

# Active inclusion policies in Europe 2008-2012: the impact of the European Commission's 2008 Recommendation

## An ESN Policy Review

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The European Social Network (ESN) brings together people who are key to the design and delivery of local public social services across Europe to learn from each other and contribute their experience and expertise to building effective social policy and practice. Together with our Members we are determined to provide quality public social services to all and especially to help improve the lives of the most vulnerable in our societies.



## 1. Introduction

From the early 2000s a series of public policy reforms have been introduced to increase access to work for those furthest from the labour market, such as migrants, young people, people 50+, women who have not worked and those on long-term sickness or disability benefits. Social services (including social work) were seen as having an important role to play besides traditional employment services and welfare benefits offices.

France, Germany, the Netherlands and Norway were the subject of case studies in a 2006 paper by ESN on 'social and employment activation'. The conclusions of the case studies were that:

- Activation takes place at the intersection between employment policy and social protection.
- There has been a shift from entitlement to conditionality.
- Activation therefore involves the integration or cooperation of employment and social services.
- 'Core' welfare services can support activation by creating the conditions to favour individuals' activation.
- Local and regional authorities are key actors in local development and can thus favour activation by encouraging job creation, e.g. support to SMEs, start-ups.

The paper also concluded that activation should not only be about people becoming active in the labour market as this may not be possible for some. It must also be about people becoming active in other ways: in community and voluntary work, in subsidised public activities and in community groups. In the same way that social/employment services serve as catalysts and guides to labour market activation, they can also act as catalysts and guides to 'social' activation.

In October 2008, the European Commission published formal policy guidance (a 'Recommendation') for Member States based on some of the current trends which advocated a three-pillar policy for 'active inclusion of persons excluded from the labour market':

### **1. Adequate income support**

(i.e. welfare benefits to ensure people can live adequately while they are not working)

### **2. Inclusive labour markets**

(i.e. direct support and advice to help people re-enter the labour market and incentives for employers to recruit people who have had difficulty finding work)

### **3. Access to quality services**

(i.e. social services and other services that allow people to overcome or manage whatever condition or disability prevents them from working)

Specialist social work and welfare services at local level are often already working with those 'furthest from the labour market' because they may also be the most excluded from society. They may be helping someone manage or overcome various problems in their life, notably a drug or alcohol addiction, poor mental health or over-indebtedness. Besides providing various specialised therapies, social services also try to ensure access to mainstream services such as health and housing, but also make sure that clients are getting the benefits

to which they are entitled. Social services are therefore important to all three pillars of 'active inclusion' and to the coordination between them.

ESN's past working group (2008-09) on 'active inclusion and employment' made a strong input into the recommendation. It emphasised the importance of a holistic assessment of needs, cooperation between services and professionals and alternative forms of inclusion for those not able to work. It also produced the report 'realising potential' and a set of service user/ jobseeker case studies available at: <http://www.esn-eu.org/active-inclusion/>.

Now in 2012 the Commission is reviewing the impact of the EU policy guidance on active inclusion four years after its publication and has asked a number of stakeholders, including ESN, for their input. Depending on the country, ESN Members may have responsibility for social work, income support and employment services. They are responsible for strategic development, securing funds and planning expenditure and have a significant role in building effective partnerships and improving quality. They have hands-on experience in implementing policy and developing innovative local practice.

ESN has adapted a longer questionnaire from the European Commission and requested members' input on ten questions assessing the overarching principles of the European Commission's Recommendation; the three pillars; structural aspects; and sought members' policy recommendations. ESN Members from the Basque Country and Galicia in Spain, Belgium, the Netherlands, Germany, Hungary, Portugal, Sweden, Finland and Italy responded to the questionnaire.<sup>1</sup>

## 2. Overarching Principles: Personalisation and Comprehensiveness

ESN wanted to see to what extent national policies take consideration of the **multiple disadvantages and specific needs** of the various vulnerable groups and if policies have a **life cycle approach** to break the intergenerational transmission of poverty. Most respondents found that national policies took consideration of the needs of vulnerable groups and had a life cycle approach only *to some extent*<sup>2</sup>, with the exception of Belgium where national policy does so *to a large extent*.

