets, so we need a renewed engagement, a confirmation that Belgium is still aiming at fighting poverty (decrease with at least 380.000 persons) & we need (yearly) intermediary targets. The goal should be the complete eradication of poverty.

- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

(CSR 6: Further reduce disincentives to work by ensuring effective enforcement of job-search requirements and personalised job search assistance for all unemployed. Take measures to increase interregional labour mobility. Simplify and reinforce coherence between employment incentives, activation policies, labour matching, education, lifelong learning and vocational training policies for older people and youth...)

CSR: Develop comprehensive social-inclusion strategies for people with a migrant background.

The last sentence of this recommendation is a positive one, and can have a positive effect on the fight against poverty. It wasn't something BAPN proposed or mentioned, but of course we support this. There were no direct (literal) proposals for poverty reduction.

Another **potential** positive CSR is the proposal to shift taxes from labour to others, eg. environmental. This could have a positive effect on the fight against poverty, but that depends a lot on how it's implemented.

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

No direct (literal) negative proposals for poverty reduction, but almost all proposals can have (if followed) a very negative impact on the fight against poverty, and they are the complete opposite of our proposals:

The CSRs propose:

- Even more activation measures (without mentioning job creation).
- More austerity.
- Change (weaken) the system of indexation and system of negotiation of wages by social partners).
- c) The main gaps in the Commission/Council's CSRs for your country, what is missing

CSRs on inequality, minimum income, quality job creation, fiscal justice...

3. **EAPN Assessment of the implementation of CSRs**

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

One of the CSR proposals is to 'reduce disincentives to work', (but not by raising minimum wages but by making it more difficult to be dependent on unemployment benefits or minimum income). This has been actively implemented, one of the major measures is the increased degressivity of the unemployment benefits, which pushes long term unemployed people straight into poverty. Another is the constant attempts to make people work longer, by breaking down pension systems

Is this a positive/negative development?

b) Clearly negative.

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

There aren't really new developments, but intensifying existing strategies (as activation, destruction of quality jobs and social security. More and more sectors are privatized, and jobs that used to fall under civil servant contracts, are now interim jobs are jobs in the so called social economy, with lower wages, less security, less job quality, short term contracts...

The latest proposal of our Minister of Employment is to create small jobs with a voucher system to fight youth unemployment. This undermines further the quality of jobs and labour market.

Positive (according to us, not according to the Commission) is that Belgium did not follow such a strict austerity policy as it was proposed by the commission.

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

- 1) All benefits (minimum income, living wage and others) should be raised immediately above the poverty threshold. (60 % + reference budgets)
- 2) The increased degressivity of the unemployment benefits should be canceled again.
- 3) The creation of long term high quality (in terms of health, wages, security, combination with family life...) jobs should be a priority. The government itself should also take responsibility in this, by creating these jobs in different service delivering sectors.
- 4) Belgium should set itself an ambitious sub target on reducing inequalities. Redistributive measures and a reform of the fiscal system (more fiscal justice) should make it possible to deliver on this.

c) Give brief justification for your proposals

- Belgium continues to have a very high risk of poverty for people who live in jobless households. Some of these people could access the labour market, and or in need of a decent long term job. These jobs are not available today. Meanwhile, the contemporary policies are increasing the poverty risk for unemployed people.
- At the same time, it's unrealistic to solve these problems on a very short time with only job creation: there will not be enough available jobs created on a very short time & some people have no access to the labour market (yet) for different reasons.
- This means that unemployment & other benefits should make a life in dignity possible
- Belgium is still a very rich country, that shouldn't have poverty. To fight poverty, relaunching the economy is not sufficient, on the contrary, in better economic times, there was no real impact of growth and profit on the fight against poverty. Therefore we need redistributive measures and fiscal justice.

BULGARIA

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- 1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)
 - 1. Address wellbeing and poverty reduction as basic aims. Ask why Bulgaria (the poorest EU member state) is the country with the highest income inequalities in EU together with Latvia; Reconsider the results of imposing flat rate taxation (in fact it is regressive); define a real poverty line based on price levels for normal consumption.
 - 2. Make a common and public template for CSRs for all the EU countries a general model, a comparable standard and follow it everywhere; Make transparent who is preparing the CSR and in what relations are the authors with the national governments. Define responsibilities for example if CSR proposals are implemented and no real positive effects are reached.
 - 3. Establish a process to make transparent the impact on country specific recommendations by different stakeholders (EAPN National networks included) in the process of their preparation.
- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

Actually there is a big distance between EAPNs proposals and those formulated by the Commission. Perhaps the most positive proposal of the Commission is connected with the assessment of the judicial system and the emphasis on the need to create a normal judicial system. Another positive recommendation is focused on corruption. It is difficult to highlight other positive proposals of the Commission partially because of the ambiguity of the bureaucratic language that leaves enough space for different interpretations and partially because of the absence of clear and strong positive proposals aiming at poverty reduction.

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

As for the negative impacts on poverty, CSRs are a good example of "willful blindness" as it is defined and discussed by Margaret Heffernan in his book with the same title. In Recommendations "willful blindness" is demonstrated through the identification of problems (intentional omission of the most important problems and focusing on others). From this point of view the whole structure of Commissions proposals is distorted. Most of the Commission's proposals are irrelevant to or indirectly negative for poverty reduction or have the potential to be interpreted and implemented in a way that <u>maintains</u> or increases poverty and inequalities. First of all — the issue of poverty

(in the poorest) is not emphasized, but also - enormous inequalities, "freezing" of economic growth, deep demographic crisis, including excessive emigration (British and Swiss parliaments are more interested in Bulgarian emigration than the Commission's specific recommendations and this creates divergences between MS – a clear example for policies eroding EU); destroyed education and health care systems etc.

The hidden negative impact on poverty is embedded for instance in some old mantras:

Financial system stability – Commission's recommendations mention only the stability of financial sector in Bulgaria (experts in Bulgaria express some doubts about this assessment) and says nothing about banks' impact on poverty and inequalities (the social and economic price of "stability"). The financial sector's impact on poverty and inequalities remains outside the scope of recommendations. There is nothing about increasing indebtedness and its reasons. Banks, because of the specific normative (de)regulation of their activities are amongst the main generators of poverty and inequalities: redistribution of incomes from low income groups to groups with high and highest incomes; the practice of banks to change (increase) the interest rate (the debt) during the period of credit payment; large opportunities to sell the properties of the debtors even without informing debtors when starting such procedures etc.

There is nothing about the economic and social effects of the flat rate taxation

Growth and competitiveness (jobs) – The CSRs don't pay attention to the degree growth is achievable under existing normative framework and economic policies – they avoid the question whether economic and fiscal policies "freeze" economic growth. Recommendations neglect the signals (for instance – rising deflation) suggesting that excessive concentration of incomes (inequalities) suppress economic growth (especially self-employment, SME, social enterprises). The type of growth (as far as it is achievable) is not discussed – is it inclusive or excluding growth (why working poor are so many in Bulgaria); is the growth developmental or rent seeking etc. Nothing essential about the liberalized labor legislation and its impact on employment, working poor and the economy as a whole. (Now employers proceed to further reduction of the Labor Code). Noting about the impact of Trade unions. There is nothing about the negative economic impact of austerity measures. Nothing about the real impact of "measures for increasing competitiveness" on active inclusion and income distribution.

Recommendations about pension system reform are based on completely wrong diagnoses of the system's problems and will increase poverty.

Commission's recommendations concerning operation of energy sector are negatively connected with poverty reduction. There are no effective proposal concerning a huge problem in Bulgaria - the energy poverty and the impact of renewable sources of energy

on energy poverty. The idea to cope with this problem by increasing the number of suppliers is obviously fake. c) The main gaps in the Commission/Council's CSRs for your country, what is missing The main gaps are mentioned above. There is no understanding that flat rate taxation is in fact regressive taxation. When the debt is discussed as percentage of GDP, the high share of informal economy is not taken into account. There is no understanding about the impact of petty crime (especially in countryside) on rural poverty and poverty of old people Corruption is one of the major generators of poverty and inequalities. The Commission produced special report about corruption, but in CSR there is nothing essential about corruption. ESF is also mechanism of income redistribution from the bottom to the top of the income pyramid. Only a few rich people receive money from ESF while the country pays contributions from the state budget for EU funds. Thus money from all go into the bank accounts of a few. There is nothing about increasing indebtedness of large part of population and its connections with banks regulation. Energy poverty is not an important issue in Recommendations. Missing adequate legislation for Social economy and governmental unwillingness to promote such legislative framework are not mentioned. **EAPN Assessment of the implementation of CSRs** a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013? It is difficult to say as the CSRs are ambiguous enough and many governmental actions could be regarded as evidence of their implementation. In brief: A) Governments are especially careful with the recommendations for financial stability. Particularly neglected are the recommendations for normalizing the judicial system. B) Finally and fortunately the government did not follow some of the Commission's recommendations (increasing retirement age, "marketization" of energy supply etc. b) Is this a positive/negative development? A is negative and B is positive.

New Developments and New Alternative CSR proposals from EAPN members

4.

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

Current government made some small steps aiming at improvement of the situation of some vulnerable groups. These steps alleviate their situation but do not reduce the most important generators of poverty. The main generators of poverty, as mentioned above, still remain untouched.

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

- 1. normalization of the tax system (removal of the "flat" taxation system) and social security contributions (removal of the ceiling of healthcare contributions and lifting up the ceiling of pensions contributions)
- 2. radical changes of ESF regulation aimed at involvement of these resources in the fight against poverty through improvement of their absorption and distribution
- 3. legal framework for social economy and ensuring enough resources for this sector
- 4. implementation of participatory social impact assessments of policies and legal framework

c) Give brief justification for your proposals

These political measures will produce fast and significant impact on poverty.

CYPRUS

Contact details: Marina Koukou marina@peo.org.cy

- 1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)
 - 1. Maintain the social face of the state making sure that the impact of the crisis on the people is counterbalanced.
 - 2. Thoroughly examine every new measure's impact on people to ensure that it does not contribute to raising poverty and exclusion.
 - 3. Embed meaningful participation of stakeholders in the design and full implementation of the NRP.
 - 4. Invest in creating decent, quality jobs to fight unemployment.
 - 5. Ensure adequate minimum income for all, as a means to preventing and fighting poverty.
 - 6. Use Structural Funds better to finance projects that fight poverty for all vulnerable categories. Ensure that funding is also available to (targeted at) projects at the grassroot level, involving NGOs. Fighting discrimination and inequalities must also be ensured.
- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

The Commission's Country Specific Recommendations for Cyprus are aligned with the Troika Memorandum of Understanding, and for that they take no account for the reduction of poverty. On the contrary, the CSRs are likely to raise poverty and exclusion and no similarities could be identified with the EAPN above proposals.

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

The first Recommendation of the Commission concerning the stability programme and the debt reduction, includes such measures as the reduction of salaries, the suspension of COLA, the freeze of wages, the reduction of employees in the public sector which are measures proven to be negative and actually increase the general unemployment rate and is detrimental to the function of public services. The second Recommendation which is about the harmonization of the cooperative credit societies with the commercial banks also affects the employment rate negatively but also the banking services for the working class, an element on which the philosophy of the cooperative bank system as a non-profit organization was based. The 3rd Recommendation for the long-term sustainability and adequacy of the pensions system affects negatively the pensions, consequently the poverty among the elderly increases, and it also increases the general unemployment rate as the retirement age is increased by 2 years. The 4th Recommendation is about the National Healthcare System and even though such a system that provides universal coverage is not yet implemented, measures were taken affecting the current healthcare system that actually exclude a greater percentage of beneficiaries (beneficiaries of free

access were before measures taken for 85% of the total population). On the 5th recommendation, beyond the European programmes utilization no further programmes have been implemented for the employment of the young people.

c) The main gaps in the Commission/Council's CSRs for your country, what is missing

What is missing is the financial support to protect the standard of life of the Cypriot people. On the contrary, the austerity measures lead to the increase of unemployment and poverty rate.

3. **EAPN Assessment of the implementation of CSRs**

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

The Cyprus Government is implementing the Troika programme accurately, therefore the implementation of measures towards reducing unemployment and poverty are totally absent.

b) Is this a positive/negative development?

Taken all the above, the development for the reduction of poverty is negative.

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

The Cyprus Government as a bail-in country implements the Troika's programme accurately and as a consequence of the austerity measures the policies are mostly negative in 2013.

- The unemployment rate exploded to 17%, which is the rapidest percentage increase within the EU28.
- Reduction of wages 15%
- Reduction of the income of pensioners and other measures are affecting the quality of their life by 30%
- Increase on the fees for the health care services and public transportation reduce the access of the vulnerable groups
- Reduction of social benefits and allowances (i.e. child allowances, university student's sponsorship)
- Reduction of sponsorship for programmes of child care and the elderly
- Increase of the precarious job positions (i.e part-time employment, employment with specific duration, undeclared employment) especially for new entrances and young people.

The only one positive measure is the utilization of the European programmes for fighting unemployment among various groups of unemployed people.

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

- 1. Invest in growth for creating decent and quality jobs to fight unemployment
- 2. Support the vulnerable groups, stop implementing austerity measures on social state
- 3. Protection of employment and the rights of workers
- 4. Ensure of a minimum income for all as a means to preventing and fighting poverty.

c) Give brief justification for your proposals

It is well known that during an economic crisis, new groups of poor emerge due to the high rate of unemployment and the imposition of austerity measures. If the government and the EU will not support the vulnerable groups, poverty will be increased instead of reduced. As a consequence, immigration within the EU will be increased and the States will not afford to regulate the situation for the interest and well-being of their citizens. The EU should seriously consider this issue and implement radical policies that fight phenomena such as unemployment and immigration. Otherwise an increase of the gap not only between people but between countries as well will emerge.

CZECH REPUBLIC

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- 1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)
 - 1. Put in practice as soon as possible inclusive and high quality education for socially vulnerable people and Roma as a political priority; increase number of Roma educated in secondary-schools, with main responsibility placed on educational institutions.
 - Implement inclusive social housing practice with integrated social services (not ghettos) in private and public housing with possibility of accessing indebtednessreduction plans.
 - 3. Start up a major positive active inclusion labour market policy, with direct responsibility of the employment office to employ rather than indirect responsibility based on private sub-contractors.
- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

CSR motivates the Government to make higher public investments also in education, employment, but does not talk on social housing.

Regarding 1) Commission is suggesting progress on the higher education reform (although not specifying that it should be also more effective for the vulnerable groups with special monitoring of Roma post compulsory educational achievements.)

Regarding 2) the CSR says that participation of women with small children, and disadvantaged groups is still sub-optimal and CZ made limited response so far. Also questions whether Labour Offices alone, although in future equipped with the right staff and tools (still not ideal), can deliver targeted and efficient job search assistance. EAPN CZ agrees with this statement. Labour Offices should mediate more practical cooperation with non for profit community service providers and employers, helping more with social economy applications.

Commission does however does not reflect on 3) and its focus is prioritizing fiscal consolidation, growth-enhancement, long-term competiveness. CSR. is also critical regarding the low level of SF absorption, also declining public investments in the past, low effectiveness of administration.

http://ec.europa.eu/europe2020/documents/documents-and-reports/countries/ceska republika/index cs.htm

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

No differences.

These proposals are strict, but are not directly against (maybe even for) poverty reduction target in my opinion: Commission wants statutory retirement age to increase more rapidly compared to current legislation (very strict). Also CSR claims that contrary to the 2012 Country-specific Recommendation, the government introduced a pre-retirement scheme in 2013, which offers the possibility of drawing a pension up to five years before reaching the statutory retirement age.

CSR presses for improving the efficiency of the health system via cost containment and more market-oriented solutions.

c) The main gaps in the Commission/Council's CSRs for your country, what is missing

CSRs are not specifying enough that post compulsory education should be also more effective for vulnerable groups with special monitoring of Roma post compulsory educational achievements. Does not highlight further efforts to be done also in preprimary and primary pro inclusive education.

CSR is neglecting the pressing issue of social housing, fast development of substandard hostels (growing business with poverty), lack of assistance to small communities, villages, towns and general-benefit non-profit organizations to eliminate and integrate socially-disadvantaged neighborhoods that are more often frequent targets of racially motivated protests and aggressions.

3. **EAPN Assessment of the implementation of CSRs**

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

Partly. More priority is given to fiscal and public administration parts. But there is a progress, although especially in the poverty area quite slow and bureaucratic, which only proves one of the main CSR concerns – low effectiveness of public administration. We are also in a process of government changes.

b) Is this a positive/negative development?

Neutral. More positive possibilities especially with the current very new Government, with a renewed human-rights agenda, larger focus on social housing, more social security focus in general. But we will see the practical effects in upcoming period. More public investment is expected as well, the economy is slightly recovering +1-2% for 2014.

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

See above

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

- 1. Policy on inclusive education in practice and monitoring of educational and after educational employment success of vulnerable young people, especially Roma (success monitoring, individual support programmes, tracks, connection with services e.g. social housing possibilities to leave socially excluded areas and not be forced to stay part of the "jointly assessed persons" for social benefits purposes).
- 2. More effective employment services, more proactive and flexible schemes also in cooperation with partners. Labour Offices responsible for producing proactive, effective partnerships witih a creative focus on youth. Labour Offices should mediate more practical cooperation with the non for profit community service providers and employers, helping them also more with social economy applications. New individual work scheme (e.g. paid traineeships in non for profit community services with further educational development) for unemployed /esp. vulnerable/ youth should be created and implemented.
- 3. The state and regions should no longer under-prioritize and discriminate against social service providers and change the attitude from: "only helping poverty more proactively when it runs from ESF money and when it is sole responsibility of NGOs, with all the administrative and financial project burdens connected". Increased public investment both on state and local level also to more quality social, educational, employment services and its sustainable network. There is a significant reduction of social, employment and educational services offered to (increasing) number of demanding groups and individuals due to interim interval in ESF calls (no open old calls, new calls expected in late 2015). Czech Republic used ESF money for this purpose (up to 60% increase compared with only state money approx. 40% of services) and many social NGO's offer less services and dismiss their staff, so quality suffers as well. This system should be run more by state, public money, and should be sustainable, not "only helping poverty when it depends on ESF money" attitude which is not only for state, but more regional and local politicians! The state and regions should no longer discriminate against social service providers which have accreditation. Although the State Act on Social Services claims standards and other requirements for registration, public quasi-NGOs have sustainable public budgets but very often much lower quality standards and overall service efficiency and still favour, discriminatory financing to so-called contributory organizations that do not need to go to tender each year as the others.
- 4. Social Housing Act and prevention of support to poverty business (debts, hostels etc.) There is a growing number of people that can afford only rental housing. High discrimination exists on private rental markets also high prices. No possibilities of people in social excluded areas to get out, no possibilities for the future of their children (other integrated more quality environment). Lack of prevention with social and indebtedness services, combined with public housing, lack of public housing facilities, with open markets to speculation. Fast development of substandard hostels (growing business with poverty), lack of assistance to small communities, villages, towns and general-benefit non-profit organizations to eliminate and integrate socially-disadvantaged neighborhoods that are more often frequent targets of racially motivated protests and aggressions.

	5. New/differences: relevant for reducing poverty Taxation that does not burden the expenditure and living conditions of people, Indexation of senior pensions, and their other relevant support.
c)	Give brief justification for your proposals
	See above.

DENMARK

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- 1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)
 - 1. There is an obvious need for many more proper jobs for long term unemployed with complex difficulties.
 - 2. How to involve NGOs more in rehabilitation and job creation for those far from the labour market should be considered.
 - 3. Economic and social inequality is growing in DK, even if nobody wants it. The social welfare system needs to be reformed and adapted to the new realities.
- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

CSR No. 2: Take further steps to improve the employability of people at the margins of the labour market, including people with a migrant background, the long-term unemployed and low-skilled workers. Improve the quality of vocational training to reduce drop-out rates and increase the number of apprenticeships. Implement the reform of primary and lower secondary education in order to raise attainment levels and improve the cost- effectiveness of the education system.

The CSR is reflecting the same reality as EAPN's alternative CSR: the marginalization of long-term unemployed, lowskilled workers. EAPN agree on the need for improving the employability by education and vocational training, but find it necessary to underline also the need for many more proper jobs, suitable for marginalized citizens.

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

Recommandation no. 1: Implement the budgetary strategy in 2013 ... to ensure the correction of the excessive deficit by 2013. Furthermore, implement the budgetary strategy for 2014 and beyond to ensure an adequate fiscal effort to remain at the medium-term objective.

The Council endorse the priorities for ensuring financial stability, fiscal consolidation and action to foster growth. But it also underscores the need to pursue differentiated, growth-friendly fiscal consolidation, to restore normal lending conditions to the economy, to promote growth and competitiveness, to tackle unemployment and the social consequences of the crisis, and to modernise public administration.

All in all, the aims can be positive also for poor and socially excluded citizens. But in the politicial implementation in Denmark it has been clear, that the result is a serious cut in benefits, especially for socially excluded citizens below 30 years, whose benefits now are

50 % below EU's in risk for poverty line; but also for disabled citizens below 40 years, whose access to a proper disability pension is very restricted; and in general for all citizens in need for economic support, due to a new regulation mechanism, leading to a growing gap between wages and benefits.

On the other hand, there have been tax reductions for entreprises and persons. The hope is that this will lead to growth for all, but until now, what is seen, is a growing inequality.

c) The main gaps in the Commission/Council's CSRs for your country, what is missing

The Council expresses a worry for the Danish 'flexicurity' model, whether it continues to facilitate a smooth transition between unemployment and work, while also limiting marginalisation and social exclusion.

This worry is very relevant. The cuts in benefits means that it is still more difficult, especially for young or disabled unemployed to live a decent life, included in the society. The Council underline, as the Danish Government, the need for education and vocational traning, but clearly overlook the fact, that socially excluded unemployed, already have failed several times in education and traning and at the job market. It is rather unlikely, that they can manage because of cuts in their benefits. What happens most likely, according to research, is more failures, growing apathy, exclusion and other negative effects for the individual as well as for society.

3. **EAPN Assessment of the implementation of CSRs**

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

The budgetary, financial and fiscal recommendations have been implemented with immediate effect from 2014 on all benefits and pensions. The Recommendations concerning vocational training and apprenticeships are still not decided politically. Moreover, the Parliament has decided an ambitious plan for growth, including infrastructure (trains, roads) and redevelopment of social housing areas.

b) Is this a positive/negative development?

Until now the effects are growing numbers of poor children, grown-ups and elderly and a hastily growing inequality. There is a falling number of unemployed, but this seems not to lead to inclusion of the long-term unemployed and low-skilled citizens.

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

This is described above

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

- 1. Economic and social inequality and social exclusion is growing in DK, even if nobody wants it. The social welfare system needs to be reformed and adapted to the new realities.
- 2. What is missing is a genuine flexicurity bases on a decent minimum income for unemployed, quality services and holistic rehabilitation and jobs for poor and excluded and a labour market open for all.
- 3. There is an obvious need for many more proper jobs for long term, low-skilled unemployed and socially excluded with complex difficulties
- 4. There is a growing challenge in how to involve NGOs more in rehabilitation and job creation for those far from the labour market.

c) Give brief justification for your proposals

Described above.

