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NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council
Subject: Proposal for a COUNCIL RECOMMENDATION on adequate minimum
income ensuring active inclusion
- Political agreement

I. INTRODUCTION

1. On 28 September 2022 the Commission submitted to the Council the proposal in subject. On 4 March 2021, the Commission adopted the European Pillar of Social Rights Action Plan, which was welcomed by the Union leaders at the Porto Summit on 8 May 2021. The European Council welcomed the EU wide 2030 headline targets of the European Pillar of Social Rights Action Plan, in the areas of poverty, employment, as well as in the area of skills. According to the targets, by 2030, the number of people at risk of poverty or social exclusion should be reduced by at least 15 million, including at least 5 million children; at least 78% of people aged 20 to 64 should be in employment; and 60% of adults should participate in training every year.

2. The proposal builds upon on the Council Recommendation 92/441/EEC on common criteria concerning sufficient resources and social assistance in social protection systems, which it will replace, and complements the Commission Recommendation 2008/867/EC on the active inclusion of people excluded from the labour market. It follows the call made by the Council on 9 October 2020 in its conclusions on strengthening minimum income protection to combat poverty and social exclusion in the covid-19 pandemic and beyond¹.
3. The proposal was presented by the Commission to the Social Questions Working Party on 7 October 2022. The Working Party examined the proposal at its meetings on 27 October 2022, 14 and 22 November 2022. In an informal written consultation, concluded on 25 November 2022, the delegations unanimously agreed on the Presidency compromise text, which is set out in Annex.
4. As no legal-linguistic revision was possible before submission to Coreper and the Council (EPSCO) on 8 December, Coreper and Council are invited to reach a political agreement to the text in Annex.

¹ Doc 11721/20 REV2

II. CONCLUSION

5. In view of the above, the Permanent Representatives Committee is invited to
 - a) confirm the agreement in the Social Questions Working Party on the text of the proposal as set out in Annex to this Note;
 - b) recommend to the Council (EPSCO) to reach, at its session on 8 December 2022, a political agreement on the Council Recommendation on adequate minimum income ensuring active inclusion.
6. After the political agreement, the draft Recommendation will be subject to the legal-linguistic revision and will be proposed for adoption as I/A-point in a forthcoming Council meeting.

Proposal for a

COUNCIL RECOMMENDATION

On adequate minimum income ensuring active inclusion

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 292, in conjunction with Article 153(1), point (j) thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) With a view to ensure a life in dignity at all stages of life, this Recommendation aims at combatting poverty and social exclusion and at pursuing high levels of employment by promoting adequate income support, in particular by means of minimum income, and effective access to enabling and essential services for persons lacking sufficient resources and by fostering labour market integration of those who can work in line with the active inclusion approach.
- (2) Pursuant to Article 151 TFEU, the Union and the Member States have as their objectives, amongst others, the promotion of employment, improved living and working conditions, proper social protection and the combating of exclusion.

- (3) Article 34 of the Charter of Fundamental Rights of the European Union ('the Charter') recognises and respects the entitlements to social security benefits and social services. The Charter also provides that everyone residing and moving legally within the Union is entitled to social security benefits and social advantages and that, in order to combat social exclusion and poverty, the Union recognises and respects the right to social and housing assistance to ensure a decent existence for all those who lack sufficient resources.
- (4) Council Recommendation 92/441/EEC of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems² calls on Member States to recognise the basic right of a person to sufficient resources and social assistance to live in a manner compatible with human dignity as part of a comprehensive and consistent drive to combat social exclusion, and recommends to adapt their social protection systems, as necessary. In view of the content of this Recommendation, it is appropriate to replace Recommendation 92/441/EEC.
- (5) Commission Recommendation 2008/867/EC of 3 October 2008 on the active inclusion of people excluded from the labour market³ sets out a comprehensive strategy to facilitate the integration into sustainable, quality employment of those who can work and to provide resources which are sufficient to live in dignity, together with support for social participation, for those who cannot. This integrated approach, based on a combination of three policy strands: adequate income support, inclusive labour markets and access to quality services, is particularly important for persons furthest away from the labour market or excluded from society.

² Council Recommendation 92/441/EEC of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems (OJ L 245, 26.8.1992).

³ Commission Recommendation 2008/867/EC of 3 October 2008 on the active inclusion of people excluded from the labour market (OJ L 307, 18.11.2008).