Activation measures in **Hungary** do not take into consideration that intensive social services and infrastructural development should accompany activation measures. Measures do not allow families to combine their resources as young adults, mothers or elderly in need of care. The combination of benefits, low job incomes and informal care responsibilities is causing problems for many people.

In the Basque Country (**Spain**), the specific needs of each individual are considered in theory, but the reality is that measures are not sufficiently personalised. The worst affected individuals are those facing various difficulties at the same time, for instance, poverty and mental health, health and social needs. Even if interventions with families take place, they

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<sup>1</sup> The text of this summary reflects the answers directly. Each time a view is stated about the situation in a given country, it is the view as reported by an ESN Member.

<sup>2</sup> Respondents could choose from these answers: to a large extent; to some extent; to a small extent; not at all; don't know.

usually focus on immediate needs and do not work on global long-term interventions that could improve policies in key aspects of education, health and housing. In addition, fragmentation of competences may complicate things further. This was also reported in Galicia (**Spain**): most employment policies are the competence of the central government, whilst social services are the responsibility of the regional administration, which implements the Active Inclusion Plan.

The trend in employment services has been to treat everyone in the same way; social services at regional level have instead tried to have a case-by-case approach and build up measures for specific groups at risk of social exclusion. As a practical example of this fragmentation, social services implemented a working method based on 'personalised inclusion pathways' which takes into consideration the social and family context but the connection with employment services was not satisfactory. Conversely, the State employment service started a project –'personalised labour inclusion itineraries', which primarily focused on skills, labour opportunities and training but not enough on social and family issues. A new act is now being prepared (Galician Social Inclusion Act) which tries to improve the efficiency of the procedures and methods, connecting both 'pathways'.

In **Belgium**, legislation guarantees equal access for all to activation policies through the 'right to social integration' (2002). Legislation allows public social welfare centres to meet the needs of specific groups, such as the possibility for homeless people to give their address as the PCSW.

In **Portugal**, measures are being implemented to improve citizens' qualifications, since this is considered a determining factor for the prevention of poverty and social exclusion and to break the intergenerational transmission of poverty. In this context, the measures to help prevent and reduce school dropout rates deserve particular attention.

### 3. Pillar I: Adequate Income Support

ESN asked whether national policies provide "adequate income support" according to the first pillar of the Active Inclusion Recommendation<sup>3</sup>.

In **Hungary** this is not the case at all since social help has been greatly reduced. However, in the Basque Country (**Spain**), the amount of the 'renta de garantía de ingresos' (benefit given to persons whose income cannot cover basic needs) is quite high despite having been reduced 7% due to budget cuts, especially considering that housing benefit can also be added. A single person can receive a maximum of around 900 euros a month. However, in the Basque Country there are no other benefits (such as allowances for families with children or tax credits).

In **Belgium**, there are different minimum income regimes for:

- people in paid work of different ages that are negotiated between employers, trade unions and the government.

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<sup>3</sup> The first pillar of the Recommendation concerns 'adequate income support' and advises Member States to "recognise the individual's basic right to resources and social assistance sufficient to lead a life that is compatible with human dignity as part of a comprehensive, consistent drive to combat social exclusion."

- people who are not in work and have the right to the ‘revenu d’intégration’; the benefits vary according to whether one is single, living with a partner or has children (the regime is different for migrants who do not have the right to the ‘revenu d’intégration’).

In **Portugal**, several policies have been introduced to try to guarantee an adequate level of income support and reduce the severity and intensity of monetary poverty and material deprivation of families. The government has focused on the positive differentiation of benefits as a powerful factor of social cohesion and poverty reduction through social transfers, giving more to those most in need. For example, unemployment benefit has been increased by 10% for unemployed parents. As for the elderly, rural and social minimum pensions have kept up with inflation and there is a Solidarity Supplement for the Elderly. Though social benefits have been non-taxable to date, taxation is foreseen in the future.

In **Finland**, a new requirement to review adequacy of income support schemes was introduced in 2010. The resulting study found that in 2011, the income after reasonable housing costs of a person living alone on basic benefits is only 23% to 32% of that of an average wage earner, a percentage that has been declining since 1990. It was found that pensioners are the only group able to meet reasonable living costs. By international comparison, Finland’s social benefit levels are around average.