ESTONIA

Contact details: Kiira Nauts, kiiranauts@gmail.com 1. EAPN 2013 proposals for Alternative Country-Specific Recommendations for your country (from the 2013 doc) (cut and paste) 1. Focus more on quality jobs and not so much on employment at any price. 2. Prioritize more reducing poverty and social exclusion and consider achieving targets through better access to services and raising subsistence level and benefits. 3. Poverty target should ensure that a minimum standard of services are guaranteed at state level and are accessible to everybody. Especially for children. Do the Commission/Council Country-Specific Recommendations for your country (2013) 2. reflect EAPN concerns? Highlight the Commission's positive proposals for poverty reduction (if any) and a) similarities with your own proposals above (specify) Similarities are highlighted! 1. Improve incentives to work by streamlining the social benefits system and increasing flexibility in the allocation of disability, unemployment and parental benefits, while ensuring adequate social protection. Improve delivery of social services, while better targeting family and parental benefits and removing distortionary income tax exemptions related to children. Increase the participation of the young and the longterm unemployed in the labour market. 2. Link training and education more effectively to the needs of the labour market, and enhance cooperation between businesses and academia. Increase opportunities for low-skilled workers to improve their access to lifelong learning. Foster prioritisation and internationalisation of the research and innovation systems. 3. Enhance fiscal sustainability of municipalities while improving efficiency of local governments and ensure effective service provision, notably through stronger incentives for the merger of or increased cooperation between municipalities. Relevant reform proposals should be put in place within a reasonable timeframe. b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify) 1. Preserve a sound fiscal position by implementing budgetary plans as envisaged, ensuring achievement of the MTO by 2013 at the latest, and compliance with the expenditure benchmark. 2. Improve energy efficiency, in particular in buildings and transport, and strengthen environmental incentives concerning vehicles and waste, including by considering incentives such as the taxation of vehicles. c) The main gaps in the Commission/Council's CSRs for your country, what is missing

- 1. No measures are mentioned or recommended in order to reduce unequal economic situation based on nationality (especially Russian's situation and other vulnerable groups).
- 2. No measures are mentioned or recommended in order to reduce an inequality of disable people and elders in labor market.
- 3. There was no information about quality jobs.
- 4. The strong need of systematic and preventive mechanisms for poverty reduction
- 5. Access to health care and rehabilitation services must be guaranteed to all on an equal footing.

3. **EAPN Assessment of the implementation of CSRs**

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

- 1) Youth Guarantee the national action plan is in the process of being implemented (some steps taken in order to reduce unemployment of youth).
- 2) Development of new benefits and social system is in progress.
- Estonia is still planning the reform municipalities reform, a few steps have been made
- 4) Reform of educational system is moving forward step by step rearrangement of school systems.
- 5) Strengthening State's responsibility.

b) Is this a positive/negative development?

Some of them are positive (Some parts of educational reform; youth guarantee). However, focusing on Youth guarantee, ministries have kept it private.

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

Minister of Economy is preparing a draft law for car taxation. Ministry of Social Affairs submitted a new draft law - "Child Protection Act" that will put more pressure to local government, without giving them any money, the quality of their work will probably decrease.

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

- 1. Focus more on quality jobs (prioritize on social exclusion).
- 2. Human Rights education.
- 3. Access to health care and rehabilitation services must be guaranteed to all on an equal footing.

FINLAND

Contact details: Marjatta Kaurala, marjatta.kaurala@krits.fi EAPN 2013 proposals for Alternative Country-Specific Recommendations for your 1. country (from the 2013 doc) (cut and paste) 1. Reduce health inequalities which have sharply increased. Health care costs have been cut at the beginning of 2013 concerning medicines and travel expenses. This further undermines the possibility of low-income people to health care. Investment in prevention of health (and social) problems reduces health inequalities. 2. Alleviate the situation and enhance the purchasing power of low income families with children, which were badly hit by the increase of consumption tax and freezing of the indexation of child allowance at the beginning of 2013. 3. Improve the employment of disabled people. Do the Commission/Council Country-Specific Recommendations for your country (2013) 2. reflect EAPN concerns? Highlight the Commission's positive proposals for poverty reduction (if any) and a) similarities with your own proposals above (specify) There were no proposals for poverty reduction. Improving labour-market position of young people and the long-term unemployed may decrease poverty in the future. Reform of municipal structure (bigger municipals) may secure public services in the future. b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify) There were no proposals for poverty reduction. c) The main gaps in the Commission/Council's CSRs for your country, what is missing Commission's Recommendations are based on the need to improve the economic situation and increase employment; the goal is to improve labour-market position of targeted groups and to increase the effective retirement age. 3. **EAPN Assessment of the implementation of CSRs** a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013? Youth Guarantee came into force in the beginning of 2013 and there are going many programs to improve skills of young people. The reform concerning the municipal structure is going on but there are many difficulties. Some changes have been done concerning to reduce early exit pathways to retirement. b) Is this a positive/negative development?

Youth Guarantee is a positive one.

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

Reforms concerning municipal structure and structure of social and health services are going on. The goal of the reform of social and health services is to decrease differences of health and wellbeing; also a number of programs developing public services are aiming to the same target.

There are some improvements concerning the position of unemployed (In the beginning of 2014 unemployed people are for example able to earn 300 euro without reduction in unemployment allowance).

- b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)
 - 1. Reduce health and wellbeing inequalities.
 - 2. Enhance the purchasing power of low income families with children.
 - 3. Improve employment and ensure the implementation of youth guarantee addressing the risk of social exclusion.
- c) Give brief justification for your proposals
 - 1. Health and wellness differences have increased sharply.
 - 2. Families with children were badly hit by the increase of consumption tax and freezing of the indexation of child allowance at the beginning of 2013.
 - 3. Unemployment and specially youth unemployment has increased. It's very crucial to ensure that every young person will be offered a job, place of study, rehabilitation etc.

FRANCE

Contact details: Jeanne Dietrich, jdietrich@uniopss.asso.fr

- 1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)
 - 1. A pluri-annual (5 years) law on financial programming to fight against poverty with clear objectives concerning the building and financing of social housing.
 - 2. An increase of minimum income.
 - 3. An increase of social allowance for access to housing.
 - 4. A national Health Strategy is being built with the aim to reduce inequalities in access to health, to improve prevention, and to improve the rights of sick persons, which is great, but we would like this strategy to be led simultaneously with several well-coordinated Ministries.

To improve the access to the education system for youngest children to reduce inequalities in success at school because of social origins.

- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)
 - 1. To improve the employment rate of older people
 - 2. To improve life-long learning for the less qualified and jobless people
 - 3. To implement a Youth Guarantee
- b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)
 - 1. To reduce the unemployment benefits.
 - 2. To increase the retirement age.
 - 3. To reduce minimum wage.
 - 4. To reduce the number of sectors which would benefit from a lower VAT rate

We are against it because we know it would endanger the building of social housing for instance.

c) The main gaps in the Commission/Council's CSRs for your country, what is missing

To increase the minimum income more.

To increase the number of young people benefiting from youth guarantee.

To increase the housing allowance (APL, aide pour le logement).

To merge the minimum income and the employment allowance to increase take-up of minimum income.

3. **EAPN Assessment of the implementation of CSRs**

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

Positive proposals being implemented:

- 1. Negotiations are being held on "Contrats de génération", ie young people being favourably being given access to employment while keeping the older people employed.
- 2. Reform of life-long learning: implementation of "Compte Personnel de Formation", ie personal account for life-long learning.
- 3. Experimentation of youth guarantee for 10 000 young people (though 150 000 young people leave school each year without any diploma.)

b) Negative proposals being implemented:

- 4. There are only negotiations now on unemployment allowance, reform has not taken place, and we consider that if this would lead to reducing the unemployment allowance, this wouldn't be a progress of course.
- 5. The increase of retirement age has been proposed, but it is valid only for a certain category of people through a law published in January 2014.
- 6. The minimum wage has not been reduced, but a "Responsibility Pact" is being negotiated. This Pact means that enterprises won't pay the social taxes to finance family allowance. Family policies might be endangered. And the state will not compensate.

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

Positive policies:

- Creation of "emplois d'avenir", ie jobs for low-qualified people or people being far from job.
- Increase of minimum income in September 2013.
- Law about housing which is aiming at putting a frame in which rents could not be increased.

Negative policies:

- 50 Billion Euros cuts announced
- Reduction of the financing of allowance to help people pay their rent
- Reduced scope of the State Universal rent guarantees (ie. State guaranteeing the payment of rents).
- b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)
 - A pluri-annual (5 years) law on financial programming to fight against poverty with clear objectives concerning the building and financing of social housing.
 - An increase of minimum income.
 - An increase of social allowance for access to housing.

- A national Health Strategy is being built with the aim to reduce inequalities in access to health, to improve prevention, and to improve the rights of sick persons, which is great, but we would like this strategy to be led simultaneously with several wellcoordinated Ministries.
- To improve the access to the education system for youngest children to reduce inequalities in success at school because of social origins.

GERMANY

Contact details: Sophie Schwab, Sophie.Schwab@awo.org

- 1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)
 - 1. The promotion of employment must be accompanied with existence-securing wages and obligation to contribute to social insurance.
 - 2. In poverty measurement transparent procedures must be found that for instance take participation and periods spent in the job market into the view. Beyond that, further factors (the at-risk-of-poverty rate, material deprivation etc.) must be considered than only the number of long-term unemployed people.
 - 3. To promote the social integration of disadvantaged target groups, appropriate financial means must be made available. Amongst other things this could be realized by the 20 per cent appropriation of payments of development funds from the ESF (same as in 2012).
- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

Although there are no direct proposals for poverty reduction, some aspects are enumerated which could lead to the reduction of poverty:

- "Improve the efficiency of the tax system [...] use the available scope for increased and more efficient growth-enhancing spending on education and research at all levels of government". You could interpret the sentence "Improving the tax system" as a suggestion to redistribute taxes, like establishing a wealth-tax, which would be a great source for social investment and to promote social integration of disadvantaged target groups.
- "... reduce high taxes and social security contributions, especially for low-wage earners and raise the educational achievement of disadvantaged people. [...]. Facilitate the transition from non-standard employment such as mini-jobs into more sustainable forms of employment." That seems to be a recommendation which could lead to an employment with existence-securing income and could lead to jobs which contribute social insurance...
- "Take measures to improve incentives to work and the employability of workers, in particular for second earners and low-skilled, also with a view to improving their income. To this end, remove disincentives for second earners and further increase the availability of fulltime childcare facilities and all-day schools." This recommendation clearly means to increase the wages.
- "...keep the overall costs of transforming the energy system to a minimum..." It is important that the costs of transforming the energy system are going to be redistributed equitably. It is important for low income households that there are found appropriate social policy solutions. Energy- and social policy should no longer be played off against each other.

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

- "Sustain conditions that enable wage growth to support domestic demand. To this purpose... Maintain appropriate activation and integration measures..." Here the commission could demand more. The current situation is not that ideal, it could be improved. And the commission still only speaks of people in long-term unemployment, like the Federal Government. But we suggest, that further factors (the at-risk-of-poverty rate, material deprivation etc.) must be considered than only the number of long-term unemployed people.
- At least the Commission is proposing higher wages, but the clear obligation to contribute to social insurance is still missing.
- "Pursue a growth-friendly fiscal policy through additional efforts to enhance the cost-effectiveness of public spending on healthcare and long-term through better integration of care delivery and a stronger focus on prevention and rehabilitation and independent living." It is kind of sad that the only time the healthcare is mentioned, it is to give the Federal Government the advice to enhance the cost-effectiveness. Instead it would be important to increase the offers for many people who have (nearly) no access to the health care sector.
- "Take measures to further stimulate competition in the services sectors, including certain crafts in the construction sector in particular and professional services to boost domestic sources of growth." That recommendation could run into danger, because more competition could have the risk that quality decreases and regional assistance impairs. Quality and regional assistance should not be guided of the dictate of competition and the relief of economy and profit. A balance is important. Allowing unfiltered neoliberal measures cannot be the answer.

c) The main gaps in the Commission/Council's CSRs for your country, what is missing

- In poverty measurement transparent procedures must be found that for instance take participation and periods spent in the job market into the view. Beyond that, further factors (the at-risk-of-poverty rate, material deprivation etc.) must be considered than only the number of long-term unemployed people.
- Amongst other things this could be realized by the 20 per cent appropriation of payments of development funds from the ESF.

3. EAPN Assessment of the implementation of CSRs

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

Germany has made progress in reducing long-term unemployment. Germany has increased the number of child care facilities and has taken a number of initiatives to improve early language learning and children's reading skills, and to address the early-school leaving rate of foreign-born students (which is twice as high as the national average).

Wages rose in the last years. Despite the semi-automatic reduction of the pension contribution rate, the tax wedge on labour remains high, in particular on low incomes.

b) Is this a positive/negative development?

Germany could do more to exploit its labour force potential in view of demographic change.

But most of these developments are positive. But not enough. Most of our points of criticism have not been noted.

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

The maximum income in a mini-job has been increased from 400€ to 450€ so that employees are allowed to earn more without social security contributions. That does not support the transition from mini-jobs to more sustainable forms of contracts.

In 2013 there was an increase of employment and at the same time an increase of unemployment – people who are unemployed do not benefit from the positive economic situation in Germany. The German government has no strategy to fight that development so far.

In August 2013 the German government implemented the 'Betreuungsgeld'. It is a contribution of 100€ per month that parents get who have a child between the age of 1-2 years and do not give that child to a child care facility which is subsidised by the government. This gives disincentives and an opposing signal for the participation (especially of women) on the labour market.

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

- It is still important that the promotion of employment (especially for women, people with migration background and people with disability) must be accompanied with existence-securing wages and obligation to contribute to social insurance. Although the minimum-wages are going to be established in Germany soon, it is important to pay attention that no / or not too many exceptions are going to be allowed.
- Further on in poverty measurement transparent procedures must be found that for instance take participation and periods spent in the job market into the view. Beyond that, further factors (the at-risk-of-poverty rate, material deprivation etc.) must be considered than only the number of long-term unemployed people.
- To promote the social integration of socially-disadvantaged target groups, appropriate financial means must be made available. Amongst other things this could be realized by the 20 per cent appropriation of payments of development funds from the ESF.
- A more extensive approach to fight poverty and to improve social inclusion must be implemented to decrease inequality.
- A reform of the tax-system, establishing a wealth-tax and a tax on financial transition would help to be able to make more and sustainable social investments.

- To avoid material child poverty, we suggest a basic-income for children (Kindergundsicherung) that guarantees a non-bureaucratic sufficient minimum subsistence level and simplifies an access to cultural and social offers.
- To avoid the dependency of social origin and educational success it is necessary to improve the school system.

c) Give brief justification for your proposals

Although there was some progress, the development shows that most of our demands have not been considered or were seriously applied. That is why we propose the same recommendation as the last years. But we add some suggestion which are aimed especially to the children which are affected of poverty and to decrease inequality.

We think that although most EU 2020-aims were achieved from Germany, it is important to recognize that the gap between rich and poor people is increasing and the at-risk-of-poverty rate is increasing, too.

IRELAND

Contact details: Paul Ginnell, paul@eapn.ie

- 1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)
 - 1. Ensure active and meaningful consultation with all stakeholders in the development and implementation of the NRP. This must be resourced.
 - 2. Implement poverty and inequality impact assessment in a transparent and constructive manner across all areas of policy, including the annual Budget, to prevent the negative impact of policy on the most vulnerable and those experiencing inequality. This should be done in conjunction with stakeholders.
 - 3. Implement policies to address the growing levels of inequality, including measures aimed at the greater redistribution of wealth through progressive taxation.
 - 4. Implement an integrated active inclusion approach to policy development. Specifically:
 - i. Reforms to the welfare system and activation services should ensure that people have access to a decent income and to services and supports to meet their needs. These services and supports need to take account of the very different starting points for specific groups particularly those furthest from the labour market and those with low educational qualifications and literacy difficulties. All activation policies and programmes should be accessible to people with disabilities and should also incorporate the impact of the first large-scale activation of women, many of who are mothers. Activation of mothers, and in particular lone parents, should only proceed if services, such as quality, affordable childcare, are put in place.
 - ii. The focus on growth and job creation should prioritise quality jobs and ensure that everyone benefits. Within this it is important to adopt an approach to tackle the problem of in-work poverty and the existence of poverty traps.
 - iii. Cease the cuts in services to the most vulnerable. This includes services that are provided by community organisations, many of which involve a large voluntary input.
 - 5. Social inclusion should be a cross-cutting goal for the Structural Funds Programmes for Ireland for the 2014-2020 period and NGO's, including anti-poverty organisations, must be key partners in the design and delivery of programmes.
- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

From December 2010 until December 2013 Ireland was a troika programme country. Therefore the only recommendation it received was to implement its Memorandum of Understanding with the European Commission.

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

c) The main gaps in the Commission/Council's CSRs for your country, what is missing

While stating that in implementing its Memorandum of Understanding the Government should take into account the needs of the most vulnerable in effect the focus was on the economic priority of reducing budget deficits and therefore undermined the commitment to poverty reduction.

3. EAPN Assessment of the implementation of CSRs

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

Within the confines of the Memorandum of Understanding the Government was successful in fully implementing the recommendation.

b) Is this a positive/negative development?

In general it has been a negative development. Consistent poverty levels have risen from 4.2% in 2008 to 6.9% in 2011. There have been ongoing cuts to some welfare supports and services. However there has been a broadening of the tax base which has some positive implications but also impacts negatively on those on the lowest incomes.

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

The structure of Ireland's activation services has been the focus of structural reforms and has been strengthened over the past few years but there is also now a greater focus on compulsory engagement and questions over the capacity of the service to meet the needs of its clients. There is also a focus on those on the live register and less so on the needs of others who are distant from the labour market or in jobless households. It is also been implemented without any real focus on adequate income or decent jobs.

There is a reform of local Government underway. This also includes major changes to the delivery of local and community development, bringing it under the control of local authorities. This will result in the further erosion of grass roots community development and advocacy which has been very damaged by Government policy over the past 4-5 years.

Budget 2014 included further cuts to social welfare supports including further cuts for younger people under 26 years.

In December 2013 Ireland exited its Troika programme, including its Memorandum of Understanding with the European Commission. It will therefore receive CSRs in 2014.

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

There are no major changes to the proposals for 2013 but mainly a revision of how they are presented. The Medium-Term Economic Strategy 2014-2020 was introduced by the Government following the exit of the Troika in December 2013.

Proposals for Country Specific Recommendations for Ireland 2014

- 1. Ensure active and meaningful consultation with all stakeholders in the development and implementation of the NRP. This must be adequately resourced.
- 2. Implement a multi-annual strategy to reverse the growth in poverty and inequality, using taxation and redistribution and using public and transparent poverty and equality impact assessments as planning and evaluation tools for all policy proposals, including the annual Budget. Existing social inclusion, gender equality and anti-poverty targets and long-standing social inclusion and equality commitments should be clearly reflected within Ireland's newly developed Medium Term Economic Strategy.
- 3. Implement an integrated active inclusion strategy, emphasizing:
 - Welfare reform to ensure that everyone has access to the resources needed for a decent life
 - ii. Appropriate activation services, supports and initiatives tailored to the very different starting points for individuals and groups, particularly those furthest from the labour market and those with low educational qualifications and literacy difficulties and accessible to those not on the Live Register, for example on Disability Allowance or One Parent Family Payment.
 - iii. Activation policies should reflect a commitment to and assess the impact of largescale activation of those with caring responsibilities, who are mostly women, parents, and lone parents in particular, and encompass an appropriate range of activation options with due recognition of caring responsibilities.
 - iv. Quality and accessible jobs with a living wage as the focus of job creation strategies, with particular regard to the problems of in-work poverty, poverty traps and precarious work. The promotion of secure working conditions and income levels that support a decent standard of living should not be undermined by any political drive towards a 'low-wage economy'.
 - v. Restoration of essential services for the most vulnerable, many of which have been cut back to skeleton levels, to adequate and sustainable levels, including services provided by community organisations with a large voluntary input.
- 4. Include social inclusion and equality, including gender equality, as cross-cutting goals for the Structural Funds Programmes for Ireland for the 2014-2020 period. NGOs, including anti-poverty organisations, must be key partners in the design and delivery of programmes.

c) Give brief justification for your proposals

The proposals include an integrated approach to addressing poverty, social exclusion and inequality. The current approach being taken by Government continues to prioritise an austerity approach to addressing the budget deficit, with a small level of investment, and does not take a balanced approach towards achieving its poverty reduction target.

ITALY

Contact details: Vito Telesca, irfedi@tin.it

- 1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)
 - 1. Participation / civil dialogue:
 - a. Give the possibility to the stakeholders to contribute effectively to the elaboration of the National Reform Program and involve them in the implementation of antipoverty policies and measures;
 - b. Promote an active, meaningful, effective and structured dialog with the NGOs and other stakeholders engaged in the fight against poverty and social exclusion
 - c. Ensure that this contribution is reflected in the contents of the NRP and that of the NSR.

2. Social protection:

- a. Change the vision on social inclusion policies by shifting from "non-assistance" to the promotion of Active Inclusion measures, in particular for young people.
- a. Improvement, reclassification and efficacy of social protection expenditure and decrease of additional costs that amount to 1, 74% compared to a EU-7 average of 0.83 (i.e. additional costs incurred to implement policies such as accompanying measures)
- b. In order to fight poverty and social exclusion and for activating Active Inclusion Measures that may lift people out of poverty, it is crucial that Italy puts in place a national scheme for Adequate Minimum Income that is still lacking in the country and that access to services is delivered in full.
- c. To obtain this result it is important that the government shifts its priorities in public spending, rising the amount of money spent for "unemployment; housing and support to the fight against exclusion" improving its social spending to match that of the major EU Member States.
- d. For the fight against poverty to be effective, it is necessary to have a multidimensional and multiannual strategy, integrated policies with the concrete involvement of people living in poverty and of their NGOs. In short, we need the antipoverty strategy we never had.

3. Inclusive Labour Market:

Put in place an employment strategy focusing on:

- e. developing high quality work through major investments in research, development and innovation; rise the rate of graduates in scientific disciplines;
- f. local development through investments in new sectors and the recovery of traditional activities and crafts which have been abandoned by young people but may offer new employment opportunities;
- g. reduce administrative costs and taxes on labor, both for the employers and the workers, which in Italy are among the highest in Europe.
- h. increasing net wages which are very low and therefore only increase the number of working poor.

2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?

a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

The Commission's recommendations to the Italian government were very light and generic;

The "recommendation" did not relate to the poverty and social exclusion, but only to the improvement of the labor market;

The only exception is the reference to, "ensure effectiveness of social transfers, notably through better targeting of benefits, especially for low-income households with children" which, more than a recommendation sounded as "wishful thinking".

Similarities:

The recommendation matching CILAP proposals are:

- the partial reference to the reduction of the costs of labor (the Commission has linked the reduction of labor taxes with that of capital's).
- the partial reference to the effectiveness of social transfer for low-income households with children (CILAP proposal reads "the Improvement, reclassification and efficacy of expenditure in social protection").

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

The Commission recommendations clash against the inability of the government to find the resources to invest in the fight against poverty and social exclusion

c) The main gaps in the Commission/Council's CSRs for your country, what is missing

The Commission/Council have focused their recommendations on the budgetary strategy, governance, fight against tax evasion, fight against shadow economy and undeclared work, the implementation of the liberalization and simplification measures in the services sector.

The commission/Council recommendations have overlooked completely the fight against poverty and social exclusion and the policies related to this objective, with the partial reference to youth unemployment, participation of women to the labor market, early school leaving.

3. EAPN Assessment of the implementation of CSRs

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

The new government has partially implemented, after several years:

- the economic resources for scholarships for tertiary education to encourage students to move across Regions;
- the revolving Fund for Applied Research (FAR) will give grants to: i) innovative start-ups, social innovation projects employing people under the age of 30, and crowd-funding

- initiatives; ii) public institutions; iii) investment by SMEs; and iv) public/private partnerships;
- partial effort for the NEETs in areas where the youth unemployment rate exceeds 25 per cent;
- to assist workers temporarily laid off, the government allocated €2.5 billion to the 'extraordinary ordinary wage supplementation scheme'

b) Is this a positive/negative development?

This is a positive start (CILAP hopes) of a new vision on social policies (not only austerity but investments): e.g. the Government introduced a labor package to boost employment, especially for young people, and to sustain households at risk of poverty and social exclusion. The incentives are granted provided that new hires result in a net increase in employment. Regions can assign additional resources to fund this measure.

