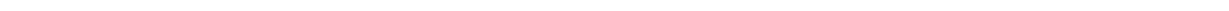


The Europe 2020 mid-term review

Cities' views on the employment, poverty reduction and education goals

October 2014



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Executive Summary

EUROCITIES is the network of major European cities. We bring together the local governments of over 130 of Europe's largest cities and 40 partner cities, which between them govern 130 million citizens across 35 countries.

With around three-quarters of the EU's population living in cities, and 85% of the EU's GDP coming from cities, the experiences of European cities on employment, poverty, and early school leaving are significant for the Europe 2020 strategy.

Since the launch of Europe 2020 in 2010, European cities have experienced a number of issues, including:

- the entrenchment of poverty among at-risk groups in cities in the north of Europe;
- the rapid spread of poverty in cities in the south of Europe, with new groups and sections of society being affected for the first time;
- an increase in poverty among young people throughout Europe;
- an increase in the number of working poor due to poor quality and insecure jobs;
- increasing levels of youth unemployment and young people not in employment, education or training (NEET);
- intractable long-term unemployment among the over 50s; and,
- an upwards trend of early school leaving, particularly in deprived urban areas.

In addition, despite cities being front-line providers of social services they have had their budgets and resources cut under austerity policies and the drive for fiscal consolidation. In some cases this has left them unable to respond adequately to mounting social challenges.

With a view to improving the implementation of the Europe 2020 strategy, we recommend the following:

1. Improving the involvement of cities in the Europe 2020 strategy through their direct participation in National Reform Programmes.
2. Improving the role of cities in the implementation of EU-level funding in order to foster socially innovative policies at local level.
3. EU and national commitment to coordinated active inclusion strategies, empowering cities' work on poverty, employment and early school leaving.
4. Maintaining the current poverty, employment and early school leaving targets, and promoting a comprehensive European social policy in partnership with European cities

Introduction

Through our work, we provide an insight to the perspective of European cities on the achievements of the Europe 2020 strategy with regard to its objectives of:

- lifting at least 20 million people out of poverty by 2020,
- having 75% of 20-64 year olds in employment, and
- reducing the school drop-out rates to below 10%.

We also offer recommendations for the 2015-2020 period of the strategy.

Based on an extensive consultation with our cities in May and June 2014, our contribution focuses on the following areas:

- the trends on poverty, employment and on fighting early school leaving in cities;
- the relevance and impact of the social dimension of the Europe 2020 strategy in cities;
- the key challenges and obstacles to achieving the Europe 2020 social goals at city level; and
- recommendations to overcome challenges and facilitate the attainment of Europe 2020 goals at city level.

We also highlight how true multi-level governance and moving from a 'consultative' to 'cooperative' approach with European cities is vital for the future of Europe 2020.

Urban trends and developments since 2010 on poverty, employment and fighting early school leaving

The economic crisis and the subsequent introduction of austerity measures in a number of EU member states have had a significant impact on cities. There has been a simultaneous surge in demand for local social services and a cut to funding, resulting in decreased capacity in many cities. The effects of this can be seen in the three areas of poverty, employment and early school leaving.

Poverty

Two distinctive trends can be seen amongst cities in Europe: the entrenchment of poverty and inequality among already vulnerable groups, particularly in the north of

Europe, and the development of widespread poverty in urban areas in the south of Europe.

Poverty has been increasing in Europe since 2008. In 2012, 124.5 million people, around a quarter of the population in the EU, were at risk of poverty or social exclusion.¹ This has been reflected at urban level to varying degrees. In northern European cities (such as those in Sweden and the Netherlands) the overall number of people living in poverty has remained relatively stable, although there has been an increase in the number of younger people affected. For groups that previously were disproportionately affected by poverty, such as migrants and those living with disabilities, their situation has become even more entrenched.

In cities from the south of Europe poverty has become more endemic and is beginning to affect those that were previously in a relatively secure financial situation. Because of the lack of employment opportunities, people living in poverty are much less likely to be able to improve their situation without public support. Social welfare systems have failed to adapt to the increased demand and many people have become locked into poverty.