- (6) In November 2017, the European Parliament, the Council and the Commission proclaimed the European Pillar of Social Rights⁴, setting out 20 principles to support well-functioning and fair labour markets and welfare systems. Principle 14 states that ‘Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market’.
- (7) The European Pillar of Social Rights Action Plan⁵ (‘the Action Plan’) sets out the ambition for a strong social Union. In June 2021, the European Council, welcomed the Union social target on poverty reduction in line with the Porto Declaration⁶ whereby the number of people at risk of poverty or social exclusion should be reduced by at least 15 million⁷ by 2030, including at least 5 million children. The European Council also welcomed the headline targets on employment, of at least 78% of people aged 20 to 64 in employment, and on skills, of at least 60% of all adults should participate in training every year. A revised social scoreboard and a benchmarking framework on minimum income, agreed by the Social Protection Committee, strengthen the analytical underpinning of the European Semester, the Joint Employment Report and the country-specific recommendations.
- (8) The 2030 Agenda for Sustainable Development and its supportive goals underline that sustainable economic growth needs to go hand in hand with an eradication of poverty and other deprivations, a reduction of inequalities and improved access to health, education and employment.

⁴ Interinstitutional Proclamation on the European Pillar of Social Rights (2017/C 428/09)

⁵ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions ‘The European Pillar of Social Rights Action Plan’ (COM(2021)102 final).

⁶ <https://www.consilium.europa.eu/en/press/press-releases/2021/05/08/the-porto-declaration/>

⁷ Compared to 2019.

- (9) The European Parliament, in its Resolution of 24 October 2017⁸, called on Member States to introduce adequate minimum income, highlighting the role of minimum income protection as a tool for fighting poverty. In its conclusions of 12 October 2020⁹, the Council invited the Commission to initiate an update of the Union framework to effectively support and complement the policies of Member States on national minimum income protection. During the Conference on the Future of Europe, citizens called for a common Union framework on minimum income.¹⁰
- (10) This Recommendation builds on the findings of the Commission assessments¹¹ reviewing the progress achieved in the implementation of the Commission Recommendation 2008/867/EC. The assessments confirmed the validity of the active inclusion approach, but highlighted specific challenges related, amongst others, to low adequacy, limited take-up and narrow coverage of minimum income, potential disincentives arising from tax and benefit systems and a problematic access to quality services fostering social inclusion and labour market integration. They also called for a sharper focus on adequate support for social inclusion of people who cannot work.

⁸ European Parliament resolution of 24 October 2017 on minimum income protection as a tool for fighting poverty (2016/2270(INI)).

⁹ Council Conclusions of 12 October 2020 ‘Strengthening Minimum Income Protection to Combat Poverty and Social Exclusion in the COVID-19 Pandemic and Beyond’.

¹⁰ Conference on the Future of Europe, report on the final outcome, May 2022, p. 58.

¹¹ Commission Staff Working Document Follow-up on the implementation by the Member States of the 2008 European Commission recommendation on active inclusion of people excluded from the labour market – Towards a social investment approach, SWD(2013) 39 final. Commission Staff Working Document on the implementation of the 2008 Commission Recommendation on the active inclusion of people excluded from the labour market, SWD(2017) 257 final.

- (11) Despite some progress achieved in the reduction of poverty and social exclusion in the Union in the last decade, in 2021, over 95.4 million people still remained at risk and the risk was higher for women than for men. Increase in the poverty risk for people living in (quasi)jobless households and a worsening in the depth and persistence of poverty in many Member States, accompanied by declines in the impact of social transfers on poverty reduction, rise concerns. The Union and its Member States should do more to help the most vulnerable and disadvantaged people and do it more efficiently.
- (12) Sustainable and quality employment is the best way out of poverty and social exclusion. At the same time, ensuring that more people are in the labour market contributes to the financing of social protection systems and enhances their financial sustainability, contributing to intergenerational fairness and promoting social cohesion. To achieve higher employment levels, it is of paramount importance to support people in successful labour market transitions.
- (13) The social and economic advantages of adequate and targeted social safety nets became even more important during the lockdowns linked to the COVID-19 pandemic. Containment measures had a disproportionate impact on women and disadvantaged groups, notably in terms of access to healthcare, both for physical and mental health reasons, education and relevant services, also aggravating pre-existing limitations in access to employment¹². The lessons learnt from the crisis also highlighted the importance of adequate, comprehensive and resilient social protection systems that are shock-responsive, preventive instruments to support recovery.

¹² Joint Employment Report 2022.

