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Social Platform's position on the Social Investment Package

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Introduction

Social Platform welcomes the **paradigm change that appears to be embedded in the Social Investment Package** (SIP) of the European Commission[1]. It is in line with our view that social policies and services are not a cost but an investment for better cohesion in our societies at present and for the future. In the last years many member states have implemented austerity measures which drastically targeted expenditure in social and health services, social protection and education and especially in those countries where the social and economic situation is the worst. This has contributed to the increase of poverty and social exclusion, inequalities and unemployment in the EU. These problems are exacerbated for vulnerable groups and other people facing discrimination or disadvantage[2]. It has also led to a worsening of the divide between Northern-Central Europe and Southern countries, and in the latter to the emergence of new social and non-mainstream political movements and growing political instability.

The Package could provide an **opportunity to reorient the current policies towards a much needed rebalancing of social and economic policies both at EU and member state level**. It should be the first step towards a longer-term political agenda and towards an effective alternative for the austerity paradigm.

At the same time, we are concerned about some elements of the package, as well as about its future impact if it is not backed up by a strong political commitment to social investment of both the EU institutions and member states.

The first paragraph of this paper intends to clarify what social investment means, in order to ensure the well-being of people. The second paragraph gives an assessment of the SIP, by highlighting its undoubted positive aspects as well as what we consider problematic or missing. The third and last paragraph stresses the importance of an effective implementation both at European and national level. This paper will be complemented at a later stage by concrete recommendations on how to implement the package.

What do we mean by social investment?

As Social Platform we agree that social investment is the provision and use of finance to generate both social and economic returns, aimed at addressing emerging social risks and unmet needs[3] for the well-being of people and socially cohesive societies. It should be seen as **part of a larger social welfare state "package" which is based on different pillars that are interconnected, mutually reinforcing and cannot be dealt with separately:** social protection and income support, social and health promotion and investment, and stabilisation of the economy. This means that for instance social investment is no substitute for social protection. Adequate minimum income protection that reaches all those who require it in order to live in dignity, is a critical precondition for an effective social investment strategy[4].

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[1] Published on February 27, 2013.
[2] Based on any ground as exemplified in Article 21 the European Charter of Fundamental Rights, such as sex, race, colour, ethnic or social origin, religion or belief, national minority, disability (including mental health problems), age or sexual orientation.
[3] European Parliament resolution of 20 November 2012 on Social Investment Pact – as a response to the crisis
[4] Set of policies, services and supports that empower people aiming at their full social and professional integration and active participation in society, Vandenbroucke F., Hemerijck A., Pallier B., *The EU needs a Social Investment Pact*, OSE Paper Series, Opinion paper no. 5, May 2011, p. 6[4]

In order for social investment policies to be successful, a fundamental rights approach is a precondition of such policies and is too often overlooked. This fundamental rights approach has to be based on the promotion of equality and the fight against discrimination, as well as on a commitment to redistributive policies that reduce income and wealth inequalities. This can help people's inclusion and participation into society and employment.

The SIP puts a strong emphasis on "effectiveness" and "efficiency" of social and health policies and services. **Effectiveness** means better meeting users' needs and improving their quality of life. **Efficiency** means optimising the efforts and resources to achieve the planned outcomes. Therefore, it implies spending in a better way, not necessarily spending less. Social policies and services are first of all about supporting and recognising the absolute and specific value of each individual and quality is essential to achieve this. Ultimately they reflect society's values of solidarity, equality and justice and its objectives to care for the most vulnerable, whatever their capacity and possibilities are to contribute to the community and the economy. Inefficiency of social policies is not always due to overspending, but can be the result of the lack of cost-effectiveness analysis or poor management of resources, or of the lack of policy coherence with other policies. We do not deny however, that some effectiveness and efficiency gains could be made in certain social policies.

The package speaks about **conditionality** as a tool to achieve effectiveness and efficiency. In our opinion, conditionality can only be applied to support schemes and benefits if, the measures are used as an additional incentive (ex. free use of public transport/reimbursement of travel costs to get to a job interview for unemployed people) and accompanied by other supporting measures (ex. accessible child care for parents when they are attending education or a work placement training).

Social investment means also investing in social protection schemes. Such schemes should be organised in a **universal** way[5], if they are to prevent the risk of poverty and support social inclusion and cohesion, while they can be **targeted** in their outcomes.[6] Universalism and a more targeted approach need to be combined in a careful way (ex. universal access to health care with the costs above a certain ceiling not being charged to the patient, with the ceiling being higher for families with a higher income).

Activation measures for social investment put in place in view of getting people into work must not lead to social exclusion or poverty, and have to be balanced with measures for inclusion of people in society as a whole. These measures need to be placed in the broader context of Active Inclusion Strategies, paying equal attention to all three strands[7] and put in place to help integrating people into society who can work, and supporting social participation and access to rights and adequate income for those who cannot work.

Analysis of the SIP: How does the Commission understand social investment?

Positive elements of the Package

- We are happy to see how the SIP is considering spending in social policies and services **not a cost but a social investment**.
- Furthermore, it is positive to see how it acknowledges that social investment should be pursued through a **broad multidimensional integrated approach** that prevents as well as alleviates poverty and social exclusion. This is done by linking social protection, active inclusion policies, access to services of general interest, employment policies, social innovation, financial inclusion[8], combating energy poverty and investment in children, long-term care, health systems and housing.
- Social investment is promoted with a life-cycle approach, recognising the benefit that social policies and support bring to individuals at crucial points and when confronted with risks in their

[5] According also to the ILO recommendation 202 adopted in june 2012 on social protection floors
[6] With benefits being in principle not means-tested (determining whether an individual or family is eligible for help from the government, based upon whether the individual or family possesses the means to do without that help ex. in case of housing benefits).
[7] Sufficient income support, inclusive labour markets and access to quality services, EC Recommendation 2008.
[8] We welcome the upcoming Commission's proposal on a basic bank account. However to promote financial inclusion it is necessary to take measures to ensure access to fair insurance products and services, and to credit, and to tackle over-indebtedness (see Social Platform recommendations on financial inclusion).

lives (such as illness, unemployment, disability etc.). Therefore, we welcome that alongside a Recommendation on child poverty, the package puts the emphasis on the need to develop comprehensive strategies to prevent and remedy homelessness, to improve health systems and long-term care, as well as on the implementation of the Active Inclusion Recommendation.

