

**Committee of the Regions****ECOS-IV-019****75th Plenary Session
18-19 June 2008****OPINION
of the
Committee of the Regions
on
ACTIVE INCLUSION**

THE COMMITTEE OF THE REGIONS considers that:

- For an optimal policy of active inclusion a fourth, cross-cutting pillar is needed: social participation.
- Active integration is the most important element of active inclusion. Active inclusion relies on the "Work First Principle": every citizen without work should be integrated into work or education.
- A coherent policy mix should be primarily developed and carried out at regional and local level. The main responsibility for creating jobs lies with enterprises and social partners, as key players in the field, in cooperation with local and regional authorities.
- What is meant by sufficient income is different in each country, region or local community. Income support should be seen as adequate if structural poverty could be combated. This level can be defined as "sufficient". It is impossible to formulate a general rule about the *financial* level that constitutes sufficiency for the EU as a whole. National, regional and local authorities are together responsible for a policy which has adequate income support. At EU level this should be discussed within the Open Method of Coordination.
- For socially and economically deprived regions and cities in Europe, the implementation of best practice active inclusion policy mixes for the citizens furthest removed from the labour market requires financial support from the EU. The ESF's budget for local and regional authorities must therefore be directly accessible for active inclusion policies.
- Social, subsidised or sheltered employment, social enterprises and cooperatives are instruments that can play an important role in the policy mix at the local and regional level. These enterprises should not be judged by the normal competitive European market rules (for example less rigid rules regarding public procurement and state aid are needed).

Rapporteur

Henk Kool (NL/PES), Deputy Mayor of The Hague, the Netherlands

Reference document

Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions on *Modernising social protection for greater social justice and economic cohesion: taking forward the active inclusion of people furthest from the labour market*

COM(2007) 620 final

I. POLICY RECOMMENDATIONS

General remarks

1. In 2006 in the 25 countries of the European Community, 80 million people (16 percent of the population) are at risk of poverty. Active inclusion and the fight against poverty rely heavily on the integration of people furthest from the labour market. The persistence of large numbers of people at risk of poverty and excluded from the labour market represents an inescapable challenge to the objective of social cohesion in the European Union Treaty.
2. The European Commission put forward three pillars to enhance the active inclusion of people furthest from the labour market: 1) adequate and sufficient income support, 2) active integration, 3) social services of high quality.
3. For an optimal policy of active inclusion a fourth, cross-cutting pillar is needed: social participation.
4. Active inclusion calls for an integrated and comprehensive approach to the four pillars.
5. Active integration (the second pillar) is the most important element of active inclusion. Active inclusion relies on the "Work First Principle": every citizen without work should be integrated into work or education. The first (adequate and sufficient income support) and third pillar (social services of high quality) are supporting elements. The fourth pillar (social participation) is the last resort in the policy of active inclusion. Citizens who are not able to work should be helped with income and other measures to participate in society. We agree with the Commission that these pillars form an integrated, comprehensive approach. Each authority should therefore strive for the right balance between social welfare, social services, community services as well as financial and non-financial incentives to work.
6. The Member States and their local and regional authorities are primarily responsible for active inclusion strategy and policy. But to stimulate the development and exchange of these policies, common principles are put forward in line with the EU objective of social cohesion.
7. The main actors to develop and implement policies are the local and regional authorities. The EU's role is supportive. This definition of a comprehensive policy of active inclusion is proportional and based on the principle of subsidiarity.
8. The four pillars (income support, active inclusion policy, access to high quality social services and social participation) are interlinked and should reinforce each other. For each region, target group and individual person concerned, an optimal policy mix between these four pillars is required. Policies of active inclusion are tailor-made to allow for the differences between target groups *and* individual persons. Depending on the national economic model,

the relative importance of these four pillars and the policy instruments selected in each pillar may differ among the Member States and the local and regional authorities.

9. The results of policies to integrate people furthest from the labour market are most clearly felt by regional and local governments. They also bear the consequences of weaknesses in these policies at local, regional, national or European level. A coherent policy mix should therefore be primarily developed and carried out at regional and local level. Local and regional authorities know the local circumstances, the characteristics of the labour market and the many actors that can play a key role in implementing a comprehensive approach to active integration.
10. Local and regional authorities should therefore create effective partnerships with other public authorities, private enterprises, social partners, NGOs and representatives of clients to implement a coherent policy mix.
11. Local and regional authorities need a large degree of policy freedom to develop and implement such policies, which should be designed and implemented in cooperation with other public and private bodies. European and national policies (fiscal, immigration, education, labour contracting, etc.) should be tailored to and consistent with the needs of local and regional policy development and implementation.
12. Hindrances and bottlenecks caused by European, national, regional and local legislation and practices should be eliminated.