#### 4. Pillar II: Inclusive Labour Markets

In considering pillar II on ‘Inclusive labour markets’<sup>4</sup>, ESN members were asked to comment on the following: active and preventive labour market measures (including tailored, personalised and responsive services); incentives and disincentives resulting from tax and benefit systems; and sheltered employment as a vital source of jobs for disadvantaged people.

Most respondents found policies allow *to some extent* for an **individualised approach** and **early identification** of needs. **Germany** has made progress through the “HartzIV” reforms in setting up a comprehensive system of social assistance, activation and employment policies with a considerable degree of localisation. However, preventive policies are still underdeveloped; for example, early and systematic intervention in school careers (support of disadvantaged youth at risk of failing transitions from school to work, early school leavers etc.); likewise the following areas are weak: link to specialist social work and family services; in-work-training of low skilled workers at high risk of unemployment.

In Galicia (**Spain**), the inclusion plan (ESF-funded) and the new inclusion act (still in progress) promise a “tailored, personalised” approach for clients who are selected through an evaluation conducted by social services. Similarly, in **Belgium** a methodology has been developed to assist the PCSWs to develop individual activation pathways for clients. Finally, **Portugal** has been implementing ‘Stimulus 2012’ (an incentive for employing and training specifically medium and long term unemployed and most vulnerable groups: social security

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<sup>4</sup>The second pillar of the Recommendation concerns ‘inclusive labour markets and advises Member States to “adopt arrangements covering persons whose condition renders them fit for work to ensure they receive effective help to enter or re-enter and stay in employment that corresponds to their work capacity.”

income beneficiaries; people with disabilities and workers aged under 25 years. Likewise, specifically for young people and in order to reverse the alarming increasing trend of youth unemployment, the Strategic Programme 'Impulsojovem' (Youth impetus) - was launched. It includes a set of specific measures to combat youth unemployment.

However, the situation in other countries is different. In **Finland**, these measures are provided but mostly in "general services" and it is recognised that they should be more tailored for the specific needs of users. In **Hungary** there is a lack of preventive measures because cooperation with family social services has not yet been established. Labour market services cooperate with preventive services when certain job losses are announced. Social services are unfortunately not consistently asked to support the mass of singular cases, and even if they were, they would lack the funding and human resources to offer guidance and training.

Most respondents think that the **incentives and disincentives** in the tax and benefit system have not been reviewed recently or sufficiently and that they are not flexible enough to combine, e.g. part time job with social security benefits. In **Finland**, access to benefits has been tightened so that a person who is unemployed *may* lose their right to unemployment benefits if they refuse to accept a job or join training or education. In **Spain**, there are also forms of conditionality: in Galicia if a benefits claimant does not make her/himself available for training or abide by other aspects of an integration/training contract, s/he forfeits the right to receive the inclusion income. However, there is still some discretion in both cases for professionals working with the person.

In **Belgium**, beneficiaries must be available and willing to work unless there are exceptional circumstances. There is specific targeted legislation to encourage employers (through the reduction of social security contributions) to employ certain groups (older workers; long-term unemployed; persons seeking their first job; job-seekers under 26). Employers who give employment to clients receiving social support from the PCSW receive additional financial support. There is a provision to make (part-time) work pay: someone who has received the 'revenu d'intégration' and takes part-time work has at least the level of income they would have had if they were still receiving the 'revenu d'intégration'.

The picture is mixed when it comes to the provision of **sheltered employment**. In **Hungary**, all the emphasis is on organised public work schemes as an entrance to employment. In **Spain**, different policies promoting this measure have been implemented particularly in the field of disability in the Basque Country, while in Galicia, inclusion enterprises are now just starting to appear.

Meanwhile, in **Belgium** the federal government has supported **social economy** initiatives since 2000 through a cooperation agreement with the regions for an annual budget of 16 million euros. For every euro invested by the Federal State, the region has to invest at least the same amount. As mentioned above, when a PCSW sets someone to work in a social economy initiative, the salary subsidy and the exemption of social contribution is higher than in a "regular company". There is a limited number of places for this measure (3000 every year).

## 5. Pillar III: Access to Quality Services

ESN's survey asked to what extent national policy provides 'access to quality services' according to the Recommendation's definition<sup>5</sup>. It paid particular attention to users' involvement, comprehensive and coordinated services, equal opportunities and monitoring and performance evaluation.

