



UPLIFT – Urban PoLicy Innovation to address  
inequality with and for Future generaTions

## **Deliverable 2.4**

# **Synthesis report: socioeconomic inequalities in different urban contexts**



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## Executive summary

The current Synthesis report is the final deliverable of work package (WP) 2 of the UPLIFT project, which aims to synthesize the main outcomes of the urban reports that described the policy environment around vulnerable individuals in the fields of education, employment and housing in 16 functional urban areas (FUA) of the EU.

The 16 urban areas were selected from a broad variety of regions and countries of Europe, representing different levels of economic development, welfare provision, governance and policy approaches, and cultures of participation. Their juxtaposition demonstrates the differences in the scale and dimensions of inequality in the different urban regions, but also point out similar trends, and link these to various urban types. The selected urban areas are: (in alphabetical order) Amadora (Portugal), Amsterdam (The Netherlands), Barakaldo (Spain), Belfast (United Kingdom), Bologna (Italy), Borlänge (Sweden), Bratislava (Slovakia), Chemnitz (Germany), Corby (United Kingdom), Leuven (Belgium), Łódź (Poland), Lom (Bulgaria), Mulhouse (France), Pécs (Hungary), Sfântu Gheorghe (Romania), and Tallinn (Estonia).

The research was guided by some main questions in mind, such as: i) which are the main socio-economic processes and welfare policies at the local level influencing social inequality; ii) how have they evolved during the post-2008 crisis, the subsequent years of recovery, and the Covid-19 pandemic; and iii) what is the causal relation between the economic position of localities and the nature of social inequalities mitigated by local welfare policies?

### Sixteen functional urban areas and four welfare domains

The aforementioned questions represent a (too) broad range of issues. Thus, there was a need to narrow the focus for the urban reports. The literature review identified particular problems and policy fields that are the most relevant in social vulnerability of young people, calling the attention to education, employment and housing. Also broader policy orientations provide relevant framing to UPLIFT's research endeavours. The European Pillar of Social Rights addresses these areas, pleading for a European Union which fights unemployment, discrimination, social exclusion and poverty; a Union where young people receive the best education and training and can study and find jobs across the continent.

Thus, the partnership deemed sensible that WP2 urban reports (as well as WP3) would focus more specifically on these areas. Therefore, the task regarding the urban reports followed a two-layer approach. The first layer (priority areas) consisted of education, employment and housing, regarding which in-depth analysis was conducted. As for the second layer, each team had the opportunity to choose a fourth area deemed relevant considering the concrete specificity of the respective functional urban area under study. Nearly half of the reports (Amadora, Amsterdam, Bologna, Bratislava, Łódź, Pécs, Sfântu Gheorghe) chose to focus on the area of social protection. Additionally, the reports on Chemnitz and Tallinn focused

specifically on cross-domain approaches to welfare provision for children and young people. Fewer reports focused on the area of health (Belfast, Corby, Leuven) and on areas related to migration (Barakaldo, Borlänge, Lom). Finally, one report addressed gender equality (Mulhouse).

The urban reports are based on desk research and interviews with various actors in order to complement the data collection and analysis, while still building on previous deliverables of the UPLIFT project.

Regarding the countries where the different urban areas are included, three are Federations (Belgium, Germany, United Kingdom) and one is a Quasi-Federation (Spain); and 13 are Unitary Countries. As for regional/local governance levels, four have only one relevant governance level referring to Municipalities (Bulgaria, Estonia, Hungary and Portugal<sup>1</sup>); five have two levels of local governance referring to States/Regions and Municipalities (Slovakia, Sweden, Poland, Romania and Netherlands) and six have three levels of local governance referring to States/Regions, Intermediary government and Municipalities (Belgium, Germany, Spain, Italy, United Kingdom<sup>2</sup> and France).

## **Socio-economic cycles, main trends of inequality and welfare systems**

The literature review described inequality trends in several domains including incomes, labour market, education, housing and health. Labour market indicators show clearly the impact of the crisis.

The 2008 financial crisis and particularly the austerity measures that ensued, increased inequality in those FUAs more exposed to global economic and financial instability (e.g. Amadora, Barakaldo, and Bologna). With some degree of variation across the UPLIFT FUAs, lower income families and individuals, youth and children, women, single parents, ethnic and racial minorities, and persons with disabilities were the groups usually pointed as most vulnerable to the 2008 Financial Crisis and its austerity policies, across the FUAs.

Other UPLIFT FUAs seem to have suffered considerably less impact: these are the cases of Amsterdam, Borlänge, Chemnitz, Corby, Leuven, and Belfast. These are generally FUAs within countries with strong economic positions in the global and European financial markets. Although these FUAs registered economic impacts at the level of employment and specific business sectors, fast economic recoveries and strong social welfare systems protected large groups of citizens and businesses from further damage.

A second group of FUAs also did not describe the 2008 financial crisis as having fundamental socio-economic enduring consequences at the local and national levels. This group of FUAs share the structural political event of accession to the European Union in 2004 (Bratislava,

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<sup>1</sup> However, Portugal has autonomous regions on part of the country.

<sup>2</sup> Only in part of England there is an intermediary level.

Łódź, Pécs, and Tallin) and in 2007 (Lom and Sfântu Gheorghe). Although not as seriously affected as the Southern European FUAs, Central and Eastern European FUAs still report having suffered from the negative impacts of the financial crisis mainly at the level of job markets, unemployment rates, financial markets and economic indicators such as the GDP. However, Central and Eastern European FUAs also report early recovery periods compared to the Southern European FUAs, as well as strong cycles of economic recovery.

Finally, the FUAs of Corby and Belfast highlight the added negative effects of the Brexit process in interaction with the 2008 Financial Crisis' austerity policies.