Active integration

13. The most important instrument of active inclusion is improving active integration. To include all individuals, a comprehensive approach to active integration is needed. For each region, target group and individual an integrated policy mix is also needed. Regional and local governments are the main actors to develop and implement these coherent policy mixes with their partners (e.g. national government, employers, other public authorities, NGOs). The essence of a comprehensive and integrated policy mix lies in eliminating bottlenecks for as many people as possible in order to integrate them into the labour market. This can be done by providing advice, guidance and training for paid work and by creating employment for sheltered groups. Sheltered employment means employment for those who are not yet fit to enter into regular work at once.
14. An optimal policy and a comprehensive approach to active inclusion include the following elements:
 - the encouragement for young people and creation of opportunities for them to obtain an initial qualification to enhance their chances in the labour market;

- the reintegration of people without a job into the workplace (Work First principle). At the same time, they should be offered education, training, counselling, access to childcare facilities etc.;
 - the use of social, sheltered, subsidised work for the people further away from the labour market;
 - the use of instruments of social participation (for instance voluntary work or sports activities) for those who, because of psychological and/or physical handicaps, are not fit for regular work or sheltered employment. At the same time, the socio-economic situation of those who need to be integrated into the labour market, should be improved, through income-support and access to social services of high quality;
 - the central principle is that each person should have the possibility to participate in society.
15. The use of intensive personalised action plans helps to improve active integration.
 16. Target groups are an important element of the comprehensive, integrated policy mix. At regional and local level public authorities should design and implement policies that are most effective for actively including all individuals regardless of their backgrounds, but tackling the specific barriers they face.
 17. The main responsibility for creating jobs lies with enterprises and social partners, as key players in the field, in cooperation with local and regional authorities. At national and regional level, the central government has a facilitating responsibility for creating optimal economic conditions such as good education, effective job placement, tax measures and flexicurity (social security and flexible labour options). Local and regional authorities, social services and NGOs are the final link in the chain, particularly for those furthest away from the labour market. Naturally, individuals also have their own personal responsibilities.
 18. Public, social and private employers should be strongly encouraged to improve existing jobs and create new quality jobs (offering sufficient income levels, good labour conditions and training/education). Practical (low-skilled) jobs are particularly needed. Private employers can be stimulated by national, local and regional authorities to create jobs by optimising the entrepreneurial climate for them.
 19. Local and regional authorities are important employers themselves. As employers they should also implement the principals laid out in this document.
 20. In the case of people who are far removed from the labour market because of physical or psychological disability, there may also be a need to create and fund social and subsidised

work and work for sheltered groups. Local and regional authorities can play an important role here by stimulating social enterprises.

21. The coexistence of all kinds of jobs (temporary, flexible, part-time and full-time, as well as homeworking) can help those furthest away from the labour market to enter employment.
22. All kinds of formal and informal means of education and training, partial training schemes, accreditation of prior learning (APL) and a focus on lifelong learning, including further training, should be part of the coordinated effort to improve the qualifications of the people furthest removed from the labour market as well.
23. More efforts are needed by national, regional and local governments to improve the quality of education in line with the needs of the labour market. The local authorities should have a more active employment policy and the needs of the local market should best be considered. In Member States in which labour market policy is a local responsibility, local authorities should be encouraged by national governments, with help of the EU, to monitor the local labour market.
24. The comprehensive, integrated policy mix of active integration should include incentives to facilitate entrepreneurship among those furthest removed from the labour market themselves.

Income support

25. people furthest removed from the labour market need a sufficient level of income support and other forms of assistance to live a dignified life and to maintain a certain level of fitness to be able to reintegrate into the labour market. It is correct to underline that this is a fundamental principle in the European Union.
26. What is meant by sufficient income is different in each country, region or local community. Sufficiency is influenced by the level of income support, price levels, the characteristics of the household, taxes, duration of exclusion, cultural, social and historic factors, etc. Income support should be seen as adequate if structural poverty could be combated. This level can be defined as "sufficient". It is impossible to formulate a general rule about the *financial* level that constitutes sufficiency for the EU as a whole. National, regional and local authorities are together responsible for a policy which has adequate income support. At EU level this should be discussed within the Open Method of Coordination.
27. A common principle could be formulated at EU level stating that the difference between minimum incomes earned in the labour market and the level of income support should be large enough to encourage individuals and target groups to work. This difference is an important financial incentive in the comprehensive policy mix. "Make work pay" is an important principle for the Commission, many Member States and regional and local

governments. National, local and regional authorities should therefore take into account the risk of the poverty trap when developing and applying income support measures.

28. Income support should be provided only to those who are unable to earn a labour market income or who are only able to earn an income below subsistence level (e.g. because of their low productivity or their need to accept low income jobs). National, local and regional authorities should not hinder the functioning of the labour market and should engage in tight monitoring and serious claim assessment, acting as a strict gatekeeper for those seeking income support. At the same time, active policies should exist to reach all those in need of social insurance, income support and social participation.
29. Income support could take many forms and is ideally tailor-made at local and individual level. Examples of income support could be: income support at subsistence level for members of the labour force who are neither in employment nor studying, in-kind support to improve nutrition, clothing, education, housing and healthcare, income support to supplement labour income (if income is based on low productivity levels), income support to overcome high costs of mobility, income support to increase one's qualifications and competences, support to start one's own business.

