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EN

**COUNCIL RECOMMENDATION OF 30 JANUARY 2023 ON
ADEQUATE MINIMUM INCOME ENSURING ACTIVE INCLUSION**

**POSITION OF THE
PRESIDIUM OF CESI**

The European Confederation of Independent Trade Unions (CESI) is a confederation of more than 40 national and European trade union organisations from over 20 European countries, with a total of more than 5 million individual members. Founded in 1990, CESI advocates improved employment conditions for workers in Europe and a strong social dimension in the EU. CESI represents public and private sector workers and is a recognised European sectoral social partner.

Main messages

CESI welcomes the EU's new Council Recommendation 30 January 2023 on adequate minimum income ensuring active inclusion¹ as a step further to encourage Member States to ensure national minimum income schemes that effectively combat poverty.

Acting on minimum incomes is indeed a key area of responsibility for the EU to deliver on the objective stated in the Treaties to combat social exclusion. Adequate minimum income schemes are above all about human dignity, social fairness, inclusion and societal cohesion.

Moreover, they also represent economic investments that will pay off for public budgets. From an internal market point of view, adequate minimum income schemes in Europe can also contribute to a more balanced intra-EU migration.

CESI:

1. – welcomes the broad definition of poverty and the combination of this with a recommendation that Member States should set 'adequate' income support at a height of at least the relative national-at-risk-of poverty threshold.
– notes however that a careful balance needs to be struck between adequate minimum income through this Recommendation and adequate minimum wages through the recent EU minimum wage directive 2022/2041. While minimum income schemes (including further potential social benefits) must prevent a risk of poverty as a basic right of all citizens, minimum wages must ensure a standard of living beyond this.

¹ [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023H0203\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023H0203(01))

2. – welcomes the recommendation as a tool to encourage Member States to ensure a better take-up of available minimum income schemes including through step-by-step guidance for those who need it, using digital and non-digital tools.
– notes however that citizens in need always require a physical person in public administrations to rely on. Digital tools should not replace staff that provides assistance at place.
3. welcomes a foreseen individualised service provision for citizens on minimum income schemes to help them overcome social exclusion and access employment.
– also welcomes the importance placed on the need of further access to enabling essential services that will help citizens in need, beyond material assistance through minimum income.
– notes however that Member States need to commit to considerable investments in their public services and administrations to implement the Recommendation in this regard.
4. – welcomes the Recommendation’s encompassing character to approach poverty in a holistic manner.
– notes however that the Recommendation is not legally binding and that a central role will pertain to trade unions and social partners to maintain political pressure on national governments to implement it.

CESI welcomes the EU’s new Council Recommendation 30 January 2023 on adequate minimum income ensuring active inclusion² as a step further to encourage Member States to ensure national minimum income schemes that effectively combat poverty.

Acting on minimum incomes is indeed also a major responsibility for the EU to deliver on the objective stated in Art. 3 TEU according to which the Union “shall combat social exclusion ... and promote social justice and protection.”³ According to statistics from Eurostat, more than 95 million people in the EU were at risk of poverty in 2021, which represents around 20% of the EU’s population. However, even if as of 2023 all Member States have minimum income schemes in place, the European Anti-Poverty Network (EAPN) reports that no scheme matches the actual needs of beneficiaries to be lifted out of poverty.

As such, **adequate minimum income schemes are above all about human dignity, social fairness, inclusion and societal cohesion.** They can guarantee a decent standard of living for all, especially the most vulnerable members of societies, and help them participate in societal life. For them, minimum income is an essential financial and social safety net. To this end, the Recommendation is a first step to implement the European Pillar of Social Rights’ principle 14, according to which “everyone lacking sufficient resources has the right to

² [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023H0203\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023H0203(01))

³ https://eur-lex.europa.eu/resource.html?uri=cellar:2bf140bf-a3f8-4ab2-b506-fd71826e6da6.0023.02/DOC_1&format=PDF

adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services.”⁴ It is a central first component in the realisation of the European Commission’s Action Plan to implement the European Pillar of Social Rights⁵ to reduce the number of people living in poverty of social exclusion to 75 million by 2030.

Moreover, **adequate minimum income schemes also represent economic investments that will pay off for public budgets.** As opposed to more advantaged citizens that save significant parts of their income or engage in capital investments in the financial economy, citizens on minimum income schemes tend to directly spent large proportions of their monthly incomes on rents, groceries and other basic living supplies. As such, the big majority of financial resources disbursed into minimum income scheme tends to be directly re-injected into the real economy. As such, while public budgets benefit from increased VAT revenues, minimum income schemes also act as automatic stabilisers to safeguard economic stimuli also in times of crisis.

