



# EUROPEAN POLICY BRIEF

COPE

Combating Poverty in Europe

## ACTIVE INCLUSION AND THE FIGHT AGAINST POVERTY: THE CHALLENGE OF INTEGRATED SERVICES

LESSONS FROM FIVE EUROPEAN COUNTRIES

January 2015

### INTRODUCTION

#### **Employment-oriented Minimum Income Provision as an Organisational Challenge**

Reducing poverty and social exclusion is one of the main challenges for ensuring social cohesion in modern Europe. In this context, Minimum Income Protection (MIP) is one of the main pillars of European welfare states: it is meant to be a **last resort of income support** for those whose own income does not suffice to finance their own as well as their dependents' livelihood. With only very few exceptions (Italy, Bulgaria and Greece), all EU countries provide such a means-tested, tax-financed guarantee of minimum resources.

During the last decade, these MIP systems have mostly turned their focus from passive and unconditional benefits towards a stronger **employment orientation**: they have been subsumed under the activation principle. The aim was to integrate benefit recipients into the labour market instead of passively sustaining them with financial means. However, MIP recipients often suffer from multiple social problems. Thus, effective support for their social and labour market inclusion also requires **individualised social service support**. This refers to the **crucial importance of active inclusion**, which has been defined as the combination of minimum income support, activation and social services (see Heidenreich et al. 2014).

As Table 1 shows, expenditures on social and family services provided in addition to 'classic' Active Labour Market Policy (ALMP) measures and Minimum Income Protection differ broadly among the five countries included in our study.

Table 1: Active Inclusion: selected indicators

	Sweden	UK	Germany	Italy	Poland
Minimum income for single persons (in % of median household income, including cash housing assistance, 2012)	52.0	57.0	43.0	0.0	24.0
Minimum income for long-term unemployed (over 60 months of unemployment; 4 family types, 2012)	64.0	62.0	60.0	9.0	46.0
Active Labour Market Policies (expenditure in % of GDP, 2012)	1.02	0.08	0.35	0.35	0.33
Social services (benefits in kind, without sickness/health care, expenditure in % of GDP, 2011)	5.65	2.66	1.63	0.35	0.24
Family services /family benefits in kind, expenditure in % of GDP, 2010)	1.59	0.67	0.99	0.63	0.00

Source: OECD, Eurostat.

However, providing interlinked social and labour market services in addition to Minimum Income Protection is not only a question of scope and coverage and thus of spending, it is also a crucial **organisational challenge**. Integrating Minimum Income Protection, labour market policies and social services requires a close **cooperation** of different departments, agencies, organisations and stakeholders at different politico-administrative levels.

In the FP7 project COPE (February 2012 – January 2015) we investigated how five European countries (Poland, Sweden, the UK, Italy and Germany) deal with this organisational challenge. **The core of COPE's analysis was to map poverty and social exclusion in Europe, to examine the complex governance structure of European, national and local policies of minimum income schemes, and to assess their impact on beneficiaries.** More specifically, the project was interested in how the five countries under study organise the link between different political dimensions (i.e. social and employment policies, but also family policies, training etc.), different stakeholders (i.e. public, private and civil society) and different politico-administrative levels (i.e. European, national regional and local) in order to combat poverty and social exclusion. The next section presents the key findings of COPE regarding the organisational challenge of service integration.

## EVIDENCE AND ANALYSIS

### European Anti-Poverty Policies and National Responses

With the Europe2020 strategy, anti-poverty policies and the social dimension more generally were finally fully integrated into the current EU strategy: social and labour market inclusion were set as key priorities, a quantified target of lifting at least 20 million people out of poverty by 2020 was introduced and the already existing governance tools of the OMCInclusion were integrated into the

European Semester. In this context, the EU Active Inclusion Strategy became of crucial relevance. This strategy emphasises **the link between adequate income support, inclusive labour markets and access to quality services** with the aim of enabling especially the most disadvantaged groups to fully participate in society.

COPE has investigated how European anti-poverty policies– and especially the Active Inclusion Strategy – were adapted at the national level and how the organisational challenge of service integration has been tackled in the framework of the national implementation of EU policies. In general, our findings show that **EU anti-poverty policies display much more limited effects in Germany, Sweden and the UK than in Italy and Poland** (Jessoula et al. 2014). In the former three countries, the defense of national sovereignty in the social field was very dominant. Effects of the EU-anti-poverty strategy emerged almost solely in the arena of politics. In Italy and Poland, by contrast, the effects were more far-reaching and also concerned the spheres of governance and policy programmes. The absence of a robust anti-poverty policy legacy characterises both Poland and Italy, a fact which could explain the lack of an institutional pre-emption of EU-induced national policies. In both countries, the European Social Fund plays a fundamental role: **Europe is where the money is** (Jessoula et al. 2014).

