

Opinion of the European Committee of the Regions on adequate minimum income for social inclusion: the local and regional perspective

(2023/C 157/07)

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Reference document:	Proposal for a Council Recommendation on adequate minimum income ensuring active inclusion COM(2022) 490 final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Point 5

Text proposed by the European Commission	CoR amendment
<p>While safeguarding incentives to (re)integrate in the labour market for those who can work, income support should gradually increase the income of persons lacking sufficient resources, to a level which is at least equivalent to one of the following:</p> <p>(a) the national-at-risk-of poverty threshold; or</p> <p>(b) the monetary value of necessary goods and services, including adequate nutrition, housing, healthcare and essential services, according to the national definitions; or</p> <p>(c) other levels comparable to the levels referred to in point (a) or (b), established by national law or practice.</p>	<p>While safeguarding incentives to (re)integrate in the labour market for those who can work, in order to meaningfully lift people out of poverty or being at-risk-of-poverty, income support should gradually increase the income of persons lacking sufficient resources, to a level which is above one of the following:</p> <p>(a) the national-at-risk-of poverty threshold; or</p> <p>(b) the monetary value of necessary goods, including adequate nutrition, and of enabling and essential services, according to the definitions referred to in point (2) and as complemented by the national definitions; or</p> <p>(c) other levels comparable to the levels referred to in point (a) or (b), established by national law or practice.</p>

Reason

To reach the headline target income support should increase the income of persons lacking sufficient resources above the poverty line, otherwise the target will not be met.

Moreover, national definitions of ‘enabling’ and ‘essential’ services should apply only when they cover more services than those included in the definitions proposed in the current Recommendation.

Amendment 2

Point 6

Text proposed by the European Commission	CoR amendment
<p>Member States are recommended to achieve the adequate level of income support provided for in paragraph (5) by 31 December 2030 at the latest, while safeguarding the sustainability of public finances.</p>	<p>Member States are recommended to achieve the adequate level of income support provided for in paragraph (5) by 31 December 2027 at the latest, while safeguarding the sustainability of public finances.</p>

Reason

The timeline for Member States to achieve an adequate level of income support should be shorter in order to leave enough time for evaluating the impact of this policy upon the reduction of poverty and for eventually revisiting the proposal to improve its effectiveness.

Amendment 3

Point 9(a)

Text proposed by the European Commission	CoR amendment
transparent and non-discriminatory eligibility criteria, safeguarding effective access to minimum income for young adults and regardless of the existence of permanent address, while ensuring that the length of legal residence is proportionate ;	transparent and non-discriminatory eligibility criteria, safeguarding effective access to minimum income for young adults and regardless of the existence of permanent address, while ensuring that the length of legal residence does not exceed the 5 years of uninterrupted legal stay required in order to obtain the status of long-term resident ;

Reason

Striking divergences in the requirements related to the minimum length of legal residence are acknowledged as important barriers to access to minimum income by non-nationals. Therefore, a rationalisation of such requirements is of paramount importance.

Amendment 4

Point 10(d)

Text proposed by the European Commission	CoR amendment
taking steps to combat stigmatisation and unconscious bias attached to poverty and social exclusion;	taking steps to combat stigmatisation and bias attached to poverty and social exclusion;

Reason

Bias attached to poverty and social exclusion should be combatted no matter whether it is conscious or unconscious.

Amendment 5

Point 16(e)

Text proposed by the European Commission	CoR amendment
take stock of actions taken in response to this Recommendation, in particular with regard to its impact on reduction of poverty and social exclusion, increasing employment levels and improving participation in training, and report to the Council by 2032 .	take stock of actions taken in response to this Recommendation, in particular with regard to its impact on reduction of poverty and social exclusion, increasing employment levels and improving participation in training, and report to the Council every four years, with a final report by 2030 .