Finally, **from an internal market point of view, adequate minimum income schemes in Europe can also contribute to a more balanced intra-EU migration.** In a Single Market which is based on the freedom of movement of citizens and workers and which is economically and financially deeply integrated, achieving upward social convergence and relatively decent living standards across its territory is of utmost importance: Effective and adequate minimum income schemes across the Single Market can play an important role to provide decent living standards in all Member States and regions and thus prevent migration based on socio-economic push and pull factors.

In view of this, **CESI:**

1. – **welcomes the broad definition of poverty** in the Recommendation “to ensure a life in dignity at all stages of life” (Art. 1) **and the combination of this with a recommendation that Member States should set ‘adequate’ income support at a height at least of (1) the relative national-at-risk-of poverty threshold** or (2) the monetary value of necessary goods and services, including adequate nutrition, housing, healthcare and essential services, according to the national definitions (Art. 5). This definition can serve to set minimum incomes that will effectively prevent poverty.
- **notes however that a careful balance needs to be struck between adequate minimum income through this Recommendation and adequate minimum wages through the recent EU minimum wage directive 2022/2041.**⁶ CESI agrees that “there is no evidence of significant negative impact on average on the likelihood of finding a job for people that receive minimum income support” (Recital 21), but income from work (at minimum wage level) should clearly be higher than income from benefits. CESI agrees that “incentives to (re)integrate and remain in the labour market for those who can work” (Art. 5) are needed. In well-justified cases, it should be allowed to integrate minimum

⁴ <https://ec.europa.eu/social/main.jsp?catId=1606&langId=en>

⁵ <https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/>

⁶ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022L2041>

income schemes with other social benefits or income support. While minimum income schemes (including further potential social benefits) must prevent a risk of poverty as a basic right of all citizens, minimum wages must ensure a standard of living beyond this. Both should apply also after indexation exercises, which are necessary at regular intervals for both minimum income schemes and minimum wages. In this way, adequate minimum income schemes can also contribute to adequate minimum wages and decent wages through collective bargaining beyond minimum wages.

2. – **welcomes the recommendation as an instrument to encourage Member States to ensure a better take-up of available minimum income schemes including through** reduced administrative burden – to be achieved by “simplifying application procedures and ensuring **step-by-step guidance for those who need it**, while paying attention to the availability of digital and non-digital tools” (Art. 10a). Easy-to-access and tailored support and guidance is of central importance for affected citizens who are incapable to access minimum income by themselves without help, or who are not aware of their eligibility in the first place.
 - **notes however that** digital tools support staff in public administrations to help citizens in need to access minimum income schemes and receive tailored and individual assistance for their social inclusion and re-integration into labour markets are useful – but the human factor still applies: **Citizens in need always require a physical person in public administrations to rely on. Digital tools should not replace staff that provides assistance at place.**
3. – **welcomes a foreseen “individualised approach and coordinated service provision” for citizens on minimum income schemes** to help them overcome “diverse barriers” to overcome social exclusion and access employment, which should include “a package of support tailored to individual needs, comprising active labour market measures and/or measures fostering social inclusion”, overseen by a case manager or a single contact and service point who will ensure continuous support (Art 13).
 - **welcomes also a central importance which is placed on the need to put in place further effective access to enabling essential (public) services** (Art. 12), which includes access to early childhood education and care, healthcare, long-term care, education and training (Art. 2f). To achieve social inclusion, such accessible and available high-quality public services are vital. They are a key component to flank financial resources made available through minimum income schemes. Even with minimum income support, citizens in or at risk of poverty do not have the financial means to buy-in private services if public services are lacking.
 - **notes however that Member States need to commit to considerable investments in their public services and administrations to implement the Recommendation.** This will concern in particular healthcare systems, education and care systems, and public employment services. The recommendation to “strengthen the operational capacity of authorities in charge of income support, employment services and providers of enabling services and enhance their cooperation, including

through data sharing and promoting further integrated service models” is insufficient. Delivering fully on the Recommendation – in other words: providing quality public services in this context – will require substantial investments in the level of staff and the working conditions of staff. Without sufficient staff and sufficient time for staff to dedicate to cases, the objectives of the Recommendation cannot be met. Importantly, it should be noted that more staff in improved services bring back more people into work, this is a forward-looking investment that quickly pays off in economic and social terms.

4. – **welcomes the Recommendation’s encompassing character** to approach poverty in a holistic manner, combining minimum incomes with enabling public services.
 - **notes however that the Recommendation is not legally binding** and does not foresee any hard enforcement mechanism or effective soft ‘inducing’ mechanism for its implementation, such as targeted EU funding, **and stresses that a central role will pertain to social civil society NGOs, trade unions and social partners to maintain political pressure on national governments to implement the Recommendation** comprehensively and in line with the priorities of this resolution. In the case of lacking implementation, an EU directive could be required to ensure effective and adequate minimum income schemes and enabling public services in the Member States. A possible legal base article for a directive could be Art.153(1)h TFEU on the integration of persons excluded from the labour market, in combination with Art. 153(2)b TFEU which gives the EU the competence to adopt directives on the matter.