Turin: The Spread of Poverty

The economic crisis has had a significant impact on Turin. In many respects, poverty in the city reflects the broader situation in the country, with the annual income of the average Italian family falling by € 2,400 between 2007 and 2012, almost double the average decrease in the euro area (EUR 1,100).

The spread of poverty in Turin can be seen in a number of areas:

- there are over 100,000 people who are finding it difficult to make ends meet, of which 5% are in a state of chronic poverty;
- there are 45,000 households in the metropolitan area supported by food banks and charities. Both households in a state of chronic poverty and those experiencing poverty for the first time are using food banks;
- 3,500 families are being evicted from their homes per year because they are unable to make mortgage or rental payments;
- there is an increase in the number of people who are unemployed and reliant on social welfare.

The people that are newly affected by poverty come from all sections of society. The impact of the crisis and public sector cuts have had a profound impact on the city in recent years, leaving few unaffected by growing levels of poverty and social exclusion.

¹ Eurostat news release, 184/2013: http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-05122013-AP/EN/3-05122013-AP-EN.PDF

Employment

Unemployment, and in particular youth unemployment, has become an increasingly urgent issue for city administrations. Most European cities have noted an increase in unemployment since 2010, mainly due to the economic crisis. The unemployment figure is increasingly made up of young people with a low level of educational attainment, as well as other vulnerable groups, such as people with disabilities and non-nationals.

There is an overall increase in the number of working poor in Europe. In many cities where employment has increased there has also been an increase in poor quality and insecure jobs. There is a growing problem of long-term unemployment in European cities, particularly among the over 50s, who have greater difficulty retraining for other professions. These groups need comprehensive support and investment, but unfortunately the downsizing of the public sector in some member states has impacted the capacity of local authorities to offer the support required to respond to these social challenges effectively.

Youth unemployment

Youth unemployment is a pressing concern for almost all European cities and a number of issues have come up in our work in this area over the past four years.

There has been a marked increase in the number of unemployed young graduates (reported as a particular issue in Antwerp and Ljubljana). It is often difficult for these young people to make the transition from education to the labour market and to avoid underemployment, as well as unemployment. Securing relevant labour market experience as early as possible after becoming unemployed or graduating is vital to prevent them falling into long-term unemployment.

There has also been a marked increase in joblessness among early school leavers in recent years (for example in Netwerkstad Twente and Turin). A concerted effort is needed, not only to reduce early school leaving, but also to provide training for young people who have left school with no formal qualifications. This can improve their competitiveness on the labour market.

Early school leaving

Despite an overall decrease in the number of early school leavers in the EU, a number of cities have reported increased early school leaving in poorer areas. This clearly indicates a more complex urban trend in relation to early school leaving.

In cities such as Gothenburg, early school leaving has become even more closely linked to socio-economic status, and is substantially higher in poorer inner-city areas. This had not

been the case to the same extent in the past. Some cities also reported that early school leavers were increasingly motivated by the desire to find immediate work, in order to make money, which could be a consequence of the impacts of the economic crisis on low-income families.

Early school leaving in Ghent

The City of Ghent carried out a survey in 2013 on early school leaving in order to get a better insight into the local aspects of the issue. 42.4% of those that left school early wanted to go to work, 21.2% left due to psychological problems, and 18.2% needed money. Many of those that left to get a job found it impossible to get into the labour market and 70% regretted their decision within a year.

The city concluded that, in addition to providing increased psychological and academic support, young people need to be made aware of the difficulties of getting a job with no formal qualifications. For those wishing to work at an early age, their education should be made as practical as possible in order to sustain their interest and successfully guide them towards attaining a relevant qualification.

Impact of the social dimension of the Europe 2020 strategy in cities

The Europe 2020 targets have been useful in establishing long-term European and national objectives and priorities. What has been missing, however, is a clear focus on the local dimension of Europe 2020 and regular interaction between local authorities and the Commission to track developments towards the targets.

The Europe 2020 goals of increasing employment among 20-64 year olds, reducing poverty and social exclusion, and tackling early school leaving correspond closely with city-level priorities. However, the impact so far at local level of Europe 2020 in these areas has been mixed. Europe 2020 has undoubtedly raised the profile of certain social issues at local level, however only few cities claim that the strategy has helped promote and safeguard social policy during the economic crisis.