Social participation

30. Some of those furthest from the labour market suffer from multiple personal and physical handicaps. Integration into the labour market and even sheltered work is not a realistic option for them. Part of the comprehensive approach is that local and regional authorities also care for these citizens. Several instruments should be used to stimulate their social participation.
31. Local and regional authorities should use all kinds of financial and in-kind instruments to facilitate the social participation of those who are not working. These instruments stimulate social, cultural, sports, welfare and voluntary activities for those who would otherwise be at risk of social isolation.

Access to high quality social services

32. To make income support, active integration and social participation as effective as possible personalised action plans are needed. These ensure that the necessary supportive measures for an individual client are planned in time and guaranteed. Local and regional authorities need the means to create an infrastructure of quality services and to make personalised action plans.
33. The need for and characteristics of personalised action plans call for a wide variety of instruments for local and regional authorities.

34. Local and regional authorities should stimulate the use of instruments and management practices that can improve the quality of social services (for instance universal access to the Internet, one-stop front office, *lex silentio*, binding and appropriate deadlines for taking a decision on income or in-kind support).

Facilitating guidelines

35. To be successful, active inclusion policies must integrate local, regional, national and EU policies. They must include and combine minimum income, active labour market measures, education and social services. There are many pitfalls that can hinder the implementation of comprehensive, integrated policies at local and regional level. National, local and regional governments together should stimulate the implementation of a comprehensive approach.
36. For socially and economically deprived regions and cities in Europe, the implementation of best practice active inclusion policy mixes for the citizens furthest removed from the labour market requires financial support from the EU. The ESF's budget for local and regional authorities must therefore be directly accessible for active inclusion policies. A European budget to finance social participation is also needed. The Interreg approach is a good example of effective support from the European Union.
37. Social, subsidised or sheltered employment, social enterprises and cooperatives are instruments that can play an important role in the policy mix at the local and regional level. These enterprises should not be judged by the normal competitive European market rules (for example less rigid rules regarding public procurement and state aid are needed).
38. The comprehensive approach is mainly carried out by local and regional authorities for the local population. It should be legally possible for these authorities to focus their policies of active inclusion on the local population.
39. Local and regional authorities should play a leading role in implementing active inclusion policy measures. According to the EU principle of subsidiarity a common EU principle could be formulated stating that national and EU legislation and practices should follow the needs formulated at local and regional level (marginal taxes, benefit structures, stimuli for lifelong learning, financial incentives for employers, labour law, anti-discrimination law, differentiation of minimum wage levels etc.).

Open Method of Coordination

40. The Open Method of Coordination provides a framework of political coordination without legal constraints. In such a framework the Member States agree to identify and promote their most effective policies in the field of active inclusion with the aim of learning from each other's experiences. The following policy recommendations are formulated to strengthen the Open Method of Coordination.

41. Many policies aimed at improving active inclusion and income support for people furthest removed from the labour market are not effective enough. High quality comparative studies and evaluations of regional and local policies of active inclusion are needed to improve the efficiency and effectiveness of these policies. The European Commission could stimulate such high quality studies.
42. Peer review by local and regional authorities and a network of regional and local observers (Progress) can enforce learning processes. The quality of the reviews and the quality and activities of the network of regional and local observers should be clearly defined from the start.
43. Differences in labour supply and demand, variations in pay levels and in income support across Europe create labour movements that can hinder the active inclusion of local people furthest from the labour market. OMC can be used to discuss the influence of these movements on the question of active inclusion.
44. The development and dissemination of best practices can be stimulated by annually selecting the best local and regional authorities for active inclusion and rewarding them with a European award. Examples of good practice could be systematised along the lines of the work carried out by ESF's thematic work groups.

Brussels, 18 June 2008

The President
of the Committee of the Regions

Luc Van den Brande

The Secretary-General
of the Committee of the Regions

Gerhard Stahl

II. PROCEDURE

Title	Communication on Modernising social protection for greater social justice and economic cohesion: taking forward the active inclusion of people furthest away from the labour market
Reference(s)	COM(2007) 620 final
Legal basis	Art. 265(1)
Procedural basis	
Date of Commission letter	17/10/2007
Date of Bureau/President's decision	12/11/2007
Commission responsible	ECOS
Rapporteur	Mr Henk Kool
Analysis	14/12/2007
Discussed in commission	27/02/2008 – 15/04/2008
Date adopted by commission	15/04/2008
Result of the vote in commission	by majority
Date adopted in plenary	18 June 2008
Previous Committee opinions	<ul style="list-style-type: none"> – Opinion of the Committee of the Regions of 6 December 2006 on the Communication from the Commission - Implementing the Community Lisbon programme - Social services of general interest in the European Union COM(2006) 177 final, CdR 181/2006 fin; – Opinion of the Committee of the Regions of 15 June 2006 on the European Parliament Resolution on Protection of Minorities and Anti-Discrimination Policies in an Enlarged Europe T6-0228/2005, CdR 53/2006; – Opinion of the Committee of the Regions of 16 November 2005 on the Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: Non-discrimination and equal opportunities for all - A framework strategy COM(2005) 224 final and the Proposal for a Decision of the European Parliament and the Council on the European Year of Equal Opportunities for All (2007) Towards a Just Society COM(2005) 225 final - 2005/0107 (COD), CdR 226/2005 fin.