

Homelessness in European Employment Policies

FEANTSA Background Paper

This paper provides a brief introduction to European employment policies and tools. It aims to identify some of the key initiatives at European level in the field of employment that are or may become relevant from a homelessness perspective. This paper complements and substitutes the existing older version of a background paper on European employment policies, which is available on the FEANTSA website ([EN](#)).

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1. European Employment Strategy

1.1. Historical context

In 1997, the [European Employment Strategy](#) was launched (Luxembourg Jobs Summit/ Amsterdam Treaty). The idea was to develop the co-ordination and convergence of employment policies in Europe in order to tackle the persistent unemployment levels in many Member States and to be equipped to deal with macroeconomic shocks. Due to the ongoing process of macroeconomic integration, including the European Monetary Union, there was the understanding that structural problems in the labour market of one country would diminish its economic performance and therefore have a negative impact on the economies of other European countries and the European Union in general.

Although the **Amsterdam Treaty** did not change the principle that the Member States have the sole competence for employment policies, it gave the European Institutions, including the European Commission, new tasks and tools in the area of employment.

These tools included: yearly Joint Employment Report, adoption of Employment Guidelines, National Action Plans for Employment etc. The EES also initiated a new working method at EU level in order to take action in a policy field where there is no direct legal basis for the EU; the '**Open-Method of Co-ordination**' (see box).

Open method of coordination (OMC)

For policy areas where the European Union cannot adopt European legislation (i.e. areas which remain the responsibility of national governments), there are soft law methods which are used to promote cooperation between EU countries. The Open Method of Coordination (OMC) is one of these soft law methods. The OMC provides a new framework for cooperation between the Member States, whose national policies can thus be directed towards certain common objectives. Under this intergovernmental method, the Member States are evaluated by one another (peer pressure), with the Commission's role being limited to monitoring and facilitating. The European Parliament and the Court of Justice play virtually no part in the OMC process. The OMC is used in policy areas which are developed at national level such as **employment**, social protection, social inclusion, education, youth, vocational training.

These are based principally on:

- jointly identifying and defining objectives to be achieved (adopted by the Council);
- jointly established measuring instruments (statistics, indicators, guidelines);
- benchmarking, i.e. comparison of the Member States' performance and exchange of best practices (monitored by the Commission).

Lisbon Strategy: In its history, the EES underwent several reviews: In **2000**, the **EES became a component of the overall EU strategy, the 'Lisbon Strategy'** with its strategic goal for the next decade "to become the most competitive knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion."

1.2. Revamp in 2005 – the EES in its current form

In 2005, the EES was revised as part of the refocusing of the Lisbon strategy on "Jobs and Growth". Its key objectives are: full employment; job quality; labour productivity and social cohesion.

Its main components are:

- a. Integrated employment guidelines
- b. National Reform Programmes
- c. Joint Employment Report and Country specific recommendations
- d. Employment committee
- e. Mutual-Learning-Programme.

a) Integrated Employment Guidelines

Following a proposal from the Commission, the European Council agrees every year on a series of guidelines setting out common priorities for Member States' employment policies.

In **July 2005**, the Council issued its **guidelines for the employment policies of the Member States**. In particular Guideline no. 19 is interesting from a homelessness perspective. The guidelines have not been amended since 2005. However, in December 2008, the European Commission published a proposal for COUNCIL DECISION on guidelines for the employment policies of the Member States 2008-2010. While the employment guidelines as such have not changed in this draft, **the texts explaining each guideline have been amended.** [Employment Guidelines \(2008\)](#)

Employment Guidelines

- Guideline No 17: Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion
- Guideline No 18: Promote a lifecycle approach to work
- **Guideline No 19: Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive**
- Guideline No 20: Improve matching of labour market needs
- Guideline No 21: Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners
- Guideline No 22: Ensure employment-friendly labour cost developments and wage-setting mechanisms
- Guideline No 23: Expand and improve investment in human capital
- Guideline No 24: Adapt education and training systems in response to new competence requirements

b) National Reform Programmes

Every Member State draws up a National Reform Programme which describes how the Employment Guidelines are put into practice at national level. The NRPs are for three years, but they are meant to be updated and amended every year (Implementation Reports of the NRP). They present the progress achieved in the Member State over the last 12 months and the measures planned for the coming 12 months. The National Reform Programmes are both reporting and planning documents.

