



Cities social trends paper: Minimum income

Minimum income and the city context

Eurocities welcomes the European Commission's initiative for a Council Recommendation on minimum income. As the Eurocities campaign "Inclusive Cities for All" shows, cities are allies of the European Commission in pushing the European Pillar of Social Rights forward. We have done so through the Eurocities campaign to engage mayors and deputy mayors to pledge on implementing the Pillar by taking tangible measures backed by specific budget allocations. So far, we have reached over 73 city pledges, representing over 55 million citizens, and totalling an investment of over €15.8 billion towards these principles. Of those pledges, six specifically relate to Pledge 14 on Minimum Income¹: [Barcelona](#), [Glasgow](#) and [Lyon](#).

Minimum income is a national competency, but cities are at the front lines of providing support to those who are unemployed or living in poverty. People living in cities have been the hardest hit by the COVID-19 pandemic due to high population density in urban areas. Moreover, as a result of the pandemic, cities have seen a rapid growth in demand for and dependency on social assistance as needs have increased due to job loss, reduction or loss of income, inability to pay rent, etc.

Local social services have been particularly stretched as they struggled to cover the gaps in minimum income schemes. Yet cities have not adequately been included in the policy debates at the national level to reform the minimum income schemes in order to adequately tackle gaps and achieve the objective of reducing poverty. This document highlights the key gaps that cities have witnessed when it comes to the adequacy, coverage, access, and take-up of minimum income and provides recommendations on how the Council Recommendation could help address these.

¹ More information on our Inclusive Cities for All campaign and pledges can be found at: <https://inclusivecities4all.eu/>

Role of cities

Cities play a key role in designing, delivering and coordinating enabling social services to foster the social inclusion of beneficiaries of minimum income. Through social services, city authorities reach out to people living in or at risk of poverty and guide them, through tailored support, to access the benefits and services they are entitled to. Many cities have put in place municipal anti-poverty strategies underpinned by active inclusion policies. What's more, some cities have piloted local schemes of minimum income to bridge the gaps of the national schemes.

Cities are taking measures (see Annex 1) to address gaps and obstacles to minimum income by:

- Piloting local minimum income schemes with a focus either on certain deprived urban neighbourhoods (e.g. Barcelona) or certain vulnerable groups of people (Lyon, Berlin);
- Conducting feasibility studies of guaranteed minimum income (Glasgow, Helsinki, Utrecht)
- Raising public awareness by organising citizens' consultations to address the shortcomings with minimum income schemes and debate feasibility of basic income – e.g. Paris, Nantes
- Pledging to do more via political commitments approved by their city council to sign up to principle 14 of the European Pillar of Social Rights on minimum income as part of the Eurocities campaign 'Inclusive Cities 4 All' – [Barcelona pledge](#), [Glasgow pledge](#), [Lyon pledge](#)

Key challenges in cities

Adequacy

Across the board, cities highlight the challenge of minimum income schemes that are not adequate to live above the poverty line. Challenges arise where the support level is set at the national level and fails to reflect the differences in cost of living that exist between rural and urban settings but also between different cities in a given country as well (big size cities vs medium or small size cities and towns). Creating a framework to tackle adequacy at the EU level is fundamental to protect people from poverty but also to prevent 'poverty migration' that cities in Western Europe witness with increasing numbers of Eastern Europeans moving to their cities in search for better life. Poverty migration refers to instances where individuals move from one EU country to another due to the inadequacy of benefits in their home country.

Coverage and access

Poverty is rapidly rising in cities, and the COVID-19 crisis has seen a rise in new groups in need of support in cities. In particular, cities are seeing **more young people and young families with children reaching out for social assistance**. The rates of child poverty in most cities is higher than the national average in the given country. Recent data from cities compiled in a [Eurocities report](#) shows that children living in the most deprived urban areas have a risk of poverty that is three to ten times higher. When it comes to youth, certain EU countries do not allow access to minimum income to young people before they reach a certain age (e.g.: 25 years old in France). This creates gaps that leave young people, the age group with the highest rate of unemployment in the EU, struggling to make ends meet.

