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From:	The Social Protection Committee
To:	Permanent Representatives Committee (Part 1)/Council
Subject:	Key messages from the Joint Social Protection Committee and European Commission Report on Minimum Income - Endorsement

Delegations will find attached the key messages from the Joint Social Protection Committee and European Commission Report on Minimum Income, with a view to their endorsement by the Council on 17 October 2022.

The full Report can be found in doc. 13051/22 ADD 1.

*Key Messages from the Joint Social Protection Committee–European
Commission Report on Minimum Income*

KEY MESSAGES

Principle 14 of the European Pillar of Social Rights ⁽¹⁾ relates to the right to minimum income (MI) and stresses 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’*. Member States design and implement national provisions ensuring minimum income protection. The EU supports Member States’ efforts to ensure a high level of social protection, including adequate minimum income schemes at all stages of life. At the same time, it should be emphasized that Member States’ systems vary considerably, depending on their socio-economic circumstances, as well as historical background.

In 2020, the Council of the European Union ⁽²⁾ reflected upon the importance of strengthening minimum income protection and acknowledged that minimum income protection, accompanied by activation and social inclusion services, plays a vital role in mitigating the risk of poverty and social exclusion. The Council also invited the European Commission and the Social Protection Committee (SPC) to *‘prepare periodically a joint report to analyse and review progress achieved in the development of minimum income protection in the Member States, building on the benchmarking framework for minimum income protection established at EU level.’* The report was prepared during 2022 and highlights the following items.

¹ Commission Recommendation of 26.4.2017 on the European Pillar of Social Rights, C(2017) 2600 final.

² Council of the European Union (2020), Council conclusions on strengthening minimum income protection to combat poverty and social exclusion in the COVID-19 pandemic and beyond (<https://www.consilium.europa.eu/en/press/press-releases/2020/10/12/strengthening-minimum-income-protection-in-the-covid-19-pandemic-and-beyond-council-adopts-conclusions>).

1. **Minimum income schemes are non-contributory, means-tested schemes** that provide a last-resort safety net for people who have insufficient means for ensuring a life in dignity. Effective minimum income schemes are not only about the adequacy of benefits, but also include the delivery of inclusive labour market (LM) policies and access to high-quality social inclusion services. With efficient design and integration of the three strands, they provide a springboard for activation and social inclusion. Minimum income schemes are part of national social protection systems and they play an important role in reducing and preventing poverty, social exclusion, inequality and social insecurity. To assess adequate income for those lacking sufficient resources, one also needs to contextualise minimum income benefits with various sets of complementary available income sources (including other benefits and income from work).
2. **While poverty or social exclusion declined over the past decade, achieving the EU target of a reduction of at least by 15 million people at risk of poverty (AROP) or social exclusion in the EU by 2030 will require more efforts.** The various megatrends at play – such as the green and digital transitions, demographic developments or growing polarisation in the labour market may create further risks for lower-income households, hence also putting pressure on the design of the minimum income schemes to ensure that everybody is protected. In addition, the COVID-19 crisis has highlighted their key role in the capacity and effectiveness of social protection systems to cope with economic shocks.
3. **Over the past decade, the income of quasi-jobless households has been lagging behind general income improvements, while there has been progress in some non-monetary dimensions.** The risk of poverty among quasi-jobless households has increased in almost two thirds of Member States since 2008, in a context where the at risk of poverty gap remained broadly constant and the impact of transfers on poverty slightly declined. Yet, the coverage of income support moderately increased. On the positive side, material and social deprivation (MSD) has declined, along with the gaps in unmet needs for medical examination or housing cost overburden. For most of these dimensions, some convergence between Member States has been observed over the past decade.

4. **Countries with higher coverage (benefit recipient rates) generally also show lower depth of poverty (at risk of poverty gaps). Countries with higher coverage also have more adequate benefits.** While other factors also have an impact, this underlines the importance of access to minimum income benefits in addressing poverty, in line with the Active Inclusion approach and clearly relates to the impact of eligibility rules on the coverage of minimum income benefits and the level of actual take-up of benefits.
5. **While minimum income schemes are in place in all Member States, their adequacy varies considerably, ranging between around 20 % and 100 % of the poverty threshold.** The adequacy of minimum income benefits ⁽³⁾ has remained almost unchanged on average in the EU in the last decade (in spite of a slight improvement in the recent years). Some convergence has been observed, in particular due to new schemes introduced in some Member States as well as reforms in other Member States aimed at improving the existing schemes. On the other hand, some significant deterioration in terms of adequacy (such as declines by at least 10 percentage points or p.p.) took place since 2009 in some Member States where rates were below the EU on average.
6. **The adequacy of minimum income benefits varies depending on household types** and is generally higher for single-parent households with one child or couples with two children than for singles. This also reflects the impact of other benefits, such as child benefits that cover the extra costs of raising children. Depending on the design of the social welfare systems of the Member States, a number of additional benefits are generally associated with the receipt of minimum income benefits. Some of them represent further monetary support, but others are provided in kind and their availability needs to be taken into account when assessing the effectiveness of individual national systems in keeping people out of poverty.