Furthermore, the role of EU funds in supporting the implementation of Europe 2020 should to be strengthened. At the moment a certain disconnection between policy and funds has been reported, giving the perception in cities that Europe 2020 is a strategy with no direct funding instrument attached.

Most cities feel that local and regional policies are supporting the achievement of the Europe 2020 objectives of fighting unemployment and poverty. However, some cities feel

that their efforts to reach the employment and poverty targets for Europe 2020 are being undermined by austerity measures and a drive to ensure fiscal consolidation. Success in achieving local and regional employment and poverty reduction targets are dependent on national-level support and resources, and many cities are hampered by limited resources from national authorities.

Cities complementing the Europe 2020 goals

Although cities are not directly responsible for all the policies that can help achieve the Europe 2020 goals at local level, their support and contribution are essential for the successful implementation of the strategy. For example, Ljubljana does not have the direct responsibility for increasing employment, but the city is co-financing public employment programs and working closely with public employment services. On the issue of poverty, Ljubljana is directly responsible for providing financial assistance for those that who are not reaching minimum income levels.

The situation is similar in Riga. Employment is a national level responsibility, but the city cooperates with the state employment agency in cases where the individual requires social assistance, which is administered at local level. The issue of early school leaving is also addressed jointly by schools and by the city.

In Italy addressing early school leaving is a national level competence. However, Bologna has worked to boost youth employment by creating a more structured relationship between schools and local businesses. Local schools and the education services of the city also maintain a close level of cooperation in order to support students and families experiencing difficulties. With regards to poverty and social exclusion, in 2013 the municipality funded several measures to address the issue, ranging from supporting affordable housing to creating employment.

Many of our cities are driving local economies and working towards the goal of boosting employment by providing support programmes for entrepreneurs, including social entrepreneurship; developing business incubators; developing synergy between local companies and research authorities; and promoting a living wage to develop the local economy and tackle in-work poverty.

The key challenges and obstacles to achieving the Europe 2020 social goals

The fact that cities are often excluded from the key processes of Europe 2020 governance, such as the preparation of the National Reform Programmes, detracts from the perceived relevance of Europe 2020 at local level. Efforts have been made by departments in some local authorities to improve the visibility of Europe 2020 in local

government. This was the case in Gothenburg, where a number of training sessions on Europe 2020 were organised for staff. However, many local authorities feel far removed from the Europe 2020 process and, as a result, visibility remains low beyond the dedicated departments and portfolios.

In addition to these issues of visibility and perceived relevance, a number of other challenges can be identified with regards to achieving the Europe 2020 targets on employment, poverty reduction and education.

Poverty

Two challenges that many cities face in terms of addressing poverty are:

- the need for a long-term strategy, based around adequate social welfare, particularly for those that are unable to access the labour market, and
- the need for integrated policies to tackle multiple problems that affect the most vulnerable in society.

Furthermore, the increasing proliferation of insecure and poorly-paid work in recent years has had an impact on the poverty rate and the number of people accessing social benefits. This means that having a job does not guarantee a route out of poverty.

Employment

A number of challenges have also be identified in relation to boosting employment, these include:

- the proliferation of poor-quality work and insecure contractual arrangements since the onset of the economic crisis;
- low levels of economic growth and the skills mismatch on the labour market;
- continued barriers to employment for the disabled, single-parents and vulnerable groups;
- the continued mismatch between education and labour market demand;
- underperforming public employment services that are not adequately tailored to local needs;
- national employment policies that are not flexible and not taking into account local realities, resulting often in a weakened impact, haphazard implementation and ineffective services.

Early school leaving

The specific urban dimension of early school leaving is not being adequately addressed. Early school leaving is primarily affecting those in low income families, and in some cases

young people are leaving school early in order to find work and earn money for their families. The dual issues of early school leaving and high levels of youth unemployment have resulted in a significant number of young people not in employment, education or training in urban areas in Europe. This issue must be addressed as a priority.

The need for an ambitious Europe 2020 strategy that is open to cities

European cities are important front-line social service providers and drivers of local economies. The involvement of cities in the implementation of Europe 2020 through the National Reform Programmes (NRPs) is not systematic, and in some cases non-existent. Where there is engagement with cities on the NRPs it is often limited to providing feedback on pre-developed plans, with little room for real dialogue or interaction. This is impeding the effectiveness of the Europe 2020 strategy.