Contrary to the 2008 financial crisis, the Covid-19 pandemic was felt in all FUAs with similar levels of intensity, but still different capacities for response. In what regards recovery from the pandemic, it seems that most of the FUAs were able to recover fast regarding some indicators, such as GDP. All urban reports agree that it is difficult to assess the range of medium and long-term consequences of the Covid-19 pandemic since the pandemic is not over.

However, there seems to be some consensus around the anticipated main effects of the pandemic on the FUAs' socio-economic fabric. Several urban reports underlined the idea that existing socio-economic inequalities will likely be aggravated by the pandemic, while poverty and social exclusion will likely increase on a medium to long-term future.

### **Impacts of the crises in education**

One of the main reasons for this is attributed to the role of education which is expected to operate as an important social equalizer, but has seen its role impaired by the way most schools were forced to operate during the pandemic. The FUAs reporting effects from the 2008 Financial Crisis on the local and/or national educational welfare system include Amadora, Barakaldo, Belfast, Bologna, and Tallinn.

The main effects of the 2008 Financial Crisis on educational systems were indirectly caused by the implementation of austerity policies, which strictly reduced public investment on education. Additionally, multiple complementary social programmes targeting vulnerable students and their families were also affected, as well as investments on educational infrastructures.

Findings from the urban reports are unanimous in reporting the negative consequences of the Covid-19 pandemic on student achievement and development, with vulnerable students suffering the bulk of the negative effects. However, urban report authors also agree that it is too early to understand the full implications of the pandemic on children and youth.

Most of the urban reports reinforced the long-term effects that Covid-19 will have in the lives of children and youth as it affected their normal social and emotional development for a significant period of time. Additionally, the pandemic is expected to have an additional



severe impact on vulnerable children and youth by reinforcing existing disparities in education

One of the most important mechanisms through which these educational disparities were built and felt in the daily lives of students was through the digital divide. Students were impacted according to their ability to access and utilize digital resources and tools (i.e. computers, software, internet connection); the level of digital skills of students, parents and teachers, and the learning environment involving the utilization of these digital resources and tools.

### **Impacts of the crises in employment**

The 2008 financial crisis and the Covid-19 pandemic crisis share main common threads in what regards consequences and responses in the employment arena. For both crises, rising unemployment seems to have been the most visible consequence, specifically unemployment affecting youth. One of the main differences between these two crises rests in the timing of the governmental response: the response to the pandemic was swift and wide-ranging and so were the social preventive measures that ensued in case of Covid, while the response to the 2008 financial crisis was not immediate and took longer to be implemented.

Unemployment seems to be one of the most visible indicators of the 2008 financial crisis, with the reports on most FUAs denoting increases in the unemployment rate at national level, and youth being one of the most affected groups (e.g. Amadora, Barakaldo, Belfast, Bratislava, Bologna, Corby, Łódź, Lom, Pécs, and Tallinn). The reports on FUAs such as Amsterdam, Borlänge, Chemnitz, Leuven, and Sfântu Gheorghe do not report having been highly affected by rising unemployment rates for the general population. According to the qualitative data depicted from the urban reports, one can argue that the described strong effects of the 2008 financial crisis on unemployment are characterised by their intensity (defined in terms of rising numbers of unemployment) and length of duration (i.e. countries and cities reporting stronger effects suffered rising unemployment for longer periods of time and recovery was only possible at later stages).

Unemployment does not affect all social groups in the same way. The majority of the urban reports refer that youth was a specific sector of the population that was hit the most by the 2008 crisis-led unemployment (e.g. Amadora, Amsterdam, Barakaldo, Bratislava, Corby, Lom, Pécs, and Tallinn).

Youth was not only affected by high rates of unemployment. In fact, other negative job market factors tend to contribute for youth's disadvantaged position in the labour market, after the 2008 financial crisis. One of the additional factors referred to in the urban reports relates to the sectors of activity employing youth. During and in the post-crisis period, shrinking sectors of activity (industry, construction) shed a larger proportion of young workers, and growing sectors of activity did not hire proportionate numbers of young workers into their workforce.

In the case of growing sectors, these tend to have higher job quality (such as information and communication, public administration, and professional, scientific, and technical activities). The employed youth tend to occupy more precarious positions in the labour market compared to other age groups. Additionally, some of the reports denote worsening working conditions, in the period during and after the 2008 financial crisis. The trend towards flexibilization of labour contracts is also reflected on some of the legislative changes that occurred during this period.

Another factor of importance is how the 2008 crisis postponed youth entry into the labour market. The crisis potentially lengthened the average entry time for youth. The implications of this factor are actually quite serious because it robs younger people of time to build careers and accumulate job experience and expertise, with serious implications on lifetime salaries, and progression in career paths.

Some of the most shared consequences of the Covid-19 pandemic referred in the urban reports include increased unemployment and loss of income (e.g. Amadora, Amsterdam, Bologna, Borlänge, Łódź, Pécs). Similarly to what occurred during the 2008 financial crisis, those socio-demographic groups most involved in low quality jobs, working part-time, or on temporary work contracts were first hit by unemployment or saw the levels of precariousness of their employment increase. These groups usually include young workers, women, migrant labour, and low-qualified workforce.

One of the most distinctive features of the consequences of this pandemic was the asymmetrical effects on the different sectors of activity and respective workers. Several reports note that the first sectors of activity to be affected (and possibly the most affected) were in the service segment. Within services, accommodation, hotel industry, and restaurant services were hit the hardest, along with culture and sports (e.g. Bologna, Borlänge, Lom, and Sfântu Gheorghe). Most employees in these sectors were not able to work from home, given the specific nature of their work.

In what regards working conditions and quality of work, some urban reports convey a growing trend towards lower quality jobs (e.g. temporary contracts and part-time schedules). Again younger workers were most affected by this trend towards flexibilization, not only by losing their jobs, but also by suffering with a downgrade of working conditions or taking up lower quality jobs in higher proportions (for example, Bologna, Borlänge, Corby, and Lom).

