



# **Responding to economic and social challenges: Active inclusion of the people furthest from the labour market**

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# Overview

- What is active inclusion?
- The three pillars of active inclusion
  - **Income support**
  - **Inclusive labour markets**
  - **Access to services**
- CSRs on active inclusion
- Effective active inclusion policies
- Funding of active inclusion type policies
- Key directions in 2012



# The active inclusion approach

## Target group

“people excluded from the labour market” [Art, 153(1)(h) of TFEU]: working-age population suffering from multiple disadvantages (at-risk-of-poverty or social exclusion as a proxy): approximately 115,5 million people in the EU-27 in 2010)

## Strategy:

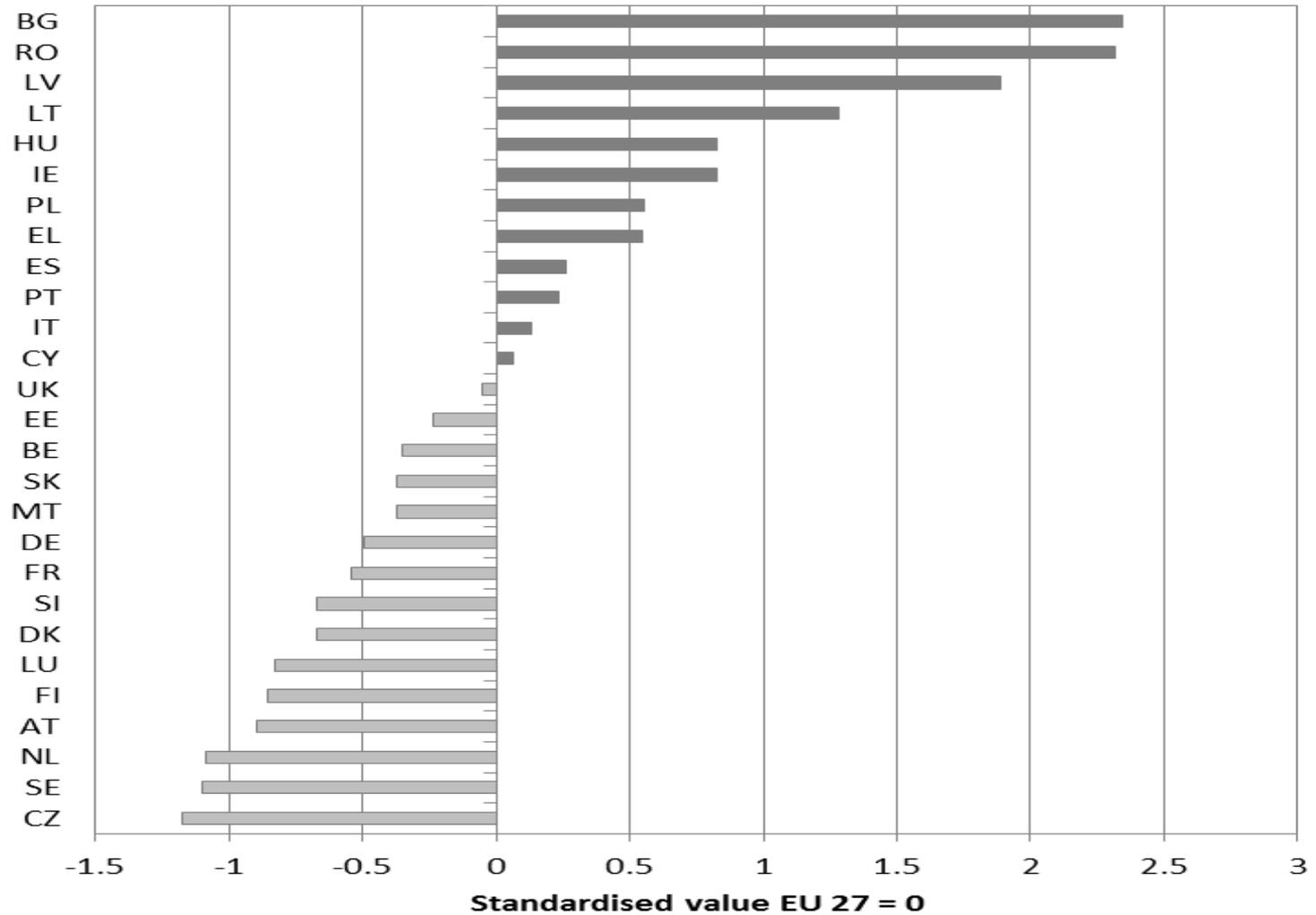
1) Adequate income support

2) Inclusive labour markets