- (14) Macroeconomic trends associated with globalisation, the green and digital transitions, demographic change and changing patterns of work continue to shape the Union. Comprehensive and robust social safety nets, which ensure adequate income support and facilitate labour market transitions, including support for reskilling and upskilling, can help that those processes are just and inclusive. Changes in career patterns, paired with an increase of non-standard forms of employment, can make it more difficult for low-income people to qualify to access insurance-based social protection systems and can lead to an increased demand for alternative support measures, such as minimum income. Moreover, following Russia's unjustified and illegal war of aggression against Ukraine, the sharp increase in energy prices and subsequently in inflation is affecting low- and lower middle-income households. Income measures can be targeted to vulnerable groups and are compatible with preserving incentives to reduce energy demand and improve energy efficiency.
- (15) The focus of this Recommendation is on 'persons lacking sufficient resources' meaning persons living in households with insufficient, irregular or uncertain monetary and material resources, which are indispensable for their health and well-being and for participating in the economic and social life. For those able to work, robust social safety nets must facilitate (re)integration in the labour market through specific support measures combining active labour market measures, support in job seeking, education and training. For everyone in need, including those who cannot work, they ensure adequate income support and enabling services. Thus, social safety nets are not a passive tool but act, as far as possible, as a springboard for socio-economic integration and upward social mobility, improving inclusion and employment prospects.

- (16) Social safety nets include an array of monetary and in-kind benefits providing income support and access to enabling and essential services. An important component of income support are minimum income benefits, defined as a non-contributory and means tested monetary benefits of last resort aiming at filling the gap to reach a certain overall level of income in a given household when other sources of income or benefits have been exhausted or are not adequate to ensure a life in dignity. In some Member States minimum income benefits may be combined with other monetary benefits provided to the household and its members such as child and family allowances, housing benefits, unemployment benefits, disability benefits, old-age benefits or in-work benefits. It can also top up minimum pensions and income from work. This Recommendation principally addresses minimum income and is without prejudice to the Council Recommendation on access to social protection for workers and the self-employed.¹³
- (17) Minimum income is a key element of strategies to exit poverty and exclusion and can act as an automatic stabiliser. In times of economic crisis, it can contribute to supporting a sustainable and inclusive recovery, help mitigate the drop in household incomes and contain the levels of people at risk of poverty or social exclusion. For those who can work, minimum income should comprise adequate incentives and tailored and proportionate conditionality to (re)integrate in the labour market. At the same time, minimum income should be designed alongside with work incentives to avoid hysteresis effects in the labour market and to support high employment levels, high work intensity, sustainable transition to the labour market and upward income mobility.

¹³ Council Recommendation of 8 November 2019 on access to social protection for workers and the self-employed (2019/C 387/01).

- (18) In-kind benefits can complement monetary benefits by facilitating access to specific services such as early childhood education and care (in accordance with Council Recommendation establishing a European Child Guarantee¹⁴), healthcare and long-term care, social housing, employment and training as well as to essential services. The provision of such benefits in-kind can help contextualise the assessment of the adequacy of income support. Certain in-kind benefits provided through targeted schemes and supporting general consumption (for instance food vouchers or compensation of costs directly related to housing, including reduced energy tariffs) to persons lacking sufficient resources can be taken into account when assessing the adequacy of income support in so far these benefits directly contribute to improving the income situation of the minimum income beneficiaries.
- (19) Doing more to implement integrated, robust social safety nets has the potential not only to improve the social and health outcomes for those furthest from the labour market, but also to deliver lasting social and economic benefits for the Union, boost economic, social and territorial cohesion and result in more equitable and cohesive and resilient societies. Continued efforts are needed to improve access of low-income people to the insurance-based social protection system to help them acquire social protection rights, particularly through facilitating quality employment, and to coordinate the provision of income support under the respective schemes. These safety nets should also help increase access to health care and healthy food for those in poverty. Member States should seek to raise the effectiveness and efficiency of their social protection systems, including in supporting access to the labour market, as a whole to prevent that people fall into poverty or need to rely on minimum income in the longer run.

¹⁴ Council Recommendation (EU) 2021/1004 of 14 June 2021 establishing a European Child Guarantee (OJ L 223, 22.6.2021).