Cities with high levels of migration are also faced the additional challenge of how to provide support to **migrants**, particularly those who are undocumented. These migrants tend to be most active in the informal economy, working in tourism, hospitality, domestic work, and/or self-employed. They are now coming forward to ask cities for help. This is the case for thousands of Brazilians in Amsterdam, Filipinos in Milan. In cities like Madrid and Barcelona, this involves (primarily undocumented) migrant families without support networks to help them.

While the profile of the groups needing support is changing, cities witness that these persons still tend to come from the same areas and neighbourhoods of the city. This highlights the territorial dimension of poverty and as well as the need for territorial approaches, given that **deprived areas are where social challenges are concentrated**.

Given these challenges, cities are faced with having to adapt their services to these new groups and to manage the risk of child and family poverty in the long run as well. However, in many countries, national laws and regulations prevent cities from giving out help and support services to non-Europeans and sometimes, even to non-nationals. Therefore, there is a need for a European framework to fight poverty, which should acknowledge poverty migration within the EU as well as the need for essential support services to be accessible for refugees and asylum-seekers in Europe.

Take-up

Cities lament the **lack of indicators in place on access to benefits** (i.e. the capacity of minimum income schemes to reach those in need). There are also **no indicators on "non-take-up"** either. The gap between the coverage of minimum income schemes and the actual non-take-up of benefits can be large. Cities highlight a lack of awareness of eligibility, high requirements and administrative complexity, social stigmatization, lack of information, and miseducation as key reasons for non-take up. Some cities have tried to overcome this challenge through information campaigns or working with other partners to raise awareness of available support (e.g.: Munich works with civil society to reach new migrants arriving).

Policy recommendations from cities to feed into the Commission proposal

How can the EU Recommendation address these gaps?

- 1) The Recommendation should acknowledge the territorial dimension of poverty and the concentration of social exclusion in the most deprived urban areas. As such, the Recommendation must ensure that EU and Member states take account of the urban perspective as well as involve cities in the design and implementation of minimum income schemes. The recommendations from the Urban Agenda partnership on urban poverty should be recognized and used as building blocks towards improving minimum income schemes and enabling services.
- 2) The Recommendation must ensure address the adequacy of support. Minimum income schemes need to reflect the real costs of living depending on where the recipient resides to ensure that minimum income recipients do not live below the poverty line.
- 3) EU member states should ensure that minimum income schemes are accessible to new and emerging at-risk groups. Moreover, the Recommendation on minimum income should consider how minimum income policies can go hand in hand with existing EU policies such as the Child and Youth Guarantees, the Disability Strategy, etc. Minimum income should seek mutually reinforce these policies, rather than be a substitute for other types of support.
- 4) Ensure a strong monitoring and governance framework which includes the collection of data on access to benefits – specifically the capacity of minimum income schemes to reach those in need – and on non-take-up rates to ensure that minimum income schemes are adequately tailored to reach and support those with the greatest need.
- 5) Ensure a focus on tackling gender-based inequalities and the feminisation of poverty and social exclusion.
- 6) The European Commission should use the experiences and lessons learned from recent pilots of urban innovative actions on minimum income to inform the Recommendation on minimum income as a necessary policy to fight poverty and social exclusion in European cities and countries.

- 7) The Recommendation should adopt the integrated approach of active inclusion and ensure that besides improving income support, minimum income are real schemes that include accompanying enabling social services and active labour market measures to ensure that beneficiaries get tailored support to develop their pathways to (re-)integration into society and possibly into the labour market, for people who can work.

Annex 1. Examples of minimum income pilot projects from cities

Barcelona

Barcelona has carried out a pilot project, [B-MINCOME](#), from 2017 to 2020. The BMINCOME, combines a minimum guaranteed income (called Municipal Inclusion Support -SMI) with active social policies for mutual and solidarity-based economies, adopting local digital currency for boosting local trade. The aim was to reach up to 1,000 vulnerable households, with a steady income for the duration of the pilot, whose amount is based on several criteria and the composition of the household. The city invested €17 million (co-funded with €5 million from the EU Urban Innovative Action initiative) in the pilot.

Four active policies enabled citizens to exit the condition of poverty through the development of social entrepreneurial skills into different areas of solidarity economy:

1. Training programme and employment plans, implemented with an active involvement of NGO and associations located in the area.
2. Social economy programme for the creation of cooperative, social, solidarity economy and community- interest projects
3. Housing renovation programme, support to rent out rooms to improve income. Not implemented as expected.
4. Community participation programmes for common-interest projects.