Reason

Adjustment of the timeline for the Commission to report to the Council to the deadline for reaching the headline targets of the Porto Social Summit.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

1. welcomes the fact that the European Commission recognises the need for further action to combat poverty across the European Union, which requires a focus on the root causes of poverty and effective measures to combat and prevent it. In this regard, national income support schemes and related support services provide a bottom line for ensuring that people can live in dignity;
2. stresses the need for Member States to fully commit to implementing the Council Recommendation in order to achieve the 2030 target of reducing the number of people at risk of poverty and social exclusion. In the past ⁽¹⁾, the CoR has stressed the need for adequate legislation to guarantee a minimum income at least above the poverty threshold;
3. insists that this Recommendation should be accompanied by the swift full implementation of the directive on adequate minimum wages. Points out by the same token that, while the recommendation is a first step in the right direction, the acknowledgement of the urgent need for action to guarantee a minimum income across the EU begs further reflection as to the most effective regulatory framework to implement such action at European level;
4. underlines the clear public support for a social Europe ⁽²⁾ and a common minimum income framework, as outlined at the Conference on the Future of Europe ⁽³⁾;
5. despite efforts, poverty and social exclusion have further worsened and more than 90 million Europeans were at risk of poverty and social exclusion in 2021. The urgency of the situation requires a stricter timetable for implementing the Recommendation, and the CoR therefore proposes that this be brought forward to 2027. The CoR calls on the European Commission to take a closer look in 2027 at the progress achieved so far, with Member States reporting on such progress to the Council every four years and drawing up a final report in 2030;
6. is concerned about the lack of a rights-based approach in the Recommendation. Modern minimum income schemes can ensure that people live in dignity, strengthen their participation and inclusion in society and promote integration into the labour market;
7. points out that poverty is a violation of human rights and that workable minimum income schemes and services have a stabilising effect on the overall economy, as eradicating poverty and reducing income inequalities is important not only to promote social justice but also to support economic growth. Reducing income inequality requires Member States to take well-targeted action across a number of policy areas;
8. points out that women have an important role to play in breaking the cycle of intergenerational poverty in families. Raising the employment rate of women and narrowing the pay gap will also improve women's pensions and reduce the risk of poverty in retirement. In order to reduce child poverty, it is important for children to have access to comprehensive services, such as early childhood education and care, primary education, school meals, as well as access to leisure activities;
9. suggests that the national poverty action plans focus on the development of minimum income schemes, including measures to achieve fair wages and decent work, ensure quality basic services and obtain adequate income support and individualised social services. In this regard, it is important when developing such social services schemes to take into consideration that these should ensure maximum outreach and encourage as well as empower those beneficiaries able to work to (re)enter the labour market;
10. stresses that while the target of reducing the number of people at risk of poverty and social exclusion extends to 2030, the COVID-19 pandemic, the ongoing war in Ukraine, the hike in energy prices and rising inflation have hit low-income households hardest, increasing poverty and inequality. At the same time, this situation is of particular concern to vulnerable groups, especially persons with disabilities. Fresh thinking is therefore needed and measures should be brought forward, building on the lessons from past crises and revisiting the allocation of financial and human resources to attain this headline target on the basis of regular reviews of the number of people at risk of poverty;

⁽¹⁾ Opinion of the Committee of the Regions on 'The European Platform against Poverty and Social Exclusion' (OJ C 166, 7.6.2011, p. 18).

⁽²⁾ Eurobarometer survey on social issues, March 2021.

⁽³⁾ Final report 2022.