Different emergency measures were put in place to prevent a massive social crisis while the health regulations and the need to “stay in place” to avoid Covid-19 contagion halted most of the economic life of European nations. Most of these measures were temporary, and another set of consequences were to be expected once the special periods are over.

An important aspect to highlight is that the response capacity of governments at the national and local levels to the 2020 pandemic seems to have been more effective if compared to the government response that occurred during the 2008 financial crisis. On the other hand, the urgency in implementing pandemic alleviation measures put a strain on

employment services and associated offices. Some offices with more clients felt more the strain than others, creating sometimes unbearable workloads for their employees with potential repercussions in the quality of service offered.

## **Impacts of the crises in housing**

The one effect that Urban Reports agree on is that the crises seem to have increased inequality in the housing sector, particularly for more vulnerable populations, including younger generations outside the distribution mechanisms of intergenerational housing wealth.

In any case, impacts of the 2008 Financial Crisis on the FUAs' housing situation are diversified and can be grouped in two main categories. A first set consists of housing market-type of effects, which include changes in the housing construction sector, housing prices, available funding and credit lines to access housing, changes in purchasing power in real estate, changes in the offer of private rental sector, and the expansion of tourism activities into the housing sector. A second set of factors relates to policies aiming to address housing inequality, including regulations on arrears and evictions.

During the crisis, the period of austerity and recovery, various reports mention the issuing housing-related policies that tried to address existing housing problems, some of which made more pressing by the 2008 financial crisis and economic recession. The level of efficacy of these policies and specific programmes varies and it is expected that some of these programmes are successful during certain periods, and become less successful in others.

As regards the pandemic crisis, most housing-related themes highlighted in the urban reports are similar to the 2008 financial crisis themes. However, reports were written in the midst of the pandemic crisis, with no definite end date envisioned. Perhaps for that reason, housing-market factors are not as preponderant in terms of report coverage, while policies aiming to address housing emergency issues caused by the pandemic, are the most referred content.

The reports refer to a series of pre-emptive regulations put forward to avoid an housing and health crisis as a result of a stagnant economy and the need to "stay in place" to avoid Covid-19 contagion, including bank loans moratorium periods (e.g. Amadora, Bratislava, Pécs), restrictions on evictions (e.g. Amadora, Barakaldo, Corby, Pécs), exemption from paying rent or aids to rental payment (e.g. Barakaldo, Bologna, Corby), increasing the availability of social housing (e.g. Bologna, Barakaldo).

## **Local welfare systems and youth**

There are significant differences among the sixteen UPLIFT FUAs in the way central and local governments administer the three main welfare policy areas being examined (i.e. education, employment and housing). This diversity of balance between local and central powers is transversal to all welfare areas; this is, there is no specific welfare area that presents more

homogeneity in the distribution of powers across all sixteen cases. The only exception to this refers to employment policies, where in most UPLIFT countries, passive labour market policies remain a responsibility of central governments while regional governments and local municipalities hold a variable degree of responsibility over active labour market policies.

There are two factors that greatly influence the capacity of local governments to act upon local problems and efficiently design and implement policies at the local level: the degree of autonomy from central government and the availability of resources at the local level. All local governments have to negotiate and adjust to the given fact that central governments have the capacity to shape national policies and laws around the different welfare arenas, as well as the capacity to decide over funding sources.

As we have seen, different FUAs have different degrees of autonomy relatively to central governments. Usually the capacity to exert power at the local level seems to be applied to the implementation of national policies and less to the capacity to design significant policies (with the notable exception of some FUAs, such as Amsterdam). Political autonomy is important even when we are referring only to the implementation level. In fact, the degree of implementation leverage a local government has, determines its capacity to tailor, adapt and allocate funding to national policies, which can make all the difference in addressing local problems with efficacy. However, the amount of resources (including financial resources) is key in order for local governments to have the ability to fully exert their political autonomy.

From the urban reports it seems that in the cases of FUAs with three levels of governance - national, regional, and local - these tend to have more power allocated at the regional level and less at the local level (e.g. Barakaldo, Bologna). However, in the specific case of Bologna, given that this is a wealthy region with access to considerable financial resources, the local government is able to develop alternative local policies. Local political autonomy seems to be restricted by the lack of financial resources, while access to high levels of financial resources may compensate for the lack of political autonomy.

An important strategy employed by municipalities and local governments to gather additional resources at the local level and therefore some political leverage, is the development of partnerships with community partners and other stakeholders. The involvement of local and community stakeholders plays a key role, not only in defining action strategies but also in their role as partner entities for the development of local measures and programmes. This type of strategy was reported especially with educational and employment programmes. Some of these stakeholders include local NGOs, adjacent state institutions, private companies, and even national level organizations (such as universities and charities).

An alternative approach to strengthen local governments' capacity to intervene at the policy level is through the availability of European programmes and funding specifically directed at municipalities

Local policies are very important to strategically address the specific needs and problems of local residents. Local institutions are better positioned to identify groups most in need and ways to reach them, and to design policy instruments tailored to local goals. Local governments have a better knowledge of local contexts and local needs, they know their target populations better, and have a higher knowledge of the practical contexts in which policies and programmes will be implemented, and thus have more information on how to troubleshoot or avoid implementation-based problems.

However, this means that policies cannot be rigid and preferably should have integrated mechanisms that facilitate adjustments to local contexts. These mechanisms could integrate the possibility of qualitative adjustments (i.e. that refer to the content and design of the policy), quantitative adjustments (which refer to the quantity, frequency, and consistency of actions to be offered), and finally some room for manoeuvre to allocate variable financial resources to different policy components.