A total of 3,700 people benefitted from B-MINCOME equal to 952 households in the ten neighbourhoods of the Besòs axis. About 84% of SMI recipients are women, receiving about 480 euros on average per month during two years. Results show that having a guaranteed minimum income has reduced material deprivation, increased the level of well-being and encouraged participation in community activities. Hence, it has reduced financial uncertainty for the duration of the project, and generated overall satisfaction. The implementation of the digital currency experimented in BMINCOME proved to be efficient in boosting local economy

The pilot was so successful that as a next step, another pilot is planned in cooperation with the national government to define the best way to include people receiving minimum income into the labour market.

Berlin

The Berlin Senate created the Solidary Basic Income scheme as an additional tool for promoting the development of the labour market, fully financed by the State of Berlin for a period of five years with a total budget of € 167 million.

The Solidary Basic Income meets three key targets:

- 1) It provides work in the early stages of long-term unemployment.
- 2) It helps participants build up key competencies and skills and promotes transition to the general labour market.
- 3) It also promotes permanent employment that benefits society.

If there is no transition to regular employment within the five years, the State of Berlin guarantees continued ongoing employment for beneficiaries.

The programme supports 1.000 long-term unemployed Berliners to find work, improve their skills and benefit society. In the scope of this programme, 1.000 long-term unemployed Berliners have the chance to take up a job in one of eleven pre-defined areas. The jobs intend to serve the wellbeing of society and the public interest of the State of Berlin.

In 2019, 214 prospective employers registered 1.760 jobs in the programme. Having validated these offers, the phase of matching the announced jobs with long-term unemployed Berliners started. It was completed in November 2020, when all 1.000 financed jobs have been filled.

In 2020, the accompanying evaluation of the programme started, with results expected soon.

Many of the offered jobs are bound by collective agreements, in accordance with the principle of “Decent Work”. Jobs without collective payment are made according to the Berlin state minimum wage. At the end of the phase of matching, the split of collective agreements and state minimum wage is nearly 50-50.

Read more about Berlin’s project [here](#).

Grand Lyon

In light of increasing need during the pandemic, the Metropole de Lyon launched a financial assistance scheme for young people below 25 years of age who are no longer studying and are in situations of precarity. The “[Revenu de solidarite](#)” is a fascinating example of how cities address gaps in support in from national minimum income frameworks given that minimum income is only available for people above 25 years in France. Nearly ¼ of young people 18-25 in the Metropole live under the poverty line, many of them have recently come out of care and unable to afford rent.

Eligible youth can receive up to 400 euros of support a month for a maximum of two years. In addition, they are also followed through a personalised service with a counsellor who helps support them into work or into other services such as child care, access to housing, etc.

The youth solidarity income is part of the [city pledge](#) to our Inclusive cities for All campaign and highlights the benefits of an integrated approach which includes working with different services (eg: housing associations, child protective services, etc) to support those with the greatest need.

The budget is 10 million euros and completely funded by the Metropole.

Utrecht

In the Netherlands, the current rules in social assistance are complicated and strict. Utrecht conducted a study with researchers from Utrecht University from June 2018 to December 2019 to investigate if welfare benefits can be organised differently e.g. with less regulations and sanctions. In total **752 social assistance** recipients volunteered to participate to find the best way to **guide people on social assistance (back) towards paid work or** other forms of social participation. They were randomly divided in four groups, one with the regular regime (the control group) and three groups with an alternative intervention: (1) more autonomy, (2) extra help and guidance from the local welfare agency, or (3) the opportunity to keep a larger share of income earned on top of their benefits.

The researchers found that there is potential for improving the current social assistance scheme.

The three interventions show positive results that indicate increased labour market participation. More autonomy, positive attention and wider earning opportunities seem to be adjustments that are worth pursuing. Considering the favourable reception from participants and caseworkers, as well as the (slightly) positive effects for the municipality and the national government, it seems a win-win for all parties involved to reconsider the welfare legislation in this direction. The national government is currently deliberating with the Municipality of Utrecht on these outcomes.



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