In most cases, **users' involvement** and personalised approaches to meet the multiple needs of people as individuals are quite limited and only happen *to a small or some extent*. In Hungary, some good practices can be found at local family and childcare services paying attention to the complex needs of families so that they can adapt to the various possibilities. Young mothers are supported to balance family and work duties. Transport is better organised locally for the restricted and locally available job markets. In **Belgium**, the 'Experts by Experience' project allows people who have experienced poverty to have an input into the design of public services.<sup>6</sup>

In most cases, the integrated provision of **comprehensive and coordinated services** only occurs *to a small or some extent*. In **Hungary**, some local and regional labour market services cooperate with family social services to identify complex needs of unemployed and inactive individuals and to ascertain what type of support best suits them. In the Basque Country (**Spain**), the division of competences and lack of coordination between the authorities is proving a barrier. In **Portugal**, where the approach is more centralised, the government has simplified legislation and promoted the expansion and diversification of the Social Services and Facilities network. It is seeking to ensure an equitable territorial distribution of all services and to certify the network of social and healthcare services and facilities in terms of quality.

In **Belgium**, PCSWs can also develop their own services according to the specific needs in the population they are responsible for. As for the employment programmes, the PCSWs can conclude a partnership agreement with the regional public employment services or one or more certified partners. Eligible persons will be (individually) guided to the regular labour market by the partner. In return, the partner receives a financial contribution by the PCSW.

Guaranteeing **equal opportunities** for service users and the **diversity** of users is hardly taken into account. For instance, in **Hungary** the Roma population is almost exclusively targeted through organised public work schemes as a condition for social assistance and very few efforts of social services providers endeavour to meet their complex needs. In the Basque Country and Galicia (**Spain**) it is also recognised that users' diversity is hardly taken into consideration.

**Monitoring and performance evaluation** and **sharing of best practices** hardly take place in the countries evaluated; in **Hungary**, for instance, there is a low level of funding for research and monitoring as well as slow and often late feed-back. Interventions after feed-

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<sup>5</sup> The third pillar of the Recommendation concerns 'access to quality services' and advises Member States to "provide services which are essential to supporting active social and economic inclusion policies, including social assistance services, employment and training services, housing support and social housing, childcare, long-term care services and health services".

<sup>6</sup> More information is found at: <http://www.mi-is.be/en/anti-poverty-policy/hands-on-experts-in-poverty>



back follow political patterns – in general, structures and management changes take place without promoting innovation in quality service delivery and multi-partner cooperation.

## 6. Integrated Active Inclusion Approaches

In response to whether there exists an integrated active inclusion approach combining adequate income support, inclusive labour markets and access to quality services, responses vary from *not at all* in Hungary *to a small extent* in Italy or *to some extent* in Germany, Spain, Sweden and Portugal and *to a large extent* in Finland. ESN members responding to the survey identified a number of factors for and against an integrated active inclusion policy:

	In favour	Against
Belgium	<ul style="list-style-type: none"> <li>recipients may benefit from various services and rights automatically</li> <li>active labour market measures specifically aimed towards social assistance recipients</li> </ul>	<ul style="list-style-type: none"> <li>inadequate resources to slightly increase the 'revenu d'intégration' and ensure that salaries are significantly higher than benefits</li> <li>risk that the crisis reduces the quality of activation services</li> <li>without a European growth policy, the system will struggle to be integrated and effective.</li> </ul>
Finland	Long experience from beginning of 2000	Lack of integration of welfare services
Germany	The system of social assistance for job seekers and the network of localised job centres with integrated employment and social services.	Lack of coordination between employment and education policies, lack of preventive instruments and complexity of the federal multi-level governance system
Hungary	Good level of professional skills in local labour market and social services	Lack of central policy support to an integrated approach of the currently separate employment and social services, lack of budgetary resources for adequate income support
Italy	Integration between health and social in some Italian regions	Most financial support goes to pensions instead of investing in those at risk
Basque Country (Spain)	Clear political decision	Fragmentation of competences
Galicia (Spain)		Impossibility to finance all social needs brought by the recession
Sweden	Professionals have realised that cooperation between sectors is necessary	Fragmentation of competences



## 7. Policy-Making Process

Concerning the **impact of the EU active inclusion recommendation**, in most countries it has been *limited* except in Finland, Spain and Portugal, where it was an important incentive to redirect and enhance national social policy through an integrated and comprehensive approach combining adequate income support, inclusive labour markets and access to quality services. In **Hungary**, activation policy has been more influenced by local conflicts over social assistance of the unemployed and the working poor especially after the crisis. However, in Galicia (**Spain**), the inclusion plan and the social inclusion act have been designed in line with EU recommendations. In other countries, such as **Belgium**, the EU active inclusion recommendation has reinforced pre-existing national policy.