(20) Although all Member States have social safety nets in place, the progress in making them accessible and adequate has been uneven. The design varies across Member States, reflecting different national traditions and the overall architecture of social protection systems and interplay between monetary and in-kind benefits. Despite the aforementioned, Member States face similar challenges. While some convergence has taken place, the reforms adopted so far have not always been sufficient or their implementation has been slow, as reflected by relevant long-standing country-specific recommendations issued in the European Semester process. The national plans under the Recovery and Resilience Facility envisage support to reforms and investments in the concerned Member States to strengthen the effectiveness, design and resilience of their social protection systems, including through improving the design of minimum income and ensuring upward convergence in its adequacy and coverage. Several investments also focus on fighting energy poverty and on improving access to essential services for the vulnerable households.

(21) Income support is considered adequate when it ensures a life in dignity at all stages of life. A sound and transparent methodology for setting, reviewing at regular intervals and, whenever relevant, annually adjusting minimum income, informed by relevant indicators and accounting for household's specific needs, is necessary to ensure adequacy of the overall income support. Reference values, such as the national-at-risk-of poverty threshold¹⁵ or methodologies based on a nationally defined basket of goods and services reflecting the cost of living and needs of persons lacking sufficient resources in a given Member State or a region, can help guide the adequacy assessment. Adequacy can also be benchmarked against income from work, such as the income of a low-wage earner or a minimum wage earner, while respecting the at-risk-of-poverty threshold or ensuring the cost of living and the needs of persons lacking sufficient resources. While it is evident that income from work (already at minimum wage level) should be higher than income from benefits, there is no evidence of significant negative impact on average on the probability to find a job for people receiving minimum income support. Given the disparities in adequacy across countries, Member States should achieve adequate levels of the overall income support in a progressive manner. When determining and adjusting the level of minimum income, Member States should consider the level of inflation (especially of food and energy), rises in the costs of living and wage developments.

¹⁵ At-risk-of-poverty threshold is defined as 60% of median equivalised disposable income after social transfers (EUROSTAT).

- (22) Eligibility criteria of minimum income may be a barrier to access by certain groups. In principle children are covered as a part of the household. However the age threshold set for claimants higher than 18 years may limit access for young adults. Restrictions related to the minimum length of legal residence can limit access for non-nationals, while the lack of permanent address makes it difficult to benefit from minimum income by homeless people or people living in deprived areas (e.g. in Roma settlements). Whereas means testing is an essential element to ensure the appropriate targeting of minimum income, insufficient coverage may also arise when a threshold for the maximum total value of income and assets during means testing is set at a low level, thereby excluding some households even if they are poor. The introduction of e.g. non-discriminatory criteria for access to a minimum income shall not affect exceptions from equal treatment stipulated or permitted by Union law, such as Directive 2004/38/EC of the European Parliament and of the Council.
- (23) Gaps in the coverage by minimum income should be addressed and the continuity of coverage over different phases of life should be ensured by putting in place transparent and non-discriminatory access criteria. Age, the existence of permanent address or the requirement of disproportionately long legal residence should not form a barrier to access minimum income. Means-testing usually includes various types of incomes (such as from work or benefits already granted) and certain assets (such as property). The thresholds for means testing and the types of income and assets excluded from means-testing should reflect a life in dignity for different types and sizes of households in a given Member State. Low earnings from work (such as one-off or irregular incomes) should be treated proportionally in the means testing in a way that safeguards incentives to work for those who can work and does not exclude claimants from drawing (possibly lower) benefits. Access to minimum income needs to be granted swiftly without unnecessary delay and the entitlement should be unlimited provided the claimants continue to meet the eligibility and specific conditionality criteria subject to periodical reviews. The envisaged time limit of 30 days to process the application from its submission can be interrupted in case of necessity to establish all facts provided that, where possible, persons lacking sufficient resources receive appropriate provisional assistance.

- (24) In times of economic downturns and various types of crisis situations, flexibility in the design of minimum income, including through temporarily simplified access, relaxing the eligibility criteria or extending the duration of benefits, can play an important role to mitigate the adverse social consequences and play a stabilising role in the economy. Fiscal consolidation measures that result in the reduction of protection levels rather than improving the effectiveness of the schemes should only be used as last resort option and accompanied by a distributional impact assessment to mitigate adverse effects on the most disadvantaged; the level of protection should in any case remain adequate.
- (25) Disproportionate administrative burden, lack of awareness or fear of stigmatisation or discrimination may cause that those eligible for minimum income do not request access to it. Avoiding fragmented schemes, ensuring overall accessibility and simplicity of the application procedures and offering administrative support to the potential claimants can increase the take-up of minimum income. Further measures are needed to facilitate take up of minimum income by single-parent households, predominantly headed by women. In addition, while respecting data protection rules, pro-active outreach efforts should target in particular socially deprived areas and the most marginalised households, including Roma. The low accessibility of digital tools or lack of skills for their use can also constitute a barrier to effective access, including for persons with disabilities. Regular monitoring and analysis of relevant data can help understand the causes of the non-take-up and improve policy response.