With regard to possible influences of EU anti-poverty policies on the national organisation of cooperation and service integration, COPE could observe that the introduction of the Europe2020 strategy led – in some countries – to a **higher involvement of different stakeholders** as compared to the Lisbon-strategy period. This was visible in Germany, Poland and to some extent also in Italy. On the other hand, in the UK and in Sweden, the participation of especially NGOs and anti-poverty groups has been diminished (Jessoula et al 2014).

### **National Approaches to Active Inclusion as a Challenge of Integrated Policy Areas and Services**

The European Active Inclusion Strategy streamlines different policy areas such as social policies, labour market policies, family policies and others towards a clear target: the social and labour market integration of the most disadvantaged groups. But how do national systems, where these **policy areas are often traditionally sectorialised**, deal with the challenge of such an integrated approach? Here, aspects such as financing, ministerial departments, implementation structure or delivery systems are concerned. COPE has researched how working-age minimum income protection in the five countries under study (the UK, Sweden, Poland, Italy and Germany) is organised and how the national systems cope with the challenge of integrating policy areas and services.

The results showed that the five countries balance multiple goals and different logics, but nevertheless lean towards one of two polar types of employment-oriented Minimum Income Protection. According to Clegg (2013: 72), these two polar types are:

- 1) **National Employment Regulation**: the key function of minimum income protection is to support the functioning of the (national) labour market by protecting individuals against typical labour market risks (not only

unemployment but also in-work poverty and detachment from the labour market). A break with the traditionally strong distinction between policies for workers and policies for the poor (Clasen and Clegg 2011) can be expected. MIP schemes are national in their financing and organisation, with little scope for intra-national variation. The situation of claimants is understood in relation to their labour market position rather than their social characteristics. There is no role for social work professionals in the system.

- 2) **Local Social Regulation:** the function of regulating typical labour market risks is either performed by other types of social protection institutions, or not at all. The role of MIP is to uphold the local social order by supporting those whose individual-personal circumstances mean that they cannot support themselves or their families and participate in the community. The systems are locally financed and organised and leave considerable scope for intra-national variation, as reflecting the varying preferences of local communities. Links to Active Labour Market Policies and Public Employment Services are weak and unsystematic. There is no systematic activation and assessing the needs of individuals is part of benefit administration.

As Table 2 shows, the UK and Germany show characteristics that are clearly in line with the National Employment Regulation type, while Sweden, Poland and Italy lean towards the Local Social Regulation type.

Table 2: National schemes of employment-oriented Minim Income Protection

	<i>National Employment Regulation</i>		<i>Local Social Regulation</i>		
	<b>UK</b>	<b>Germany</b>	<b>Sweden</b>	<b>Poland</b>	<b>Italy</b>
<b>Scale of MIP</b>	Extensive	Extensive	Restricted	Restricted	Restricted
<b>Financing</b>	National	National (Local)	Local	National (Local)	Local/Regional/National
<b>Governance</b>	National	National/Municipal	Municipal	Municipal	Regional/Local
<b>Regulation</b>	National	National/Municipal	National/Municipal	National	National/Regional/Local
<b>Scope for intra-national variation in benefits</b>	None	None	Some	Some	Considerable
<b>PES delivery</b>	Yes	Yes (generally)	No	No	Variable
<b>Individual Action Plans</b>	Yes, always	Yes, always	Voluntary	Voluntary	Variable
<b>Job search requirements</b>	Yes	Yes	Yes	Not obligatory	Variable
<b>Sanctions</b>	Yes, graduated	Yes, graduated	Variable	Variable	Variable
<b>Suitable work rules</b>	Explicit	Explicit	None	None	Variable
<b>Social work involvement</b>	No	No	Yes	Yes	Yes
<b>Extent of individual discretion</b>	Low	Low	Moderate/High	High	Variable
<b>EMPLOYMENT-ORIENTED SERVICE INTEGRATION</b>	Prescribed by national system	Prescribed by national system	Inherent in national/municipal approaches	Variable	Variable

Source: Clegg (2013: 73); own amendments.

## The local Regulation of Minimum Income Protection in Five Post-industrial European Cities

As the COPE findings on national systems of employment-oriented Minimum Income Protection show, the different systems have different prerequisites for service integration. While in Germany and the UK the national system has established an **institutionalised link for service integration** via the Jobcenter-approach and the Work Programme, in Italy and Poland it is entirely in the hands of the subnational authorities and stakeholders whether service integration is practiced. A similar situation can be stated for Sweden, although here, **employment-centred service integration has a long tradition** at the municipal level (via the workline concept).