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

Positive:

- 1- To contrast the high level of unemployment and poverty in the southern Regions, the Government allocated for the years 2013-2015: 1) €80 million to finance self-employment; 2) €80 million from the Action Plan for Social Cohesion to finance projects of cultural heritage and social inclusion; 3) €168 million for scholarships to NEETs under the age of 30.
- 2- The 2012 experimental 'social inclusion card' was extended to 425,000 additional families with children in absolute poverty. In particular, €167 million are allocated to implementing the social card program in some southern areas of the country not yet covered.
- 3- The Government financed with over €2 billion a credit line and a special fund to assist households temporarily in distress, such as: 1) insolvencies on mortgages on primary residences, 2) young households trying to buy a house, 3) tenants unable to pay rent.

Negative:

- 1- The negative impact of the last pension reform on the people in pre-pension situation continues (the extension of the retirement age and the lack of funding for these persons after the agreed coverage with companies, will bring many people to live in poverty for the years that are missing to their effective retirement);
- 2- Another negative effect will be the low level of the retirement benefits for those young people who, having started or who will start working later in life and, therefore, won't reach an adequate level of coverage putting them, once retired, very close to the poverty line.
- b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)
 - 1. Participation / civil dialogue:

- a. Give the possibility to the stakeholders to contribute effectively to the elaboration of the National Reform Program and involve them in the implementation of anti-poverty policies and measure;
- b. Promote an active, meaningful, effective and structured dialog with the NGOs and other stakeholders engaged in the fight against poverty and social exclusion
- c. Assure that this contribution is reflected in the contents of the NRP and that of the NSR.
- d. Develop the National Social Report that is still due to this day (as a matter of fact, the Italian government has not yet presented its NSR), ensuring that this report reflects the proposals and recommendations of the stakeholders involved in the fight against poverty and exclusion and the people living in poverty and social exclusion.
- e. Shift the view on social inclusion policies, moving from the current "failure or partial assistance" to the promotion of active inclusion measures, and social inclusion, particularly for young people.
- f. Put in pace all necessary actions for understanding the phenomena of poverty and exclusion on the basis of experience conduct for the understanding of the phenomenon of homeless aware that the level of poverty has now reached the threshold of 13 million people at national level but that in the Southern regions, there is an unbearable level of poverty, reaching and exceeding 30% of the population;
- g. Effectively involve those network of organizations and structures that, at the local level , have been carrying out studies and awareness actions on poverty and social exclusion;
- h. Actively involve regional governments in the knowledge of the phenomenon and the elaboration of the National Reform Program and National Social Report;
- i. Encourage local governments on the basis of the good practices that are being developed at the regional level, to deepen the understanding of the phenomena and to develop plans and measures to combat poverty, since poverty and exclusion need to be addressed at the local level.
- 2. Social protection:

The expenditure for the fight against poverty, to social exclusion and unemployment is the lowest in Europe amounting to only 0.26%;

a. It is essential to improve the reclassification and to verify the effectiveness of spending on social protection and we need to reduce the incidence of incidental expenses (administration costs and others) that are in Italy 1, 74% compared to average EU 27, which amounts to 0.83%.

We therefore call on the Italian government to implement all efforts to rebalance spending on social protection also with an important contribution of solidarity on the part of pensioners luckier who receive pensions than 7 times higher than the minimum pension, allocating proceeds to pay the costs for the fight against poverty, housing and to combat unemployment.

Finally, after far too long, the current government has proposed and announced a program of support for Active Inclusion with the activation of a form of minimum income

even if, as since Italy finally comes closer to other EU countries even if it is only a first step in the right direction. Unfortunately, this measure has remained only on paper because the government did not have the courage to choose the right priorities and the proposed measure was not financed within the 2014 Stability Law.

- b. We repeat, therefore, that it is urgent to activate measures of active inclusion that can lift people out of poverty; a national system of adequate income support that is the first real step to fight poverty and 'social exclusion.
- c. To achieve this, it is important that the government shifts its priorities in public spending by increasing the availability of resources (at least 5% of GDP) to combat poverty and social exclusion, for the 'housing and unemployment.

3. Inclusive Labour Market:

Urgently put in place an extraordinary strategy for employment by focusing on:

- a. developing high quality work through significant investments in research, development and innovation;
- b. putting in place all the necessary actions to attract more young people into scientific careers and increase the rate of graduates in sciences;
- c. encouraging local development through investments in new areas and promote the recovery of traditional activities and crafts which have been abandoned by young people but may offer new employment opportunities;
- d. reducing administrative costs and taxes on labour, both from the side of the employers and that of the workers, which in Italy are among the highest in Europe;
- e. increasing net wages which are very low and therefore increase the number of working poor.

c) Give brief justification for your proposals

There is a new vision from the part of the Italian Government vis-à-vis social policies which, hopefully, 'will bring a positive shift in social policies and their impact on the fight against poverty and social exclusion. But we are still far from implementing good practices regards to participation and civil dialogue. Therefore, our alternative recommendations are similar and complete those of 2013.

LITHUANIA

Contact details: Giedrè Kvieskienė, giedre.kvieskiene@gmail.com

- 1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)
 - 1. Include a clear definition of Social Economy and Social Clustering in Lithuanian law and National Programme: We have a discussion with 2 Ministries and decision about future Collaboration.
 - Include in National Law an obligation to have a permanent consultation with EAPN
 Lithuania and other umbrella stakeholders and NGO organization's before
 finalizing the NRP and NSR and prioritizing Structural Funds' needs: We have had
 2 Public consultations with stakeholders and NGOs about social partnership and
 collaboration between Ministries and Civic organizations.
 - National Government should make obligatory the organization of public Consultations with civil society organizations. There are some steps forward from the Social Affairs Ministry.
- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)
 - 1. Ensure growth friendly fiscal consolidation and implement the budgetary strategy as planned, pursuing a structural adjustment effort that will enable Lithuania to reach the medium-term objective. Prioritise growth-enhancing expenditure. Strengthen the fiscal framework, in particular by introducing enforceable and binding expenditure ceilings in the medium-term budgetary framework. Review the tax system and consider increasing those taxes that are least detrimental to growth, such as recurrent property and environmental taxation, including introducing car taxation, while continuing to reinforce tax compliance.
 - Adopt and implement legislation on a comprehensive pension system reform. Align the statutory retirement age with life expectancy, restrict access to early retirement, establish clear rules for the indexation of pensions, and promote the use of complementary savings schemes while ensuring implementation of ongoing reforms. 7 Under Article 9(2) of Council Regulation (EC) No 1466/97. EN 6 EN Underpin pension reform with measures that promote the employability of older workers.
 - 3. Tackle high unemployment amongst low-skilled and long-term by refocusing resources on active labor market policies while improving their coverage and efficiency. Improve the employability of young people, for example through a Youth Guarantee, enhance the implementation and effectiveness of apprenticeship schemes, and address persistent skill mismatches. Review the appropriateness of labor legislation with regard to flexible contract agreements, dismissal provisions and flexible working time arrangements, in consultation with social partners.

- 4. Implement concrete targeted measures to reduce poverty and social exclusion. Strengthen the links between the cash social assistance reform and activation measures.
- 5. Complete the implementation of the reform of the State-Owned Enterprises, in particular to ensure separation of ownership and regulatory functions, and closely monitor compliance with the requirements of the reform.
- 6. Step up measures to improve the energy efficiency of buildings, including through removing disincentives and rapid implementation of the holding fund. Promote competition in energy networks by improving interconnectivity with other Member States for both electricity and gas.

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

Complete the implementation of the reform of the State-Owned Enterprises, in particular to ensure separation of ownership and regulatory functions, and closely monitor compliance with the requirements of the reform (EAPN) introduce private, public and NGO and research/university partnership obligatory for social innovation. Step up measures to improve the energy efficiency of buildings, including through removing disincentives and rapid implementation of the holding fund. Promote competition in energy networks by improving interconnectivity with other Member States for both electricity and gas. Support green and local energy recourses through communities, NGO, private and clustering initiatives.

c) The main gaps in the Commission/Council's CSRs for your country, what is missing

The recommendations are not aiming at progress, or social inclusion, but fixes small social policy mistakes. Most of the recommendations are not proposals for poverty reduction, or new way for social innovation, and main missed idea are social partnership between public, private, NGO and research / university for the optimization social inclusion policy.

3. | EAPN Assessment of the implementation of CSRs

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

Partially and thanks to the influence of trade unions and some consultation with NGO networks. Unemployment benefits for long term unemployed start combine with active inclusion and consulting methods, but there less initiatives with active inclusion methods, which are used by NGO and civic society organizations, because there are high bureaucratization process.

b) How far the EAPN Recommendations have been implemented?

On symbolical and rhetorical (discussions on wealth & income taxes, social protection, child poverty, support families without open debates and consultation with networks of civic society).

Social affairs ministry includes partners in the creation social inclusion strategy and planning.

Positive: Start first discussion with civic partners networks in Social Affairs Ministry; **Negative**: Low trust and social partnership between public, NGO and private sectors and improvement existing social innovation in the field.

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

The National Action Plan on Social Inclusion 2014-2020s: Creative together with social partners and Lithuanian EAPN participation, but there are not clear financial support for this plan implementation.

There has been a lot of declarations & announcements, discussions, public consultations on different Ministry plans or problems, but mostly of them initiated by NGO, civics, research sectors or Media (about the Action Plan on Social Inclusion, Steps of Deinstitutionalization , announcement priorities on Against Child Poverty, Family policy, optimization of unemployment benefits. Small correction of Social Policy Low is made by politics without debates with experts or NGO.

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

- Include a clear definition of Social Economy and Social Clustering in Lithuanian law and National Program are include in National Social inclusion program 2014-2020, but not in other Lithuanian Low and don't used in practice implementation. Private, public, NGO and research partnership are understood by Ministries, but not used like priority.
- 2. Include in National Law an obligation to have a permanent consultation with EAPN Lithuania and other umbrella stakeholders and NGO organization's before finalizing the NRP and NSR and prioritizing Structural Funds' needs: Process start with Social Affairs Ministry, but we still not have practices to debate with stakeholders and NGOs National budget and EU Structural Funds priorities, Low changes or order for social partnership and collaboration between Ministries and Networks of Civic organizations.
- 3. National Government should make systematic obligatory for the organization of public Consultations with civil society organizations about main National and European decisions and budget priorities.

c) Give brief justification for your proposals

Activation measures for long-term recipients of social assistance benefits. The number of recipients of social assistance benefits dramatically increased since the beginning of the economic crises. Long term beneficiaries of social assistance benefits are most complicated group from the point so active inclusion. Unfortunately there are no active inclusion measures that are assigned to this stigmatized group of population.

We do recommend to elaborate activation program for long term SAB receivers, which would joint efforts of central government, municipalities, labor exchange, educational and academic institutions, NGO networks and others stakeholders.

Retraining and health preventive services for people in preretirement age. From January of 2012 the retirement age are increased by 4 months for female and 2 months for male per 2012 year. Different researches demonstrate that in Lithuania level of children poverty and violence against children and families still increasing and inclusion education and deinstitutionalization level are low. (See: Giedrė Kvieskienė, Rimantė Šalaševičiūtė, Marytė Mendelė-Leliugienė, Giedrė Misiūnienė, Saugus vaikas – Pozityviosios socializacijos prielaida. Jungtinių Tautų vaiko teisių konvencijos jgyvendinimas Lietuvoje.Vilnius, 2011, 140 p. Prieiga interneta: www.salaseviciute.lt/saugus-vaikas-pozityviosios-socializacijos-prielaida). Ιt is necessary to take steps in order to decrease level of poverty and violence of children and families and more include positive innovations from NGO to public sector.

LUXEMBOURG

Contact details: Robert Urbé, robert.urbe@caritas.lu

- 1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)
 - 1. Make out of the NRP an integrated strategic programme, better coordinated with the NSR and involving all stakeholders in the drafting, implementation, monitoring and evaluation.
 - 2. Combine the employment, research, climate/energy and education targets related measures with the ones for reducing poverty and also evaluate for each measure its contribution to the poverty/social exclusion target and make sure that the sum of the effects of all the measures reaches the target.
 - 3. Take strong action in the field of social housing, regarding both the provision of housing at affordable prices in general, as well as the provision of special social housing. At least as an intermediary measure introduce rent subsidies for those parts of the population that cannot afford the high lodging prices; such a measure should be accompanied by a strong control of rent prices in order to avoid that the amounts spent on the measure will not end up in the pockets of the tenants.
- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

There are no similarities with our own proposals.

To some extent positive proposals from the Commission:

- Make a stronger focus on prevention, rehabilitation and independent living regarding long-term care
- Diversify the structure of the economy, foster private investment in research
- Reduce youth unemployment, better match young people's skills with labour demand
- Increase the participation rate of older workers

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

At least potentially negative measures are the following ones:

- Ensure long-term sustainability of public finances, strengthen fiscal governance: this
 is the argument to introduce austerity policies, the government is claiming for more
 selectivity in social transfers.
- Extend the application of the standard VAT rate: this has an over proportionate influence on people at the low end of the income ladder.
- Make long-term care more cost-effective: danger of lowering the services.

c) The main gaps in the Commission/Council's CSRs for your country, what is missing See 1

3. | EAPN Assessment of the implementation of CSRs

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

Only fiscal governance has been continued, a number of new measures (reform of the MI-scheme, Long-term-care-reform, youth guarantee,...) had been planned already by the former government, but since we had a government-crisis in July 2013 and have a new government since early December 2013, they have not yet been carried out. The new government wants to continue them, adding some others (a wider pension reform, administrative simplification, continuing the manipulation of the wage index system,...). Also the diversification of the economy is since years an element of governmental plans, but success is not yet there.

b) Is this a positive/negative development?

As far as these new reforms and measures do not lead to austerity and cuts in the social budget, it is not problematic, but see 4!

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

It seems that the new government in place since early December 2013 will soon come out with austerity measures to use cuts in the social budget in order to fulfill the CSR on fiscal governance. But it is too early for the moment, its only rumors until now.

- b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)
 - 1. Make out of the NRP an integrated strategic programme, involving all stakeholders in the drafting, implementation, monitoring and evaluation.

Combine the employment, research, climate/energy and education targets related measures with the ones for reducing poverty and also evaluate for each measure its contribution to the poverty/social exclusion target and make sure that the sum of the effects of all the measures reaches the target.

2. Take strong action in the field of social housing, regarding both the provision of housing at affordable prices in general, as well as the provision of special social housing. At least as an intermediary measure introduce rent subsidies for those parts of the population that cannot afford the high lodging prices; such a measure should be accompanied by a strong control of rent prices in order to avoid that the amounts spent on the measure will not end up in the pockets of the tenants. And: implement the national strategy against homelessness!

3. Implement the youth guarantee and strengthen combatting poverty and social exclusion, use therefore structural funds!

c) Give brief justification for your proposals

As nothing has been implemented we have simply to repeat the same recommendations.

NETHERLANDS

Contact details: Jo Bothmer, jobothmer@eapnned.nl & sonjaleemkuil@kpnplanet.nl 1. EAPN 2013 proposals for Alternative Country-Specific Recommendations for your country (from the 2013 doc) (cut and paste) 1. Create 40.000 subsidized jobs for persons being long term unemployed (3 years and 2. Support EAPN NL and other organizations to grow. At the time (end of last century) we had strong unemployed and poor networks, people could find support at local 3. Help us to restart the National Cadre School of Claimants. At the 17 years this project worked, we give people a new start. About 25% of those who finished our route found a job without any help at all. 2. Do the Commission/Council Country-Specific Recommendations for your country (2013) reflect EAPN concerns? a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify) 1. The government pointed out an Ambassador to attack youth unemployment and made 25 million available for new developments 2. The government made 20 million available to for poverty reduction. In 2014 this will add up to 80 million 3. The ministry of SA&E made some subsidy available for poverty attacking projects. EAPN NL got a small project financed Highlight the Commission's negative proposals for poverty reduction (if any) and main b) differences with your own proposals (specify) Problem with our government is that participation only equals a paid job. Participation is so much more. But this is not really recognized. On that same level you can find social innovation. Just within paid work. This is a change they miss again, since social innovation is also about participation -also- the way we and other NGO and welfare institutions create new developments. c) The main gaps in the Commission/Council's CSRs for your country, what is missing The focus on austerity keeps amazing us. Since the best way to bring deficits down is to give unemployed a quality and decently paid job. That way the governments save benefits and gain taxes. 3. **EAPN Assessment of the implementation of CSRs** How far have the Commission/Council's CSRs proposals been implemented by your a) national government since July 2013?

They use ESF funding for re-integration courses for LT Unemployed. An example are special projects for inmates/former inmates.

They try to make education, vocational training and specific on job training project available.

b) Is this a positive/negative development?

Positive. It would be even better if they would be prepared to have our knowledge on this field integrated.

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

Positive: As already said there is made money available to attack poverty, especially amongst children, at local level. In:

2013 20 million (mainly used for persons with debts)

2014 80 million2015 100 million

They started to at least finance a project of EAPN NL and other organizations.

Negative: they want to implement a new social law, called the Participation Law, which will not particular improve the situation of claimants on social assistance, handicapped who have a sheltered job and families and a lot of others (elderly).

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

- 1. Start to accept the experience and knowledge that is available within organizations such as EAPN NL and let them integrate their projects to attack poverty, to bring unemployment down and to give people more self-esteem.
- 2. Social innovation is, as participation is, a way to help our society to open windows for our future. To make people be aware of the value of democracy and of supporting each other. Do not waste this by just looking at paid work or participation only as a tool to keep citizens to shut up. Use the development work and have EAPN NL, our members and other organizations in welfare working on this theme with citizens overall and poor and socially excluded in special recognition of their partnership.
- 3. Create 50.000 'Asscher-jobs' (Asscher = minister of SA&E). EAPN NL is willing to debate about the regulations, seeing the fact that we experienced and executed as well the 'Melkert-jobs' and know how to save money.

Give brief justification for your proposals

Firstly we of have a lot of experience (over 30 years) within our network concerning the work with unemployed, poor, handicapped etc. The constant lack of money prevents us from starting projects and training courses.

Secondly the cards played by the Commission and the governments are always the same and very little successful:

- blame the victim
- austerity
- let the market have all responsibility. Even if time and again this market shows not to be able to react decently and although this market is to blame for a lot of employment problems.

Thirdly if we do not bring forward time and again innovative ways to work, no one will.

POLAND

Contact details: Ryszard Szarfenberg, r.szarfenberg@uw.edu.pl

- 1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)
 - 1. Develop a comprehensive strategy to fight poverty and social exclusion that is evidence-based and rights-based:
 - A comprehensive strategy means an integrated approach embracing cash, tax and services for the benefit of the people experiencing poverty and at risk of it.
 - Cash means increasing guaranteed minimum income to 100% of the poverty gap.
 - Tax means substantially raising an amount of income free of income tax.
 - Services means ensuring more of them in quantity and quality, and guaranteeing access.
 - This means substantially increasing employment in social services.
 - Evidence-based means a strategy based on quantitative and qualitative assessments that draws regularly on gathered experiences and views of those who live in poverty or at risk of it.
 - Rights-based means that it is a priority before public finances concerns, and all instruments of international and national law are ratified, respected and enforced (e.g. In Poland the Revised European Social Charter is signed but still not ratified).
 - Secure and adequate housing is an important base for human wellbeing and economic security. Prevention of housing insecurity, rent arrears, evictions and homelessness is crucial for an effective anti-poverty strategy and it should be prioritized in public policy. Ensure that experiences and views of people with housing problems are adequately gathered and applied in policy making, policy monitoring and evaluation.
 - 3. Take adequate actions to decrease in-work poverty. Do not force the unemployed to take any jobs which leave them in poverty after removing social benefits. The main measures should be increasing the minimum wage, lowering taxes and contributions on low wages, without losing or decreasing benefits in the future. Another measure is allowing people on low incomes to combine income from work with cash benefits, especially those connected with social assistance, family, housing, & disability. Experiences and views of people who are working and poor should be recognized as the main information base for reforms.
- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

There are several positive proposals but only one directly focused on one group in poverty mentioned by EAPN PL and in line with some our proposals. "The partial abuse of self-employment and civil law contracts which are not governed by Labour Law appear

to be a cause of labour market segmentation and in-work poverty, which is among the highest in the Union. Additionally, the scope and adequacy of in-work benefits support for low-wage earners should be reviewed." CSR text was as follows: "To combat labour market segmentation and in-work poverty, limit excessive use of civil law contracts and extend the probationary period to permanent contracts".

We support that particular CSR but it is insufficient to combat in-work poverty.

If we make an argument that two earners families are the least at risk of poverty, it is important for poverty reduction to facilitate women's labour market participation. Another point could be that women's single parent families are more at risk of poverty so facilitating work arrangements for them is as important as for inactive women in two parent families. It was the concern of another CSR. Rationale for this was: "The participation of women in the labour market needs to be raised by improving the childcare system. Poland currently has the lowest enrolment rate in pre-school education in Europe. This is due to the lack of places and a lack of adequate infrastructure". That's particular CSR text was: "Reinforce efforts to increase the labour market participation of women and raise enrolment rates of children in both early childcare and pre-school education, by ensuring stable funding and investment in public infrastructure, the provision of qualified staff, and affordable access".

We support that particular CSR, but it should be clear that it is a part of anti-in-work-poverty strategy and focused on two parent families with one earner and on unemployed or inactive single parent families. In the second case jobs should be more of quality and / or low incomes from work should be supplemented by in-work benefits.

- b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)
- c) The main gaps in the Commission/Council's CSRs for your country, what is missing

What is missing is a call for comprehensive anti-poverty strategy which is evidence-based and rights-based. Second missing element are housing issues. Third one is participation of people experiencing problems in designing social policies and social services.

We used ex-ante conditionality for ESF (strategic anti-poverty framework) to push for the first one and it brings positive effects. We put housing issues in a draft of anti-poverty strategy and hope that it will bring change.

3. EAPN Assessment of the implementation of CSRs

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

In-work poverty was addressed mainly by focusing labour inspection on civil law contracts and fixed-term labour law contracts. It was explicitly included in Labour inspection programme for 2013-2015. In 2012 14,5% of those employers who breaking the labour law should apply standard contracts instead of those based on civil law.

Reforms in the area of institutional childcare for very young children (0-3) and those in pre-school age are far more developed. The most important step was to make clear by government that from September 2013 first 5 hours in kindergarten should be free of charge and every additional hour should cost not more than 1 PLN. The economic barrier for children participation in pre-school education was properly recognized. The main obstacles left are related to implementation.

b) Is this a positive/negative development?

It is mainly positive development but the concern is implementation capacity.

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

Recently the Prime minister announced that government is determined to make some reforms to prevent and curb practices of abusing civil law contracts by employers. Several years ago trade unions made concrete proposals to do the same but they were dismissed by the Prime minister and ruling coalition with the argument of harmful effects such as losing jobs.

We support change of discourse and reform focus from flexibility enhancement to flexibility excesses curtailment. But the pace of this process is far too slow and its real effects are still unclear.

Youth unemployment is addressed because of Youth Guarantee and requirement to develop a program for it. More general reform of the public employment services is on the way. Main ideas are profiling, personalization and outsourcing of employment services (job placement, vocational counselling). Again the weak side is implementation capacity. For example personalization means that we should employ more vocational counsellors but there is no provision of additional financial resources.

There are new proposals of social assistance reform. We hope that it will bring two main changes. First is separation of eligibility administration from social work practice. Second is government guarantee of 100% of minimum income (temporary social assistance benefit). Now it is guaranteed in 50% by government and second half is a responsibility of local government.

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

Consider changing the Polish goal of Europe 2020 strategy for the 2015-2020 period. Poland set it at 13% and in Europe it was set at 17%. Most of the reduction was achieved in 2008-2012 period. Consider introduction of additional specific goals concerning child poverty, poverty of the disabled and in-work poverty.

Recognize low job quality as a problem and take adequate actions to address it. Intensifying labour inspection is not enough. You need reforms of labour law and civil law to reduce fixed-term labour law contracts and civil-law contracts. Experiences and views of people who are working in low quality jobs should be recognized as the main information base for reforms.