The Commission assesses these National Reform Programmes and presents a summary of the analysis in the Joint Employment Report. In addition, the Commission has the possibility to issue specific recommendations for each country. (See under c.)

State of Play:

Member States submitted their [Action Plans and Updates of the National Reform Programmes \(2008-2010\)](#) in autumn 2008.

c) Joint Employment Report/ Annual Progress Report and Country specific recommendations

The **Joint Employment Report** is part of a larger report, the **European Annual Progress Report**. The Annual Progress Report deals with the three pillars of the Lisbon Strategy, namely macroeconomic level, microeconomic level and employment (Joint Employment Report).

The Joint Employment Report is the report that deals with the implementation of the employment guidelines/ the National Reform Programmes on employment and is adopted by the European Commission. In addition to the general evaluation of the NRPs, the Commission prepares an assessment of all country reports and has the possibility to issue Country specific recommendations.

State of Play:

On 28 January 2009, the European Commission issued its [detailed analysis of the National Reform Programmes](#). This analysis includes a number of country specific recommendations.

The [Joint employment report 2008/2009](#) was adopted on 9 March 2009. It evaluates the employment situation in the different MS. Concerning disadvantaged groups, it highlights:

"The current economic context reinforces the need for efficient and effective, but especially integrated, flexicurity approaches in all Member States. People outside and at the margin of the labour market will be the first and hardest hit. Active inclusion policies and activation policies including labour market training will become more essential to avoid the long-term and persistent unemployment that may otherwise follow. Intervention should therefore focus on high-risk groups; the vulnerable, low-skilled and other disadvantaged people. Public employment services will be at the forefront of confronting rising unemployment and need to be better equipped to do so. Adequate social protection systems that at the same time provide incentives to work are necessary to smooth transitions and keep up consumer demand."

d) Employment committee (EMCO)

The Employment Committee plays an important role in the development of the European Employment Strategy. It consists of high level civil servants, (usually) from the Employment Ministries of the different Member States. The committee formulates Opinions at the request either of the Council or the Commission or on its own initiative. In addition, the Council Presidencies often request the Committee to prepare Employment and Social Policy, Health and Consumer Affairs Council discussions by submitting an Opinion on a certain matter.

In fulfilling its mandate, the Committee is obliged by the Treaty to consult and meet with the Social Partners at EU level to discuss issues of mutual interest. Furthermore, the Committee has developed close working relations with the Economic Policy Committee, the Social Protection Committee and with the Education Committee. The Committee participates in the Macroeconomic Dialogue (the Cologne process) both at the technical and the political level. The Employment Committee also agrees on the European employment indicators on an annual basis. For this a Employment Committee's working group on Indicators (Indicators sub-group) assists the EMCO on the selection and

development of indicators required to monitor the Employment Guidelines. The Commission (DG Employment) and the Member States work together in this Indicators group.

The indicators are grouped around the employment guidelines and divided between analysis and monitoring indicators.

List of current members of the [employment committee](#)

e) Indicators sub-group

The indicators sub-group is a working group of the Employment Committee. It assists the EMCO in selecting and developing indicators required to monitor the European Employment Guidelines. The Commission (DG Employment) and the Member States are working together in this Indicators group.

The indicators are grouped around the employment guidelines and divided between analysis and monitoring indicators. For Guidelines 19, monitoring indicators include the long-term unemployment rate, the number of participants in activation initiatives etc. Analysis indicators for Guideline 19 look at inflow into long-term unemployment, activation of registered unemployed, public spending on labour market activation programmes etc.

[Full list of indicators as of June 2008](#)

List of members of the [indicators sub-group](#)

f) Mutual Learning Programme

The Mutual Learning Programme is a relatively new part of the EES and has been launched in mid 2004. It incorporates the former Peer Review Programme (launched in 1999).

Its **main objectives** are to encourage mutual learning between the different levels (European, national, regional, local) and to disseminate the knowledge gained through the programme to a wide range of stakeholders.

- **Thematic Review seminars** at EU-level on key challenges or policy priorities, one each semester.
- **Peer Review meetings** in individual Member States, focusing on specific policies and measures within the broad policy priority. Participation in these peer reviews is restricted to one governmental and one independent expert per participating country.
- **Follow-up and dissemination activities** to involve a broader group of national stakeholders and further the co-operation and exchange of good practices between Member States.

