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Response to second-stage consultation of social partners on Commission Communication on the active inclusion of people furthest from the labour market

INTRODUCTION

On 17 October 2007 the European Commission adopted a Communication on modernising social protection for greater social justice and economic cohesion: active inclusion of people furthest from the labour market. This was based on responses to a consultation launched in early 2006.

In accordance with article 138 (3) of the EC Treaty, social partners have been invited to express their views on the approach outlined in the Communication, regarding:

The proposed instrument: deepening the OMC in the active inclusion area through the adoption of common principles and their subsequent monitoring and evaluation;

The content of common principles: sufficient resources, inclusive labour markets and access to quality services

The supporting EU framework: Monitoring and evaluation.

Social partners have also been invited to make comments regarding follow-up work to their work programme for 2006 – 2008, in particular on the joint analysis on the key challenges facing Europe's labour markets.

GENERAL COMMENTS

1. BUSINESSEUROPE supports the Commission's holistic approach providing pathways towards employment for those who can work and a life in dignity for those who cannot. We therefore support action at EU level to encourage active inclusion of people furthest from the labour market, as long as this is non-legislative. A deepening of the Open Method of Coordination, including the elaboration of common principles, is the most suitable method for action in this area, as it provides for the setting of common EU objectives, whilst safeguarding the principle of subsidiarity and the autonomy of the social partners. The common principles should be used to guide member states in exchanging experience and best practice, but should not be prescriptive. Issues such as defining levels of income support and establishing social assistance and services require a national answer.

2. BUSINESSEUROPE is committed to mobilising the full potential of the labour market. Inclusive labour markets are of paramount importance to employers, to provide the workforce that they need and to increase employment across the EU. Active inclusion of those furthest from the labour market is an important part of flexicurity, in terms of removing the obstacles to creating new jobs and assisting workers to grasp employment opportunities. The elaboration of common principles on active inclusion should be closely coordinated with progress on the Lisbon strategy, to create more jobs and growth. The EU's role is to provide the framework for member states to take forward reform efforts in consultation with social partners, tailored to their national situation.

3. As highlighted in its first-stage consultation response, BUSINESSEUROPE reiterates that the key to safeguarding against social exclusion is labour market integration. The best way to ensure that individuals are not socially excluded is to provide opportunities for them to move from social benefits into a job. We are pleased to note that the link to labour market integration is highlighted in the Communication, rather than an overemphasis on minimum income schemes.

4. The social partners will also undertake joint work as follow-up to their analysis on the key challenges facing Europe's labour markets.

SPECIFIC COMMENTS

- On the proposed instrument

5. BUSINESSEUROPE supports the Commission's proposed use of the OMC as the appropriate tool for action on active inclusion, as it provides a framework for the elaboration of common EU objectives, whilst giving due consideration to differences between the member states and their prerogatives in this area.

6. In principle we support a deepening of the OMC through the adoption of common principles in the area of active inclusion, as long as they positively support member states in their efforts to reform policies in this field and do not lead to legislation. Common principles should be broad in nature, forming a framework of collaboration between the member states; they should not be prescriptive nor lead to a bureaucratic process. A Recommendation would be a suitable way to detail and adopt the common principles, followed by monitoring and evaluation. BUSINESSEUROPE requests to be consulted on the content of this Recommendation.

- On the content of common principles

7. The Commission proposes common principles on sufficient resources, inclusive labour markets and access to quality services. BUSINESSEUROPE recognises that these are the main elements of social inclusion policies and therefore supports the development of common principles along these lines. We are pleased to note that there is a better balance between minimum income schemes, better access to services and the link to the labour market. The latter provides most scope for EU-level added value.

8. Income support sufficient to avoid social exclusion (Section 4.1 of the Communication)

BUSINESSEUROPE recognises the right to sufficient income support and its role in avoiding social exclusion, particularly in ensuring a life in dignity for those who are not capable of working. As outlined in the Communication, for those who are capable, this right must be subject to active availability for work or training, so that all people of working age actively participate on the labour market. In this respect, we reiterate the importance of incentives and support for people to move from social benefits to work. This should form part of an active labour market policy and is therefore linked to flexicurity. Income support and the systems that deliver it vary a great deal between member states and are very much a national prerogative. Therefore we reemphasise the need to avoid prescriptive EU-level principles. We request clarification from the Commission on the reference to appropriate indicators on the amount of resources and arrangements for periodic review of these amounts. If the intention is to develop common principles with respect to the amount of resources, BUSINESSEUROPE would be strongly opposed, as it would allow for minimum income levels to be set at EU level rather than by the member states.

9. Link to the labour market (Section 4.2 of the Communication)

Labour market integration is the best tool to fight against social exclusion, encouraging those on social benefits to move into work. This not only helps in increasing employment, but also has a positive influence on the economy, in line with the EU strategy on jobs and growth and the EU employment guidelines. An efficiently functioning economy is necessary to support social provisions and therefore increase social justice. This is of increasing importance as the working-age population declines in comparison with the population in retirement, placing a strain on public finances. In order to increase active inclusion, existing barriers to full participation in the labour market need to be broken down through demand and supply side measures. As part of the flexicurity approach, employers need the facility to hire people, through support and incentives, and an available workforce with the relevant skills and training. Indirect labour costs, in particular for low-skilled workers, must be reduced and flexibility in working arrangements is necessary. In addition, member states should take steps to modernise their social protection systems to help provide job seekers with incentives and ensure conditionality of benefits.

10. Although the social economy may be able to assist in some particularly difficult cases, other policies are better adapted to increasing demand on the labour market to create new jobs. The expansion of the social economy could lead to artificial jobs. Therefore its use must be restricted to those cases where it is a stepping stone to the normal economy and based on concrete labour market needs.

11. Link to better access to quality services (Section 4.3 of the Communication)

We fully support access to affordable, quality services, in order to assist people in participating fully in the labour market. As highlighted in the Communication, the focus in relation to active inclusion should be on social services of general interest. Some services may provide direct support for integration into the workforce, but also, in a more holistic way, others may help in complementing this process, such as social security schemes and health services. It is therefore critical that cost-effectiveness and efficiency is improved, through modernisation of the services themselves as well as the methods of delivery.



Social services of general interest are a member-state prerogative, and differ greatly across the EU. It is therefore up to governments, with the involvement of social partners, to decide how such services should be provided in their member state; there is a role for both public and private bodies in this respect.

We therefore urge the Commission to move away from defining the quality of services in terms of user involvement, working conditions etc, as this could interfere in the organisation of services by member states. BUSINESSEUROPE supports the Commission's pragmatic approach not to bring forward legislation regarding social services of general interest, as highlighted in the companion document to the final report on the single market review.

- On the supporting EU framework

12. BUSINESSEUROPE welcomes the future monitoring and evaluation of the common principles. This is important given the dynamic nature of this policy area and should ensure that the principles are not prescriptive, rather that they are adaptable to different situations in each member state.

13. Social partners at national level are also involved in initiatives aiming at the integration of disadvantaged groups on the labour market. In this respect measures to promote job retention are of great importance.