Recognize in-work poverty as a problem and take adequate actions to reduce it. Do not force the unemployed to take any job which leave them in poverty after removing social benefits. The main measures should be introducing and popularizing hourly minimum wage and living wage campaigns, lowering taxes and contributions on low wages, without losing or decreasing social insurance benefits in the future. Another measure is allowing and facilitating people on low incomes to combine income from work with cash benefits, especially those connected with disability, social assistance, family, housing. Experiences and views of people who are working and poor should be recognized as the main information base for reforms.

c) Give brief justification for your proposals

We won the battle for a general anti-poverty strategy so that goal was accomplished. Now we should press on the main Polish goal revision taking into account developments in recent period. It would be helpful to have additional goals set for specific groups.

We think that pressure to recognize problems of low quality jobs and in-work poverty is crucial in Poland. We plan to translate EAPN in-work poverty position paper and EAPN quality job explainer. We have almost completed expert reports on Europe 2020 strategy goals and minimum wage as an anti-poverty measure in Poland. We prepared recommendations for the next NRP in the area of in-work poverty.

PORTUGAL

Contact details: Helder Ferreira, helder.ferreira@eapn.pt

1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)

We reinforce the need for Portugal to present a NRP that could follow the implementation of the poverty target and adjacent commitments and allow the participation of the civil society.

In this context, our 3 key proposals for Alternative Country-Specific Recommendations for Portugal are as follows:

- 1. The need for a National Anti-Poverty Program, including a specific strategy against child poverty we need to go beyond emergency programs;
- 2. The need to fight unemployment (including the LTU) and promotion of growth based on quality jobs, with fair pay, adequate training policies and incentives for the inclusion of young and older workers;
- 3. More tax justice and better policies targeted at fighting inequality.
- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

As stated in the webpage of the Country-specific Recommendations 2013, "To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Portugal." The Commission Staff Working Document (CSWD) "Assessment of the 2013 national reform programme and stability programme for Portugal" provides some information about the progress of the programmes but has no references to proposals to address the poverty issues.

The document only concludes that "employment and social inclusion are critical areas where progress towards meeting Europe 2020 targets is needed" without referring the negative impacts on these targets of macroeconomic policies adopted under the MoU.

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

See a) above.

c) The main gaps in the Commission/Council's CSRs for your country, what is missing

See a) above.

- 3. **EAPN Assessment of the implementation of CSRs**
- a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

Portugal has no CSR proposals to implement, just the MoU.

b) Is this a positive/negative development?

It is negative, as the assessment of the National Reform Program and Stability program is essentially focused on the delivery, by Portugal, of the policies agreed with the IMF, the ECB and the EC. The assessment acknowledges some of the current negative impacts (and ignores others) but does not establishes any relation between the pursued policies and the consequences. It also acknowledges the challenges without proposing policies, which is understandable, as pursuing some of the challenges would imply reversing policies implemented under the MoU.

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

In 2012, employment decreased to a historically low level of 66.5%. The comprehensive labour market reform introduced in 2012 has substantially reduced job security, employees' rights and social protection but hasn't produced relevant effects in the unemployment rate (whose current decline is explained by the reduction of the employed population and the creation of low-paid, low-quality jobs and part-time employment rather than by the recovery of the economy and the labour market). When facing this background, many Portuguese have no other option than emigration, which has registered historically high numbers in the past 2 years ("Portugal is on the top of the OECD countries where there was the second highest rate of emigration, 14.2 %").

Regarding the education targets Portugal still registers one of the highest early school leaving rates (significantly above the EU average) and the percentage of people aged 30-34 with tertiary education, despite increasing, remains significantly below the EU average. Despite the challenging objectives in education, the estimated impact of the measures adopted in the education system will, most likely, be negative (the CSWD, aware of all these negative impacts, also acknowledges that the "achievement of the Europe 2020 employment and poverty targets will prove challenging").

Considering the Poverty target, in Portugal there are still 2.6 million people at risk of poverty or social exclusion, if we consider that the time lagged statistics correctly capture the current situation. The CSWD sustains that "the measures adopted in the context of the implementation of the Economic Adjustment Programme have been devised so as to protect the most vulnerable groups of the society", a statement which can only reflect a scarce knowledge about the real situation.

It is not possible to acknowledge the reduction of people at risk of poverty or social exclusion but it's possible to say that inequality is higher, as few are getting richer and the vast majority of the population is getting poorer.

Since the start of the MoU's implementation, the income of individuals and families has been severely reduced, either due to the economic crisis and the high levels of unemployment, to the reduction of social protection benefits (unemployment benefit, social insertion income and social complement for the elderly, just to name a few) or to changes in fiscal and taxation policies. Almost all taxes have been profoundly increased,

which explains the 10.1% overall increase of the taxes collected in 2013 (the revenue from personal income taxes by itself increased 35.5%).

Simultaneously, the cost of essential goods and services has increased, in direct result of the implementation of policies under the MoU. In health the moderating fees (copayments) have increased substantially and many families face difficulties in accessing the public health service.

As a result of the combination of several factors, as the transposition of the Third Energy Package, the electricity tariff debt reduction and the lack of competition in the energy market, the cost of energy for families registered a dramatic increase (between 2008 and 2012 taxes and rates on energy increased 107%) and energy poverty is now a serious problem in Portugal. A substantial increase was also registered in the cost of public transports (4.5% in January 2011, 15% in August 2011 and 5% in 2012) and gas. From EAPN Portugal's perspective, the implemented policies have undoubtedly contributed to severely reduce the available income of individuals and families and therefore increased their risk of poverty and social exclusion.

On the positive side, 8000 young people have been included in the labour market after their internships supported by the *Impulso Jovem Programme*. For the next years the Government recently presented the *National Implementation Plan for a Youth Guarantee* (Resolução do Conselho de Ministros nº104/2013) for young people with ages between 15 – 24 years that aims the inclusion of this group in the labour market, or education, or training within 4 months after they become unemployed or have completed formal education. Apart from establishing the Youth Guarantee for young people under 25 years old, the Plan acknowledges the duration and complexity of the transitions between education, work and adult life and therefore extends the Youth Guarantee to young people until 30 years old.

It's also possible to refer the extension to the private sector (business sector) of the Contratos Emprego-Inserção and Contratos Emprego-Inserção + (Inclusion-employment Contracts and Inclusion-Employment Contracts +) (Portaria nº 378-H/2013 de 31 de Dezembro) measures, that are part of the active employment measures and aim to improve the employability and labour inclusion of unemployed citizens with a specific articulation with social protection mechanisms. With these contracts the beneficiaries (unemployed with unemployment benefit, unemployment social benefit and social inclusion benefit; and recently also unemployed without any benefits) are sent to the development of "socially useful work" On the other hand, these measures might contribute to a greater social vulnerability of these groups because they have to work eight hours per day with a wage below the national minimum wage.

Last but not least, it's important to mention the *increase of the retirement age (for 66 years)* which, in a country severely affected by unemployment, in-work poverty and where age is still a factor of exclusion from the labour market, will risk contributing to the growing number of people with low or very low pensions, due to shorter or uncertain contributory records.

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

Considering the current context, which got worse from last year, EAPN Portugal generally maintains last year's 3 key proposals for Alternative Country-Specific Recommendations for Portugal, which are as follows:

- 1. The need for a National Anti-Poverty Programme, including a specific strategy against child poverty;
- 2. The need to fight unemployment (including the LTU) and promotion of growth based on quality jobs, with fair pay, adequate training policies and incentives for the inclusion of young and older workers.
- 3. More tax justice and better policies targeted at fighting inequality.

c) Give brief justification for your proposals

- 1. A National Anti-Poverty Programme is essential, as it is not possible to fight poverty and social exclusion with an emergency programme structured on piece-meal policies with no intrinsic coherence. It is also not possible to detach social policies from other policies (including employment and education and training policies but also fiscal, economic and demographic policies), as the current situation clearly demonstrates the strong negative influence of the policies currently implemented and makes the case for the poverty proofing of those. Only under a comprehensive and coherent strategy will be possible to fight poverty and social exclusion with better and improved social policies that are not questioned and endangered by other relevant (and most of the predominant) policies.
- 2. The fight against unemployment is not just about growth and jobs, and an inclusive labour market implies an employment based in good quality jobs that can somewhat protect workers against in-work poverty but also provide a stable context where life paths (professional and personal) can build upon. Therefore, the implementation of the Active Inclusion Strategy, strongly based on the 3 pillars (and not just activation) remains the cornerstone for the access to an adequate income and a dignifying life.
- 3. The growing inequality of our society hampers not just the access to an adequate income but also to a dignifying life, and endangers the social cohesion of the whole social structure. Tax justice is a relevant factor among the fight against inequality, as the contributions of all become more fairly distributed according to each one's possibilities. In our current context, the ones who have less are supporting the full burden of the crisis, while the ones who have more are somewhat shielded from its dramatic consequences. To preserve social cohesion, and indeed our democracy, it is essential that tax justice is upheld, especially when it is also focused in fighting tax avoidance and tax evasion, which can return to the whole society the income that is now being captured by some few.

ROMANIA

Contact details: Iris Alexe, alexeirisa@gmail.com

- 1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)
 - 1. A careful and real involvement of the Romanian Government in increasing the Structural Funds' absorption (this can have a positive effect on national budget, infrastructure, social inclusion, etc.)
 - 2. A special attention to long-term national strategies to fight poverty and social exclusion and orientation to durable effects and results. A better control on human resource investments and analysis of possible effects.
 - 3. All measures should start from the local context and local conditions, in consultation with local people and civil society, and not from a general idea.
- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

There are a lot of important similarities between the alternative CSRs promoted by the EAPN and the Commission/ Council CSRs for Romania.

For example, poverty reduction is considered a major challenge for Romania and urgent government (local and central level) actions are needed in this respect. The Commission/Council highlighted that, to alleviate poverty, Romania should improve the effectiveness and efficiency of social transfers with a particular focus on children. Complete the social assistance reform by adopting the relevant legislation and strengthening its link with activation measures. Ensure concrete delivery of the National Roma integration strategy. Pursue health sector reforms to increase its efficiency, quality and accessibility, in particular for disadvantaged people and remote and isolated communities.

A similar recommendation is specified in the 2013 EAPN's proposals for Romania that says a special attention should be given to long-term national strategies to fight poverty and social exclusion and orientation to durable effects and results. A better control on human resource investments and analysis of possible effects.

In line with this EAPN's alternative recommendation for Romania we find the EC/Commission recommendations on reforms, measures and specific interventions regarding the national labour market and the educational system and also, for tailored actions for particular categories such as youth, Roma, older workers and children.

-"Romania should Improve labour market participation, as well as employability and productivity of the labour force, by reviewing and strengthening active labour market policies, to provide training and individualised services and promoting lifelong learning. Enhance the capacity of the National Employment Agency to increase the quality and coverage of its services. To fight youth unemployment, implement rapidly the National Plan for Youth Employment, including for example through a Youth Guarantee."

"Speed up the education reform including the building up of administrative capacity at both central and local level and evaluate the impact of the reforms. Step up reforms in vocational education and training. Further align tertiary education with the needs of the labour market and improve access for disadvantaged people. Implement a national strategy on early school leaving focusing on better access to quality early childhood education, including for Roma children. Speed up the transition from institutional to alternative care for children deprived of parental care."

At the same time, Structural Funds' absorption was underlined as a priority for Romania. We see clear similarities between the proposed recommendations. The EAPN's alternative CSR states that a careful and real involvement of the Romanian Government in increasing the Structural Funds' absorption (this can have a positive effect on national budget, infrastructure, social inclusion, etc.) while the EC/ Council recommends that Romania should strengthen governance and the quality of institutions and the public administration. Step up efforts to accelerate the absorption of EU funds in particular by strengthening management and control systems and improving public procurement.

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

It is not the case.

c) The main gaps in the Commission/Council's CSRs for your country, what is missing

What is missing in all these recommendations is that Romania needs a correlated and integrated approach and a long-term vision to tackle poverty, especially in implementation and impact evaluation of adopted and implemented policies.

As well, a special attention should be given to investing in quality public services and in the field of education, healthcare, social protection and labour market participation. They should be considered priority areas so that the Romanian government should ensure proper funding and also investment in qualified human resources, with special focus on development and access of these types of services in rural areas.

3. **EAPN Assessment of the implementation of CSRs**

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

The Romanian Government took important steps in implementing the Commission/Council's CSRs proposals, mostly by adopting important legislation in the field of social protection, education system, and active measures to support labour market integration for certain categories such as youth and Roma and other disadvantaged and vulnerable groups.

b) Is this a positive/negative development?

This may be considered a positive development as several measures and specific legislation that had been adopted targeted particular categories of population affected by poverty or in need of emergency assistance due to austerity policies and excessive taxation imposed by the national authorities.

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

Among the important policy developments in Romania that are likely to impact positively on poverty we can mention the continued reform of the social protection system and the process of defining and implementation of the strategic framework on social inclusion and poverty reduction for the 2014-2020 period. However, the newly introduced taxes as macroeconomic measures to ensure more revenues to the national budget may have negative impact by increasing the risk of poverty for different categories of population. These taxes may be reflected in raising of prices and implicitly on the level of household expenses while the income remains more or less the same.

- b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)
 - 1. Special attention should be given to the implementation level in order to deliver concrete results in the reduction of poverty and social exclusion while taking into account the long-term impact of policies, measures and interventions.
 - 2. A real commitment of the Romanian Government to increase the Structural Funds' absorption (this can have a positive effect on national budget, infrastructure, social inclusion, labour market participation, quality public services, etc.)
 - 3. Education, healthcare, social protection and support for certain groups (youth, the Roma, children in the institutional care) should be considered as priority areas that need specific policies and sustained interventions at central and local level.

SPAIN

Contact details: Graciela Malgesini, gmalgesini@hotmail.com

- 1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)
 - Revise the indicator of subsistence minimum on the basis of living standards research and set the minimum pension for person with sufficient work record as (at least 1.2) at the subsistence minimum; adapt the benefit system with consideration to the Active Inclusion Recommendation (to guarantee modest but decent life to those living on minimum income).
 - 2. Involve NGOs and people experiencing poverty in the design and evaluation of active employment services on central and local levels.
 - 3. Make clearer commitments (with quantitative controllable indicators) in regard to improvement in access and quality of pre-school education of vulnerable groups, including Roma.
- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

CSR 5. Implement and monitor closely the effectiveness of the measures to fight youth unemployment set out in the Youth Entrepreneurship and Employment Strategy 2013-2016, for example through a Youth Guarantee. Continue with efforts to increase the labour market relevance of education and training, to reduce early school leaving and to enhance life-long learning, namely by expanding the application of dual vocational training beyond the current pilot phase and by introducing a comprehensive monitoring system of pupils' performance by the end of 2013.

SIMILARITIES: None.

CSR 6. Adopt and implement the necessary measures to reduce the number of people at risk of poverty and/or social exclusion by reinforcing active labour market policies to improve employability of people further away from the labour market and by improving the targeting and increasing efficiency and effectiveness of support measures including quality family support services.

SIMILARITIES: None.

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

CSR1

a) "Adopt the dis-indexation law to reduce the degree of price inertia in public expenditures and revenues, in time to have it in force by the beginning of 2014 and consider additional steps to limit the application of indexation clauses."

EAPN has considered that this measure will have a negative impact on social benefits and minimum income schemes, as it proposes to avoid reflecting the inflation rate on them.

a) "the regulation of the sustainability factor so as to ensure the long-term financial stability of the pension system, including by increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy"

EAPN says: The so-called "viability" of the pensions system is forced through three reforms, which will charge the effort to the elderly persons: the postponement of the retirement age; the increase of requisites and compliance to access to full payment; and the prevision of unbinding the pensions from the CPI indexation (law proposal).

These measures are taken without regard of the high, persistent long-term unemployment, and the lack of quality work (due to the extended dualization of the labor market), affecting women in particular.

CSR4

"Finalise the evaluation of the 2012 labour market reform covering the full range of its objectives and measures by July 2013, and present amendments, if necessary, by September 2013."

EAPN says: this recommendation has been implemented. Following the CSR the <u>Royal Decree-Law 11/2013</u> for the protection of part-time workers and other emergency <u>measures in the economic and social order</u> established further measures to improve the social protection of part-time workers, but it "reforms the labour reform" (Law 3/2012, of July 6th) by simplifying collective redundancies.

On the negative side. By Article 10 of this Royal Decree, there is an adaptation to the content of <u>Law 22/2003</u> (Article 64), of 9 July, on Bankruptcy, and on "the processing procedures of substantial change in working conditions", including the acceptance of collective transfers, and suspension or termination of collective labour relations.

Regarding the new restrictive measures on unemployment protection, Chapter III introduced changes: in order to perceive and retain the benefit and unemployment benefits, recipients must be enrolled and maintaining that enrolment through renewal of employment demand. There are new control mechanisms, to avoid what they consider to be "fraudulent" activities. Therefore, if the beneficiary goes abroad for more than 15 days within a calendar year, he/she loses unemployment benefits; it happens the same if the stance is for more than 90 days, or the person lives abroad for a period of more than 12 months for seeking or performing work, professional development and international cooperation (even within the European Union).

On the positive side, the Royal Decree-Law 11/2013 introduced certain amendments to the <u>revised text of the General Law on Social Security, approved by Royal Legislative</u> Decree 1/1994, of 20 June (Social Security Law), with regard part-time workers. It

intended to homogenise the periods of contributions required for entitlement to benefits by these workers, in comparison with those required to full-time workers.

c) The main gaps in the Commission/Council's CSRs for your country, what is missing

Although the CSR mentioned the need of protecting the vulnerable groups, there should have been a stronger effort in an effective support. There are 6 million people unemployed and 1,832.000 jobless households. This is a social catastrophe, and has not been mentioned as such.

3. **EAPN Assessment of the implementation of CSRs**

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

Most of the macroeconomic and financial recommendations have been either implemented or are in progress.

b) Is this a positive/negative development?

The positive thing regarding CSR 6 is that the government has launched the National Action Plan for Social Inclusion. However, it is uncertain if the Plan is going to be included (and thus becoming "mandatory") in the next NRP.

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

National Action Plan for Social Inclusion 2013-2016

Regarding the National Action Plan for Social Inclusion, EAPN supports the initial assessment of the situation of poverty and exclusion in Spain. We also like the following aspects:

- The effort of giving visibility to all the policies in the social field developed by the Administration, both at state and regional levels, including a description of the officers who have responsibilities in each of these measures.
- The incorporation of the Active Inclusion Recommendation, based on access to minimum income, social services and employment.
- The incorporation of the Poverty and Child Welfare Recommendation, which insists on the need to combat poverty, to better families' income and extend children's participation.
- The inclusion of a comprehensive strategy against homelessness, to be developed and implemented in the near future.
- The acknowledgement of evicted families as a risk-group, and the indication of action courses for solving this problem that affects many families.

- The extension of the Plan, which now covers three years, enough time to develop actions and to assess their impact.
- The reference to the need of developing regional and local plans for social inclusion.
- The close relation of this NAP with the new multiannual framework of the Structural Funds of the European Union, by establishing that 20% should be reserved for action against poverty and for social inclusion.
- The introduction of a specific action, linked to the Concerted Plan of Social Services, to support families and children. We believe that the budget increase for this line goes on the right direction.

We highly praise the governance process for the preparation of this Plan, in which there has been a significant participation of EAPN and the Platform of the Third Sector.

We require that the NAP and the National Plan for Childhood and Adolescence (PENIA) - approved in early 2013-- should be included in the National Reform Programme 2014, both in content and budget. In this regard, it is essential that consistency is stated between these measures for social inclusion, with other measures included in the Programme, particularly the macroeconomic and fiscal ones.

Although the NAP, along with PENIA, are key inclusion policies, we believe it is still necessary to go further, given the situation of poverty and social exclusion in which 30% of the Spanish population lives. Therefore, in this acute phase of growth of inequality and impoverishment, we think that an Anti-Poverty Shock Plan is urgently needed.

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

- The way-out of the crisis should be redistribute more equitably, with a greater effort
 by the richest individuals and corporations. Austerity measures due to the
 adjustment policy should not touch the red lines of the welfare system, although
 the reforms to improve efficiency and effectiveness are welcome. Vulnerable
 people, families and children cannot be ignored any longer.
- 2. The social chapter and poverty targets of the Europe 2020 Strategy should be reinstated with all their political strength and as such reflected in the budget in the NRP.
- 3. As instruments to achieve the goals of poverty reduction, the National Action Plan for Social Inclusion (NAP) and PENIA (National Plan for Children and Adolescents) should be included and budgeted in this 2014 NRP. Additionally, An Anti-Poverty Shock Plan should be implemented, with the participation of all stakeholders, in order to address the 1.8 million jobless households and 12 million people living in poverty.

c) Give brief justification for your proposals

These are the first 3 (out of 6) general recommendations sent by EAPN/Platform of the Third Sector to the Economic Office of the Prime Minister, in charge of writing down the 2014 NRP. There are 10 specific recommendations that complete our lobbying work on this matter.

SWEDEN

Contact details: Leif Oberg & Johan Holmdahl, leif.oberg@fralsningsarmen.se; johan.holmdahl@fralsningsarmen.se

- 1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)
 - 1. Address growing inequality. It is a process that is threatening social cohesion and increasing social costs. Sweden has gone from having the world's lowest income inequality to the 14th place among the OECD countries, and after all Nordic countries. A third of Swedes with the lowest incomes are falling behind more and more. This can be seen as an expression that the relative poverty in Sweden increases. According to SCB (Swedish Statistic Bureau) has the proportion of households with income less than half of the average income, has increased from 5.2 % in 2006 to 8.3 % in 2011.
 - 2. An active job creation strategy is needed, which should not only focus on the labour supply side.
 - 3. A more active housing policy which in itself can create new jobs, and reduce household debts due to non-affordable housing, and reduce social costs for segregation etc. There should be no more privatization of public housing.
- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

Yes, similarities exist concerning point 2; reinforce efforts to improve the labour-market integration of low-skilled young people and people with a migrant background by stronger and better targeted measures to improve their employability and the labour demand for these groups. Step up efforts to facilitate the transition from school to work, including via a wider use of work-based learning, apprenticeships and other forms of contracts combining employment and education. Complete the Youth Guarantee to better cover young people not in education or training.

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

A negative proposal from the Commission for poverty reduction is: to improve the efficiency of the housing market by phasing out remaining elements of rent control and strengthening the freedom of contract between individual tenants and landlords. Other proposals are to phase out remaining elements of rent control and strengthening the freedom of contract will in the long run make the rents of apartments higher and thereby exclude people with less money/income.

c) The main gaps in the Commission/Council's CSRs for your country, what is missing

1. Address growing inequality. It is a process that is threatening social cohesion and increasing social costs. It's also strange that no comments are made concerning Sweden and the lack of poverty reduction objectives.

3. **EAPN Assessment of the implementation of CSRs**

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

The areas have been addressed, but not sufficiently, and sometimes also with wrong methods.

b) Is this a positive/negative development?

This is a negative development

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

Sweden lacks an overall strategy for poverty reduction inclusive concrete objectives for poverty reduction. Instead, both the meaning and the content of the welfare policy has depleted.

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

See our points 1-3 above with demands for restoring a good and general welfare policy.

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1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)

Note

- The Coalition government's new three year spending reduction plan was presented in the Spring Budget of 2013. It informed EAPN UK's June 2013 initial response to the CSRs.
 This February 2014 update takes account of the Chancellor of the Exchequer's Autumn Statement of December 8, 2013.¹
- The focus of this 2014 update is fiscal policy, especially welfare reform, but also trends in incomes and housing access, linked to our updated alternative CSRs
- Because this 2014 report is an update of our initial response of June 2013, it largely does
 not repeat points made then, especially concerning the main thrust of Coalition
 government strategy, but also developments in infrastructure and energy policies
- The report follows the question order provided in the EAPN questionnaire of four questions;

Note: Our three proposals for Alternative CSRs, prepared in May 2013 are listed below; our updated CSRs for February 2014 are presented in answer to Question 4, later in this report.