11. underlines that the green transition and the carbon-neutral economy must reflect the social dimension and support the upskilling of people at risk of unemployment, the unemployed or the economically inactive. Minimum income schemes should play a key role in providing support and incentives to reintegrate people into the labour market. By the same token, the CoR notes with interest the progress made on minimum wages, acknowledging 'the fact that the Commission has brought about a fundamental shift [...], with adequate minimum wages seen as a fundamental right and prerequisite for a social, fair and sustainable market economy underpinning the European single market' (*);

12. highlights that climate change will further increase the number of people at risk of poverty and social exclusion, especially those living in areas where the economy is unbalanced and vulnerable to climate change. Social security systems are confronted with the urgent need to adapt to climate change, with demands for help on the rise and new categories of people requiring support;

13. calls on the European Union and the Member States, in cooperation with local and regional authorities, to seek out specific measures to reduce and eradicate homelessness and energy poverty. Rising energy prices make it difficult for vulnerable households to cope with energy costs;

14. welcomes the fact that the European Commission recognises the need to involve all levels of government in the fight against poverty. Local and regional authorities have a crucial role to play in making a success of the Recommendation, particularly when it comes to providing quality social services. Local and regional authorities are best placed to actively reach out to people requiring support and identify the specific needs of individuals in order to develop people-centred pathways towards active inclusion in society;

15. stresses the need for an updated, fully-fledged European benchmarking framework for minimum income schemes, based on a transparent approach and comparable data, which would facilitate a common understanding of the concept at European level and amongst Member States, better reflect the different sources of income and specific situations facing households and help people stay above the national poverty threshold, including through opportunities for those able to work to obtain gainful and non-precarious employment;

16. underlines that, in order for the minimum income to meet its objective of combatting poverty and social exclusion, it must keep up with inflation, especially the rising cost of living for food and energy. Therefore, the Committee fully supports the proposed recommendation for an annual review at Member State level, considering this to be a key prerequisite for the efficient and effective implementation of the measure;

17. believes it should also be possible to pay a minimum income to a single member of a household, something which promotes gender equality, the participation and inclusion of young adults and people with disabilities in society and integration into the labour market;

18. stresses the need to introduce transparent and non-discriminatory eligibility criteria in the Member States. The CoR is concerned that the Recommendation does not spell out what 'proportionate' or 'gradual' action mean. At the same time, the Committee calls for a general framework to be set up for legal residence requirements;

19. requests that the definitions of enabling and essential services set out in the Recommendation be complemented and not replaced by national definitions, so that this indicative list of services can be applied across the EU. This particularly applies to digital communications, which are not given the status of an essential service throughout the EU;

20. suggests that means-testing thresholds be set in such a way that people are not excluded from minimum income support because the assessment gives too much weight to small assets, housing for one's own personal use, essential means of transport or movable property. This especially applies to applicants experiencing an acute crisis or elderly people;

21. highlights the need for quantitative and qualitative indicators at local, regional and EU level to monitor the coverage of minimum income schemes, paying attention to better digital accessibility, access to information technologies and digital skills;

(*). Opinion of the European Committee of the Regions — Adequate minimum wages in the European Union (COR-2020-05859) (OJ C 175, 7.5.2021, p. 89).

22. stresses that minimum income schemes must have effective, fair and individualised elements targeting different target groups and supporting employment, which remove obstacles to returning to and staying in work and ensure that work pays, while increasing social inclusion. In this context, special attention should be paid to the integration into the labour market of young people, including of those having left the child protection system. The Committee further points out that it is important to support measures that encourage the target groups to (re)enter the labour market locally, whenever possible, in order to minimize relocation challenges. Member States should collect data on barriers to employment for those receiving minimum income support, such as low levels of education, and find solutions to them, such as the creation of intermediate labour markets, wage subsidies and upskilling, reskilling and lifelong learning.

23. highlights the importance of distributing resources fairly, legitimately and efficiently. It therefore fully agrees with the European Commission on the need to review regularly the incentives and disincentives resulting from tax and benefit systems;

24. considers that the right use of public procurement can contribute to the employment of the long-term unemployed and people at risk of social exclusion and poverty;

25. calls for clarification as to which authority is responsible for drawing up individual plans to avoid duplication of measures. Special attention must also be given to data protection when exchanging information.

Brussels, 9 February 2023.

The President
of the European Committee of the Regions
Vasco ALVES CORDEIRO