3) Access to quality services which are essential to supporting active social and economic inclusion policies: social assistance services; employment and training services; housing support and social housing; childcare; long-term care services; health services.

## Key steps:

- Council Recommendation 92/441/EEC
- Recommendation on Active Inclusion 2008/867/EC
- Council Conclusions 17 December 2008
- European Parliament Resolution – May 2009
- COM (2010) 2020 – Europe 2020 – A strategy for smart, sustainable, and inclusive growth
- COM(2010) 758 – The European Platform against Poverty and Social Exclusion



## People at-risk-of poverty or social exclusion, 2010

Source: Eurostat, statistics on Income and Living Conditions (SILC) – t2020\_50

# Adequate income support

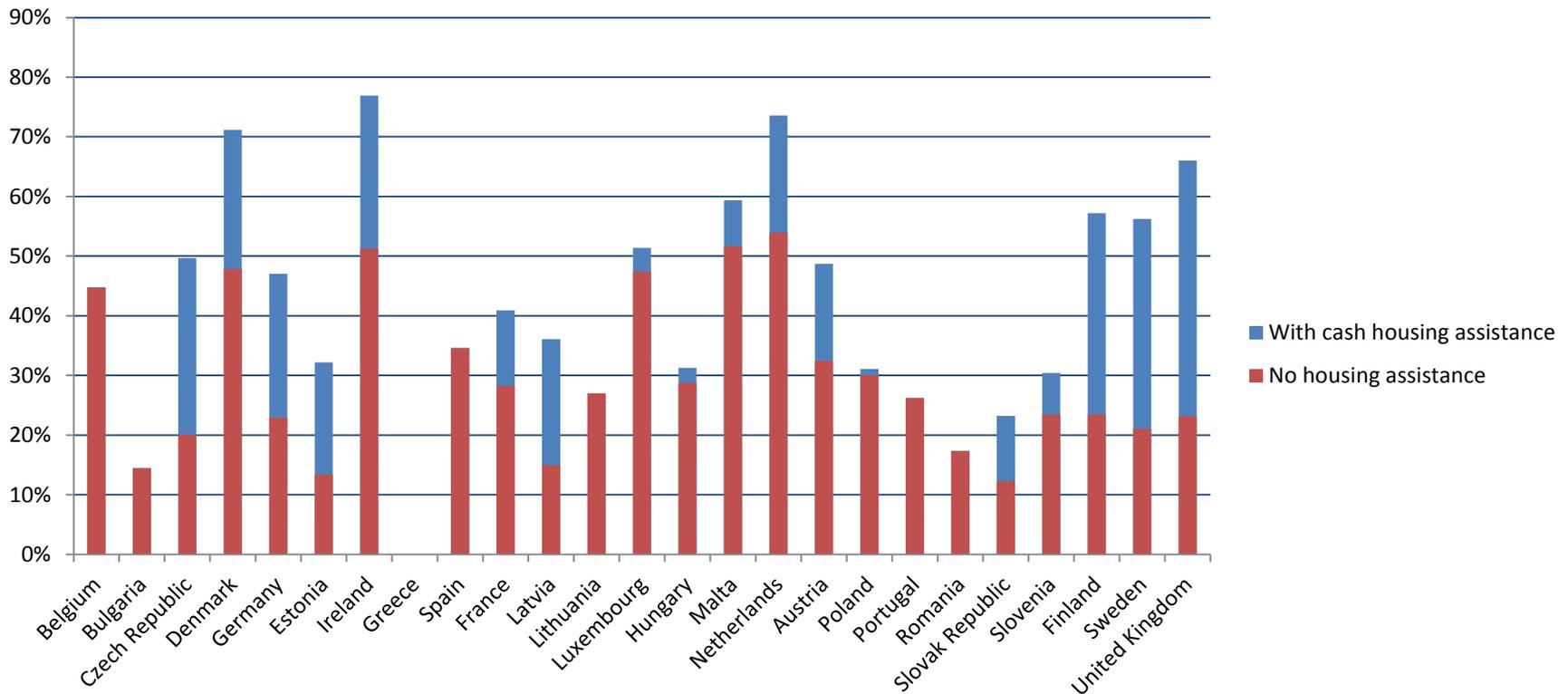
- Why do we need income support?
- Challenges of minimum income schemes:
  - **Adequacy**
  - **Coverage**
  - **Non-take up**
  - **Work disincentives**
- Relationship between minimum income and minimum wage
- Designing proper incentives: benefit reduction rates, harmonizing tax and benefit system