- 1. The programme of welfare reform must be halted. Specifically we call for measures on the uprating of benefits below prices to be abandoned; for a national (English) scheme to be introduced to replace Council Tax Benefit; for the introduction of Universal Credit to be further delayed until the labour market improves and for the increased sanctions associated with the benefit to be scrapped.
- 2. The UK must retain the child poverty reduction target and the four measures of child poverty in the Child Poverty Act of 2010.
- 3. The UK government should re-establish stakeholder dialogue with NGOs on the development of its anti-poverty policies. This should sit alongside the Commission on Social Mobility and Child Poverty, and would enable engagement on the development of strategy overall. Such mechanisms must also involve people with direct experience of poverty.

We remain fully committed to these Alternative CSRs, but given the limit of three proposals we have decided to make a change for this February 2014 update. We have merged these proposals into one priority on welfare reform and added two new priorities concerning

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¹ HM Treasury (2013, December) Autumn Statement: presented to Parliament by the Chancellor of the Exchequer by command of Her Majesty, CM 8747, London, HM Treasury

adequate income and access to quality affordable housing. The updated priorities are presented in answer to Question 4b below.

2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?

a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

General response: yes for identification of structural economic weaknesses, no for concern to combat poverty and sustain social cohesion.

The Council-agreed 2013 CSRs for the UK were:

- 1. **Budgets**: sustainable public finances: continue to prioritise debt and deficit reduction, balanced with targeted growth-enhancing expenditure
- 2. **Housing**: measures to increase housing supply and to strengthen the rental market without a return to "imprudent" mortgage lending
- 3. **Youth unemployment**: improve the quality of vocational training and cut skills deficits for young labour market entrants
- 4. **Support to low income households and dealing with low work intensity**: ensure the tax-benefit system is fair and offers clear work incentives. Improve the affordability and quality of childcare provision to allow more women to take up full time work
- 5. Access to business finance especially bank credit for SMEs: measures to encourage banks to lend to businesses without excessive risk taking
- Investment in infrastructure especially energy and transport: increase relatively low
 contribution of renewable when upgrading energy infrastructure; close gap between
 transport infrastructure desired and finance committed and greater certainty for
 investors.

Positive

<u>CSRs: Correct identification of UK structural weaknesses, which, indirectly, affect risks of poverty</u>

We noted in our June 2013 initial report that the CSRs correctly identified major weaknesses in the UK economy and we would agree with them. Our more detailed reactions are in our June 2013 response.

The CSR proposed solutions are largely reasonable but anodyne in the sense that no-one, including UK government, would desire the reverse solution — e.g. the housing recommendation proposes an increase in housing supply, but without imprudent mortgage lending. Who is aiming to achieve the reverse of that? The CSRs are also so general that what could be ineffective, perverse or immoral routes to achieve commonly accepted goals are largely not challenged. Also there seems to be no stage at which outcomes are judged

definitely to mean a policy approach has succeeded or failed. Perhaps politicians and civil servants highly skilled in the nuances of the unsaid can read more into the CSRs, or likely, more is said behind closed doors, but in either case it is difficult for civil society to monitor implementation.

CSRs: social dimension

The National Reform Programme is meant to include a social dimension. Although CSRs 3 and 4 especially could be said to be "social" in that they concern youth unemployment and low income households, the proposals are focused on labour market outcomes requiring better youth human capital and childcare as a route to higher female labour force participation (see attached June 2013 response for more detailed comment).

CSRs: no direct reference to the impact of welfare reform on current poverty

The three *alternative CSRs* EAPN UK proposed in 2013 (presented above in Q1 response) focussed on halting the devastating attack on the dignity and livelihoods of the poor who have carried the heaviest burden of Coalition government "fiscal consolidation" (budget cuts) while suffering a climate of Orwellian "newspeak" of "hateweek" intensity of stigmatisation both from government spokesmen and major media. We made concrete proposals to halt the most egregious elements of welfare reform; to support the ambition to cut child poverty by maintaining the child poverty target and to re-engage with civil society organisations of, with and for poor and disadvantaged people.

Since then the major thrust of government policy has been re-emphasised in the Chancellor's Autumn Statement (December 8, 2013), with further cuts and harsher sanctions for those in receipt of welfare benefits. Will the 2014 CSRs address what is becoming a humanitarian crisis?

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

Priority for fast fiscal consolidation focused on budget cuts

The core negative CSR proposal remains the same as before. This is the continued priority for fiscal consolidation and lack of challenge to its unfair balance (see our comments and alternative perspective in our June 2013 response). There is no challenge to the spending cuts/ revenue increase ratio which is 85:15; this ratio is the most biased to expenditure cuts of any Europe. This unfair balance means poor and disadvantaged people and public service users and workers pay the burden with little contribution from top-earners or large businesses, despite some limited measures on tax avoidance and tax collection proposed in the Chancellor's 2013 Autumn Statement.

c) The main gaps in the Commission/Council's CSRs for your country, what is missing

No recommendation directly referring to poverty. The 2012 Recommendations at least proposed that welfare reform should not make poverty worse.

Poverty, working poverty, severe poverty and unfair burden of cuts

Poverty has worsened, both relatively and absolutely. Yet despite lower benefits in real terms and much harsher sanctions than twenty years ago, there has been a halving in the number of people who think benefits are too low and a doubling in the numbers who think benefits are too high.² People are also very mistaken about the level of benefits, benefit fraud (they think it is 33% rather than 0.7% of benefits) and the proportion of the welfare bill taken in working age benefits. There is an unprecedented degree of aggression in public pronouncements on poor people and meretricious "evidence" that is driving hardening public attitudes. People in poverty bear twice as much of the cuts burden compared to most others and this strategy may help to sustain public acceptance of this injustice.

Welfare reform is explicitly designed to increase poverty through benefit cuts and harsher sanctions. The justification is to improve incentives to take up paid work. Yet a study by the New Policy Institute (NPI) published by the Joseph Rowntree Foundation (JRF), ³ shows for the first time there are more people in "working" poverty (6.7 million) than in "workless" and retired families in poverty combined (6.3 million). As well as these 13 million, 2 million people have incomes above today's poverty line that would have been below the poverty line in 2008 (because median incomes have fallen since the financial crash).

A small but growing number of people are living in very deep poverty below the value of out-of-work benefits. As well as asylum seekers and some refugees this new group are composed of people hit by overlapping cuts in benefits. In 2012, 800,000 people had their Job-Seekers' Allowance (the main out-of-work benefit) "sanctioned"; 400,000 were hit by the "bedroom tax" and council tax cuts. Two-thirds of these families were already poor.

There is extensive and severe fuel poverty and food poverty. A clause in the December 2013 Energy Bill changes the definition of the fuel poverty indicator; according to Members of Parliament on the Environmental Audit Committee, this reduces the number of fuel poor households from 3.2 million (15% of all households) to 2.4 million (11%).⁴ In 2012, 8% more children died in the winter months than in the summer months. In a 2013 survey for the

³ MacInnes, T., Aldridge, H., Bushe, S., Kenway, P., and Tinson, A. (2013) *Monitoring Poverty and Social Exclusion* 2013, York, JRF

² British Social Attitudes 2012 accessed at https://docs.google.com/spreadsheet/

⁴ Bawden, T. (2013, December 2) David Cameron "putting the interests of energy firms above ordinary people", The Independent, accessed at http://www.independent.co.uk/news/uk/politics/800000-people-lifted-out-offuel-poverty--by-redefining-it-8976232.html

Children's Society,⁵ over 50% of families said they would cut back on food or transport to pay their heating bills this current winter. Yet by 2013, 500,000 people used food banks,⁶ half of them because of benefits delays, sanctions or reassessments.

The consequences in the UK of rising poverty and inequality are already with us. Social mobility is stalled and voting is declining especially amongst the poor and the young. Despite cash protection of health and schools budgets, health gaps between rich and poor regions, local areas and people are worsening and the Office for National Statistics (ONS)⁷ acknowledges deprivation is the key factor. There is a 25-year gap in life expectancy between the richest and poorest parts of London.⁸ The pupil premium paid to schools dependent on the number of children poor enough to be eligible for free school meals does not compensate for the cuts in education support for poor children. Educational attainment had been rising for all children under the previous government, but three years of education revolution under the Coalition government has not changed education gaps between better-off and disadvantaged children.⁹

A link between rising inequality and unsustainable growth?

Decennial rates of growth over the last thirty years have been declining as inequality increases.

According to a report by Oxfam, ¹⁰ the wealth of Europe's 10 richest people exceeds the total cost of the stimulus measures implemented across the EU between 2008 and 2010 (euros 217 billion compared with euros 200 billion). In the USA, 95% of post-crash growth has been captured by the wealthiest 1%. Almost half of the world's wealth is owned by 1% of the population - \$110 trillion. This is 65 times the wealth of the bottom half of the world's population. They own collectively the same amount of wealth as the richest 85 people in the world – who could fit on a London bus. Oxfam is concerned that increasing and severe inequality is leading to "opportunity capture" by the rich – "the lowest tax rates, the best

⁵ Royston, S. (2014, January) *Behind cold doors: the chilling reality for children in poverty*, The Children's society, accessed at http://www.childrenssociety.org.uk/sites/default/files/tcs/behind cold doors

⁶ Cooper, N and Dumpleton, S . (2013, May) *Walking the Breadline: the scandal of food poverty in 21c Britain,* Church Action on Poverty/ Oxfam accessed at www.church-poverty.org.uk/foodfuelfinance

⁷ ONS (2013, October 24) Life expectancy at birth and at age 65 for local areas in England and Wales, 2010-2012, *Statistical Bulletin*, ONS accessed at http://www.ons.gov.uk/ons/dcp171778 332904.p

⁸ Public Health England London Knowledge and intelligence team (2014, January) *Understanding inequalities in London's life expectancy and healthy* life expectancy PHE, accessed at www.lho.org.uk/Download/Public/18349/1/London%20LE%20summary%202009-12%2024.01.14.pdf

⁹ Warren, H. and Paxton, W, (2013) *Too young to fail: giving all children a fair start in life,* Save the Children, accessed at http://www.savethechildren.org.uk/sites/default/files/images/Too_Young_to_Fail_0.pdf

¹⁰ Oxfam (2014, January) Working for the few: political capture and economic inequality, *Oxfam Briefing Paper*, accessed at http://www.oxfam.org

education and the best healthcare are claimed by the children of the rich" (p2). The richest are also soaring away from the middle classes as well as the working classes and the poorest.

Although UK GNP is still below its 2008 peak, growth has returned, but the Bank of England governor has stated it is not yet sustainable – too reliant on the South-east of England, asset price rises and consumer spending fuelled by running down savings and running up debt - the very environment that preceded the 2008 crash.

3. **EAPN Assessment of the implementation of CSRs**

a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?

The European Commission says that "in the last year the UK government has made significant progress in designing and legislating for an extensive reform agenda...but in most cases, it is not yet fully clear how effective they will be. Indicators on housing, access to finance and infrastructure have been either stagnant or deteriorating, linked in large part to the challenging economic environment". The Commission pointed to structural weaknesses in the economy, e.g., "lack of housing supply" and a "consistently weak" net export position especially the goods trade deficit of minus 6.9% of GDP. They also said that fiscal consolidation (budget cuts) needs to be "balanced with fairness and growth-promoting investment". We agree with this assessment.

b) Is this a positive/negative development?

Overall, central government spending 2008-2013 is cut by 13.5%. Pensions, foreign aid and administration will grow (pensions having the biggest percentage gain), the NHS will stay the same and everything else will continue to be cut. Together local authorities and benefits bear 50% of the cuts.¹²

The Coalition government has been most effective in achieving its "shock and awe" welfare reform, (though it has been less successful at cutting welfare bills due to the impact of fiscal consolidation on aggregate demand, demographic ageing, unemployment and low pay). This is entirely negative on its impact on poverty.

<u>The Coalition government justification for welfare reform – the welfare budget is out of control</u>

¹¹ European Commission (2013) *Europe 2020 in the United Kingdom*, accessed a http://ec.europa.eu/europe2020/europe-2020-in-yourcountry

Duffy, S. (2014, February 18) *Counting the cuts*, The Centre for Welfare reform, accessed at http://bit.ly/counting-cuts

The Coalition government has blamed welfare spending rather than the financial crash as the main source of increased deficit and consequently debt in the UK; it has claimed that social security spending is "out of control". Retirement pensioner numbers have risen from 10.5 million in 1996/7 to 12.4 million in 2009/10. They take up 47% of the welfare budget. Government has been rapidly increasing the state pension age, especially for women, but otherwise has relatively protected pensioners from the budget cuts. Contrary to public belief, the number of people on all working-age benefits reduced over the same period. Spending on benefits has grown (from £148 million in 1996/7 to £217.6 billion in 2012/13). But spending has not normally increased faster than the rate of growth in the economy. Therefore despite the impact of demographic ageing, welfare spending is not out of control and a return to growth will reduce its share of public spending.

Spending on social benefits has not come down as fast as the Coalition government forecast – it has significantly overspent on its own forecasts. This is due to no and low growth, optimistic assumptions about inflation and numbers in employment and what they would earn, and a wish that more of those on incapacity benefits (permanent disability benefits) would be found "fit for work" under much harsher new assessments, than proved to be the case. As the TUC said "The government has cut social security. It has not reduced social security expenditure". ¹⁴

Unknown: the cumulative impact of cuts on households

A crucial point about welfare reform in a context of budget cuts is that there has been no cumulative assessment of impact. We just do not know.

The Trades Union Congress (TUC)¹⁵ has listed 43 cuts at UK level since July 2010, just to social security and tax credits. They have noted that three-quarters of the cuts hit workers¹⁶ and that the low paid are the main losers for ten of them, including changes to tax credits and Universal Credit. Other cuts affecting workers include those to child tax credits, housing benefit and support for workers with a disability. There is a large employment gap of 30% between the proportion of people with a disability and people not disabled. Disabled people are the main losers from six cuts, including the move to Personal Independence Payments

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¹³ The Guardian Datablog: UK welfare spending: how much does each benefit really cost? *The Guardian,* accessed at http://www.theguardian.com/news/datablog/2013/jan/08/uk-benefit-welfare-spending

¹⁴ TUC Economic and Social Affairs Department (2013, July) *Is social security spending really out of control?* London, TUC

¹⁵ TUC Economic and Social Affairs Department (2013, December) *Keeping up with the cuts: a list of social security and tax credit cuts since the election,* London, TUC

¹⁶ TUC (2014, January 6) *Three-quarters of welfare changes will hit hard-pressed workers,* accessed at http://www.tuc.org.uk/economic-issues/social-issues/welfare-and-benefits

which restricts eligibility compared to Disability Living Allowance which it replaces – the government estimates that 450,000 people will lose their entitlement. The Work Capability Assessment (WCA) has been denounced by the British Medical Association, Citizen's Advice Bureaux, trades unions and the Labour Party as well as disabled people's organisations and disability charities. In a ten month period in 2011, 10,600 disability benefit claims were ended and a date of death recorded within six weeks.¹⁷ Very recently, the government has signalled that the WCA provider, the for-profit company ATOS, may lose the contract and other of the Work Programme's preferred providers may get it – though as this was said in advance of tendering, it may not meet competition law. Other vulnerable groups mainly targeted for the cuts are mothers and babies, children, social housing tenants and lowincome savers.

Regarding the European Commission' comments on other aspects of government strategy, we agree that the government is not on track.

- Growth: the UK has returned to growth and forecasts for 2014 have been upgraded; but entering the seventh year after the financial crash, national output is still 1.3% below its pre-recession peak and there are significant downside risks to growth forecasts
- The net trade deficit remains very high and widened in the three months to November 2013, to £29.2 billion. ¹⁸ The main cause was falling exports to the European Union
- The service sector is 78% of the UK economy and returned to growth in 2013. There is now some evidence of an upturn in manufacturing. Unemployment is falling and numbers in employment rising. The Autumn Statement noted the employment rate is above the USA, France and Italy. But population increase means the number of workers is rising even although the employment rate (chance of being in a job) is below pre-crash levels especially for those aged below 25 followed by those aged up to 34. The financial sector is still 8% smaller than in the third quarter of 2009 (the trough in UK GDP following the crash) but incomes in the sector are back to pre-crash levels driven by high bonuses. Global financial firms based in London and UK government, have attempted to prevent the introduction of the EU bonus cap but have not offered a better control mechanism. RBS (a major bank), 80% tax-payer owned since the crisis bail-out is expected to have a bonus pool of £500 million for 2013 despite making losses every year since the crash including £8 billion in 2013. It is also expected to ask shareholders to allow bonuses of 200% of salary in 2014, despite EU bonus caps of 100%. 19

¹⁷ TUC (2014, January) A future that works for disabled people: trades unions and disabled people fighting austerity, *TUC Briefing*, London, TUC

¹⁸ Monaghan, A . (2014, January 9) Stubborn UK trade deficit "pours cold water" on hopes of export-led recovery, *The Guardian*, accessed at http://www.theguardian.com/business/2014/jan/09/stubborn-uk-trade-deficit-exports-imports-recovery

¹⁹ Treanor, J. (2014 January 28) RBS payouts to UK staff expected to total £500m, *The Guardian*, accessed at http://www.theguardian.com/business/2014/jan/28/rbs-bonus-payments-uk-staff

- There has been a rise in transactions in the housing market alongside a fall in unemployment (from 8% to 7%) plus a government scheme has encouraged first-time buyers to return to the market. But private renting continues to expand at high rents and with insecure tenancies due to a lack of affordable social housing to rent at a time when household numbers are rising, and the percentage of households able to access a mortgage has fallen. Less than half the 250,000 houses per year needed were started last year and of the 100,000 housing starts only 30,000 were any form of social housing and of these fewer than 3000 were public social housing (see "affordable housing" section of answer to question 4c below)
- Despite talking up priority for public capital investment to stimulate growth the government data show it will be more or less flat in real terms for the next several years
- The independent Office for Budget Responsibility (OBR) expects business and housing investment to rise dramatically, though it has a track record of optimistic forecasts on business turnaround belied by the outturns.²⁰
- Access to finance remains weak for SMEs²¹

4. New Developments and New Alternative CSR proposals from EAPN members

a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

The increase in personal allowance to £10,000, a year earlier than planned, is discussed below in the section on tax foregone. There are some other, generally relatively small measures, that can have a positive effect for poor and disadvantaged people, including additional announcements in the Autumn Statement:

- The increase in the value of the pupil premium paid to schools depending on numbers of very poor pupils, measured by entitlement to free school meals (FSM)
- The extension of eligibility for FSM to school children up to age seven and disadvantaged students in sixth form college (usually aged 16-18) but this seems to be unfunded after 2015 (election year)
- Removal of employer national insurance contributions for employees aged below 21 but this may cause quite a bit of substitution with older workers. Also employers can already get a plus £2000 subsidy for hiring a young person for six months
- Removal of the cap on university places from 2015 with some relaxation in 2014. But all students pay £9000 per year tuition fees, plus accommodation and living costs yet the

²¹ Groom, B (2014, January 21) Efforts to help UK SMEs access finance lack coherence, say MPs, *Financial Times*Business, accessed at http://www.ft.com/cms/s/0/d06b6bce-81eb-11e3-a600-00144feab7de.html#axzz2tiYDDB3E

²⁰ Office for Budget Responsibility Economic and Fiscal Outlook (2013, December), Executive Summary, OBR accessed at http://budgetresponsibility.org.uk/economic-fiscal-outlook-december-2013/

government has announced that it intends to reduce the budget that helps universities to recruit and support disadvantaged students.

The main negative policy developments were contained in the 2013 Spring Budget, updated in the Chancellor's Autumn Statement, 8 December 2013. Some of these are summarised below.

Public spending

- In 2009-10, following the financial crash, public spending peaked as a percentage of GDP at 47.8%. It is now closer to 44.4% and government forecasts it to be below 40% by 2017-18.²² The Coalition government aims to cut total public spending to 37% of GDP by 2020. Austerity policies are likely to continue till 2023 and the pace of cuts picks up in 2014
- Total public expenditure will be held flat in real terms until 2018-19. But the government has said that in line with Coalition policy since 2010, Total Managed Spending to 2018 will continue to fall in real terms at the same rate as now
- Capital investment spending will be prioritised, and the Autumn Statement showed an uptick in concern about infrastructure investment, but the data do not show capital investment increasing in real terms
- Central government over-delivered cuts with a departmental under-spend of £7 billion in 2013-14. The government plans to take another £11.5billion from central government departments by 2015-16
- Central government departmental spending will be further cut by 1.1% a year to 2016.
 Health, Schools and Development Assistance budgets will be maintained (but demand is
 rising) therefore there will be further severe cuts to other budgets. However since
 pension commitments etc are fixed, working-age welfare will again bear the brunt of
 welfare cuts
- Local government, justice and the environment will have lost a third of their budget by
 2015 and the cuts are slated to continue
- The programme of public sector cuts is substantially shrinking public sector employment (and thereby radically changing the structure of the labour market, as well as lowering employment conditions and unionisation rates). 1.1 million public sector jobs will go by 2017-18; nearly 300,000 jobs had already gone by 2013²³
- Public sector pay will continue to be cut in real terms currently there is a three year 1% annual cap on pay awards and the government is piloting "pay bill control" (a cap) to

Rogers, S. (2014) UK public spending since 1963, *The Guardian* Datablog accessed at http://www.theguardian.com/news/datablog/2010/apr/25/uk-public-spending-1963

²³ Johnson, P. (2013, June 27) *Opening remarks*: post spending review analysis, IFS

maintain pay within a pre-determined budget. Inflation has been falling; a year ago CPI inflation was 3%. By January 2014 CPI inflation had fallen to 1.9%. However RPI inflation, which includes housing costs, rose to 2.8%.²⁴ Therefore there is a continuing tight squeeze on public sector pay.

<u>Update on the scope of welfare reform</u>

- 90% of the planned welfare reforms of 2010 have been implemented, increasing poverty and stigma and taking demand out of the economy. The second three year plan was announced in the Spending Review of 2013
- In addition to capping overall welfare spending, announced in the spring Budget 2013, the government announced in the Autumn Statement that it will introduce legislation for it to require a vote in Parliament to raise the level of the cap (but no vote is needed to cut the level of taxes)
- The Coalition government has announced it is taking a further £25 billion, half of it from the welfare budget, in order to achieve a balanced budget by the arbitrary date of 2018. All of the effort after 2015 will be spending cuts, to leave headroom for potential tax cuts
- The Universal Credit system is delayed, beset with technical difficulties and complexities. We warned about the risks in 2010 in our role in the formal Social Inclusion Advisory Group, which was disbanded by government shortly after it was set up. (Universal Credit was meant to roll up many cash benefits/ tax credits into a single income source, integrate the tax and benefits system, make adjustment to income fluctuations simpler and reduce taper rates but Universal Credit has become increasingly complex and created more net losers due to welfare benefit and tax credit cuts). In the Autumn Statement the government announced that it will take a further £600 million out of the Universal Credit programme. This is mainly through a cash freeze on the amount low paid workers can earn before their Universal Credit starts to be withdrawn at taper rates above 65 pence in every pound sterling earned, a much higher marginal tax rate than that imposed on the highest earners and three times corporate tax on business. This is on top of cuts already made affecting low income earners, including a freeze on tax credits followed by 1% uprating (i.e. well below price inflation) for three years; cuts to childcare support; cuts in Council Tax benefit and cuts in support to part-time workers (who have to work many more hours to qualify for benefits).²⁵

<u>Update on examples of cuts to cash benefits</u>

²⁵ Kelly G (2013, December) *Stealth cuts in Universal Credit will hit the working poor,* Resolution Foundation, accessed at http://www.resolutionfoundtion.org/blog/2013/

²⁴ Tadeo, M. (2014, February 18) UK Inflation falls below Bank of England's target at 1.9%, *The Independent*, accessed at http://www.independent.co.uk/news/business/news/uk-inflation-falls-below-bank-of-englands-target-at-19-9135636.html

- The benefit cuts and harsh sanctions allegedly increase work incentives but there are too few jobs and there are more poor households in work than out of work.
- The Work Programme appears not to be delivering. According to the National Audit Office, in its first year of operation, the £5 billion privatised Work Programme for the unemployed got 3.6% of people referred to it into a "sustained" i.e., six months' job. However the Statistics Authority prefers the figure 8.6%, which is the percentage of people achieving six months work or three months if "hard to place", at some point in the year after their referral to the programme. ²⁶ In the Work Programme's first year of operation more people had their benefits sanctioned than found jobs, with young people under age 25 disproportionately at risk of sanctions. There were 1.6 million referrals and 800,000 actual sanctions of Jobseeker's Allowance claimants in the 12 months to October 2012. Those aged under 25 accounted for 27% of Jobseeker's Allowance claimants in November 2012 but 47% of all sanctions between January and October 2012.) A new, harsher work activity and sanctions regime was introduced after October 2012, so sanctions are likely to have risen further. ²⁷ There is no published full evaluation of Work Programme implementation and impact
- Further harsh sanctions were announced in the section of the Autumn Statement entitled *Supporting people into work* (p69-). It states that the government will spend £250 million on a further tightening of the sanctions regime for young people, single parents and those with poor spoken English. Advisers can mandate claimants to six months of unpaid work and/ or three months of registering daily with the job search service.