More information: <http://www.mutual-learning-employment.net/>

2. Employment and Homelessness in European Social Inclusion Policies

2.1. Active Inclusion and Minimum Income

In **1992** the European Council adopted an agreement to lay down **common criteria on** “*sufficient resources and social assistance in social protection systems*”. Member States were recommended “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”.

The Commission did not follow-up with any new initiatives in this field for a long time. In 2006, the Commission issued a Communication “**Concerning a consultation on action at EU level to promote the active inclusion of the people furthest from the labour market**”. ([EN/FR/ ES](#))

This first “Active Inclusion Communication” was then followed by a second consultation in 2008, called [Modernising social protection for greater social justice and economic cohesion: taking forward the active inclusion of people furthest from the labour market](#).

“Active inclusion” means a shift from purely passive support measures such as “minimum income” to a more active approach. The concept of “**active inclusion**” is based on three main pillars, namely:

- A **link to the labour market** through job opportunities or vocational training;
- **Income support** at a level that is sufficient for people to have a dignified life; and
- **Better access to services** that may help some individuals and their families in entering mainstream society, supporting their re-insertion into employment (through, for instance, counselling, healthcare, child-care, lifelong learning, ICT training, psychological and social rehabilitation and more broadly, adequate public transport and social housing facilities).

State of Play:

After these consultations, the Commission has issued a **Recommendation on Active Inclusion** on 3 October 2009. A recommendation is a slightly stronger instrument than a Communication because it is an actual legal measure (although it is the weakest legal measure that the Commission has). It puts forward a number of common principles to help guide EU countries define policies for 'active inclusion' of people excluded from the labour market. The common principles represent a voluntary framework for Member States when designing their policies.

[Recommendation on Active Inclusion](#)

[Explanatory Communication on the recommendation on active inclusion](#)

In response to the recommendation, Jean Lambert, MEP from the UK, is currently drafting a European Parliament report on active inclusion. This report is expected to be voted in plenary in May 2009.

[Draft Report](#)

[Draft Report with amendments](#)

The Social Protection Committee (high level civil servants from the Social Affairs Ministries) has created a working group on Active Inclusion. The role of this working group will be to agree on the timing and the framework for reporting and monitoring the implementation of the recommendation.

2.2. Peer Review Programme – European Strategy on Social Protection and Social Inclusion

One of the aims of the Social Protection Social Inclusion Process is to develop a mutual learning process involving the scrutiny of specific policies, programmes or institutional arrangements presented as good practice in the [National Action Plans on Social Inclusion](#).

Peer Reviews seminars encourage the dissemination of good practice across Member States by assessing the effectiveness of key policies or institutions. In each seminar, the experience of the host country in a particular area is confronted with the comments and critical analysis of peer countries. It can serve as a useful tool to Member States to help them in the design and implementation of more effective policies. It should also contribute to the dialogue with stakeholders such as social partners and NGOs and where appropriate, people experiencing poverty and social exclusion.

FEANTSA participated as an official stakeholder in a Peer Review on the [Minimum Income Scheme in Belgium \(2005\)](#) and the [Social Economy in Belgium \(2008\)](#).

General information about previous peer review seminars: <http://www.peer-review-social-inclusion.net/>

State of Play: In 2009, one of the peer reviews will be about the City Strategy for tackling unemployment and child poverty in the UK. The City Strategy is testing how best to combine the work of government agencies, local government and the private and voluntary sectors in concerted local partnership to provide the support jobless people need to find and progress in work.

The Peer Review seminar will take place on 6- 7 July 2009.

Participating countries: Austria - Bulgaria - Czech Republic - France - Greece - Latvia - Lithuania - Norway - Portugal - Serbia

2.3. Financial inclusion and access to a basic bank account

The European Commission has identified financial inclusion as an important topic at EU level. It argues that financial exclusion is an important barrier to the internal market in the EU and that access to basic financial services has become a necessary precondition for participating fully in the economic and social life of a modern society. The [annex to the Single Market Review](#), SEC(2007)1520,

published in November 2007 announced that '...reflection should progress on how to ensure that, by a certain date nobody is denied access to a basic bank account.'

To better understand the extent of financial exclusion in the EU, the European Commission had commissioned a study on financial exclusion in 2007/2008. This study shows that a considerable number of people do not have access to a basic bank account in the European Union. A basic bank account is to be understood as a bank account which includes services like making and receiving electronic payments for goods and services (e.g. transfers, direct debits, standing orders) and making withdrawals, but excludes any overdraft facility.