³ As measured by the overall income available to minimum income beneficiaries, including minimum income benefits and available complementary benefits.

7. **Access to minimum income depends on various eligibility criteria**, in particular age, residence, income and assets test and having exhausted rights to other benefits. Among these, household-level means testing is used as a primary tool to identify those eligible for minimum income support. The design of means testing and other eligibility conditions – particularly age and residence - varies among the various schemes, potentially disproportionately affecting access to income support for certain population groups.
8. **The receipt of benefits is generally conditional on complying with certain activation requirements**, such as registering at the public employment services (PES), participating in active labour market programmes (including public or community works) and in active job searching. While such requirements can contribute to the integration of the beneficiaries to the labour market, excessive requirements and sanctions in case of non-compliance or burdensome granting procedures might deter potential beneficiaries from applying for the schemes. Fairness in the enforcement of sanctions, requires that adequate support and enabling services are available and are accessible.
9. **Various socioeconomic groups benefit from the schemes** and fulfil the means test criteria, such as people with low skill levels and suffering from various forms of social exclusion. Other groups suffer from higher risks of low access across countries, such as young people, people living alone, single parents, migrants, Roma and the homeless.
10. **While systematic monitoring of non-take-up of minimum income schemes appears to be sporadic across the Member States, estimates available in some Member States⁴ show that non-take-up of minimum income is high, at around 30 % to 50 % of the eligible population.** This may be explained by various factors, such as limited information, perception of stigma, strict eligibility criteria and in particular the complexity of administrative procedures linked to the conditions tied to a benefit receipt.

⁴ Based on survey data and microsimulation.

11. **Facilitating labour market participation is an important element of minimum income schemes.** Activation requirements are generally combined with monetary incentives to ensure that work pays and active labour market policy provision (ALMPS) provisions to ease the transition to the labour market. Available estimates highlight that the effect of monetary incentives on labour market participation is generally not significant for minimum income beneficiaries and that beneficiaries often face other barriers (such as low skill levels, health limitations, lack of access to enabling services, discrimination or other social exclusion barriers) that can have a stronger impact on their accessing the labour market. However, the participation of minimum income beneficiaries in active labour market policy measures appears to be low and often limited to involvement in community or public work activities.
12. **The assessment of employability of beneficiaries is generally carried out with a view to identifying main barriers or personal needs.** While such needs assessments usually lead to the development of individualised action plans to deliver an appropriate mix of social and active labour market services, there is still room to improve these practices to better reflect the beneficiaries' needs and enhance coordination in the provision of relevant services.
13. **The governance of the minimum income schemes shows various multiple-level structures,** depending on the way the minimum income schemes are embedded into the design of national social protection systems. Most Member States regulate minimum income schemes at the national level, while services are organised at the local level. There is a wide variation regarding the sharing of responsibilities among various levels and bodies in terms of financing and implementation. Coordination with bodies offering other complementary benefits and services also appears to be a challenge in many instances. .

14. **Slightly more than half of the Member States have regular monitoring mechanisms in place, while in others such practices have yet to be established.** The main challenges appear to relate to insufficient cooperation between different entities, which is often exacerbated by legal and technical barriers for data management. Data is usually collected for the purpose of benefit provision, however, this information does not feed into a monitoring system to provide input to regular evaluation of the schemes and feedback to policy development. In this context, it is important to ensure robust monitoring and evaluation of governance frameworks (with high-quality statistical data and indicators), ensuring the participation of all relevant stakeholders.

In light of these elements, the Social Protection Committee (SPC) considers that further efforts will be needed to implement principle 14 of the European Pillar of Social Rights in coordination with other relevant principles. Taking into consideration the national circumstances, the EU should continue to support national efforts to ensure adequate minimum income schemes, also in conjunction with the Council Recommendation on the integration of the long-term unemployed into the labour market.

The benchmarking framework on minimum income has provided a valuable basis for elaborating this report. It will be useful to update it regularly taking into account interactions with other benefits and review potential areas for further expansion in different dimensions (such as eligibility criteria, access to services and labour market transitions and incentives).

Minimum income schemes require continuous monitoring and analysis, particularly given the changes and developments in the socioeconomic context (impact of the pandemic and of the Russian war against Ukraine, developments on the labour market and the green and digital transitions). In this context, Member States can benefit from the support of EU funds (such as the European Social Fund Plus or the Recovery and Resilience Facility) and minimum income schemes should remain a focus of the European Semester. The SPC and the Commission should periodically prepare a joint report to analyse and review progress achieved in the development of minimum income protection in the Member States, building on the benchmarking framework on minimum income protection, established at EU level and further input from the Member States.