<u>Update on cuts to services</u>

 Health (but not so much hospitals) budgets have been relatively protected from the spending cuts experienced by other departments of government; but there is a requirement to find £20 billion of "efficiency" savings and there is wholesale reorganisation, changed priorities and metrics, creeping privatisation (e.g. the Health and Social Care Bill introduced competition amongst providers). Hospital waiting lists have lengthened and there is a post code lottery for access to treatment as budget allocation is done locally by Clinical Commissioning Groups. Accident and Emergency services are overwhelmed²⁸

²⁶ Dilnott, A. (2013, May 3) Letter to the Secretary of State for Work and Pensions from the Chair of the UK Statistics Authority re: Statistics Authority report on statistics relating to the DWP Work Programme and pre-Work Programme, London, UK Statistics Authority

²⁷ MacInnes, T, Aldridge, H., Bushe, S., Kenway, P. and Tinson, A. (2013, December) *Monitoring poverty and social exclusion 2013*, York, JRF

²⁸ Johnson, L (2013, September 8) A million patients wait four hours for A&E treatment, *Express*, accessed at http://www.express.co.uk/news/uk/4277<u>93/A-million-patients-wait-four-hours-for-A-E-treatment</u>

- Despite protection of the Schools element of education spending, resources have been expended on a raft of radical and contentious reforms to teaching, learning, qualifications and school types which have increased the variation in school budgets, school student intakes and school curricula and services offered, but the attainment gap between rich and poor children has not improved; teachers' unions have called a series of strikes
- Average trip length to school in rural areas is double the average distance; bus availability is half that of urban areas. Loss of subsidised transport and high fuel prices in rural areas affect schooling costs – but also affect all rural people especially access to health, banking services and money advice, worsened as health units, hospital services, banks and financial services are increasingly concentrated in particular urban areas
- Local government has been responsible for a high share of service delivery, especially for disadvantaged people; it received the deepest cut of any department of government (£31 billion), though it was relatively protected from further new cuts in the Autumn Statement
- The Autumn Statement confirmed that the pace of public service cuts will accelerate from 2.3% a year between 2011 and 2016 to 3.7% a year until 2019.²⁹ The Study by the Institute of Fiscal Studies also shows that poorer parts of Britain will be hit harder³⁰
- Cuts to local authority and other public service budgets have increased social housing waiting lists (now solved at a stroke by severe changes to eligibility) and increased unfairness regionally

Public revenue

Asset sales: selling off the last of the family silver?

- The government intends to raise revenue through the sale of assets, the biggest of which is the sale to the private sector of the student loan book- expected, according to the Autumn Statement, to raise £2.3 billion per year over five years
- In the last months the government sold off the Royal Mail postal service, probably for half the potential price given that share prices rose 80% above the offer price and are expected to rise further. This is a direct transfer of wealth to richer people
- In the Autumn Statement the Coalition government signaled their intention to sell off the government's stake in RBS and Lloyd's banks as well as Eurostar and to offer incentives to local authorities to sell further property and other assets.

²⁹ BBC News Business (2013, December 6) *Autumn Statement UK growth "hides disappointing news"*, a report of comments made by the Institute of Fiscal Studies (IFS) accessed at http://www.bbc.co.uk/news/business-25258963

³⁰ Elliot, L (2013, February 14) Public sector job are set to be cut by 40% throughout Britain, *The Guardian*, accessed at http://www.theguardian.com/society/2014/feb/14/public-sector-jobs-cuts-britain

Revenue from taxation

Revenue increases are making only a small contribution to fiscal consolidation and according to the Autumn Statement will make even less contribution in future. A change in the balance between expenditure cuts and tax rises could be to the advantage of poorer people's incomes and services.

- But major tax increases have been regressive, especially the 2010 VAT increase.
- Increasingly, other revenue is being raised from poorer people, shrinking the security provided by the state and transferring costs to poor people through reduction in subsidies, new charges or charges from which they were previously exempt. Examples of reduction in subsidies include: the requirements to pay part of Council Tax (local property tax) from which they were previously exempt and from 2015-16 to 2024-25 social rents will be increased by 1% above the CPI rate of inflation (as stated in the Spending Round 2013)
- The Autumn Statement 2013 announced further reductions in subsidies. Working-age benefits and tax credits (for low-paid workers) will not be uprated by CPI inflation, but by 1% a year only, a real fall in incomes from that source alone, for as long as inflation is above 1%.
- There are very few new explicit tax rises, but the bank levy is increased to 0.156% raising £2.7 billion this year and £2.9 billion in future years³¹
- Because the government has reduced the income at which higher rate tax of 40% is payable, "fiscal drag", whereby people are dragged in to higher tax brackets due to rising nominal incomes, will increase and continue to add to the volume of tax revenue in future years.

Tax cuts/ tax foregone

The main tax cuts referred to in the Chancellor's Autumn Statement primarily benefit businesses and wealthy people, or are a loss of local authorities' revenue raising capacity and consequently their ability to maintain local services, especially non-statutory services for young and poor people:

• Corporation tax – now 23% from 28% and planned to reach 20% by 2016, equal lowest in the rich world. By 2016, the cuts will cost the Exchequer £7.8 billion a year. The government expects the cut to stimulate investment and employment and expects an

Hansard (2013, December 5) *Commons Debates* Column 1107, Hansard, accessed at http://www.publications.parliament.uk/pa/cm201314/cmhansrd/cm131205/debtext/131205-0002.htm

- increase in GDP such that 60% of the revenue foregone is regained from a higher volume of tax revenue
- Government also announced tax relief for early profits from shale gas exploitation ("fracking") that will cut tax bills by half³²
- Local business rates (commercial property tax) will be capped at the rate of inflation and eligibility for rate relief broadened
- The top rate of tax was raised to 50% by the last government. It is paid by individuals on the margins of incomes of over £150,000 pa. In April 2013 the government announced that the rate will revert to 45% and has not denied it may take it down to 40%
- The personal allowance before tax is charged will rise to £10,000 in fiscal year 2014-15, with a suggestion it may rise to £12,500 as a 2015 election pledge³³. The cumulative changes from 2010 to date will take around 2.2m people out of the tax net and dual income households will gain twice as much as single earner households. While it increases incentive to take paid work and is welcome when household budgets are under pressure, it has no effect on those too poor to pay tax a third of adults and does not compensate many lower income tax-payers for changes to VAT, tax credits and social security benefits. Two-thirds of the gain will go to better off workers. In cash terms the biggest gainers are in the 9th decile and as a proportion of income, the 7th decile.³⁴
- Local authorities have been told to freeze Council tax bills (local property tax) for the sixth year in a row. Council Tax is the main domestic property tax and an important source of revenue, but it is being allowed to wither. It raises £27 billion a year but revenues are likely to be £3 billion lower by 2015-16 due to the freeze.³⁵ The Autumn Statement announced tougher constraints on Councils who wish to raise local tax; up to half of local authorities intend to raise Council Tax just below the 2% cap above which they must hold a local referendum
- Fuel duty is frozen to 2015 and some rail fare price increases capped, but there is no action on bus transport prices; buses are used mainly by people who are poor, young or pensioners
- The government has also taken steps that will cut "dual fuel" (gas plus electricity) bills by about £50 a year. This would be more welcome if it made a more serious dent in bills

Hansard (2013, December 5) *Commons Debates* Column 1108, Hansard, accessed at http://www.publications.parliament.uk/pa/cm201314/cmhansrd/cm131205/debtext/131205-0002.htm

³³ Rigby, E. (2013, October 13) Tories plan to raise personal allowance to £12,500, *Financial Times*, accessed at http://www.ft.com/cms/s/0/95b97f76-30fa-11e3-b478-00144feab7de.html#axzz2tiYDDB3E

³⁴ Browne, J. (2012, March) A £10,000 personal allowance: who would benefit and would it boost the economy: *Institute of Fiscal Studies*, accessed at http://www.ifs.org.uk/publications/6045

³⁵ Johnson, ibid

that range from about £700 per year for the smallest flat to about £1500 for a house, and if it had not been done by reducing power companies' green energy obligations.

Tax uncollected and avoided

According to the PCS (Public and Commercial Services Union), there is a £120 billion "tax gap"³⁶ (uncollected tax). The Autumn Statement outlined some increased effort on tax collection and on aggressive tax avoidance – but large cuts to the Revenue and Customs workforce (almost halved since 2005, around 34,000 staff, with 10,000 more to go) may inhibit effectiveness. Although the government has reinvested £1 billion in countering tax avoidance, there are £3 billion of cuts to HMRC's overall budget.

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

1 Welfare reform (merges EAPN UK proposals made June 2013)

- The programme of welfare reform must be halted. Specifically we call for measures on the uprating of benefits below RPI prices to be abandoned; for a national (English) scheme to be introduced to replace Council Tax Benefit; for the introduction of Universal Credit to be further delayed until the labour market improves and for the increased sanctions associated with the benefit to be scrapped
- The UK must retain the child poverty reduction target and the four measures of child poverty in the Child Poverty Act of 2010
- The UK government should re-establish stakeholder dialogue with NGOs on the development of its anti-poverty policies. This should sit alongside the Commission on Social Mobility and Child Poverty, and would enable engagement on the development of strategy overall. Such mechanisms must also involve people with direct experience of poverty

2 Adequate income (new priority for 2014)

Minimum wages

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Commit to a steady and progressive rise in the minimum wage for all ages including those aged 18-25.³⁷ The aims are to put a floor under living standards and slow the falling share of wages in national income; to limit the employer subsidy embodied in low wages both through tax credits and other social costs and to drive a "high" rather than "low" road of increased productivity to support better wages.

³⁶ Public and Commercial Services Union (2014) Fighting cuts in HMRC, PCS, accessed at http://www.pcs.org.uk/en/campaigns/national-campaigns/tax-justice/fighting-cuts-in-hmrc.cfm

³⁷ Low Pay Commission (2013) National Minimum Wage: low Pay Commission Report 2013, cm 8565, LPC, accessed

www.gov.uk/government/uploads/system/uploads/attachment data/file/226822/National minimum wage Low Pay Commission report 2013.pdf

Guaranteed minimum incomes

 Commit to steady and progressive improvement in cash benefits to meet adequate minimum income. Specifically we call for the implementation of the JRF model of determining minimum income thresholds and its use to benchmark minimum incomes to progress to at least meet the MIS threshold for each group of benefit recipients.

3 Access to adequate, affordable housing (new priority for 2014)

Rents and renters' rights

- Re-introduce rent controls and secure tenancies in the private sector
- Reverse the policy shift to fixed-term social rental tenancies, increases in social rents above inflation and cuts in housing support including an end to the infamous "spare room subsidy" – commonly known as the bedroom tax
- Launch an improved shared ownership scheme to improve transportability of individuals' equity stake

House-building

- A substantial programme of social house-building aimed at low to middle income households financed partly by full removal of the housing finance cap. The aim is to increase housing supply at affordable rents, including for the rising proportion of young people unable to access home-ownership or secure suitable homes in the private rented sector
- Financial support for innovative developments in cooperative housing schemes and self-build attached to green energy commitments

c) Give brief justification for your proposals

The justification for Alternative CSR 1 remains as the same as before (June 2013). The justification for the two updated Alternative CSRs is given below.

Alternative CSR 2: Adequate Income: for the low paid and for people on benefits

Low pay and getting stuck in low pay

The real value of the National Minimum Wage (NMW) has stagnated since 2004 on the CPI inflation measure and fallen since 2004 in real terms on the RPI measure. But the fall in average real wages since the financial crash and austerity policy response means NMW has not fallen as a percentage of current average income.

According to the Office for National Statistics (ONS), in April 2013, 10% of full-time employees earned below £7.28 an hour excluding overtime (i.e. significantly below the

"living wage" - outside London it is £7.65 and £8.80 in London).³⁸ The UK has an extensive low pay problem; one in five workers is low-paid (defined by the Resolution Foundation as those paid an hourly wage below two-thirds of the contemporary median). 47% of the low paid are aged between 31 and 60. Three-quarters of the low paid have been unable to escape low pay sustainably.³⁹ Between 2002 and 2012:-

- 18% of the low paid "escaped" low pay (800,000 people, 4% of the 2002 workforce)
- 27% got "stuck" in low pay (i.e. only ever had low paid jobs)
- 46% "cycled" in and out of low pay
- 9% exited (retired etc.,)

By 2012, average gross hourly earnings excluding overtime were: for "escapers", £11.22 per hour; for "cyclers", £9.00 per hour and for the "stuck", £6.43 per hour at a time when the non-low paid got £17.42. Public sector workers were most likely to escape, probably due to transparent pay scales linked to career paths. Progress was less likely in very small firms (ten employees) retail, manufacturing, care, sales and "elementary" jobs such as cleaning or other manual labour.

According to the TUC,⁴⁰ the gender pay gap has begun to increase after years of decline; for full-time *hours* it in was 10% in 2013. Women are more at risk of poverty pay than men. While hours and sector are some part of the explanation, so is discrimination both against women and against mothers with caring responsibilities, and gender stereotyping. Women are much less likely to progress than men and responsibility for childcare, access to childcare and part-time working seem to be key contributors and seem to be linked. A report by the organisation "Working Families" ⁴¹ said that over 50% of women in the UK with dependent children work fewer than twenty hours a week compared to the OECD average of 30%. UK parents spend 33% of net household income on childcare compared to an OECD average of 13%. Parents of disabled children face higher unemployment and underemployment. But "Working Families" also emphasised that proposals for wrap-around childcare provision

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³⁸ ONS (2013, December 12) Annual survey of hours and earnings, 2013 provisional results: *Statistical Bulletin,* London, ONS

³⁹ Hurrell, A (2013, December 2) Starting out or getting stuck? An analysis of who gets trapped in low paid work - and who escapes (commentary on the Resolution Foundation's report Starting out or getting stuck?), Resolution Foundation accessed at http://www.resolutionfoundtion.org/blog/2013/

⁴⁰ TUC (2013, December 12) *Shock rise in gender pay gap after years of slow, steady progress,* accessed at http://www.tuc.org.uk/equality-issues/gender-equality/equal-pay

⁴¹ Working Families (2014) *Time, health and family: what working families want,* London, Working Families/Bright Horizons

that assume care is taken care of is not what all families want. Parents want to be able to balance work and home.

Falling real incomes especially for low earners

Earnings are increasingly falling behind growth. According to a report by prepared for the TUC, ⁴² for twenty years from the mid-1980s, earnings grew at 70% of the rate of growth. Then they stagnated from 2003 until 2008 despite 11% growth. From 2009, median incomes have declined in real terms. Between 2009 and 2012, net national income per head fell 13.1%. People with the lowest incomes suffered most and by 2020 are forecast to have real incomes 15% below their 2008 level. The wage share of national income is falling in many countries, especially the UK, Australia and Sweden, though not in Denmark and Japan. In the UK, the wage share peaked in 1973 at just over 64%; by 2009 it was 54%. If you take out the wage share going to the top 1%, the situation is much worse. The bottom 60% of earners has experienced "a double-edged squeeze, a shrinking share of a diminishing wage pool" (TUC p8). There are various drivers including globalisation and technical change, but also declining membership of trades unions and government policy.

The Coalition government disagrees that growth/ productivity and earnings trajectories have been decoupled in the UK "in the long-run" (p16), but quotes a study⁴³ that covers the period 1972-2010 therefore including a very different economic context and excluding most of the period since the austerity policies that really arrived from 2010.

The government claims the rise in personal tax allowance has supported net real incomes. But this is not true of the poor and low paid. It does not take into account the effect of increases in the RPI (retail price index) which is higher than the CPI (consumer price index) measure used by government nor does the government's preferred measure reflect disposable income – which has clearly fallen for low earners due to cuts in welfare benefits and tax credits. Finally the government recently claimed using one year of the Annual Survey of Hours and Earnings (ASHE) that 90% of people saw their earnings rise from April 2012-April 2013, but the data exclude 4.4 million self-employed (a rapidly rising group) whose income has been falling rapidly, and also people who earn too little to pay National Insurance.⁴⁴

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⁴² Lansley, S., and Reed, H. (2013) How to boost the wage share, *Touchstone pamphlet 13*, London, TUC

⁴³ Pessoa, J.P and Van Reenan, J (2012, January) *Decoupling of wage growth and productivity growth? Myth and reality*, London, Centre for Economic Performance, London School of Economics

⁴⁴ Plunkett, J (2014, January 24) *These wage rates don't tell us much about living standards,* Resolution Foundation, accessed at http://www.resolutionfoundation.org/blog

Risk of over-indebtedness

Low income is linked to risk of over-indebtedness. Household debt in the UK is heading towards £2 trillion. Money Advice Service has found that despite 57 months of the lowest interest rates in 300 years nine million people are "over-indebted" and half live in families with income less than £20,000 a year (well below median incomes).⁴⁵ Any further fall in earnings or a rise in interest rates could tip millions into severe hardship.

Risk of indebtedness is also increased by the rising prevalence of "zero-hours" contracts of employment, because of the additional difficulties in planning spending and claiming benefits. According to a report from the Chartered Institute of Personnel and Development (CIPD)⁴⁶ just over one million people (3.1% of the workforce) are on these contracts and over one-quarter of employers use them. Almost one-third of employers using these contracts expect people to be available for work, at least some of the time, whether work is offered at all or whether it is cancelled at short or no notice. Although the majority of such employees are satisfied to have the flexibility offered by these contracts, there is considerable confusion by both employers and employees on their employment rights.

Net spending in the economy is supported by historically low interest rates, encouraging people to run down their savings and enabling them to pay home-ownership mortgages many times their income. The government admits that a 1% rise in mortgage interest rates would increase average mortgage bills by £1000 per year. However, the advantages of low interest rates do not directly help those with little or no savings, who rent their home (rents are soaring) and who borrow at high rates from "payday lenders" (often between hundreds and thousands of per cent per year because there is no cap on interest rates which can be charged in the UK), or from illegal money lenders.

Minimum Income Standard as a means to benchmark incomes that keep people out of poverty

As former miners' trades' union leader Mick McGahey once said, "they'll stop chasing when you stop running'. A floor under incomes is needed that helps to prevent the relentless rise in poverty and disadvantage. The continuing shift of the UK to a low-wage, low-skill economy, is supported by very low social assistance and minimum wages in the UK relative to cost of living. The service sector is 78% of the economy and is generating large numbers of low-paid, low-skill insecure and part-time jobs. There has been no voluntary take up of

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⁴⁵ Kelly, G (2013, December 3) A sixth of UK debt is held by those who have less than £200 per month left after essentials, Resolution Foundation, accessed at http://www.resolutionfoundation.org/blog

⁴⁶ CIPD (2013, November) Research report: zero-hours contracts: myth and reality, CIPD

the "Living Wage" by large retailers, who are also hemmed in by their own customers' weak living standards. Food costs are up 30% since the financial crisis and energy costs 60%.

Although the top 10% of income earners lost income immediately during the crisis, cutting the gap between high and low incomes, a new IFS study to be published shortly⁴⁷ shows that the post-crisis years will be worse for low income groups as policy induces further cuts in benefits, tax credits and services. The rapid rise in self-employment includes many sole traders, self-exploited on very low and insecure incomes, who have few opportunities for well-paid employment.

The JRF Minimum Income Standard (MIS) is based on what members of the public think people need for an acceptable standard of living. It is up-rated annually, based on what should be in a minimum "basket" of goods and services and on price changes. The 2013 report⁴⁸ showed that since 2008, the cost of a MIS basket of goods has increased 25% compared to 17% for the CPI. Since 2000, the MIS basket has risen 45% compared to 30% on CPI. The main differences are due to the large rises in the cost of food, energy, Council Tax and public transport, which take up a higher weight in poorer households' consumption patterns. Childcare costs have risen twice as fast as CPI since 2008. For both working and poor families, the impact will be worsened in the future because the Autumn Statement 2013 announced that working-age benefits and tax credits (for low-paid workers) will not be uprated by CPI inflation, but by 1% a year only, a real fall in incomes from that source alone, for as long as inflation is above 1%.

Social assistance (safety net) benefits excluding rent, childcare and Council Tax (to aid comparison with government statistics on Households Below Average Income) fall far short of the MIS for people of working age. They range from 38% for a single person to 58% for a couple with two children, but are 101% for pensioners. The situation is worst for single people living in rural areas. For a single person living in a rural village basic welfare benefits provide only one-third of the disposable income needed for MIS.

To meet MIS budgets low-paid workers need a wage well above the official National Minimum Wage (NMW) which for those aged over 21 is currently £6.31 per hour (age 18-20:£5.03; under age 18 £3.72; apprentice £2.68)⁴⁹. A single person needs £8.62 per hour (and at this wage would not be entitled to much if any state support including tax credits) and a couple with two children needs £9.91 an hour, both working full-time. Disposable income on the NMW, as a percentage of MIS, ranges from 70% for a single working age

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⁴⁷ Reported in *The Guardian* (2013, February 1) Cost of living: not in it together, London, *The Guardian*, p32

⁴⁸ Hirsch, D (2013) A minimum income standard for the UK in 2013, York, JRF

⁴⁹ HM government (2014) National Minimum Wage rates, *Gov.uk*, accessed at https://www.gov.uk/national-minimum-wage-rates

person; 74% for a one-earner couple with two children; 83% for a dual-earner couple with two children and 86% for a lone parent with one child.

The MIS decided by the public (including the not-poor) is above the relative poverty threshold of 60% of median income, except for pensioner couples. It is not a generous budget and assumes for example, that families live in flats (apartments) not houses as is most usual in the UK. In 2010/11 (latest figures), a couple with two dependent children needed 77% of median income to meet a minimum acceptable living standard.

It should be noted that because average incomes are rising more slowly than inflation (i.e. falling in real terms), the percentage of an average income needed to meet the MIS is rising and this is only partially offset by the Coalition government's 2013 increase in personal tax allowances. Also, as MIS is rising as a percentage of median, it shows that so far, although real incomes are falling, the public have not reduced their expectations of what a minimum income includes.