State of Play

As a follow-up of this study, the Commission has launched a public consultation on how financial inclusion can be improved and, more specifically, how to ensure that by a certain date every EU citizen or resident has access to a basic bank account.

[Consultation background document – financial inclusion](#)

[FEANTSA response to this consultation](#)

3. Employment and Homelessness – Other Commission initiatives

3.1. New Skills for New Jobs

In response to the economic and financial crisis, the European Commission launched the European Economic Recovery Plan in November 2009. The [New Skills for New Jobs strategy](#) is part of this plan. With the strategy the Commission wants to encourage Member States to invest into training and education and tools to better anticipate what will be the skills requirements for the workforce in the future.

The New Skills for New Jobs strategy consists of four strands:

- Monitoring of short-term trends in the European labour market and the development of tools and services to address skills mismatches
- Regularly updated projections of future labour market trends and analysis of skills needs by sector until 2020
- Cooperation with third countries (notably US, China, Canada, India) and international organisations (OECD and ILO) on skills needs
- Skill upgrading and matching by mobilising existing Community policies (such as the strategic framework for cooperation in education and training) and European funds in line with these objectives.

The Strategy looks at skills and skills needs in general terms. Although it mentions a tendency of polarisation of skills between high-skilled workers and less-skilled workers, this initiative does not deal with people who are furthest away from the labour market.

State of Play:

As part of the Strategy the Commission will amongst other things

- Establish a *European Labour Market Monitor* (newsletter) with up to date information on short term labour market trends
- Create *Match and Map*, an online service for citizens, providing information about occupations, skills, learning and training opportunities across the EU
- Establish a regular, systematic assessment of long-term supply and demand in EU labour markets up to 2010
- Support platforms of companies, training providers and recruitment specialists to jointly design training courses and organise an annual "Partnership for skills and employment" event.

3.2. Flexicurity

Flexicurity is a new “popular” term at EU level. Its popularity can be explained by the fact that it seems to provide a possible solution for the dichotomy between companies’ call for increased flexibility in the labour market and workers’ interest in having stable incomes and satisfactory career prospects. Flexicurity is based on the idea that flexicurity and security are not contradictory, but mutually supportive. Instead of “job safety” (protection of a specific job), it promotes “employment safety” (protection of employment in general).

According to the Commission Communication on flexicurity in 2007, Flexicurity policies can be designed and implemented across four policy components:

- *Flexible and reliable contractual arrangements* (from the perspective of the employer and the employee, of “insiders” and “outsiders”) through modern labour laws, collective agreements and work organisation;
- *Comprehensive lifelong learning (LLL)* strategies to ensure the continual adaptability and employability of workers, particularly the most vulnerable;
- *Effective active labour market policies (ALMP)* that help people cope with rapid change, reduce unemployment spells and ease transitions to new jobs;
- *Modern social security systems* that provide adequate income support, encourage employment and facilitate labour market mobility. This includes broad coverage of social protection provisions (unemployment benefits, pensions and healthcare) that help people combine work with private and family responsibilities such as childcare.

The European Council agreed on [common flexicurity principles](#) in December 2007. These principles have also been integrated into the explanatory text of the European Employment Guidelines (see above).

State of Play:

In 2008, a Mission for Flexicurity visited 5 Member States (France, Finland, Spain, Sweden, Poland) and looked at ways to develop and implement national flexicurity pathways based on the common principles. This Mission submitted its final report in December 2008 to the European Council. This report highlights the need to adapt the principles to the specific national contexts. It sets out three common lessons learnt:

- Flexicurity is a useful concept also in a difficult economic context
- Social partners play a crucial role in establishing national flexicurity policies
- Flexicurity requires a continuous anticipation of trends in the labour market and the skills required

In their assessment of the National Reform Programmes, the European Commission has very much focused on efforts of Member States to develop their own “flexicurity” pathway (see above).

3.3. Modernising Labour Law

In November 2006, the European Commission has launched a broad public debate on the need to review current labour law systems so that they are in step with the modern world of work.

The discussion paper (Green Paper on 'Modernising labour law to meet the challenges of the 21st century') asked Member States, employers and workers' representatives how labour law at EU and national level can help the job market become more flexible while improving security for workers (the 'flexicurity' approach). The consultation was presented as an important part of the EU's Social Agenda 2005-2010 and dovetails with several other Commission initiatives on the wider topic of flexicurity.

