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COVER NOTE

from: The Social Questions Working Party
to: Permanent Representatives Committee (Part I) / Council (EPSCO)
Subject: Moving towards more inclusive labour markets
- Adoption of draft Council conclusions

Delegations will find attached draft Council Conclusions on the above subject, as prepared by the Employment and Social Protection Committees.

These Conclusions were discussed by the Social Questions Working Party on 23 February 2015, where some technical modifications were made to the text.

The Committee is invited to consider the draft Conclusions with a view to forwarding them to the EPSCO Council for adoption at its meeting on 9 March 2015.

Moving towards more inclusive labour markets

Draft Council Conclusions

Considering that

1. Unemployment, especially long-term and youth unemployment, with their associated increase in poverty and social exclusion, have been exacerbated by the economic and financial crisis in Europe.
2. Employment continues to be the best route out of poverty and to ensure a decent living, but in-work poverty remains a challenge to be tackled in many Member States. Supporting the access to employment remains a significant challenge, particularly for people in disadvantaged or vulnerable situations such as young people, older workers, people with disabilities, people with a migrant background or the low-skilled.
3. While progress has been made, wide gender gaps prevail. Action was undertaken to foster female employment rates and to reconcile work and family life, but differing in scope and ambition across the EU. Access to affordable and quality childcare services and out-of school care, flexible working arrangements and adequate leave policies and supportive long-term care services continue to play a crucial role in sustaining female employment and helping men and women to reconcile work and family life. Labour market segregation can impede men and women to realise their full potential and lead to suboptimal matching of skills and jobs.
4. A better use of human capital through more inclusive labour markets would contribute to growth and social progress.

5. The Union "shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress and a high level protection (...). (...) It shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child. It shall promote economic, social and territorial cohesion, and solidarity among Member States".¹
6. The 2014 European Council Conclusions on the new Strategic Agenda for the Union in Times of Change call for the Union to "help ensure all our societies have their safety nets in place to accompany change and reverse inequalities, with social protection systems that are efficient, fair and fit for the future" and that "investing into human capital and the social fabric is also key to the long-term prosperity prospects for the European economy".
7. The Commission Communication on the Annual Growth Survey 2015² and the related Council Conclusions on political guidance on employment and social policies³ also stress the need for inclusive labour markets, as do the 2013 Council Conclusions "Towards social investment for growth and cohesion"⁴, the 2010 Council Conclusions on "Active Ageing"⁵, and the 2008 Council Conclusions on "Common active inclusion principles to combat poverty more effectively"⁶.
8. These conclusions take into consideration the outcomes of the EMCO-SPC Conference "Inclusive labour markets in the EU: the role of improved job quality and enhanced inclusion" of 3 and 4 February 2015, the results of the Peer Review on Flexicurity held in Denmark on 20-21 November 2014 and the Joint EC-OECD Seminar on "Job quality, labour market performance and well-being" of 27-28 November 2014.

¹ Article 3 of the Treaty on European Union.

² COM(2014) 902 final.

³ Reference to be added after March EPSCO.

⁴ 11487/13.

⁵ 9489/10.

⁶ 15984/08 + COR 1 + REV 1 COR 1 (hu) + REV 2 (lv).

The Council stresses that

9. The macroeconomic environment is crucial for establishing a sustainable and job-rich recovery. In the context of continued high unemployment, high levels of poverty and social exclusion, insufficient job creation, budgetary constraints and a significant drop in the level of investment across the EU, renewed attention needs to be put on ensuring a proper balance between the macroeconomic and inclusive growth objectives and on setting the context for a sustained increase in investment, as called for in the Commission's recent Investment Package.
10. The Europe 2020 Strategy is aimed at delivering inclusive growth and high levels of employment, and at reducing poverty and social exclusion. With this in mind, the inclusive growth agenda should aim to enable everyone to have opportunities, to obtain skills and be able to take up employment, education or training, and to ensure that all people can benefit from adequate social protection when exposed to different risks across their lifecycle.
11. Most definitions of inclusive labour markets have something in common – they encompass a joint belief that increasing labour market participation is decisive for a better standard of living of Europeans in the long run. It is equally essential to maintain the adequacy and sustainability of social protection systems.
12. While the specific situations within Member States, and their different labour markets and structures of social protection systems need to be taken into consideration, there are some important common elements:
 - Employment is the best tool for ensuring social inclusion. Living in jobless or quasi-jobless households and/or being long-term unemployed does have long-lasting negative effects for the individual as well as for the economy.