Alternative CSR 3: Adequate, accessible, affordable housing

There is a housing access and affordability crisis in the UK linked to rising housing demand arising from population increase and larger numbers of smaller households, stagnant and falling real incomes and restricted housing supply. There is also a particular housing supply problem in London where overseas residents buy London properties as capital investments (and often leave them empty), which has a knock-on effect on supply and prices at every level. ⁵⁰ Currently house price inflation is 5% across the UK but 12% in London. In Central London, half of £1 million plus properties (and 70% of new-builds) are sold to overseas buyers. ⁵¹ Across all of London the figure for house purchases by overseas buyers is 27%. Foreign buying increased as cash from emerging markets was sent to a "safe" home and as the fall in the pound sterling made buying cheaper for overseas nationals (more recently the pound has been rising). In the Autumn Statement, the Chancellor announced the imposition of capital gains tax for overseas buyers, but it is not expected to have a significant deterrent effect.

There are three main forms of housing tenure in the UK. These are: home ownership with a mortgage (debt) to pay for it; renting at market rates in the private sector and renting below

⁵¹ Dyson, R. (2013, October 8) half of Central London's £1m-plus homes go to non-UK buyers, *The Telegraph*, accessed at http://www.telegraph.co.uk/finance/personalfinance/houseprices/10363567/Half-of-central-Londons-1m-plus-homes-go-to-non-UK-buyers.html

⁵⁰ Heywood, A. (2012, July) *London for sale? An assessment of the private housing market in London and the impact of growing overseas investment*, The Smith Institute, accessed at http://www.smith-institute.org.uk/file/London%20for%20Sale.pdf

market rates in the social rented sector. There are (mainly older) people who own their homes and have no mortgages and also "shared ownership" in which part-rent part-owners aim to build up an equity stake, but currently this is just 1% of all tenures types. Cooperative and mutual types of housing are only 0.6% of housing supply compared with 18% in Sweden, 15% in Norway and 8% in Australia.⁵²

65% (and still falling) of the housing stock is home-owned. Renters are three times as likely to live in poverty as those with a home ownership mortgage. The only tenure to increase in recent years is private renting, and there are now nearly as many private renters (3.9 million) as public renters (4.2 million) in poverty. Private renters in the bottom fifth of the income distribution spend 56% of their income on housing compared to 34% of mortgagees and 33% of social renters.

Home-ownership mortgages

- Mortgage interest rates are at historic lows but affordability is still a serious problem.
 While many commentators are calling for a restriction by lenders to mortgage repayments of three times salary, they are typically above four times salary in much of the UK, even post-crash; a rise in interest rates would leave millions of households vulnerable
- The biggest change in accessibility of housing to buy is for new buyers, due to the hike in deposit down-payment percentages, often above 20% compared to 5% or no deposit pre-crisis. Saving 5% of their income annually, a low-to-middle income working couple with one child on £22,000 per year would need to save 22 years for the deposit and half such households have no savings.

Renting is causing greater financial stress for many households

- Many agencies have called for the reintroduction of a combination of secure tenancies and rent controls. Indeed the Welsh Affairs Committee report of October 2013 said only direct rent controls could control the rising bill for Housing Benefit which subsidies landlords in a context of overall shortage of housing supply. The DWP has admitted that 33% of the Housing Benefits bill in the last decade is directly due to the growth in rents.⁵³
- Instead of direct rent controls, the Coalition government has capped Local Housing Allowance at the bottom third of rents in any area, putting extreme stress on

Guardian reply letters and emails, p39, London, The Guardian

53 Heath, S. (2013 November 21) *Rent control in the private rented sector, Standard note SN/SP/6760*, London, House of Commons Library

⁵² Mayo, E. et al (2014, January 17), letter to The Guardian, *Political will needed to solve the housing crisis*, Guardian reply letters and emails, p39, London, The Guardian

households needing accommodation in a shortage market and risking increases in overcrowding and poor housing environments.

<u>Social rented housing (e.g. from municipal authorities or not-for-profit housing associations)</u>

In England (different rules apply in Scotland for example), there are 1.8 million people waiting for a social home and two-thirds had already waited more than a year. Access to social rented housing has fallen dramatically due to government unwillingness to build social housing and restriction on local authorities' financial capacity to do it, combined with many years of tenants "right-to-buy" at a discount.

- Government has enabled financing of social homes through its Affordable Rent programme with rents set at 80% of market rents but this is too expensive for many low income families in housing need plus, since the 2011 Localism Act, the tenancies are also less secure than traditional council tenancies. The Autumn Statement allowed some relaxation of local authorities' ability to borrow to finance social house-building, but the scale is inadequate. The changes provide for 10,000 social homes over four years. Full removal of the cap would have allowed local authorities to build 66,000 more social homes. The Coalition government continues to favour matching existing stock to demand by measures to increase the mobility of tenants to other properties, areas and tenures; but the £100 million of new mortgage finance to help current tenants to buy their homes only steps up the loss of existing stock⁵⁵
- The right-to-buy policy was introduced during the Thatcher government of the 1980s to promote the "property-owning democracy". Tenant demand to buy had stagnated in recent years as the discounts did not keep pace with the rise in house prices and as much of the more attractive stock was already sold. Recently the Coalition government re-stimulated demand with higher discounts.
- The consequent rise in social housing waiting lists has seen them grow to several years in length, especially in London and the South-east. The government has dealt with this with several new policies. These include:
- Cuts to Housing Benefit including the "bedroom tax" which reduces benefits if
 occupants are deemed to have a "spare room"; it aims to drive people out of larger
 social houses into smaller rental properties in the private sector, usually at higher rents.

Shelter (undated) Why we need more social housing, Shelter, accessed at http://england.shelter.org.uk/campaigns/why-we-need-more-social-housing

⁵⁵ Butler, P. (2013, December 5) Autumn statement paves way for councils to build new homes, *The Guardian*, accessed at http://www.theguardian.com/uk-news/2013/dec/05/autumn-statement-councils-build-new-homes

This does not save tax-payers' money if the households are low-income in receipt of Housing Benefit and the private rental is more expensive (and less secure). But since there are so few two-bedroom and one-bedroom social rented houses in many parts of the country especially the North and Midlands, people pay the higher rents out of their benefits, at the risk of increasing food and fuel poverty and debt, but saving the taxpayer some money

- Changes to the "points" allocation system to reduce the link to housing need and increase the importance of local links. For example, according to a report in The Guardian,⁵⁶ the London borough of Hammersmith has a new policy that people must live in the area for five years before they can apply for municipal social housing. Their housing waiting list has dropped from 8,171 people in April 2012 to 768 in April 2013. Havering, in the South-east, had sold off 10,000 of its social houses under "right-to-buy" and had a waiting list of 12,000 in 2011 but has cut it to 3000. It is not only in London and the south-east that altering the rules on access to social housing has cut the waiting lists. Warrington in the north has cut theirs from 12,091 to 3,173
- Changes to tenure so that social housing for people of working age is not a permanent offer, but fixed-term, for as little as two years
- Increase in social rents from the 50% "social" rent to "affordable rent" at up to 80% of assessed market rate. To get government funding to build new social houses, providers have to adopt this model for new-build houses and introduce it in existing homes as tenancies become vacant
- Raising all social rents by 1% above inflation each year
- Increasing the discount for buying your social house to up to £75,000

Private renting: a growing tenure and getting ever more costly

The biggest change in tenure is the rise in private renting at market rates, mainly by people squeezed out of the other two tenures (home-ownership and social renting) especially people below age 35.

Private rental is the biggest form of housing (52%) for low-to-middle income households under age 35, compared to 25% of all such households. Home ownership has fallen to 29% of those aged under 35, compared to 41% overall in the low-to-middle income group.

Between 2001 and 2011, families with children increased from 19% to 29% of private renters. Due to higher private rents, they are often claiming £70-£100 per week more in Housing Benefit than council tenants in the same area.

⁵⁶ The Guardian (2014, February 1) Where hopes of a council house have been dashed, London, *The Guardian, Saturday Money*,p42

Households renting privately spend the largest proportion of income on housing – a median cost of 33%. Single adults and lone parents face the highest costs because their incomes are lower. The pressure on the private rented sector continues to drive up rents. It is now more expensive to rent privately than to buy with a mortgage in about half of all local authorities in the UK.

Rental affordability is helped by Housing Benefit, though support has been cut and now cut again. In May 2013 around 20% of households relied on housing benefit to cover some or all of their housing costs. The highest percentage of claimants is in London and the North of England. Low incomes are the main reason but in London the high proportion of renters and high rents are also causes.

Half of households who get Housing Benefit are in the bottom 20% of the income distribution. Because London is so expensive, households higher up the income distribution get Housing Benefit. According to a new report from the Resolution Foundation, ⁵⁷ for a two-bedroom property, rental cost in poorer parts of Wales last year were about £340 per month, but £2,384 per month in the richest London borough. Although most tenants in receipt of Housing Benefit are not in paid work, the proportion of working families receiving it has risen from 10% in 2008 to 19% in 2012 and of these, two-thirds live in the social rented sector.

Average private sector rents are up to double social housing rents. Private landlords are becoming choosier about tenants; the largest has announced he will no longer take social benefit claimants because of the risk of rent default due to Housing Benefit cuts and payment of benefit to the tenant who has to budget for rent.

Right-to-buy has had the by-product of stimulating the growth of the private rented sector. In London, private landlords have bought up 36% of former council houses originally sold under right-to-buy and the figure is 50% in London's poorest boroughs, such as Tower Hamlets. Even in largely working-class areas of outer London it is 49% in Enfield (the east of which is very poor) and 41% in Barking and Dagenham which has many small areas of poverty. Commenting on a new report by Tom Copley,⁵⁸ an Observer⁵⁹ report showed that

⁵⁸ Copley, TV (2014, January) *From right to buy to buy to let*, London, Greater London authority/ London Assembly Labour

⁵⁷ Alakeson, V., and Cory, G, (2013, July) *Home truths: how affordable is housing for Britain's ordinary working families?* London, Resolution Foundation

⁵⁹ Boffey, B (2014, January 12) Private landlords cash in on right-to-buy – and send rents soaring for poorest tenants, *The Observer, Housing News*, p16

London had lost a total of 371,438 council (social) houses to right-to-buy; between 1998 and 2011, only 880 council houses have been built, compared to 85,254 sold.

Housing (un)affordability for low-to-middle income families

The Resolution Foundation⁶⁰ investigated the affordability of housing for working families (therefore not including the lowest income households living on welfare benefits only, though part-time and low-income workers can access benefits such as tax credits, child benefit and housing benefits). They looked at three types of "two-adult plus one child" households, getting annual earnings respectively, of £19,000 (a mixture of part-time work and housing and child benefits); £22,000 (mainly earnings) and £28,000 (median income). They define these three groups as low-to-middle income working families, lying at the 25th 35th and 50th decile of the household income distribution, but excluding those who get more than 20% of their income from welfare benefits. According to the report, in terms of achieving the MIS as a measure of affordability, "there is no level of private or social rent or mortgage payment that would be affordable" for households on £22,000 a year (Alakeson et al p16). Therefore it is clear that households must cut back on food, energy or other essentials to pay for housing — and this is without counting the costs of childcare in affordability. Even on £28,000, family incomes will not afford housing to buy or rent privately in a third of local authority areas of the UK.

The report also considers a lower bar than MIS for considering housing affordability – that it should take up less than 35% of income. Even so there are housing areas not affordable right across the UK, although 31% of those who spend more than a third of their income on housing are living in London or the South-east (where the job opportunities and transport are better). Single adults are most likely to have housing costs above 35% of income.

The authors conclude that housing to own is still unaffordable for many low and middle-income working families, even though smaller deposits are making a comeback in mortgage lending through the Coalition government's financial guarantees in the "Help to Buy" scheme. Affordability will be a persistent problem, as the type of households eligible for the scheme are predicted to be no better off in 2020 than they were in 1997-98. They conclude that the better-off will be the main gainers especially as houses up to a price of £600,000 are eligible for the guarantee (which is given to mortgage providers). This is three times the average house price in many Northern and Midlands parts of the UK.

⁶⁰ Alakeson, V., Fearn, H. and Cory, G. (2013, November) *One foot on the ladder: how shared ownership can bring owning a home into reach*, Resolution Foundation, accessed at http://www.resolutionfoundation.org/publications/one-foot-ladder-how-shared-ownership-can-bring-own/

Worsening access to housing for young people

Access to home ownership, social housing and private rented accommodation is declining for young people. Studies for the JRF⁶¹ have forecast that an extra 1.5m young people aged 18-30 will be pushed towards the private rented sector due to the lack of house building and reduced opportunities for social renting. On current trends, the number of people under age thirty who are able to access home ownership (e.g. take out a mortgage) will halve and there will be more than half a million additional young people continuing to live at home.

Those most at risk and most likely to be pushed to private renting are: young families, those on low incomes and vulnerable young people with support needs. Private renting in the UK is short-term and insecure. Households becoming homeless because of the end of a short-hold tenancy more than doubled over three years to reach 12,000 in 2012/13. This reason alone accounts for more than half of the growth in homelessness acceptances since 2009/10.

Under-25s are disadvantaged in the benefits system and this further restricts their access to housing. Those aged under 25 receive £56.80 per week on JSA (the main job-seekers' benefit) compared to £71.70 for over 25's. These benefits are supplemented by allowances for housing. "Local Housing Allowance" has been capped so that it now covers access to the bottom 30% of rents rather than 50%. For young people the situation is even worse; the Shared Accommodation Rate (SAR) means they are only offered support to rent one room in a shared house in the private sector. The rate is so low relative to rents that in the most housing competitive areas young people can access only a few per cent of properties. The shared accommodation rate has now been extended from those below age 25 to those aged up to 35.

A 2012 report for Homeless Link⁶² surveyed 117 homeless charities and 101 local authority housing services in England. It found that 68% of local authorities said changes to SAR had reduced access for young people to the private rented sector and more than half thought that capping the total housing allowance had had the same effect. But less than one in three authorities had developed schemes with local landlords to counter the impact. 60% of accommodation providers reported a decrease in move-on private accommodation. 54% of providers reported closures of youth services in their area due to funding cuts and more than half of providers had turned young people away because they were at full capacity. Half had reported difficulties supporting 16-17 year olds due to ineffective links with children's services, who have legal responsibilities for children up to age 18 but who tend to

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⁶¹ E.g. Clapham, D (2012, June) Housing options and solutions for young people in 2020, York, JRF

⁶² Homeless Link (2012, December) *Young and Homeless*, London, Homeless Link.

see children presenting as at risk of homelessness as a "housing" problem and therefore not their responsibility (they have also been subject to cuts).

Homelessness is rising, including for young people and half of homeless young people are under 20 years old. One-quarter of clients aged 16-24 who present to local authority housing services and to homeless organisations are aged 16-17 years and this group has had the highest increase since 2011. Despite its unsuitability and the risk of harm to young people, 88% of local authorities made use of adult "bed and breakfast" options for emergency accommodation for teenagers (though half did so rarely). Young people with complex needs and in rural areas have the least satisfactory service support. 74% of homeless organisations in the Homeless Link 2012 report felt services in their area were inadequate for young people with high support needs.

Housing stock and house-building needs

Building much more housing is crucial to supply – but it has to be the right type in the right place and the right price. It also has to include new social housing and a new private rental sector plus new models of co-operative housing and shared ownership, though these markets will need changes to the business model to make them more attractive to build and rent. In the meantime, both government schemes, "Right-to-Buy" and "Help-to-Buy" have to be stopped as one is inflating rents and the other, prices. Social rent increases to 80% of market rates are beginning to show affordability problems which will worsen with rent increases above inflation. These polices have to be stopped. Leaving a basic human right such as the right to housing to the market has failed. The market supplies wants not needs.

Most commentators believe the UK needs to build a quarter of a million homes each year, a figure influenced by an increasing tendency to live alone and by population increase including migration. ⁶³ Housing starts were about 30,000 short of that figure until the recession of 2008, when they dropped from 218, 530 in 2007-8 to 178,780 in 2008-9. They have continued to fall steadily and starts were 135,120 in 2012-13. Most of these starts are for profit-making private providers. In 2012-13, housing associations (which offer housing at below market rents for lower income people) were responsible for 27,130 starts and local authorities for 2,330. Waiting lists for local authority housing are several years' long, need has been downgraded in terms of the "points" needed for access and rents for social housing have risen. The government's definition of "affordable" rents has risen to 80% of market rents, a particular problem for access to housing in London and the South-east.

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⁶³ House-building statistics were accessed at: https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building

MACEDONIA

Contact details: Kristijan Nushkov, kristijan.nushkov@sos.org.mk EAPN 2013 proposals for Alternative Country-Specific Recommendations for your **country (from the 2013 doc)** (cut and paste) 1. Adaptation of the Europe 2020 and EU national inclusion strategies within the national polices for poverty and social inclusion. 2. Ensuring sufficient financial sources for implementation of the national action plans for social inclusion polices. 3. Development of National Policies for active inclusion and minimum income. Do the Commission/Council Country-Specific Recommendations for your country 2. (2013) reflect EAPN concerns? Highlight the Commission's positive proposals for poverty reduction (if any) and a) similarities with your own proposals above (specify) b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify) / The main gaps in the Commission/Council's CSRs for your country, what is missing c) **EAPN Assessment of the implementation of CSRs** 3. How far have the Commission/Council's CSRs proposals been implemented by your a) national government since July 2013? The government undertakes minimal steps to increase the minimum wage, with a plan by 2018 to increase it by 20%. b) Is this a positive/negative development? Negative is that the government has no operational plans and budgets for poverty and social exclusion of citizens. New Developments and New Alternative CSR proposals from EAPN members 4. Describe the main new policies by your government likely to impact on poverty a) (positive and negative) in 2014. The government undertakes minimal steps to increase the minimum wage, with a plan by 2018 to increase it by 20%. Negative is that the government has no operational plans and budgets for poverty and social exclusion of citizens.

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

- 1. To increase prioritization and increase coverage of the socially vulnerable groups with effective active labor measures and employment program.
- 2. To increase minimum income scheme that will guarantee income sufficient to live with dignity.
- 3. To increase access to high quality social services for vulnerable group by governmental support of CSOs and through introduction of minimum standards for delivering social services for different vulnerable group for governmental as well as CSO sector.

c) Give brief justification for your proposals

MAPP in cooperation with NDI (National Democratic Institute) is working on introducing schemes for decent minimum income.

Recommendations from the European Commission primarily are monitored from NGOs.

AGE Platform Europe

Contact details: Maciej Kucharczyk, maciej.kucharczyk@age-platform.eu

1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)

Not applicable (N/A)

- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect AGE concerns?
- a) Highlight the Commission's positive proposals for poverty reduction, social protection (pensions and health and long-term care) and employment (if any) and similarities with your own proposals above (specify)

Austria

The recognition of the high pay and pension gender gap. The persisting inequality between men and women during the life cycle leads indeed to lower living standards for older women and increases the poverty risk for future female generations. The success of the policy response – if proposed in line with this recommendation – will however depend on the long-term determination to implement new measures and on how comprehensively they will enhance equality during the whole working career paths of women.

Belgium

The recognition of the high pay and pension gender gap are equally welcomed. The persisting inequality between men and women during the life cycle leads indeed to lower living standards for older women and increases the poverty risk for future female generations. The success of the policy response — if proposed in line with this recommendation — will however depend on the long-term determination to implement new measures and on how comprehensively they will enhance equality during the whole working career paths of women.

Bulgaria

The focus made on the poverty target to reduce severe material deprivation and promote the social integration of Roma is indeed a priority for equality policy. All age groups of Roma people are concerned since the accumulation of various handicaps and struggling with discrimination across life cycle undermines equality and quality of life in old age.

France

One measure that might theoretically have a positive impact on ageing population is the employment activation of senior workers through the so-called 'contract of generations'. However, it will be very difficult to implement it in practice due to its complexity and lack of confidence among employers about the long-term positive effect of this measure on the overall age management policy in companies.

Netherlands

The recommendation to adjust the second pension pillar to ensure an appropriate intraand inter-generational division of costs and risks has been made, which is positive. However, at the moment, also due to the financial crisis, this goes hand in hand with a reduction of some second pillar pension payments and no indexation for the foreseeable future. This means a sometimes painful decrease in retirement benefits for the present retirees. These changes in the pension system are still under discussion.

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

Austria

The accent put on the financial sustainability and cost efficiency of the health care system can be very easily reduced to financial cuts without assessing their social consequences. Quality health care provision must be not limited in the context of limited resources. Otherwise this can in the most extreme cases lead to restricting the autonomy of patients or cause inhumane and degrading treatment and, in turn, deteriorate the quality of life and health of the person in question.

Belgium

The recommendation to improve cost-efficiency of public spending on long-term institutional care can have both positive and negative consequences. Indeed there is room for manoeuvre in improvements, however considering the exponential growth in the number of older people in this country and their care needs, these savings can form a threat to the necessary growth and quality improvements of institutional care.

Poland

The recommendation regarding a better targeting of social policy and an increase in the efficiency of health care spending can also bring positive impacts for the overall population, but only on condition that they are introduced in a comprehensive, forward looking way, and are based on a genuine social impact assessment.

Planed measures to cut down further on public spending in the social field, without measuring the impact on the enjoyment of human rights, can be counterproductive, by limiting social protection to only 'reasonable fulfilment of rights'. This will cause an inherent risk of eroding the inviolable and universal character of human rights.

Slovenia

The recommendation of refocusing care provision from institutional to home care is correct and welcome but so far all the solutions being proposed or implemented put further burden (economically) on users. As long as there is no appropriate legislation on health and LTC and insurance system for LTC, health and social services will become inadequately 'shaped' and financially inaccessible /unaffordable for more and more people.

c) The main gaps in the Commission/Council's CSRs for your country, what is missing

France

As one of the major concerns for older people is the recommendation to reform further pension system without a social impact assessment — this can hamper income adequacy, in particular for the most vulnerable older persons, leading to a reduction in their standards of living. The pension reform fails to address the minimum pension, survivors' pensions, minimum age of eligibility to pension, pension gender gap — all these being absent in the recommendations addressed to France. Neither is there any explicit reference to the existing special pension schemes in the public sector which need to be reformed.

Hungary

For the moment the risk of poverty for people 65+ is lower compared to other age groups in Hungary. However, material deprivation among older people is a reality which should be better addressed. Commission's recommendations focused on the necessary economic and public finances reforms (including the accomplishment of pension reforms, while the government needs to put focus on how to reduce the increasing poverty among overall population and specific age groups, both in relative terms and measures through material depravation.

Poland

The recommendation to underpin the general pension reform with measures promoting the employability of older workers to raise exit ages from the labour market has an overall logic given that Poland has one of the lowest number of people 50 + active in employment. What is however missing is how this objective can be effectively attained e.g. through age-friendly working environments, a national strategy on long-life learning.

UK

Commission's call for more fiscal tightening has already fuelled a lively debate about pensioners' benefits, and already, ahead of the 2015 general election, there are moves to rescind the Government pledge in 2010 to protect pensioners' benefits. Reinforcing the need for new energy generating capacity (including from renewables) is very proper, but the Government's present approach is to have this whole programme financed by energy companies, and so ultimately by energy consumers: too many older households are in fuel poverty already, and so this strategy is a serious risk.

The recommendation on improving youth employment misses the clear need to train and enable older people for employment and to pass on their skills and knowledge to the wider workforce: Ministers have noted that over the next decade, the need for more employees will significantly overtake the numbers of younger workers coming forward.

Therefore, the Commission's focus on people up to the age of 64 is unhelpful. The Government could focus further efforts on extending working lives, encouraging improved attitudes to an older workforce, skill sharing, offering incentives and promoting flexible working and lifelong learning. The report from the House of Lords Committee on Public Service and Demographic Change 'Ready for Ageing?' (March 2013) warns that the Government and UK society are "woefully underprepared" for an ageing population. **EAPN Assessment of the implementation of CSRs** How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013? N/A Is this a positive/negative development? N/A New Developments and New Alternative CSR proposals from EAPN members Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014. N/A Give AGE 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013) Give brief justification for your proposals

3.

a)

b)

4.

a)

b)

c)

Poverty among the oldest old.