In the dialogue to be held between central and local policies there is a need to attain a balance between the universality of citizen rights at the national level versus the specificity of needs at the local level. The pitfall of local policies, if taken to an extreme, resides in the unequal distribution of rights and welfare resources at the national level. As the urban report on Amsterdam argues, if all policies are local and tailored to local needs, policies can become so fragmented and create inequality in the ways that welfare policies are applied and in the opportunities available for different regions and individuals.

Another problem to be taken into consideration when thinking of local policies is the fragmentation of social welfare provisions. This is, the existence of several local and specialized policies and local competencies do not contribute to an integrated welfare approach, however most of the problems in the field of education, employment and housing, could gain from finding holistic and integrated responses.

Several reports acknowledge the effects of global market factors in creating the conditions for increased housing, educational, and employment inequality. In fact, there is only so much local policies can do to address social injustice, especially if the dynamics that create such inequalities lie at the national and global levels. However, the urban reports present some cases where municipalities have strong instruments to counteract globalization effects, and the interference of private market forces, for instance in the housing market (e.g. Leuven and Barakaldo). Central governments and European policies have a very important role to play in developing such instruments in partnership with local governments, thus reinforcing the role localities play to regulate globalization effects on welfare sectors.

Overall, central governments of the FUAs covered in UPLIFT seem to have made an effort to integrate general principles of equality and active fight against social exclusion in the rationales for their policies and programmes in the three welfare arenas. Some policies have been specifically developed to address social exclusion in all three welfare domains. However, available evidence regarding the efficacy of these policies has been variable and

sometimes difficult to grasp. The successive crises have contributed with different layers of disadvantage on vulnerable populations, that seem to make previous policies obsolete. Therefore, constant social and economic analysis and policy redesign of factors that cause social exclusion and programmes to address it is needed.

In general, the sixteen FUAs show different degrees of efficacy across the different welfare areas. As we have seen, the UPLIFT FUAs in all their diversity have offered reports where some respond well in the housing arena and lag on education, or some are more active in employment but lag on the other arenas. In any case, logically, financial resources are important to provide welfare programmes, and FUAs with fewer resources tend understandably to offer a lesser diversity and/or depth of programmes.

With the notable exception of Chemnitz (and to a lesser extent Mulhouse), the urban reports do not show integrated youth policies involving employment, education, and housing. In fact, although youth is frequently a target population of the welfare policies described in the urban reports, it is less frequent to find policies specifically designed to youth populations. It is important to note that youth and younger adults have been especially affected by the financial crisis and the pandemic crisis on all three dimensions – education, employment, and housing, consequently it would be expected to find more policies specifically designed for younger populations. Aside of the aforementioned exceptions, regarding which the urban reports shown some concern to offer integrated welfare responses to young populations, most of the youth policies found are sectoral and fragmented, intervening only on very specific youth problems. In what regards participatory policy making, there were a few cases where attempts to consult with youth when designing and implementing policies took place (e.g. Chemnitz, Amsterdam), but the urban reports do not show a formal mechanism where youth contributes actively to the design of policies that attempt to resolve their own problems.

## **Causal relations between the economic potential of urban areas and their level of social inequalities**

The chapter on analysing the causal relations between the economic potential of urban areas, their welfare performance and connections to social inequalities among the young population has applied two different methods: 1) statistical analysis of 65 urban areas of Europe, 2) qualitative analysis based on the 16 urban areas of UPLIFT.

The statistical analysis revealed that the quality of local social services, as measured by the policy satisfaction index (satisfaction of residents with education, health and transportation services) has an independent negative effect on deprivation among the young, thus policy efforts can significantly mitigate urban deprivation and inequality. Similar results have been found in models with having difficulties paying bills and having low financial satisfaction as the dependent variable and using many alternative specifications of the model. The analysis found also that urban deprivation and inequality is also negatively related to the level of economic development as measured by the GDP per capita. Over the entire period between



2006 and 2019 the effect of GDP per capita is similar to that of the policy index by nature but with a weaker relevance. Especially in the period of recovery after the economic crisis (period 2012-2019), when the increase in housing prices offsets the positive effect of lower unemployment levels and therefore the overall effect of economic growth on deprivation is weak or zero.

As opposed to the quantitative analysis, the qualitative analysis was not able to set such strict linkages between the economic performance of urban areas and their inequality outcomes due to the low sample size (16) and the lack of comparative local data, but it was able to set hypothesis on the mechanisms that links or even depart economic performance and social inequalities.

In the analysis, we followed a four-steps approach. First, we grouped the 16 FUAs into three types based on the characteristics of their labour market. We defined “strong market cities” as those that have relatively diverse labour markets, which also include a large share of high-skilled, high paying jobs. In contrast, “weak market cities” are those that have relatively homogenous labour markets demanding low-skills. In addition, we defined those “linked cities” which do not have an independent labour market but rely heavily on a bigger metropolis in their near proximity. Based on this division strong market cities are: Amsterdam, Belfast, Bologna, Bratislava and Tallinn. Weak market cities are: Borlänge, Chemnitz, Łódź, Lom, Mulhouse, Pécs and Sfântu Gheorghe, while linked urban areas are: Amadora, Barakaldo, Corby and Leuven.

As a second step, we tried to create causal linkages between these labour market characteristics (three types) and their impact on structural factors, like the supply of diverse/restricted employment possibilities for highly and low-qualified and its effect on the social structures, the demand for housing and the effect on prices and quality.

As a third step, we tried to define linkages between the three categories and the efficiency of their local welfare systems. We found that the links between economic strength of the location (either economically strong/weak or linked to an agglomeration economy) and its public policy performance is loose and depend mainly on the distribution of competencies and the intergovernmental fiscal relations the national/regional welfare systems, or urban development schemes apply.