Policies and actions developed to achieve Europe 2020 targets must stay ambitious. Responses to growing social issues, such as poverty and youth unemployment, have at times been slow and insufficient. Ensuring ambition and innovation throughout the second half of the Europe 2020 strategy will be the most important overall challenge.

Recommendations to improve the implementation of Europe 2020

1. Improving the involvement of cities in Europe 2020 governance

The European Commission should work directly with European cities, alongside member states, to boost the implementation of Europe 2020. The Commission can better define and stipulate the involvement of cities in Europe 2020 by:

- requiring national governments to better engage local authorities in the preparation and implementation of National Reform Programmes (NRPs);
- requiring national governments to include a 'governance' section in the NRPs, reflecting on how to improve the effectiveness of policy delivery and resource allocation between national, regional and local governments;
- including recommendations for improving multi-level governance in country specific recommendations;
- collecting data from the local level to monitor the urban implementation of Europe 2020 and to identify major discrepancies between urban and national trends.

EU institutions could also engage more with cities on a political level by interacting directly with city mayors, and facilitating debates and workshops on how to make Europe

2020 work on city level throughout Europe. This would vastly expand the influence of the strategy, as well as promote synergy between EU and local level priorities.

2. Improving the role of cities in the implementation of EU funds

EU funds should be as accessible as possible to cities to implement socially innovative policies, to break down barriers to labour market by further developing integrated and coordinated services, and to create inclusive labour markets. To ensure this the European Commission should monitor how cities are involved in the implementation and evaluation of the Partnership Agreements for the European Structural and Investment Funds.

3. Empowering cities in their work on poverty, employment, and early school leaving through coordinated active inclusion strategies

Poverty

Effectively combatting poverty must be a top priority for Europe. In addition to improving the EU's overall economic situation and combatting growing levels of inequality, there needs to be a real focus on improving multi-level partnership in tackling poverty. Local governments can provide vital first-hand experience, information and evaluation on the active inclusion of citizens, which can help to improve the effectiveness of policies to address poverty. City governments therefore need to be involved in the preparation, implementation and assessment of European, national and regional strategies for active and social inclusion. European, national and regional levels of government must work in partnership with cities in the preparation, implementation and assessment of active inclusion and poverty prevention policies under Europe 2020.

Employment

Ensuring that employment remains an effective way out of poverty by combatting poor quality and precarious work is vital. There must be increased investment in innovative and effective local public services in order to provide the support that people need to find quality employment and make their way out of poverty. Cities provide and coordinate training and support to key groups, such as young people and the long-term unemployed, particularly those over the age of 50, to find employment. This work must be fully supported and recognised in both the Europe 2020 strategy and EU funding programmes. National policies should also be more flexible to allow cities to propose local level solutions as part of a larger national framework.

Early-school leaving

Increased levels of early school leaving and the sustained issue of early school leaving among lower-income families must not be overlooked. Young people in urban areas who are not motivated by traditional academic pathways but are eager to make the transition to the labour market should be supported to attain a relevant qualification. They should also receive adequate career guidance to make them aware of the challenges of the labour market. In addition to this, we must secure more individual support for young people, reduce class sizes, and make vocational education and training more appealing. Where member states and regions have successfully implemented effective dual-education systems that prioritise vocational education and training, these models should be promoted further. This must be done through an approach that embraces multi-level governance and recognises the competencies of local authorities in early school leaving policy.

4. Maintaining the current targets on poverty, employment and early school leaving, and promoting a comprehensive European social policy in partnership with European cities

An ambitious approach is vital to deal with rising levels of poverty and social exclusion. We believe that the poverty, early school leaving and employment targets must be maintained and a more comprehensive effort made to address poverty over the next five years.

As Europe's cities, we have enormous potential to support the achievements of the Europe 2020 goals at local level. Provided the right political and financial frameworks are in place, and that a shift takes place from 'simple consultation' to 'full cooperation' with European cities, we remain confident that significant progress can be made between now and 2020.