EUROCHILD-BULGARIA

Contact details: Reka Tunyogi, reka.tunyogi@eurochild.org

1. What CSRs did you propose in 2013? (if any)

- 1. Stepping up prevention through support to families and development of a family policy
- 2. Development of quality, alternative care through increasing the child protection department social workers capacity
- 3. Develop in partnership with civil society organizations a comprehensive health strategy supported by a detailed action plan.
- 4. Ensure access to affordable permanent accommodation through the development of a housing policy and encouraging measures (including supported with EU structural funds).
- 5. Ensure the effective implementation of the strategy for prevention of school drop-out and improve quality and access to school.
- 6. Allocate appropriate resources for the National Roma Inclusion Strategy action plan implementation to address current gaps where 71 of 120 activities are not budgeted.
- 7. Require Member States to carry out ex-ante and ex-post social impact assessment of austerity measures, to ensure they do not increase child poverty and social exclusion.
- 8. Revise reporting process (referring to National Reform Programme) and provide a template so that Member States report on achieved results and impact rather than activities and inputs.

2. In your view, which EU Country-Specific Recommendations for your country (2013) were

a) Positive? (if any)

- 3. Ensure concrete delivery of the National Strategies on Poverty and Roma integration. Improve the accessibility and effectiveness of social transfers and services, in particular for children and older people.
- 4. Adopt the School Education Act and pursue the reform of higher education, in particular through better aligning outcomes to labour-market needs and strengthening cooperation between education, research and business. Improve access to inclusive education for disadvantaged children, in particular Roma. Ensure effective access to healthcare.

b) Negative? (if any)

We don't consider any of the CSRs for negative.

3. What was the visibility and impact of EU CSRs in national policy-making?

The process of CRSs setting and their impact wasn't very big in 2013 given the turbulent political situation in Bulgaria. This was a year in which the country had three governments, 2 parliaments and on-going protests.

4. How should this year's CSRs be formulated to address the main gaps in national policy on child poverty well-being? Please identify particularly problematic national policy areas that are currently not in accordance with the recently adopted European Commission Recommendation Investing in Children.

There's acute need to step up efforts in addressing poverty and social exclusion through tackling disadvantage in early years. There's also need to focus on prevention and parenting support in the undertaken deinstitutionalization reform as well as the implementation of effective integrated strategies that ensure access to essential for children's outcomes services such as education including pre-school, health, housing and social services. The Pre-School and Education Act mentioned in the CSR No.4 for 2013 was practically frozen following the change of government and a new piece of legislation is expected which wasn't consulted neither with civil society no with other stakeholders. Another challenge is to formulate the CRSs in a way which to stimulate the practical implementation of the existing strategies and plans which very often sound nice in paper but don't lead to any improvements and positive changes in the lives of vulnerable children and parents. For example, 71 of 120 activities from the action plan for the implementation of the National Roma Inclusion Strategy are not budgeted.

a) Please give max. 3 key proposals for Alternative Country-Specific Recommendations for your country

- 1. Improve the accessibility and effectiveness of social transfers and services (CSR from 2013 which wasn't implemented) through reforming the child protection and social assistance systems and development of universal ECEC with adequate parental support and more focus on prevention and early intervention (proposed wording to be added).
- 2. Adopt a School Education Act (CRS from 2013 which wasn't implemented) ensuring a clear vision and objectives for educational pre-school and educational reform are developed and consulted with civil society and other stakeholders (new proposed wording to emphasize the lack of long-term vision for the reform, the goal of education and clarity on the new piece of legislation developed by the new Government).
- 3. Ensure access to affordable permanent accommodation through the development of an effective national and local housing policy and encouraging measures (including supported with EU structural funds) to support the development of quality and available social housing to all groups of population prioritizing large families and families from ethnic origin.

b) Please give a brief justification

1. Parenting support in Bulgaria is not developed in a systematic way. ECEC and parenting support very much remain an emerging, fragmented policy field, too often left to the initiative or good will of community organisations. There's acute and urgent need to develop universal ECEC supported by a comprehensive family policy with clear aims and objectives, targeted funding and monitoring and evaluation framework. We believe this will help support and empower parents in their role as

- carers and educators. In addition, according to Eurostat data, BG takes 3rd place in social transfers' ineffectiveness which requires a comprehensive review and reform of existing child protection and social assistance systems, policies and practices.
- 2. The draft pre-school and school education act developed by the Previous Government wasn't approved. The new Government has critiqued the proposed legislation and committed to development of a new piece of legislation. As of 10 Feb, there's no clarity on what this legislation envisages, who is working on it and how it will be consulted with civil society and other stakeholders.
- 3. The creation of integrated social, healthcare and educational services for homeless people is a key measure for poverty and social exclusion reduction. According to the latest official data, the Government reports that the number of temporary placement centres as of 31.12.2011 is 10, with a capacity of 613 places. NNC is concerned that housing children and their families in temporary accommodation must only be used in exceptional cases, since it does not provide the stability that the children require to achieve their maximum potential. We advocate for a development of a housing policy at both national and local level and stimulation of measures in this direction supported with EU structural funds.

EUROCHILD-ENGLAND

Contact details: Reka Tunyogi, reka.tunyogi@eurochild.org What CSRs did you propose in 2013? (if any) 1. We recommended a child poverty CSR. We argued that, given the UK government itself has recognised child poverty as an issue worth discussing (through a consultation on how child poverty should be measured), that it would be remiss of the Commission not to formulate a CSR on the matter. 2. In your view, which EU Country-Specific Recommendations for your country (2013) were Positive? (if any) a) There were three CSRs relevant to our work. The first on housing policy, the second on youth unemployment and the third on child poverty. We agreed with the broad thrust of each of these and believe that the Commission was right to raise them as issues. In this respect, we believe the recommendations were positive though they obviously reflect negatively on the UK government. Negative? (if any) b) 3. What was the visibility and impact of EU CSRs in national policy-making? As far as we are aware the CSRs had no impact on national policy making. They do not feature prominently (if at all) in the political conversation in this country. 4. How should this year's CSRs be formulated to address the main gaps in national policy on child poverty well-being? Please identify particularly problematic national policy areas that are currently not in accordance with the recently adopted European **Commission Recommendation Investing in Children.** Below we have identified key policies that run counter to those in 'Investing in children: breaking the cycle of disadvantage' under a number of the headings contained in the Recommendation. Support parents' participation in the labour market Childcare provision in the UK is insufficient to meet demand and expensive, with the introduction of the Universal Credit significantly increasing the cost for 100,000 of the poorest families. The Work Programme is also preforming extremely poorly. Both of these issues act as barriers to parental participation in the labour market. Furthermore, while the Universal Credit should increase work incentives for the majority of claimants, parents, particularly couples, seem likely to be badly served by the new system. The Department for Work and Pension's own impact assessment found that couples with children "are more likely to see an increase than a decrease" in financial

barriers to taking on extra work. Similarly analysis by the Child Poverty Action Group has found that the lack of a disregard for second earners will act as a disincentive for them to return to work. This is critical for efforts to reduce child poverty as households where both parents work are significantly less likely to live in poverty than single earner households.

Provide for adequate living standards through a combination of benefits

The benefits cap and decision to uprate benefits below inflation for the next two years will have a significant negative impact on the lives of disadvantaged children, young people and families. Even taking into account the potentially positive impact of the Universal Credit, the Institute for Fiscal Studies estimates that the number of children living in poverty will rise by 800,000 by 2020/21.

Reduce inequality at a young age by investing in early childhood education and care

As noted above, childcare provision in the UK is insufficient to meet demand and expensive, with the introduction of the Universal Credit significantly increasing the cost for 100,000 of the poorest families.

Improve the responsiveness of health systems to address the needs of disadvantaged children

The Government has enabled free schools and academies to opt out of the school meal nutritional standards that maintained schools must adhere to. The Local Government Association has warned of 'a two-tier system where one type of school can effectively exempt pupils from healthy choices and instead sell fatty and sugary foods'. They state that 'this threatens to seriously impact on the health and educational attainment of our children'.

Provide children with a safe, adequate housing and living environment

The benefit cap has led to an increase in the number of homeless children. The problem is particularly acute in London where councils have relocated some homeless families to temporary homes outside of the capital, sometimes hundreds of miles away.

a) Please give max. 3 key proposals for Alternative Country-Specific Recommendations for your country

We believe that the European Commission should once again formulate CSRs on the issues of housing, youth unemployment and child poverty.

b) Please give a brief justification

There has been little progress on any of these issues in the past year. Youth unemployment is down just 0.5% to 20% while both housing and child poverty have been

made worse by the government's welfare reforms, particularly the benefit cap, below inflation uprating and the spare room subsidy.

EUROCHILD-HUNGARY

Contact details: Reka Tunyogi, reka.tunyogi@eurochild.org What CSRs did you propose in 2013? (if any) 1. We proposed to name other vulnerable groups of children (disabled children, children in alternative care, overage children) besides the Roma in the recommendation to "improve the access to inclusive mainstream education". Another proposal was to include an additional recommendation on the need to tackle the growing housing problems of families with children in the country. 2. In your view, which EU Country-Specific Recommendations for your country (2013) Positive? (if any) a) "Reduce the dominance of the public works scheme within employment measures and strengthen its activation elements." "Continue to expand child-care facilities to encourage women's participation." "Ensure that the objective of the National Social Inclusion Strategy is mainstreamed in all policy fields in order to reduce poverty, particularly among children and Roma." "Implement a national strategy on early school-leaving and ensure that the education system provides all young people with labour-market-relevant skills, competences and qualifications." "Improve access to inclusive mainstream education, in particular for Roma." b) Negative? (if any) 3. What was the visibility and impact of EU CSRs in national policy-making? In terms of child rights, child protection, child well-being social exclusion the CSRs slightly have had any impact or visibility. (In contrast the recommendations on the economy, taxation, etc. appeared in the media and had impact on decision making as well.) How should this year's CSRs be formulated to address the main gaps in national policy 4. on child poverty well-being? Please identify particularly problematic national policy areas that are currently not in accordance with the recently adopted European Commission Recommendation Investing in Children. Please give max. 3 key proposals for Alternative Country-Specific Recommendations a) for your country

- 1. Allocate additional resources and give attention and the needed assistance in order to ensure the prevention of out of home care of children, the careful preparation and the proper transition of children from children's homes to their biological or foster families during the implementation of the new gate-keeping measures. Reconsider the discriminatory exceptions put in the law concerning siblings and disabled children. Ensure the same opportunities to every child at risk of and in alternative care. Take the child's view into consideration when deciding on her/his new placement. Develop a comprehensive strategy for De-I.
- 2. Invest in prevention and strengthen the local universal and targeted child welfare provision, family and parenting support and community based services.
- 3. Continue to invest in early childhood services and ensure high quality and accessibility.

b) Please give a brief justification

- 1. Act of 1997/XXXI. on child protection, 161/M. §: From 2014 children under age 12 should be not placed to children's homes, residential facilities but to foster families. There are however three exceptions: in case of disability, long-term illness and for sibling groups it is still allowed to place them to children's homes. Those who are already living in children's homes and group homes should be replaced by foster care placements the latest by 2017. (Deadlines: children between 0-3: 31/12/2014, children between 3-6: 31/1262015, children between 6-12: 31/12/2016). No comprehensive strategy, methodology, financial plan has been developed for the preparation of children prior and during the transition. Disabled and ill children are left out from the reform without any justification. In the case of sibling groups the right to stay together is the official explanation.
- 2. Families in vulnerable situations frequently lack the minimum material stability, social assistance, public services, equal opportunities. The system of child welfare and protection focuses on intervention instead of prevention in practice (in contrary to both the national and international laws and obligations). Local and community based services need to be further developed. The growing housing problem needs urgent solution as well as the deep poverty that is affecting more and more people. (Partly due to the bank loans in foreign currency, lack of public housing and maintenance costs.)
- 3. Act of 2011./CXC on public education: Kindergarten attendance will be obligatory for every child older than 3 years from 09/2015. Nevertheless this measure by themselves will not ensure equal opportunities. The kindergarten personnel need additional training and motivational system besides new obligations. Additional early childhood facilities and services are needed in the local level as well as parenting capacity building and quality assurance and accessibility of the services provided.

EUROCHILD-SCOTLAND

Contact details: Reka Tunyogi, reka.tunyogi@eurochild.org What CSRs did you propose in 2013? (if any) 1. We did not propose any, this is a UK document and I am not sure how the Scottish perspective is included. The Scottish Government produces its own NRP and we are given ample opportunity to input into it and comment on it. 2. In your view, which EU Country-Specific Recommendations for your country (2013) were Positive? (if any) a) Increase housing supply Reduce youth unemployment Fair tax-benefit system b) Negative? (if any) Deficit reduction measures (as interpreted by the current UK government) will mean further reductions in public spending. What was the visibility and impact of EU CSRs in national policy-making? 3. The UK government has taken action in respect of most of the recommendations, though the sufficiency of its approach is questionable. The recommendations refer to measures that are in general reserved to Westminster. Though there are no separate recommendations for Scotland, the Scottish Government has taken action in several areas covered by the recommendations though they would likely have taken these actions whether the recommendations were in place or not. For example, the Scottish Government has taken active and (to some extent) effective measures against youth unemployment and in support of an increased housing supply and has made several announcements in respect of increased child care availability (eg all 3 & 4 year olds will get 600 hours per annum free provision by statutory entitlement later this year, and further increases have been signaled). It is not possible to tell at this stage how universal credit will impact as there have been a number of technical issues that have complicated its introduction. Projections indicate that some families could be worse off. The Scottish Government has, however, allocated funds that should mean that the 'bedroom tax', ie loss of benefit for having a spare bedroom, will not be applied in Scotland. 4. How should this year's CSRs be formulated to address the main gaps in national policy on child poverty well-being? Please identify particularly problematic national policy

areas that are currently not in accordance with the recently adopted <u>European</u> Commission Recommendation Investing in Children.

a) Please give max. 3 key proposals for Alternative Country-Specific Recommendations for your country

- 1. Affordable ECEC for all 0-5s with capacity to support children's healthy development, reduce inequality, and support parenting capacity as well as allow labour market entry
- 2. Ensure that work pays half of poor children in Scotland are in a household where at least one adult is working by, at least, increasing the minimum wage and, preferably, setting it at 'living wage' level.
- 3. Overall fiscal policy (while there is a clear need to reduce the deficit) should not be about increasing restrictions in public finance. Expanding and sustaining services will not only increase tax revenue and consumption (thus stimulating growth) but will reduce the incidence and severity of social problems that can often require costly intervention as well as reducing the benefit.

b) Please give a brief justification

Investing in public services, particularly those that positively support child and family wellbeing, can make an effective contribution to economic recovery. There is a significant body of research evidence that supports this position.

EURODIACONIA

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1. EAPN 2013 proposals for <u>Alternative Country-Specific Recommendations</u> for your country (from the 2013 doc) (cut and paste)

/

- 2. Do the Commission/Council <u>Country-Specific Recommendations</u> for your country (2013) reflect EAPN concerns?
- a) Highlight the Commission's positive proposals for poverty reduction (if any) and similarities with your own proposals above (specify)

Diakonie Deutschland: "Germany: They are similar concerning the issues but they are a bit more detailed: issues like education of disadvantaged persons, prevention, rehabilitation and autonomous life are new. The CSR concerns mainly fiscal and budgetary aspects. The leading target of the CSR is no further debts. Nevertheless, the issues which are relevant for social cohesion are important: less "mini jobs" but better jobs, better education for all, more life-long learning, more prevention, rehabilitation these are important and good CSR's. However we could have also recommendations calling for a comprehensive and overarching approach to combat poverty. More points from the Staff Working Documents should be negotiated into the final texts."

Czech Republic: This year CSRs are more concrete in some measures (e.g. recommendation on accessibility of pre-school care with a focus to social inclusion). Last year CSRs were maybe different in recommendations towards labour market and employment measures."

Kerk in Actie, Netherlands: "Some CSRs will help to stimulate a better social sustainable system but we need a broader stronger approach to support people in a long term situation of poverty."

ELCF, Finland: "The CSRs do respond to the need in our country, although there is a clear focus on strengthening economic growth and competitiveness. The five CSRs for 2013 are very similar to those five recommendations for 2012. The CSRs of 2012 have been followed up, debated and to a certain extent implemented, especially as regards achieving cost savings in public service and structural changes and territorial administrative reforms linked thereto, and improving the labour market for young people."

Christian Foundation Diakonia, Romania: "The recommendations of this year are more appropriate, adequate, meaning that the essence of Romanian problems are better understood and seized than last year, the learning process is more profound. A positive CSR was on labour market participation, and better functioning of the educational and health system."

b) Highlight the Commission's negative proposals for poverty reduction (if any) and main differences with your own proposals (specify)

- Germany:

CSRs have no vision to overcome poverty on the long term.

- **Czech Republic**: "CSR to "speed up the increase of the statutory retirement age compared to current legislation" is not a solution for the situation." There are not enough working places for people in working age, so if there is an increase on retirement age, there will be a lot of people over 50 or 60 unemployed and they will use social benefits. Romania: What is lacking: to invest much more in rural modernization, unemployment reduction, education and social/medical assistance to achieve EU 2020 targets. Tackling of the massive emigration challenge and its social consequences: hundred thousand of children and elderly left home alone
- What is needed: focus on early school leaving.

Netherlands: Measures to bring people back to employment are not realistic because of the increasing unemployment. We need a broader stronger approach to support people in a long term situation of poverty.

Denmark: All recommendations are in line with the priorities of ensuring financial stability, fiscal consolidation and growth and competitiveness.

c) The main gaps in the Commission/Council's CSRs for your country, what is missing

For most Eurodiaconia member organizations, the Country Specific Recommendations are coherent, as they are in line with the overall thinking of the European Commission, but lack a poverty reduction perspective. CSRs are similar to 2012 or have improved in being more detailed, concrete and more appropriate to the national context. However, they respond too often only to macro-economic trends so a broader approach including social inclusion and more adapted to the varying national social contexts is needed.

3. **EAPN Assessment of the implementation of CSRs**

- a) How far have the Commission/Council's CSRs proposals been implemented by your national government since July 2013?
 - Germany: Following on last year recommendation, the government has enforced the increase of all day kindergartens but not enough.
 - Finland: The CSRs of 2012 have been followed up, debated and to a certain extent implemented, especially as regards achieving cost savings in public service and structural changes and territorial administrative reforms linked thereto, and improving the labour market for young people.
- b) Is this a positive/negative development?
 No Answer
- 4. New Developments and New Alternative CSR proposals from EAPN members
- a) Describe the main new policies by your government likely to impact on poverty (positive and negative) in 2014.

Diakonie Deutschland: "There is a good programme supporting single parents to integrate into the labour market. All other instruments for the integration of disadvantaged persons into the labour market are positive as such but they are not enough. They lack an integrated, comprehensive approach, are often only carried out as projects or don't consider connected difficulties people have such as the quality of work. The number of measures for the integration of long-term unemployed has been reduced, together with financial support."

Kofoeds Skole, Denmark: "Since the NRP was published, a governmental expert committee has published a report on a Danish poverty threshold. It is to be seen if this will mean a stronger focus on poverty reduction. There seems to be some good instruments in the report to focus attention on poverty reduction. Education has a clear priority as well as improving the employability of those at the margin of the labour market."

Kerk in Actie, Netherlands: "Positive measures: to take extra measures for specific groups such as children and people in debt and a new policy for an integrated debt approach. But these budgets are very low and curative rather than tackling the total problem. There isn't a vision to address the growing gap between rich and poor people. The dominant goal to stimulate people to get work isn't combined with a plan to create jobs, especially for some risk groups such as people above 50."

Slezská Diakonie, Czech Republic: "Positive: strategy on homelessness, strategy for social housing (accessible accommodation for low income people) - if this will "come alive". Negative: Roma integration in the Czech Republic as we can't see any positive impact of the strategy yet."

Christian Foundation Diakonia, Romania: "Positive: enhancing minimum wage on economy, more public funds for social and health assistance in rural areas, a lot of after school programs for children with social problems, increasing investments in agriculture which help the numerous agriculture dependent population. We do not see negative measures but rather situations, facts such as the massive emigration, leaving at home hundred thousands of children and elderly alone, without support of active adults, predominantly quality of life in rural areas, and the low level of EU fund absorption which cannot substitute the historic lack of capital and public funds."

Evangelical-Lutheran Church of Finland (ELCF): "Positive: employment-supporting reforms, such as the Youth Guarantee and promoting people with partial work ability. Measures to enhance the health, well-being and education of immigrants, with special focus on children, is also a positive measure. The current economic situation is a huge challenge. Concentration of poverty in certain areas is also a problem, as is the growing number of low-income families with children."

b) Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country (highlight any differences from 2013)

-Romania: something to address demographic decline and emigration

- -Netherlands: we need a broader stronger approach to support people in a long term situation of poverty
- Germany: recommendations calling for a comprehensive and overarching approach to combat poverty. More points highlighted by the Staff Working Document should be visible into the final CSRs texts.

FEANTSA

4 b)

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Give your EAPN 2014 Proposals of CSRs: 3 key proposals for Alternative Country-Specific Recommendations for your country

Proposal 1

Member State: United Kingdom

The UK should enhance measures to prevent and address increases in child and family homelessness where these are occurring.

Proposal 2

Member State: Hungary

Hungary should stop criminalizing homelessness and develop an integrated strategy that supports pathways into affordable rental housing for people experiencing or at risk of homelessness and housing exclusion.

Proposal 3

Member State: Sweden

Ensure that any measures taken to improve the efficiency of the housing market are complemented by targeted measures to support pathways into affordable rental housing for people experiencing or at risk of housing exclusion and/or homelessness.

Proposal 4

Member State: The Netherlands

The Netherlands should enhance measures to prevent and address increases in child and youth homelessness where these are occurring

Proposal 5

Member State: Belgium

Continue to develop homelessness and housing exclusion policies in line with the policy guidance outlined in the Social Investment Package, taking particular account of the vulnerability of people with a migrant background to homelessness.

Proposal 6

Member State: Czech Republic

Implement the announced "Concept of Solution of the Homelessness Issue in the Czech Republic 2020"⁶⁴. In line with the Social Investment Package, place particular emphasis on prevention and early intervention to support pathways out of homelessness and into affordable housing.

Proposal 7

Member State: Luxembourg

Implement the announced "National Strategy to Counter Homelessness and Housing Exclusion". In line with the social investment package, place particular emphasis on prevention and early intervention to support pathways out of homelessness and into affordable housing.

Proposal 8

Member State: Denmark

Develop further provision to enhance access to affordable rental housing and support for young people experiencing or at risk of homelessness and/or housing exclusion.

Proposal 9

Member State: Romania

In order to support the ongoing social assistance reform; develop a homelessness data collection system so as to inform the planning and delivery of social services in this area.

Proposal 10

Member State: Spain

Spain should urgently develop integrated policies to confront homelessness based on prevention, housing-led approaches and reviewing regulations and practices on eviction. In a context of rising homelessness, there is a need to urgently address both the immediate support needs and the long-term need for an affordable rental housing market.

Proposal 11

Member State: Lithuania

Invest in social services to promote the active inclusion of people experiencing poverty and social exclusion, particularly the most vulnerable. In this context,

⁶⁴ Ministry of Labour and Social Affairs (2013) Koncepce prevence a řešení problematiky bezdomovectví v ČR do roku 2020, available at: http://www.mpsv.cz/cs/16156

further develop homeless policies and services in line with the policy guidance contained in the Social Investment Package.

Proposal 12

Member State: France

France should continue to make progress towards an integrated, housing-led strategy to tackle homelessness.

Proposal 13

Member State: Poland

Poland should develop an integrated national strategy to combat homelessness and housing exclusion, which includes the development of a reliable homelessness data collection system, interministerial cooperation, and improving access to housing.

INFORMATION AND CONTACT

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The European Anti-Poverty Network (EAPN) is an independent network of nongovernmental organisations (NGOs) and groups involved in the fight against poverty and social exclusion in the Member States of the European Union, established in 1990.



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For more information:

http://ec.europa.eu/social/main.jsp?catId=327&langId=en

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