As a final step, we integrated both variables, thus analysed how efficiently different welfare structures reply on different structural challenges under different labour market (economic) conditions. In the combination of the structural and welfare elements, among others we found, that one of the most important interactions is the link between education and employment opportunities: in a strong market city the diversity of the local job market goes hand in hand with the diversity of the educational possibilities. An efficient combination of employment and education system can contribute to the requalification of the labour force and reintegrate those who are in need. On the other hand in weak market cities there is a danger of creating a vicious circle in which the limited choices in the labour market lead to

restricted supply of education (e.g. shortage of training places and limited ambitions) which leads to outmigration of the labour force and further economic deprivation of the area.

Our cases revealed that segregation has a loose link to economic prosperity, thus the phenomenon exists both in weak and strong market urban areas, however the underlying mechanisms are different including which groups are “forced” to live in more segregated areas. In both types of cities ethnic minorities are usually the excluded groups, however in a location with strong economy city this group consists of a significant share of migrants (e.g. Amsterdam, Belfast, Bologna) while local ethnic groups such as Roma is the one who faces a higher likelihood of living in a segregated area in weak market economies in Central and Eastern Europe (e.g. Pécs, Lom or Sfântu Gheorghe). Housing segregation most often goes hand in hand with educational segregation, which accumulates the disadvantages of the affected groups creating a vicious circle from which breaking out is unimaginable without a systematic help of the local welfare system.

The dynamics in housing inequalities differ between strong and weak economic cities: affordability is typically the engine of housing inequalities in strong market cities (e.g. Amsterdam, Bratislava, Belfast, Bologna, Tallinn) while housing quality, deprivation, overcrowding divides the society in weak economic cities (e.g. Łódź, Lom, Sfântu Gheorghe).



# 1 Introduction

UPLIFT's WP1 literature review on inequality concepts and theories in the post-crisis Europe (Deliverable 1.2)<sup>3</sup>, on the scale and trends in main dimensions of inequality in Europe (Deliverable 1.3)<sup>4</sup> and on drivers of inequalities and typology of inequalities (Deliverable 1.4)<sup>5</sup> addressed several important issues for the project and laid down the foundations for the other work packages of UPLIFT.

Work package (WP) 2 – Main patterns of urban inequality in Europe – corresponds to the “urban level” of UPLIFT and has a strong focus on policy. Building on the overarching national and regional assessments of WP1, it zooms in on functional urban areas (FUAs), which comprise urban centres and peri-urban hinterlands.

This WP identifies the main drivers of socio-economic inequality and establishes differences between their functioning on the national and urban scale. To do so, studies were undertaken in 16 FUAs, selected from a broad variety of regions and countries of Europe, and representing different levels of economic development, welfare provision, governance and policy approaches, and cultures of participation. Their juxtaposition demonstrates the differences in the scale and dimensions of inequality in the different urban regions, but also point out similar trends, and link these to various urban types.

WP2 comprised five major aims:

1. Testing and fine-tuning the urban typology developed by WP1 to see whether the scope and drivers of inequality of the 16 urban areas fit the overarching concept or if certain urban areas are outliers in some aspects.
2. Defining the scope and nature of inequalities in 16 urban areas based on quantitative indicators, taking into account the changing socio-economic processes.
3. Identifying the room of manoeuvre for local policies in the fields of education, employment, housing policies and a fourth domain of choice in their national/regional policy context to tackle social inequalities.
4. Creating linkages between economic potential of localities and their social welfare outcomes.
5. Identifying innovative local policies that are efficient in reducing socio-economic inequalities.

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<sup>3</sup> Available at: [https://www.uplift-youth.eu/sites/default/files/upload/files/D12%20Inequality%20concepts%20revised\\_october%202021-web.pdf](https://www.uplift-youth.eu/sites/default/files/upload/files/D12%20Inequality%20concepts%20revised_october%202021-web.pdf).

<sup>4</sup> Available at: [https://assets.website-files.com/5e7499fb55d30d096df953e3/5ffc19dab8456a627cd123d2\\_D13%20-%20Atlas%20of%20inequalities.pdf](https://assets.website-files.com/5e7499fb55d30d096df953e3/5ffc19dab8456a627cd123d2_D13%20-%20Atlas%20of%20inequalities.pdf)

<sup>5</sup> Available at: [https://assets.website-files.com/5e7499fb55d30d096df953e3/5ffc1cf686d43f702836f8a0\\_D14%20-%20Framework%20Study%20on%20inequalities.docx.pdf](https://assets.website-files.com/5e7499fb55d30d096df953e3/5ffc1cf686d43f702836f8a0_D14%20-%20Framework%20Study%20on%20inequalities.docx.pdf)

This synthesis report focuses notably on the second, third and fourth aims aforementioned. It summarises and problematizes the contents of the urban reports elaborated by UPLIFT partner teams. These reports individually analysed the local policy contexts of sixteen FUAs by collecting information on the main socio-economic processes covering three time periods (the financial crisis that erupted in 2008, the subsequent post-crisis years of recovery, and the Covid-19 pandemic) and on local policies influencing inequality (either reducing or increasing inequality).

The research was guided by some main questions in mind, such as: i) which are the main socio-economic processes and welfare policies at the local level influencing social inequality; ii) how have they evolved during the post-2008 crisis, the subsequent years of recovery, and the Covid-19 pandemic; and iii) what is the causal relation between the economic position of localities and the nature of social inequalities mitigated by local welfare policies?

Socio-economic processes affecting (in)equality, which are closely entwined with cultural processes and collective behaviours, encompass a wide range of areas including education (including early childhood education and care), employment, housing, income, poverty and social exclusion, social protection, health (including long-term care), youth policies, etc..