## 8. National Funding

ESN also tried to ascertain whether there is a **national/regional budget** for 'active inclusion' of vulnerable groups. ESN could not find evidence that new monies were being allocated to active inclusion following the recommendation. In addition, certain countries such as **Finland** and **Portugal** report not having a specific provision in the budget for the active inclusion of vulnerable groups in the labour market. In **Belgium**, active inclusion spending is spread through all social protection measures, social security policies and well-being measures over different administrative levels.

In **Germany**, the SGB-II system (social assistance for job seekers) is one of the most inclusive schemes throughout Europe. It serves almost 7 million people and represents a share of the national budget well above 10%. In the Basque Country (**Spain**) in 2012, the Basque employment service has a budget of 780.2 million euros. Of this, 42% corresponds to the 'Income Guarantee System'; 35% to employment and training; and 23% in contributions to the Spanish National Health System. The Basque Country has a population of 2 million therefore yearly expenditure is around 350 euros per inhabitant.

In **Hungary**, the active inclusion budget was created from the resources of the social assistance budget giving more autonomy in its use to local municipalities stimulating them to organised public works instead of social assistance. This, however, cuts resources and reduces assistance for those with real and complex needs.

## 9. European Social Fund

ESN asked to what extent the **European Social Fund** has assisted clients of social and employment services to (re)train and to (re)enter the labour market, and the answer seems to be *to a large extent* in eligible areas. For example, in **Finland** and **Portugal** there are a variety of ESF funded projects aimed at promoting social inclusion in various ways, in **Italy** the ESF is funding the Social Inclusion Plan with around 2 million euros per year. In **Belgium**, through the federal programme ESF 2007-2013 (axis 1), the federal government stimulates social activation and professional activation pathways for vulnerable groups.

## 10. Impact of the Crisis

The questionnaire tried to analyse the impact that the crisis has had on social and employment services and their ability to support people to (re)enter the labour market. In **Hungary** the crisis has led policy makers to reduce funding of both services at the time of greatest need. No alternatives of better coordinated management and better resource allocations have yet been introduced despite some reform attempts having been elaborated by researchers and public administrations.

In the Basque Country (**Spain**), allowances and public funds given to organisations providing services (such as 'accompanying' vocational and professional guidance, support to inclusion, etc.) have been cut. In **Finland**, the financial crisis has had a major impact in the delivery of social services at local level where they report not having enough time to follow up client cases due to the higher amount of applications received. In **Italy**, the number of those in need of support has increased significantly, while resources and the attention paid to vulnerable groups has been reduced. Whilst in **Germany**, the crisis has worsened the position of the most vulnerable groups in the labour market temporarily. But due to a quite robust labour market compared with other EU-member states the impact of the crisis could be contained.

In **Belgium** there has certainly been a major impact of the crisis in the increase of those claiming the 'revenu d'intégration'. Between 2003 and 2008, the average number of monthly recipients rose between 1.7-3.4%. It reached 8.9% in 2009 and was 4.6% in 2010. Provisional numbers for 2011 show a stabilisation, perhaps even a reduction. However, there are also other factors to note:

- Greater 'precarity' of vulnerable groups (migrants, single parents, older workers, low-skilled workers)
- The PCSWs took charge of unemployed persons 'excluded' by the national employment service
- Other increases in demand on the PCSWs
- Transfer of 'aide sociale' claimants to 'revenu d'intégration' claimants

It is reasonable to suppose that the deterioration of the labour market, especially for part-time workers, agency workers and (fewer) permanent contracts led to a rise in the number of claimants. The State also has fewer resources.