- (26) While means-testing is done at household level, it often does not take into account the position of individuals within the household, potential unequal sharing of family incomes and the desire for autonomy. This particularly affects women as they are more likely to have lower incomes, lower pay and greater caring responsibilities. Without necessarily changing the means-testing practice and increasing the overall level of benefits received by the household, solutions taken in accordance with national law and practice facilitating the receipt by individual members of the household of their share in income support can contribute to gender equality and to economic independence and income security of women, young adults and persons with disabilities.

- (27) Strengthening inclusive labour markets accessible for all is important to mitigate long-term dependence on income support. Activation requirements and active labour market policies can encourage higher job-search efforts and acceptance of job offers, when including supporting services such as counselling, coaching and job-search assistance and measures to ensure work-life balance. In line with Council Recommendation on a Bridge to Jobs – Reinforcing the Youth Guarantee¹⁶, particular attention should be devoted to young NEET¹⁷ adults at the risk of poverty or social exclusion by getting them back into education, training or the labour market within the shortest time possible, while the receipt of income support should be linked to particularly strong activation measures. In line with the Strategy for the Rights for Persons with Disabilities, particular attention should also be given to the needs of persons with disabilities. Upskilling and reskilling opportunities, personalised support and guidance that meet specific needs, ensuring quality jobs, promoting job retention and enabling advancement can support the transition to employment across all ages. Regular reviews of incentives and disincentives resulting from tax and benefit systems, gradual phasing out of income support upon taking up employment or the possibility to combine it with earnings can increase the disposable income of the household, thereby contributing to making work pay, reducing in-work poverty and incentivising formal employment. At the same time, in-work benefits need to be carefully designed to avoid low-wage traps.
- (28) Employment in the social economy could be a stepping stone towards other sectors of the labour market. Facilitating transition to employment should be supported through the provision of dedicated measures to employers, accompanied by targeted financial incentives where necessary.

¹⁶ Council Recommendation of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee and replacing the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee (OJ C 372, 4.11.2020).

¹⁷ NEET – not in employment, education or training.

- (29) Social inclusion services, for example social work, counselling, coaching, mentoring, psychological support and various rehabilitation schemes, and measures facilitating access to other enabling or essential services are also necessary to build robust social safety nets. Efforts should also continue to improve the quality of services, in line with the Voluntary European Quality Framework for Social Services¹⁸, and to ensure the continuity of access to essential services. Measures to address financial and non-financial barriers that hamper equal and universal access to services should also be strengthened.
- (30) A more individualised support aiming at identifying and addressing complex needs of persons lacking sufficient resources and their households can significantly contribute to their successful social and economic integration. A needs assessment is a prerequisite to conclude a tailor-made inclusion plan covering persons lacking sufficient resources of a given household (individually or jointly), determining the type of support needed and agreed objectives. The support should include suitably sequenced social inclusion measures or active labour market policy measures, depending on individual situation and the availability to work, while ensuring a balance between positive incentives and activation requirements¹⁹. The job integration agreements concluded in accordance with Council Recommendation on the integration of the long-term unemployed into the labour market²⁰ can also serve this purpose and, if needed, be adapted accordingly.

¹⁸ A voluntary European Quality Framework for Social Services, SPC/2010/10 final.

¹⁹ Evidence shows that more active job-search does lead to increased employment, while no evidence for a similar positive effect of tougher sanction rules on employment is found. See: OECD, Does Demanding Activation Work? A Comparative Analysis of the Effects of Unemployment Benefit Conditionality on Employment in 21 Advanced Economies, 1980–2012.

²⁰ Council Recommendation of 15 February 2016 on the integration of the long-term unemployed into the labour market (OJ C 67, 20.2.2016).