FEANTSA participated in this consultation: [FEANTSA response](#)

More information: http://ec.europa.eu/employment_social/labour_law/green_paper_en.htm

There are no major follow-up initiatives planned. Aspects concerning job versus employment security /flexicurity (see above) have been integrated into the Flexicurity principles that were adopted by the European Council in 2007.

3.4. State Aid in the area of employment

The area of State aid control is one of the areas where the European Commission has most of its regulatory power. The objective of State aid control is, to ensure that government interventions do not distort competition and intra-community trade. State aid is defined as an advantage in any form whatsoever conferred on a selective basis to undertakings by national public authorities, excluding subsidies granted to individuals or general measures open to all enterprises. The EC Treaty pronounces the general prohibition of State aid. However, there are several exemptions to this rule. One of these exemptions is related to the employment of disadvantaged groups.

State of play:

The Commission issued a new General Block Exemption Regulation (GBER) in 2008. GBER aims to create a simple, user-friendly and coherent set of legislative rules for state aid in various areas, including state aid for the employment of disadvantaged and disabled workers. In a block exemption Regulation, the European Commission declares that certain categories of state aid are compatible with the Single Market and shall not be subject to the requirement of prior notification laid down in Article 88(3) of the EC Treaty. Consequently, Member States may implement state aid measures which fulfil the conditions of the Regulation without having gone through the notification procedure.

The new General Block Exemption Regulation covers employment aid for disadvantaged and disabled workers. A new element is that it distinguishes between disadvantaged worker (e.g. unemployed for longer than 6 months) and severely disadvantaged workers (unemployed for 24 months or more). Section 9 describes the rules regarding wage subsidies, aid intensity and the period of employment for these workers. For disadvantaged workers, it states that the aid intensity shall not exceed 50% of the eligible costs. The eligible costs shall be the wage costs over a maximum period of 12 months (for severely disadvantaged workers, the maximum period is 24 months) after recruitment.

Detailed information about the GBER is available on the [Commission website](#) (scroll down to Block exemption regulation). FEANTSA participated in the consultation prior to the adoption of the new GBER. See [FEANTSA's response](#).

3.5. Free movement of workers

Free movement of workers is one of the fundamental freedoms guaranteed by Community Law. It entails the right for each European citizen to look for a job in another Member State, the right of residence in another Member State and the right to equal treatment in respect of access to employment, working conditions and all other advantages which could help to facilitate the worker's integration into the host Member State. This includes guaranteed equal treatment in accessing social security rights.¹

The European Commission promotes workers' mobility as a means to raise employment levels in Europe and through this to contribute to the European economy as a whole.

State of Play:

A number of Member States report an increasing number of intra EU migrants who have become destitute and homeless. This group has been working abroad or has left their home country in order to look for work abroad and have either lost their job or not managed to secure a job that pays for their rent and living costs abroad. Many of these migrant workers have difficulties claiming their correct benefit entitlements. In some countries, such as Denmark, migrant workers do not have the possibility to access shelters or hostels for homeless people. For the moment there is no official initiative of the European Commission on this issue but FEANTSA is closely monitoring the situation in the different countries and tries to raise awareness about this problem at EU level.

4. European Social Fund

The European Social Fund (ESF) is one of the EU's Structural Funds. The Structural Funds are the second largest budget of the European Union and aim to reduce differences in prosperity and living standards across EU Member States and regions, and therefore promoting economic and social

¹ http://ec.europa.eu/employment_social/free_movement/index_en.htm



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cohesion. The ESF is devoted to promoting employment in the EU for the funding period 2007- 2013. It provides funding for projects dealing with training and skills development, access to employment and social inclusion, developing new businesses, fighting discrimination at the workplace, promoting innovation etc. ESF funding can also be used for transnational projects and the development of transnational networks.

Like all Structural Funds, the money is not distributed through the EU level but at national level. Many employment initiatives for people experiencing homelessness have been and are currently financed through the European Social Fund.

For more information, please visit the [European Social Fund website](#).

State of Play:

In response to the economic and financial crisis, the European Commission has proposed to simplify the criteria for support from the ESF. It decided to give earlier access to payments of up to €1.8 billion for Member States as of early 2009 and to refocus support to the most vulnerable categories that will be hit by the crisis. It will also be possible to opt for full Community financing of projects during the current funding period.