The **Portuguese** government having realised the impact of austerity on the most vulnerable launched the Social Emergency Program (SEP) in October 2011 expected to cover almost 3 million people. Some of the most important measures of SEP are: a 10% increase in unemployment benefits for unemployed couples with children; provision of housing at rents below market prices in cooperation with banks which have repossessed properties; reinforcement of social canteens in order to ensure two daily meals for those in need; increase of the free distribution of basic goods; enhancing the response of the national emergency hotline to include the dimensions of poverty and social exclusion; development of microcredit; incentives for volunteering; expansion of public crèches and elderly homes.

## 11. Policy Recommendations

Finally, ESN asked its members to identify 3 priority actions that national governments should take to strengthen or develop their active inclusion strategies.

<p>Belgium</p> <ul style="list-style-type: none"> <li>• To increase minimum income</li> <li>• Further implementation of the EU active inclusion recommendation</li> <li>• To negotiate a pro-growth policy for Europe.</li> </ul>
<p>Finland</p> <ul style="list-style-type: none"> <li>• To clarify responsibilities of different stakeholders in the field of employment and social services (state, municipalities, NGOs)</li> <li>• To strengthen occupational cooperation and rehabilitation of the unemployed</li> <li>• To strengthen the connections and interaction between employers and employment and social services.</li> </ul>
<p>Germany</p> <ul style="list-style-type: none"> <li>• More comprehensive efforts in education policies</li> <li>• Finding a better balance of central coordination and services localisation</li> <li>• Strengthening preventive approaches and introducing more flexibility in employment policies for the most vulnerable groups</li> </ul>
<p>Hungary</p> <ul style="list-style-type: none"> <li>• To accept the integrated vision of active inclusion instead of separate management of labour market and social services</li> <li>• To better assess the complex needs of the different marginalised social groups for social and income support for better social and labour market integration</li> <li>• To work out different job entrance possibilities for the marginalised groups and to adapt the schemes of public works to local social needs and to local job markets.</li> </ul>
<p>Portugal</p> <ul style="list-style-type: none"> <li>• Give higher political visibility and effectiveness, at European and national level, of the EU Active Inclusion Recommendation.</li> <li>• Define EU common minimum standards of well-being.</li> <li>• Improve the methodology (measurement instruments and indicators) and periodicity of poverty data.</li> </ul>
<p>Basque Country, Spain</p> <ul style="list-style-type: none"> <li>• To guarantee a minimum level of quality in employment. Inclusion in low quality or badly paid jobs is not an option to be considered</li> <li>• To improve coordination of all social services and tackle problems not strictly related to labour inclusion (dysfunctional families, school failure, physical abuse, mental health, housing problems) from a comprehensive perspective</li> <li>• To guarantee enough funding for “accompanying” services and for all organisations working in this field.</li> </ul>
<p>Galicia, Spain</p> <ul style="list-style-type: none"> <li>• To better coordinate positive action of social services and employment services</li> <li>• To improve on-the-job training schemes</li> <li>• To implement ‘inclusion technical teams’ as a specialised unit to promote personalised itineraries and to liaise between social services and employment public agencies.</li> </ul>

Sweden
<ul style="list-style-type: none"> <li>• Early intervention</li> <li>• Inclusive education</li> <li>• High priority of getting people in to work</li> </ul>
Italy
<ul style="list-style-type: none"> <li>• Shift from financial support to services provision</li> <li>• Transfer to regions active inclusion policies</li> <li>• To establish an active inclusion budget</li> </ul>

## 12. Conclusions

This paper has been written to provide insights from social services practitioners on the impact of the European Active Inclusion Recommendation at national and local level in various European countries. It can be concluded that the Recommendation provided a useful template for reform for Portugal and some regions of Spain and reinforced the approach already being taken in Belgium. In Hungary, it has not managed to speed up efforts for the inclusion of those furthest from the labour market. In Germany and Sweden the impact was limited because existing policies were already in place. Finland saw a large impact of the active inclusion recommendation, but in Italy the impact was small.

The responses to this questionnaire and the ESN report 'Realising Potential' (2008) both draw our attention to the same key challenges: finding an adequate level of income for those who can and those who cannot work; the coordination of services (social, employment, education, housing, health etc.); working closely with clients as individuals to help them make progress towards inclusion in the community and in the labour market. The delivery of active inclusion for those furthest from the labour market depends on a good policy and funding framework and successful implementation at the local level.