These represent a (too) broad range of issues, thus there was the need to narrow the focus the urban reports. Considering the focus of UPLIFT's WP3 on education, employment and housing, the partnership deemed sensible that also WP2 urban reports would focus more specifically on these areas. Therefore, the task followed a two-layer approach. The first layer (priority areas) consisted of education, employment and housing, regarding which in-depth analysis should be conducted. The second layer considered the most relevant issues regarding income and social protection, health, youth policies, asylum, immigration, outmigration, among other issues that project partners would find relevant in the particular FUAs under study.

These developments have certainly happened in different forms and extents across countries, regions and cities. Even if patterns and common drivers are identified, impacts vary depending on the location. Policy priorities and responses to systemic or structural factors also vary, and so do interpretations by local actors. These several forms of variation were examined through the comparative analysis of findings from the 16 functional urban areas selected for research in WP2.

## 2 Methodology

This chapter focuses on the methodological aspects of the 16 urban reports which constituted deliverable 2.2 of UPLIFT.<sup>6</sup> Each report examined the scales and dimensions of inequality affecting the young population on the respective functional urban area (FUA) under study. These were (in alphabetical order) Amadora (Portugal), Amsterdam (The Netherlands), Barakaldo (Spain), Belfast (United Kingdom), Bologna (Italy), Borlänge (Sweden), Bratislava (Slovakia), Chemnitz (Germany), Corby (United Kingdom), Leuven (Belgium), Łódź (Poland), Lom (Bulgaria), Mulhouse (France), Pécs (Hungary), Sfântu Gheorghe (Romania), and Tallinn (Estonia). The purpose of the urban reports was to understand how the drivers of socio-economic inequality operate in the local context, as well as the role of political measures in aggravating or reducing the impacts of inequality on the urban youth. Therefore, particular attention was paid to the room for actions of local policies and the manners in which policymakers and stakeholders conceptualise and respond to the existing challenges. This corresponds to the meso-level analysis in the UPLIFT project, i.e. between the macro-level analysis of inequality drivers (the focus of WP1) and the micro-level analysis of individual behaviour and strategy (the focus of WP3).

In this sense, all urban reports contain desk research and interviews with various actors in order to expand the data collection and analysis, while still building on previous deliverables of the UPLIFT project.

### 2.1 Research methods and data

Regarding desk research (D.R.), data was collected in the period between June 2020 and December 2021 (with different time periods for each urban report, as seen in Figure 2.1), with the aim of collecting and organising relevant literature with analysis of the scientific publications, analysis of statistical data using publicly available statistical databases, and grey literature (master's and doctoral dissertations, newspaper articles and governmental and other official publications) on four thematic areas: Education, Employment, Housing and an additional area of choice. When it comes to the interviews (INT.), they were conducted in the period between October 2020 and December 2021, again with different time periods for each urban report.

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<sup>6</sup> The urban reports are available at: <https://www.uplift-youth.eu/research-policy/official-deliverables>

Figure 2.1: Chronogram of the research methods and data, by FUA

FUA		2020								2021											
		MAY	JUN	JUL	AUG	SET	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SET	OCT	NOV	DEC
Amadora	D.R.																				
	INT.																				
Amsterdam	D.R.																				
	INT.																				
Barakaldo	D.R.																				
	INT.																				
Belfast	D.R.																				
	INT.																				
Bratislava	D.R.																				
	INT.																				
Bologna	D.R.																				
	INT.																				
Borlänge	D.R.																				
	INT.																				
Chemnitz	D.R.																				
	INT.																				
Corby	D.R.																				
	INT.																				
Leuven	D.R.																				
	INT.																				
Łódź	D.R.																				
	INT.																				
Lom	D.R.																				
	INT.																				
Mulhouse	D.R.																				
	INT.																				
Pécs	D.R.																				
	INT.																				
Sfântu Gheorghe	D.R.																				
	INT.																				
Tallinn	D.R.																				
	INT.																				

The persons that were interviewed were selected for their relevant knowledge and experience in the FUAs, ensuring a combination of points of view from public officials and members of non-governmental organisations (NGOs) to enable a critical assessment of social developments and policy impacts. With that being said, there were a total of 128 interviews for all the urban reports, varying from 5 to 12 interviews per FUA. Additionally, some urban reports disaggregated the interviewees by sex (Figure 2.2). It should also be mentioned that more women were interviewed, when considered the sex individually. Also, some of the urban reports also mentioned the level of the expertise of the interviewees and, in most cases, the local and national level were privileged, as they hold the positions showed in Figure 2.3. In this way it was possible to reach some information that would be hidden otherwise.

Figure 2.2: Number of interviewees by sex and by FUA

FUA	Men	Women	Total
Amadora	2	6	8
Amsterdam	2	6	8
Barakaldo	4	6	10
Belfast	2	6	8
Bratislava	6	5	11
Bologna	3	6	9
Borlänge	6	5	11
Corby	3	4	7
Leuven	2	3	5
Łódź	3	6	9
Lom	2	5	8
Mulhouse	3	3	6
Pécs	4	8	12
Sfântu Gheorghe	5	3	8
Tallinn	4	4	8

Source: Self- elaboration on the basis of UPLIFT urban reports

Figure 2.3: Positions held by the interviewees, by FUA

FUA	Public sector	NGOs, Foundations	Others	Total
Amadora	4	4	0	8
Amsterdam	5	2	1	8
Barakaldo	10	0	0	10
Belfast	4	4	0	8
Bratislava	9	2	0	11
Bologna	8	1	0	9
Borlänge	9	2	0	11
Corby	4	1	2	7
Leuven	2	1	2	5
Łódź	4	2	3	9
Lom	4	4	0	8
Mulhouse	4	1	1	6
Pécs	8	4	0	12
Sfântu Gheorghe	5	3	0	8
Tallinn	8	0	0	8

Source: Self elaboration on the basis of UPLIFT urban reports

## 2.2 Difficulties and/or limitations to the research

Every team mentioned to have faced constraints and limitations, including due to the COVID-19 pandemic which had to be addressed and tackled. In most cases, scheduling and carrying the interviews took longer than expected, notably due to the COVID-19 scenario. As a result of the public health measures imposed by Governments, which included partial or full lockdowns, as well as resulting from the professional uncertainties experienced by interviewees, several appointments had to be postponed, rearranged or even cancelled.