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# The level of net social assistance in EU-27\* countries – 2010

## Single



Source: Eurostat and OECD

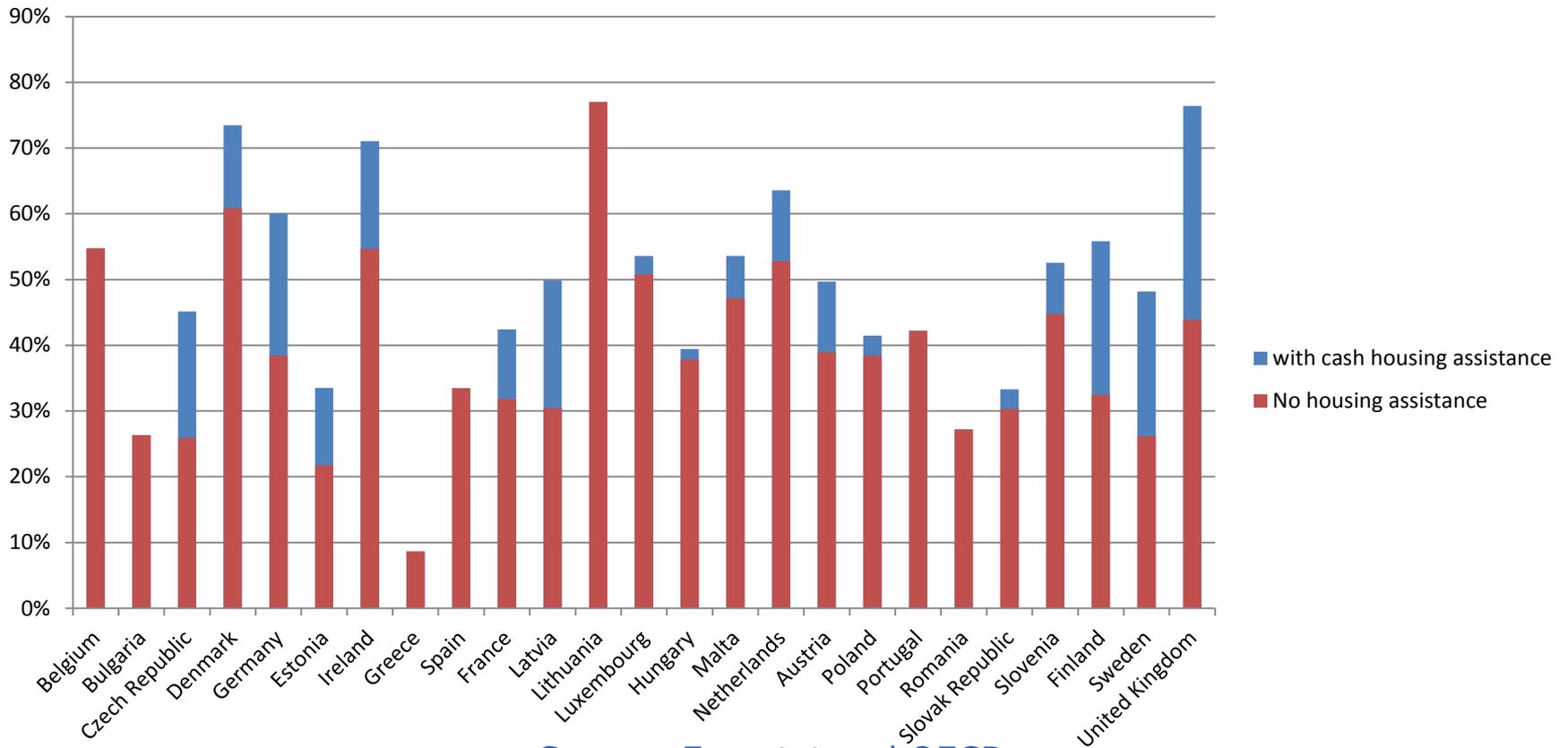
\*Cyprus and Italy not included



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# The level of net social assistance in EU-27\* countries – 2010

## Lone parent with two children



Source: Eurostat and OECD

\*Cyprus and Italy not included

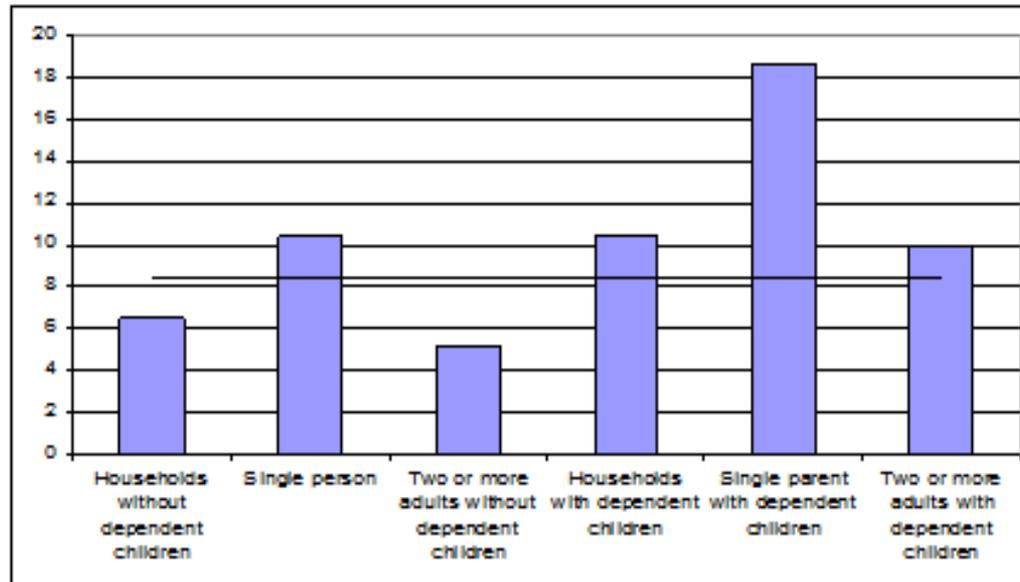


# Labour market activation

- Jobs are the best way to move out of poverty
- MSs have been focusing on activation in recent years
- Linking adequate income support with labour market activation: recent examples (RSA in France)
- Coordination between Public Employment Services and Social Assistance Services, designing effective employment programmes
- Challenges:
  - **In-work poverty**
  - **Activating the most disadvantaged**



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## In-work poverty rate by type of household for the EU