- (31) Effective governance mechanisms are key for delivering robust social safety nets. Administration of the benefits and services provision should take the advantage of the tools offered by the digital transition, while avoiding exclusion by digital divide. Efforts should be made to ensure close coordination and alignment of existing schemes and benefits, as well as their coordination with other policies. Particular attention needs to be paid to strengthening the operational capacity of all involved institutions. Data exchange and closer co-operation across different levels of governance and services, including through formal agreements or one-stop-shops, facilitate better-integrated support. Reliable monitoring and regular evaluating of policy impact, with the involvement of all stakeholders, can contribute to increased efficiency, informed policymaking and improved transparency of the national systems.
- (32) Civil society organisations often play an important complementary role in the fight against poverty and social exclusion. Their dedicated activities can support public authorities in the design and implementation of inclusion and activation policies. By providing both material and psychosocial support to the most vulnerable, civil society organisations contribute to restoring human dignity and supporting social inclusion, while guiding those who can work on the way to employment.
- (33) Mutual learning and exchange of best practices at Union level together with analytical work to further elaborate the existing Union benchmarking framework on minimum income, including through enhancing the availability and comparability of relevant indicators and data regularity should support Member States in the design and implementation of national reforms.

- (34) Union funds are available to support the implementation of this Recommendation. Within the European Social Fund Plus²¹, each Member States should allocate at least 25% of the European Social Fund Plus to combat social exclusion. The European Regional Development Fund and InvestEU can equally support investments in enabling social infrastructure, such as social housing and early childhood education and care, as well as equipment and access to quality services. The Technical Support Instrument and the Recovery and Resilience Facility already support Member States in designing and implementing structural reforms in the area of minimum income.
- (35) The implementation of this Recommendation cannot be used to lower the level of protection by existing national legislation or as spelled out in the Recommendation 92/441/EEC. Member States are invited to introduce or maintain more favourable provisions than those recommended herein.
- (36) The overall sustainability of public finances and the adequate funding of minimum income are essential for their resilience, efficiency and effectiveness. The implementation of this Recommendation should not significantly affect the financial equilibrium of Member States' social protection systems.

²¹ Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013, OJ L 231, 30.6.2021.

- (37) Distributional impact assessment (hereinafter ‘DIA’) is a useful tool to capture the impact of budgetary measures and other reforms and investments on different income groups, including on the most disadvantaged. Thus, DIA can contribute to a more efficient and effective design of tax and benefit reforms, ensuring that no one is left behind. A Commission Communication provides guidance to Member States on how best to embed DIA in their policy-making processes²².
- (38) This Recommendation is adopted with full respect to the Member States’ competences to define and organise their social protection system.

HAS ADOPTED THIS RECOMMENDATION

OBJECTIVE

- (1) With a view to ensure a life in dignity at all stages of life, this Recommendation aims at combatting poverty and social exclusion by promoting adequate income support, in particular by means of minimum income, effective access to enabling and essential services for persons lacking sufficient resources and fostering labour market integration of those who can work, in line with the active inclusion approach.

²² Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions ‘Better assessing the distributional impact of Member States’ policies’, (COM(2022) 494 final).

DEFINITIONS

- (2) For the purpose of this Recommendation, the following definitions apply:
- (a) ‘persons lacking sufficient resources’ means persons living in households with insufficient, irregular or uncertain monetary and material resources, which are indispensable for their health and well-being and for participating in the economic and social life;
 - (b) ‘income support’ means a total of all types of monetary benefits provided to the household and its members, including minimum income benefits;
 - (c) ‘minimum income’ means non-contributory and means-tested safety nets of last resort to persons lacking sufficient resources, operating within social protection systems;
 - (d) ‘coverage’ means the entitlement to participate in minimum income as defined in the national legislation;
 - (e) ‘take-up’ means the proportion of persons lacking sufficient resources entitled to participate in minimum income who actually take part in them;
 - (f) ‘enabling services’ means services targeting specific needs of persons lacking sufficient resources to ensure that they are able to integrate in society and, where relevant, into the labour market, including social inclusion services, for example social work, counselling, coaching, mentoring, psychological support, rehabilitation and other general enabling services, including early childhood education and care, healthcare, long term care, education and training, and housing;

- (g) 'essential services' include water, sanitation, energy, transport, financial services and digital communications;
- (h) 'effective access to services' means a situation in which relevant services are readily available, affordable, accessible, of good quality, provided in a timely manner and where the potential users have equal access to them, are aware of their existence, as well as of entitlements to use them;
- (i) 'inclusion plan' means an agreement or set of agreements concluded with persons lacking sufficient resources, aiming at fostering their social inclusion and, for those who can work, their labour market integration.