One way used to overcome this situation was through conducting online interviews. However, that also came with some additional constraints such as the need to constantly postpone interviews due to the need for digital support and/or the busy agenda of

stakeholders. The latter was emphasised as a significant difficulty even by the teams who have downplayed the effects of the pandemic as the availability of the local experts was limited due to a busier agenda. The lack of reply, the difficulty in finding relevant statistical data at local level and also the holding of national elections were mentioned as constraints in some FUAs.

## **3 Sixteen functional urban areas and four welfare domains**

### **3.1 The rationale behind the choice of the welfare domains: education, employment, housing and an extra**

The focus of WP2 is on the situation of the young population and the way in which it is directly or indirectly impacted by the policy measures in force in their respective countries and functional urban areas of residence. The most recent economic and financial crisis and the recession that followed it, together with the changes that occurred due to the fourth industrial revolution and the COVID-19 pandemic caused great asymmetries between European countries, from housing market dives to rising unemployment, especially youth unemployment, as well as a rise in young people neither in employment, nor in education or training (NEET youth). Subsequent austerity packages restricted inequality reduction measures.

Young people and families have become the demographic group most at risk of poverty, in part due to the transformation of job markets, the growing skill and wage gaps, and the rise of atypical employment (OECD 2017). The focus on the younger population (15-29 years old) is based on the fact that this group constitutes one of the groups with the highest risk of poverty and vulnerability in Europe. In addition, inequality at the young age tends to expand over the life cycle of the same cohort.

The literature review identified particular problems and policy trends in the areas to be examined in our empirical research. In latest decades, employment has been considerably deregulated in favour of so-called labour market flexibility, with a rise of precarious work, risk and uncertainty, additional difficulties to collective bargaining, and a growing disconnection between capital and labour (Sassen, 2007; Schömann, 2014; Blanton and Peksen, 2016). In the area of education, neoliberal thinking has pushed for increasing privatisation, individualisation and competition, either as a way to or as a consequence of cuts in public funding (Davies and Bansel, 2017; Hedegaard-Soerensen & Grumloese, 2020). Increasing segmentation and exclusion have also been detected in the area of housing, namely through changes in affordability and accessibility (Sendi, 2011).

Also broader policy orientations provide relevant framing to UPLIFT's research endeavours. The European Pillar of Social Rights (EPSR) pleads for a European Union which fights unemployment, discrimination, social exclusion and poverty; a Union where young people receive the best education and training and can study and find jobs across the continent.

Attention is paid in the EPSR to the areas examined in-depth by the UPLIFT project. Education, training and life-long learning are addressed by the very first Principle of the EPSR, which states that "everyone has the right to quality and inclusive education, training



and life-long learning in order to maintain and acquire skills that enable them to participate fully in society and manage successfully transitions in the labour market". This means that access to education should be effective for everyone. It should be provided through a balanced geographical distribution of educational facilities and professionals of the different levels of education. Costs should not prevent people from using education services.

With regard to employment, Principle 4 of the EPSR promotes an active support to employment emphasising that "everyone has the right to timely and tailor-made assistance to improve employment or self-employment prospects". This includes the right to receive support for job search, training and re-qualification. It also states that young people have the right to continued education, apprenticeship, traineeship or a job offer of good standing within 4 months of becoming unemployed or leaving education and that the unemployed have the right to personalised, continuous and consistent support.

Additionally, principle 5 addresses secure and adaptable employment, underlining that workers have the right to fair and equal treatment regarding working conditions, and access to social protection and training regardless of the type and duration of the employment relationship. It also highlights that the transition towards open-ended forms of employment shall be fostered and that, in accordance with legislation and collective agreements, the necessary flexibility for employers to adapt swiftly to changes in the economic context shall be ensured. Furthermore, it notes that entrepreneurship, self-employment and innovative forms of work that ensure quality working conditions shall be fostered. Occupational mobility shall be facilitated and employment relationships that lead to precarious working conditions shall be prevented, including by prohibiting abuse of atypical contracts.

Housing is addressed in Principle 19 of the EPSR, highlighting that access to social housing or housing assistance of good quality shall be provided for those in need and that vulnerable people have the right to appropriate assistance and protection against forced eviction. The 2019 and 2020 Joint Employment Reports provide a detailed analysis of the housing situation in the EU, going beyond the indicators included in the social scoreboard used for monitoring the implementation of the Pillar.

Additionally, and considering the fact that the Pillar is expected to serve as a point of reference for its implementation, the European Semester has been increasingly covering these issues in recent cycles. Two key messages from the Annual Sustainable Growth Strategy 2022 seem worth emphasizing: first, that Implementing the European Pillar of Social Rights is crucial to achieving upward social and economic convergence; second, that the Social Summit of May 2021 reaffirmed the joint commitment to further implement the European Pillar of Social Rights and welcomed the new EU headline targets on jobs, skills and poverty reduction. According to the Social Scoreboard accompanying the Pillar, the overall trends regarding most headline indicators are clearly positive. In some cases, they maintain a consistently positive trend over the last ten years such as, for instance, regarding early leavers from education and training (population 18-24) and individuals who have basic or above basic overall digital skills (population 16-74).