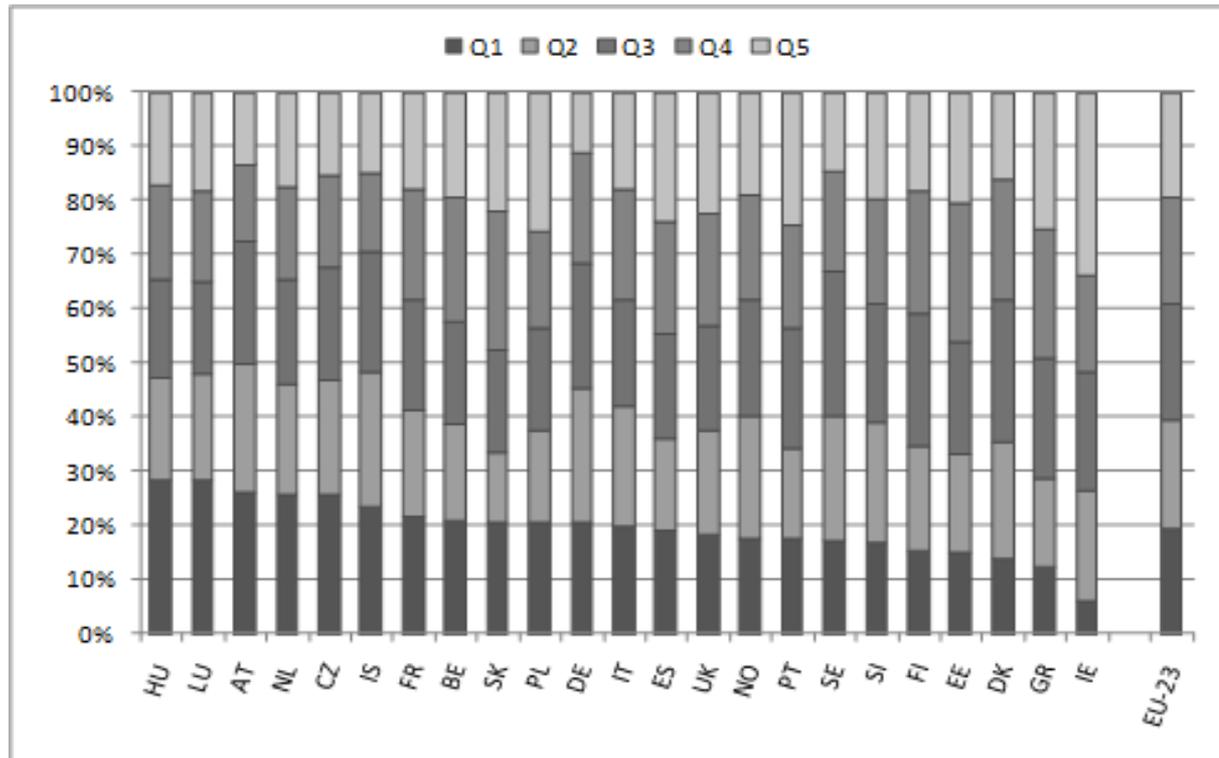
Source: Employment and Social Developments 2011 Report based on Eurostat, EU SILC 2009

## Access to services

- Services play an important role in reducing poverty
- They should be provided in an integrated manner with adequate income support and support for labour activation
- Role of specific enabling services such as housing, healthcare, childcare, and education
- Delivery:
  - **Universal vs. targeted (including means tested)**
  - **Cash vs. in-kind**



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## Distribution of ECEC in-kind benefits over quintiles

Source: OECD/EU database on the distributional impact of in-kind services

# Integrated provision of active inclusion

*Source: Country reports on active inclusion, 2011*

<i>Question 15: Does the Member State provide the above three pillars in an integrated manner?</i>	
a.) <u>fully integrated</u> : minimum income scheme is linked to labour activation measures and access to services	AT; BE; CY; DK; FI; DE; HU; LV; LU; MT; NL; PL; PT; SK, SI; SE; UK; CZ; RO
b.) <u>partially integrated</u> : minimum income scheme linked with labour activation measures	BG; FR; IE; LT; ES; EE
e.) <u>not integrated</u>	EL; IT



# Integrated active inclusion strategies

- **Fully-integrated Strategy**
- For AT, BE, UK it means an 'automatic right (enshrined in law) of MI recipients to services and to participation in ALMPs'.
- Yet, tendencies identified running against integrated strategy:
- scattered implementation at local level prevents MI recipients from benefiting from the integrated nature of the strategy.
- in PT access to services has been restricted during the recession.
- in the UK the focus is on the link between MI and ALMPs rather than on strengthening the links between MI-ALMPs-Services.
  