COPE has studied how service integration takes place in practice against the backdrop of these national setups in five post-industrial cities (one per country under study): Radom (Poland), Turin (Italy), Malmö (Sweden), Glasgow (UK) and Dortmund (Germany). The findings provided a very **mixed landscape of service integration** in employment-oriented Minimum Income Protection across Europe:

- The strongest and most integrated forms of cooperation and service integration (and thus the most full-fledged implementation of an Active Inclusion Strategy) is found in **Dortmund**. Here, the nationally installed integration model of national employment services and local social services has been amended according to local conditions. A local Support Center has been developed to complement the formal obligations of the Jobcenter. This Center rests on a close cooperation between service providers and the Jobcenter, and provides a platform for different actors to discuss mutual roles and responsibilities (Johansson et al. 2013: 140).
- In **Glasgow**, the local Jobcentre is not integrated into the local context, despite being a merger between local benefit agencies and the former nationally steered Jobcentre Plus. A lack of consensus, shared views and coordination, and instead patterns of decoupling, are key characteristics of the situation in the city. This leads to two de-facto parallel systems in operation at the same time (Johansson et al. 2013: 140).
- Despite existing structures for all pillars of active inclusion (i.e. well-established local MIP, extensive local social services and extensive public activation services) there is little coordination and integration between these areas in **Malmö**. Social services are not part of the active inclusion equation. The relationship between the local branch of the central PES and the local provision of MIP is complex and characterised by tensions and conflict. Local authorities have de-facto built up a parallel system of activation support and training besides the central system. National institutional separation seems to result in even more local institutional separation (Johansson et al. 2013: 141).
- In **Radom**, local social services and social assistance are not linked to employment services (which is a centrally delegated issue in the hands of the local branch of the central PES). There is no local development of activation strategies and no coordination among different units but rather tension and conflict. Furthermore, there is a lacking transfer of financial

means across administrative agencies. Third-sector organisations have an important complementary function in relation to local public support systems and service provision (Johansson et al. 2013: 141).

- The public system for local MIP in **Turin** is fragmented and relies on a complex mix of benefit schemes that are regulated at different levels. Not even public agencies and services are integrated. However, there is an extensive involvement of local third-sector organisations and large local foundations, between whom coordination is highly institutionalised. Partnership arrangements are of crucial relevance, including extensive mutual trust and reciprocal relations (Johansson et al. 2013: 142).

## The Perspective of Service Recipients

COPE not only investigated how national systems and local municipalities organise links between different policies and services in the framework of an active inclusion approach, but also researched how such **policies affect the situation of MIP beneficiaries**. One of the questions to be answered in this part of the research project was to find out whether service recipients receive integrated and – subjectively perceived – tailored services: How does cooperation between different organisations and institutions work from the perspective of service users in terms of ensuring the delivery of integrated services?

The findings showed that in all local entities under study (i.e. Radom, Glasgow, Turin, Malmö and Dortmund), recipients judged the services and information provided by the welfare institutions as **not integrated and often provided by too many different organisations** (Kozek/Kubisa 2014). Despite this overall shared perspective across five cities, there were also crucial differences in the perceptions of claimants. In contrast to MIP beneficiaries in Radom who had to “move the papers” from one institution to the other, claimants in Dortmund, where services are provided by a one-stop-shop, perceived services as more integrated. However, in the perspective of the recipients, **the level of integration of services as such was not a guarantor of the effectiveness of anti-poverty policies, whereas the level of personalisation was** (Kozek/Kubisa 2014: 24). The provision of services targeted to individual needs, especially if they were discretionary, always required a **strong engagement of the caseworkers**. This fostered a trustful relationship with and the cooperation of the claimants. The **involvement of social workers**, which differed among the five cities in accordance with the above-mentioned polar types (*National Employment Regulation vs. Local Social Regulation*), made such an engagement more likely in systems that come close to Local Social Regulation (such as Sweden, Poland and Italy) – despite a scheme-inherent focus on service integration in systems that lean towards National Employment Regulation (such as the UK and Germany). However, successful individual support is of course also strongly influenced by **financial and staff resources**, both of which are often lacking in all types of systems.

Research in the COPE project focused on Active Inclusion and anti-poverty policies in Europe and across five European countries and cities. Special attention lay on the organisational challenge of linking Minimum Income Protection schemes and labour market measures to social (and other, such as family) services. Such a link between different services and tools is essential for achieving the labour market and social inclusion of especially disadvantaged groups. As key factors for achieving an integration of services, COPE could identify **shared views, consensus in terms of objectives and principles, clear competences, and clear financing structures** in particular.