- There is a need to prevent and reduce long-term unemployment and make labour markets more inclusive through further reforms, in particular by improving the efficiency of public employment services, the effectiveness of activation measures including linking activation and social assistance and enabling services, and through social entrepreneurship.
- It is necessary to implement effective measures to combat discrimination based on sex, race or ethnic origin, religion or belief, disability, age or sexual orientation.
- Social investment through investing in human capital and skills required by the labour market and in effective education and training systems plays an important role.
- The unemployed are not a homogenous group and therefore an individualised approach, with tailored labour market measures, is important. Social and health problems need to be tackled in order to ensure subsequent successful labour market integration.
- A flexicurity-based approach to labour market policy⁷ can help deliver on inclusive labour markets, which are an essential element of sustainable and competitive economies. Segmentation and the use of involuntary flexible contracts have to be tackled in an effective way.
- Job quality has a particularly important role to play, encompassing adequate earnings, training opportunities and access to lifelong learning, the possibility for career progression, measures to improve work-life balance, the quality of the work environment and safe transitions between jobs and back into work for those losing their job. Tackling undeclared work will contribute to improved job quality.

⁷ 15497/07.

- Wages are a crucial element of job quality and workers' well-being, and in encouraging labour market participation. Further reforms to tax and benefit systems can encourage the employment of disadvantaged and excluded groups, while ensuring effective social protection. In-work poverty, often due to insufficient wages or insufficient hours worked, has increased in many Member States, and should be monitored and addressed in close cooperation with social partners.
- Reducing financial disincentives for second earners; ensuring affordable, quality care for children and elderly dependants that meets the needs of users and allows a balanced sharing of family responsibilities; tackling the gender pay gap; and taking measures to improve work/life balance such as flexible working time arrangements, can all make a real difference in addressing women's under-representation in the labour market.
- Well-designed social protection systems provide effective support for participation in labour markets and society, and help to prevent and reduce poverty and social exclusion in a proactive way. Reforms in this area need to ensure an adequate link between unemployment benefits and minimum income schemes, and activating and enabling services, including targeted support for persons in vulnerable situations and those with care duties.
- In the context of an ageing society, measures related to prevention, rehabilitation, accessibility and independent living become increasingly important to help older persons stay active as long as possible and not become dependent on care services⁸.
- Measures aimed at supporting labour market integration need to be timely, effective and efficient; for this, monitoring and evaluation is the key.

⁸ See 2014 EC-SPC report on "Adequate social protection for long-term care needs in an ageing society".

Invites the Member States

13. To continue efforts in encouraging well-functioning and inclusive labour markets and to give increased attention to the design and implementation of active inclusion strategies in the context of the modernisation of social protection systems and according to the principles outlined in the 2008 European Commission recommendation on active inclusion⁹, and in line with the priorities outlined above.
14. To design these strategies in a comprehensive and integrated way, combining adequate income support, which does not result in unemployment/inactivity traps, active labour market policies and access to quality enabling services, focused on early intervention and prevention for those at risk of becoming long-term unemployed.
15. To focus attention on the different aspects of job quality, in particular pay and benefits, working conditions, work-life balance, health and safety, access to vocational education and training and lifelong learning services and career prospects, as well as access to adequate coverage of social protection.
16. To promote coordination between employment and social services in order to ensure an integrated activation, benefits and service delivery, for instance through one-stop shops.
17. To create favourable conditions for assisted working environments employing those facing complex barriers, including for work integration social enterprises, and to address workplace discrimination by encouraging employers to offer reconciliation measures, adapted workplaces, and training programmes for up-skilling.
18. To pursue impact assessments of support measures including looking at the different longer-term labour market outcomes.

⁹ COM(2008/867/EC).

19. To exploit in the most effective way the use of the European Social Fund (ESF) for implementing effective active inclusion strategies.
20. To continue and reinforce the sharing of good practice, in order to promote new and innovative ways of addressing their challenges.

Invites the European Commission

21. To continue assessing and monitoring the implementation of inclusive labour market policies in the framework of the European Semester, including the link between income support, enabling services, and activation and tackling long-term unemployment.
22. To (continue to) encourage mutual learning among Member States.
23. To feed into the discussions on aspects of job quality, including by enhancing the analytical underpinnings of the discussion.
24. To provide financial support for measures to improve the inclusiveness of labour markets through the ESF and the European Union Programme for Employment and Social Innovation (EaSI) with a focus on improving labour-market integration of disadvantaged groups.

Invites the Member States and the European Commission

25. To work together and with social partners, within their respective competences, towards delivering inclusive labour markets.
26. To better involve social partners and civil society in discussions on how to improve job quality and ensure sustainable labour market inclusion while taking due account of job demand.

Invites the Employment Committee and the Social Protection Committee

27. To continue thematic and country-specific multilateral surveillance work, carried out jointly where appropriate, in order to enhance cross-examination of performance and policies along the lines of recent work in both committees.

Invites the Social Protection Committee

28. To continue the joint work with the European Commission on the pilot project on developing reference budgets.