- **Partially-integrated Strategy**
- In France, rSA recipients registered with PES do not automatically receive support in training and education and access to services depends on finances of department.
- In BG, few employment services are specifically targeted to MI recipients.
- In LT, how much MI recipients benefit from ALMPs and Services varies across municipality, e.g. evidence on recipients of housing allowance shows that not all MI recipients are covered.
  
- There are various obstacles to a fully-integrated strategy, e.g. coordination problems between Social Agency and PES, competences scattered across policy levels (municipality, regional, national), insufficient financial resources and political prioritisation.



# Integrated provision of active inclusion

*Source: Informal consultation of social partners, April - May 2012*

- Consensus among social partners that full-fledged integrated and **comprehensive strategies have not yet been developed** by Member States (for ex. EAPN, Eurodiaconia, Eurocities, ESN)
- Increased use of active labour market policies at the expense of development of high-quality services and adequate minimum income (let alone integrated delivery of strategy)
- Reasons for absence: lack of political will, coordination problems, competencies fragmented across policy levels, economic crisis and austerity measures (undermining policies under each pillar of the strategy)



# Involvement of relevant stakeholders

*Source: Informal consultation of social partners, April - May 2012*

- **No involvement or very limited involvement** of all relevant actors (including those affected by poverty and social exclusion, social partners, non-governmental organisations and service providers) in the development, implementation and evaluation of the active inclusion strategies are reported by larger social networks (EAPN, Eurodiaconia, Eurocities).
- **EAPN** reports involvement of 13 EAPN national networks (AT, BE, BG, DK, EE, FR, DE, IE, LU, NL, PT, ES, SE) in the National Reform Programme Process. Yet, 'meaningful participation' was rated very low at 2.38 on a 10-point scale.
- **Eurodiaconia** confirms that its members in DE, SE, DK have not been adequately involved in the development, implementation and evaluation of active inclusion strategies.
- **Eurocities** reports that involvement of relevant actors differs even between cities. Brno as poor example due to lack of coordination of active inclusion policies between national, regional and local level actors. Bologna as positive example, where city agency "Don Paolo Serra Zanetti" actively promotes communication and cooperation between public services, the private social and the voluntary sector.
- Agreement that efforts need to be stepped up to consult more **those affected by poverty and social exclusion**



# Active inclusion in the CSRs

- Use of supporting indicators to assess MS performance in the three pillars
- Challenges identified during the spring 2012 European Semester process:
  - **Low labour market participation of migrants in BE, DK, and SE**
  - **The integration of disadvantaged groups in the labour market in NL, BE, DK, CZ, HU, EE, and UK**
  - **Poverty (including in-work poverty) and social exclusion in BG, EE, PL, ES, LY, and LV**



# Effective active inclusion policies

- Should aim at **integrating** the three pillars of active inclusion: income support, employment support, and access to **enabling** services
- Integration:
  - Focus on the administrative aspects: one-stop-shops
  - Implementation of integrated information systems to better coordinate among services
  - Efforts to link various services (or pillars)
- Reaching out to the disadvantaged clients: training on high **quality social workers**
- Support services that enable the disadvantaged groups to take up employment (such as **childcare, long-term care, healthcare, transportation**, etc.)
- Involvement of **relevant stakeholders**



# Active inclusion – key directions in 2012

- Active inclusion figures prominently in the Annual Growth Survey
- Active inclusion principles: the basis for the 2012 European semester exercise
- Commission report on the follow-up of the 2008 Recommendation on active inclusion foreseen for second part of 2012:
  - **Multilateral thematic surveillance on active inclusion within the SPC**
  - **Consultation with relevant social stakeholders**
  - **Report on active inclusion by the independent experts on social inclusion foreseen for the second part of 2012**
  - **EP pilot projects on Social Solidarity for Social Integration**
- Continue work on the indicators within the ISG; explore new ways to strengthen the quantitative analysis of the strategy
- Focus on integrated approaches to benefit from the synergies of the three pillars:
  - **Move from local pilot projects on active inclusion towards national implementation (mainstreaming of integrated active inclusion strategies into the national social policies)**
  - **Explore the role of social innovation (social experimentation) in designing and mainstreaming effective active inclusion strategies**