ADEQUACY OF INCOME SUPPORT

- (3) Member States are recommended to provide and, where necessary, strengthen robust social safety nets that guarantee life in dignity at all stages of life, combining adequate income support – through minimum income benefits and other accompanying monetary benefits - and in-kind benefits, giving effective access to enabling and essential services. The provision of in-kind benefits can support robust income support.
- (4) In order to ensure adequate income support, Member States are recommended to set the level of minimum income through a transparent and robust methodology defined in accordance with national law and involving relevant stakeholders. It is recommended that such methodology takes into account overall income sources, the specific needs and disadvantaged situations of the households, the income of a low-wage earner or a minimum wage earner, standards of living and purchasing power, price levels and their related developments and other relevant elements.

- (5) While safeguarding incentives to (re)integrate and remain in the labour market for those who can work, it is recommended that income support of persons lacking sufficient resources reaches a level which is at least equivalent to one of the following:
- (a) the national-at-risk-of poverty threshold; or
 - (b) the monetary value of necessary goods and services, including adequate nutrition, housing, healthcare and essential services, according to the national definitions; or
 - (c) other levels comparable to the levels referred to in point (a) or (b), established by national law or practice.
- (6) Member States are recommended to achieve gradually the adequate level of income support provided for in paragraph (5) by 2030 at the latest, while safeguarding the sustainability of public finances.
- (7) It is recommended that Member States regularly review and whenever relevant adjust the level of minimum income in order to maintain the adequacy of income support, while taking into account in-kind benefits.
- (8) With a view to promoting gender equality, income security and economic independence of women, young adults and persons with disabilities, it is recommended that Member States ensure a possibility to request the minimum income to be provided to individual members of the household.

COVERAGE OF MINIMUM INCOME

- (9) Member States are recommended to ensure that all persons, including young adults, lacking sufficient resources are covered by minimum income set by law, defining:
- (a) transparent and non-discriminatory eligibility criteria, safeguarding effective access to minimum income, regardless of the existence of permanent address, while ensuring that the length of legal residence is proportionate;
 - (b) means testing thresholds that reflect the standard of living in a Member State for different types and sizes of households and take into account the other types of incomes (and assets) of the household in a proportionate way;
 - (c) time needed to process the application, while ensuring that the decision is issued without unnecessary delay and in practice not later than 30 days from its submission;
 - (d) the continuity of access to minimum income as long as persons lacking sufficient resources comply with the eligibility criteria and conditions set by law, with a regular frequency of eligibility reviews, while providing access to specific and proportionate active inclusion measures for persons who can work.
 - (e) simple, rapid, impartial and free of charge complaint and appeal procedures, while ensuring that persons lacking sufficient resources are informed and have effective access to such procedures;
 - (f) measures that ensure social safety nets are responsive to various types of crises and able to effectively mitigate negative socio-economic consequences of such crises.

TAKE-UP OF MINIMUM INCOME

- (10) It is recommended that Member States encourage or facilitate full take-up of minimum income through:
- (a) reducing administrative burden, including through simplifying the application procedures and ensuring step-by-step guidance for those who need it, while paying attention to the availability of digital and non-digital tools;
 - (b) ensuring access to user-friendly, free of charge, and updated information on rights and obligations related to minimum income;
 - (c) reaching out to persons lacking sufficient resources to raise their awareness and facilitate the take-up, particularly of single-parent households, including through involving relevant stakeholders at national, regional and local level;
 - (d) taking steps to combat stigmatisation and unconscious bias attached to poverty and social exclusion;
 - (e) taking steps to improve or develop evaluation methodologies and assessing regularly the non-take-up of minimum income according to such methodologies and, where applicable, related labour market activation measures, identifying the barriers and put in place remedial actions.

ACCESS TO INCLUSIVE LABOUR MARKETS

- (11) With a view to promote high employment rates and inclusive labour markets, Member States are recommended, where relevant in cooperation with social partners, to ensure labour market activation, remove barriers to (re)enter and stay in employment, support people able to work in their pathways to quality employment, ensure incentives to work, tackle in-work poverty and labour market segmentation, incentivise formal employment, fight undeclared work and facilitate working opportunities, by:
- (a) ensuring that activation requirements provide sufficient incentives to (re)enter the labour market, while being gradual and proportionate; particular attention should be paid to young adults to direct them back into education, training or the labour market within the shortest time possible;
 - (b) improving investment in human capital through inclusive education and training policies, supporting upskilling and reskilling, particularly of those with low or outdated skills, including through cooperation with social partners;
 - (c) providing for the possibility to combine income support with earnings from work, a progressive phasing out of income support or retaining the right to income support during short or sporadic work, probation periods or traineeships;
 - (d) reviewing regularly the incentives and disincentives resulting from tax and benefit systems;
 - (e) supporting work opportunities in the social economy sector, including through the provision of practical working experience;
 - (f) facilitating transition to employment through offering measures to employers and employees, such as recruitment incentives, (post)placement support, mentoring, counselling, promoting job retention and advancement.