However, as the empirical evidence emerging from COPE shows, different national welfare and labour market systems display different degrees of ability for dealing with this challenge. In Germany and the UK, the systems hold good chances of integrating the social and employment dimensions on the basis of a system-inherent coupling of a nationally governed employment agency and local social policy departments (one-stop-shop approach, Work Programme). However, this cooperation is often **counteracted by financial constraints, bureaucratic rules etc., so that an effective implementation of interlinked services is hindered** (Clegg 2013). Furthermore, regulatory rigidity and frequent changes in national rules governing minimum income provisions and delivery systems are a source of frustration in Germany and the UK. Sweden features a comprehensive policy design with regard to Minimum Income Protection but shows **a lack of effective inter-departmental working**. The rhetoric of cooperation is often not matched by practices on the work-floor (Clegg 2013). In Poland, **a legacy of a 'sectorial state'** continues to hinder integrated policies, while in Italy there is very little effort in the public sectors towards cooperation and service integration, although we can observe close cooperation among NGOs.

In a nutshell, financial constraints, bureaucratic rules, a lack of inter-departmental cooperation and a still existing legacy of a 'sectorial state' were identified as key obstacles for establishing well-working systems of employment-oriented Minimum Income Protection with a clear focus on integrated services. These obstacles need to be overcome by **policy makers at the national level**, especially by emphasizing coordination and exchange across different policy sectors and departments. **Political strategies need to be clearly streamlined towards the overall objective of active inclusion**, beyond any departmental or sectorial frontier. Furthermore, it is crucial to achieve inter-ministerial coordination between various policy fields affecting employment such as family policy, education policy, or social policy. Also systematic consultations with civil society organisations and NGOs during the policy-making process are important.

In practice, effective service cooperation requires cooperation between actors on the ground. Good cooperation is not only a necessity in national systems that foster integration, but could also help to mitigate the disadvantages of sectorialised and non-integrated systems. The most relevant issues with regard to such cooperation that should be taken into account by **subnational policy makers** are:

- Cooperation at the local level could be achieved by establishing **round tables, cooperation centres** etc. which evolve out of the local context and include the relevant local actors.
- These cooperation structures should have sufficient **legal and financial backing** to ensure commitment and sustainable cooperation with a focus on local needs against the backdrop of active inclusion.
- Cooperation structures should **follow existing local setups** such as the involvement of third-sector actors or tripartite structures.

As the COPE research on the **individual level** showed, service integration is of high relevance for effectively supporting persons with multiple social problems, but only if it is accompanied by personalisation. **Personalised, tailored services which focus not only on labour market integration but also on a more holistic life-oriented approach** are of very high relevance for those claimants who are very far from the labour market. Personalisation was, at least in the five local entities under study in the COPE project, **most successful in those cases where social workers were involved** in the process, in addition to or instead of caseworkers from the employment service department. A trustful relationship between social workers and beneficiaries, as well as a high engagement of the social workers and good cooperation from the claimants' side could be identified as drivers of effective personalisation. However, the **engagement of street-level bureaucrats must not be a question of personal resources and individual commitment only, but should also and especially be enabled by institutional structures** such as good qualifications, clear competence structures, and sufficient financial resources (especially to ensure a good client/caseworker ratio).

## RESEARCH PARAMETERS

To combat poverty, European strategies propose implementing active inclusion policies. However, these policies face serious conceptual questions and governance challenges. The practical implementation is problematic in that social exclusion is a multidimensional problem that goes far beyond financial poverty, necessitating the participatory co-production of individual opportunities. In addition, the complex social needs of the most excluded groups require the integration of different policy fields and the involvement of beneficiaries, civil society and public agencies in the co-production of welfare. The COPE project focused on the political and organisational challenges of this complex governance model which has evolved from European, national and local policies.

Investigating the co-production of active inclusion in a multilevel, multidimensional and multi-stakeholder perspective, COPE addressed key questions such as:

- How can the fight against poverty be organised in practice?
- How do European, national and local institutions shape the co-production of active inclusion?
- How do beneficiaries participate in these policies and how does this shape their life-courses?



The COPE project integrated multiple disciplines and experienced social policy researchers. A common theoretical and methodological approach guided the research in each work package. First, poverty as a multidimensional challenge was contextualised. Secondly, COPE studied how minimum income schemes for three different groups (lone mothers, long-term unemployed, working poor) are organised in five EU countries (Italy, Germany, Poland, Sweden and the UK) and how these systems cope with multilevel and multi-stakeholder modes of co-producing active inclusion policies. As the five countries cover different welfare regimes, the results have direct EU-wide relevance. To conclude, the project analysed the impact of these approaches on the individually perceived situation of the poor and the life-courses of the most vulnerable social groups.

## PROJECT IDENTITY

**PROJECT NAME** Combating Poverty in Europe: Re-organising Active Inclusion through Participatory and Integrated Modes of Multilevel Governance (COPE)

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**WEBSITE**

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**FURTHER READING**

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