- We also welcome the Commission's call on member states to *"**strengthen the involvement of relevant stakeholders** at all levels, most notably social partners and civil society organisations in the modernisation of social policy as part of the Europe 2020 Strategy"*.

Points of concern

- The Package is often presenting social investment as an economic argument by ignoring **fundamental rights** independently of labour market participation. No analysis is made of how discrimination and inequalities affect people's inclusion in society. *The Recommendation on Investing in children* can serve as a good example of how the rest of the SIP should apply a fundamental rights based approach (which is currently missing from the SIP): It provides guidance to member states on how to tackle child poverty and promote children's well-being through early intervention and, based on an integrated three-pillar approach (adequate family income, access to services and children's participation), and sets up a common European framework based on recognition of children as rights-holders, and support to families.
- The approach taken by the Commission seems at times to **prioritise social investment over social protection** (including income replacement and support benefits). However, both are effective only when they are combined.
- We are worried about the use of "**conditionality**" throughout the main Communication, as it might bring along an interpretation leading to discrimination in access to support schemes and worsen poverty, social exclusion and difficulties to access the labour market. It is also stated in the SIP that "*Support schemes should provide an exit-strategy, so they should in principle be temporary. Conditionality to achieving an appropriate and specific goal is part of this".* However, if for example unemployment benefits are made conditional and temporary, the availability of accessible and quality training and jobs needs to be ensured alongside employment services that provide personalised support in finding these.
- We agree with the Commission that Structural Funds and other EU programs should be used strategically to boost social investments/protection and the EU2020 social targets. However, these **resources are limited and should not replace national budgets** to finance structural social and health policies. This is particularly important for the future European Social Fund as it is considered the main tool for implementing social investments.[9]
- We also appreciate the positive recognition of the non-profit sector to contribute substantially to (re) integration of people in need by providing services and community-based support. However, **member states should not disengage** themselves from organising, commissioning and funding of services.
- What is further missing in the SIP, is a **specific main focus on the governance of Europe 2020** and more specifically on how to streamline social policies throughout all policy areas to achieve more balance between the social and the economic priorities. This was however previously announced by the Commission.[10] The SIP now only refers briefly to possible initiatives to "streamline governance and reporting".[11]

[9] Especially because at the moment there is no certainty that the minimum shares proposed by the Commission will be kept in the final decisions on the ESF.
[10] For example at the Stakeholder meeting on the European Platform Against Poverty and Social Exclusion in September last year and in the announcement of the SIP a few weeks before. The EC had suggested to set up guidelines on the involvement of stakeholders by member states in the preparation of the National Reform Programmes and to make a bigger effort to consult civil society organisations in the process of the Annual Growth Survey and the Country Specific Recommendations.
[11] This should include specific frameworks to deliver on thematic priorities such as homelessness, child poverty, active inclusion and health and long-term care systems.

How to implement the social investment package?

The Social Investment Package can only make a real difference and have an impact on social policies, if the EU and member states commit to its full implementation. To this end, we call on the European Commission to provide member states with support and guidance.

This implementation should comprise at least the following issues:

- **Equality policies, anti-discrimination legislation** and non-legislative measures are crucial tools for the EU and member states in order to implement the SIP, with the aim to remove obstacles to full participation in society and in the labour market according to the capabilities of each individual at a given time.
- The **state plays a key role as a social investor** for better cohesion in our society. Decision-makers should shift their focus from cutting social budgets to investing in these policy areas and related services, and measuring the social and financial returns they produce.[12] Next to this, there is an urgent need to develop sources of financing and funding for social policies both at EU and national level (for example by using the financial transaction tax and by a higher focus on progressive income tax, and on taxes on capital and environmental risks).
- Social Investment should be a tool to achieve the poverty and social exclusion, employment and educational targets of the Europe 2020 Strategy and should therefore be translated into concrete **Country Specific Recommendations**. The implementation of these recommendations should be followed-up by the European Commission and measures should be taken towards member states in case of non-delivery.
- Social investment can only work if it is supported in parallel with the investment in the **creation of quality employment**, especially in the social, care and health sectors, ensuring access to long-term unemployed and excluded groups.

  The SIP already recognises the need and full potential of **employment creation in the social, care and health sectors**, but it does not provide any concrete guidance or recommendations for this. To attract new workers in this sector, eliminate the staff shortages that exist, alleviate the gender gap and the risk of being exposed to poverty, it is essential to raise the professional status and improve the working conditions.
- The design of effective integrated strategies, as well as the implementation, monitoring and evaluation should be done in **cooperation with all relevant stakeholders**, including civil society organisations (CSOs), at all levels.

[12] For example, the European Association of Service Providers for Persons with Disabilities argues that it has been proved that 1€ spent in social services in the disability sector has a return on investment of 16€. A member of Eurodiaconia, the IDO Foundation has proved that its services save the community €2 million/year. One of their services, debt counselling for prisoners, gives a return of €80 to every €1 invested as it helps prevent prisoners returning to crime.