ACCESS TO ENABLING AND ESSENTIAL SERVICES

- (12) Member States are recommended to ensure:
- (a) effective and equal access to enabling services, including in accordance with quality principles defined in the Voluntary European Quality Framework for Social Services;
 - (b) safeguarding continuity of effective access to essential services, including energy;
 - (c) addressing financial and non-financial barriers to effective access to enabling and essential services.

INDIVIDUALISED SUPPORT

- (13) With a view to addressing diverse barriers of persons lacking sufficient resources to social inclusion and, for those who can work, to employment, Member States are recommended to develop an individualised approach and coordinate service provision, by:
- (a) carrying out a multi-dimensional needs assessment examining barriers to social inclusion and employment, identifying enabling and essential services necessary to address those barriers and determining the support needed; and

- (b) on that basis, not later than three months from accessing minimum income drawing an inclusion plan that should
 - (1) define joint objectives and timelines;
 - (2) outline a package of support tailored to individual needs, comprising active labour market measures and/or measures fostering social inclusion;
 - (3) assign a case manager or a single contact and service point who will ensure continuous support, organise timely referrals to relevant services and regularly oversee the progress in implementation of the inclusion plan;
- (c) for persons lacking sufficient resources who are long-term unemployed, reviewing and, where necessary, adapting the existing job integration agreement in accordance with Recommendation on the integration of the long-term unemployed into the labour market to complement it with elements of the inclusion plan referred to in point (b).

GOVERNANCE, MONITORING AND REPORTING

- (14) With a view of effective design and implementation of robust social safety nets at national, regional and local level, Member States are recommended to:
- (a) avoid gaps, overlaps and fragmentation of various benefits and schemes to provide for a coherent package of income support, activation measures and enabling services;
 - (b) strengthen the operational capacity of authorities in charge of income support, employment services and providers of enabling services and enhance their cooperation, including through data sharing and promoting further integrated service models;
 - (c) empower relevant stakeholders, such as regional and local authorities, social partners, civil society organisations and social economy actors, with a view to their effective participation in the design, implementation, monitoring and evaluation of minimum income schemes;
 - (d) ensure the adequate funding of social safety nets in a manner coherent with the overall sustainability of public finances.

(15) To better inform policy making, Member States are recommended to:

- (a) continuously monitor the implementation of income support policies, particularly minimum income, and related labour market activation measures, of access to services, including through improving the availability and quality of relevant data, disaggregated by sex, age and, where available, by disability, across all levels of governance and through carrying out regular evaluations, and make adjustments to achieve the objectives of this Recommendation in the most efficient way;
- (b) develop or enhance, while respecting data protection rules, mechanisms allowing to follow-up persons lacking sufficient resources with regards to their social inclusion or transition to employment;
- (c) inform at regular intervals the Commission on the set of measures taken or planned to implement this Recommendation building where relevant on existing national strategies, plans or reports including those submitted under existing reporting mechanisms, such as the Open Method of Coordination, the European Semester and other relevant EU programming and reporting mechanisms; the first report should include the results and recommendations of the evaluations referred to in point (a).

(16) The Council welcomes the Commission's intention to:

- (a) continue working jointly with Member States in the Social Protection Committee on the benchmarking framework on minimum income and enhance the availability and comparability of relevant indicators and data;
- (b) reinforce mutual learning and dissemination of results and good practices among Member States;
- (c) on the basis of the documents referred in paragraph 15, point (c) and within the Social Protection Committee, regularly review progress made in implementing this Recommendation, in close cooperation with the Employment Committee and the network of the Public Employment Services with regard to the access to inclusive labour markets, and prepare on triennial basis a joint report of the Commission and the Social Protection Committee on the progress made in implementing this Recommendation;

- (d) monitor progress in implementing this Recommendation in the context of the European Semester, including in cooperation with the Social Protection Committee.
- (e) 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 2030.

(17) Recommendation 92/441/EEC is replaced by this Recommendation.

Done at Brussels,

For the Council

The President