However, regarding most indicators there was an interruption of overall positive trends in 2020, coincident with the year where the Covid-19 pandemic impacted the most. In many cases, 2020 remains the latest available year, notably in what regards social protection and inclusion (including housing) indicators. Conversely, relevant indicators for which 2021 data is available seem to indicate for recovery, for instance as regards employment (population 20-64) and unemployment (labour force 15-74) rates and the percentage of young people (15-29) neither in employment nor in education and training (NEET).

In addition to the three main areas that all 16 Urban Reports focused on, each team had the opportunity to choose a fourth area deemed relevant considering the concrete specificity of the respective functional urban area under study. A substantial part of the reports (Amadora, Amsterdam, Barakaldo, Bologna, Bratislava, Łódź, Pécs, Sfântu Gheorghe, Tallin) chose to focus on the area of Social Protection, while other focused on the area of Health (Belfast, Corby, Leuven) and on areas related to migration (Barakaldo, Borlänge, Lom). The choices behind the fourth area reflect scenarios related to poverty but also how, in certain cases, young people are not the priority group of the different support measures.

In the case of Social Protection, this turns out to be a transversal area to the other three, since social protection in terms of unemployment, education, but also housing is included. On the other hand, it is also an area that, in some cases, had relevant changes and cuts in relation to available budgets, which influences the possibility for an effective support. The pandemic situation also revealed the existence of changes and cuts in terms of social protection.

With regard to the area of Health, unequal access to health care remains difficult in some FUA and mental health especially stands out as an area of great concern, particularly as a reflection of the Covid-19 pandemic.

Finally, migrations were included as the fourth area in some reports as a dimension that requires reflection. Immigration is included here, above all, because involves young persons, and that has impacts on the population structure but also on the immigrant persons whose integration presents challenges at several levels, namely inequalities, once again, also related to the three priority areas.

### **3.2 Generic description of the 16 FUAs and respective levels of governance**

Since the beginning of the 21<sup>st</sup> century, relations across levels of government have changed. With decentralization, local and regional governments have gained more power in terms of policy formulation and implementation, which has increased their scope for improving the competitiveness of the regional economy as well as the quality of life for residents. This change from a centralized and vertical system generated greater complexity in terms of governance, since it involves larger variety of stakeholders at different levels. For the formulation of policies and the delivery of services to be efficient, it is essential to

understand the complexity of the network of relationships and to develop an effective collaboration between the different levels of government (OECD, 2016).

The 'vertical' dimension is related with "the linkages between higher and lower levels of government, including their institutional, financial and informational aspects". The 'horizontal' dimension refers to "co-operation arrangements between regions or between municipalities with a view to improving effectiveness in terms of the provision of public services as well as the implementation of development strategies' (Zonneveld, W., De Vries, J., Janssen-Jansen, L., 2012).

According to the OECD number of government layers (OECD, 2017b), some of the countries where the FUAs under analysis in UPLIFT integrate base their governance on multi-levels with a greater or lesser level of disaggregation. Regarding the countries where the different urban areas are included, three are Federations (Belgium, Germany, United Kingdom) and one a Quasi-Federation (Spain); and 13 are Unitary Countries. As for regional/local governance levels, four have only one governance level referring to Municipalities (Bulgaria, Estonia, Hungary and Portugal<sup>7</sup>); five have two levels of governance referring to States/Regions and Municipalities (Slovakia, Sweden, Poland, Romania and Netherlands) and six have three levels of governance referring to States/Regions, Intermediary government and Municipalities (Belgium, Germany, Spain, Italy, United Kingdom<sup>8</sup> and France).

As an example, it seems worth emphasising the UR of Bologna which mentions the complex multilevel governance as one of the challenges to have more efficient policies against urban inequality. Because the policies that tackle the inequalities are managed by a different mix of administrative levels with different competences and powers in each dimension studied (education, employment, housing or social protection and youth). As emphasised in the country report, 'this governance complexity can sometimes slow down the deployments of policies targeting inequality and a greater coordination on the policies that are tackling inequality is needed to be more efficient' (Bologna).

Regarding the different levels of governance, the dimensions under analysis are the following: i) policy definition level; ii) policy implementation level and the existence of room of manoeuvre; and iii) financial autonomy.

### 3.2.1 Policy definition level

With regard to this dimension, most of the 16 urban reports mentioned weak interventions of the local level in terms of policy definition, which mostly occurs at the national level.

The urban reports show that local contexts operate within the scope of policies and laws defined at the national level, whether they are included in Federal States or Unitary Countries. Thus, local level has no responsibility at this point, leaving the local governance with limited room of manoeuvre regarding policy definition (e. g. Amadora, Amsterdam,

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<sup>7</sup> However, Portugal has autonomous regions on part of the country.

<sup>8</sup> Only in part of England there is an intermediary level.

Chemnitz, Belfast, Bologna, Borlänge, Bratislava, Corby, Leuven, Lom, Pécs, Sfântu Gheorghe, Tallinn).

Thus, the influence of the national/regional government over the local level continues to exist today, which greatly influences the local dynamics. As mentioned by the report on Corby, local decision-making follows a top-down implementation of policies and strategies which are largely shaped by decision-making of central government. In addition, the urban report on Bologna emphasises the possibility of improving the relationship among the different levels of governance ‘through a more fluid interaction and communication which should take strongly into account the opinion of regional and local administrations’.

As also mentioned in urban reports, overlaps are present also in terms of responsibilities, with each level having a say in multiple policy fields with regard to specific aspects (e.g. Leuven) and in certain cases regarding the distribution of responsibilities, described as unclear and unsystematically shared between municipality and the local self-governing district municipalities (e.g. Bratislava).

### **3.2.2 Room of manoeuvre/autonomy in policy implementation**

With regard to policy implementation and contrary to what happens in the definition of policies, the FUAs do seem to have autonomy in the implementation of measures in several different areas (e.g. education, social protection, housing, health, culture, etc.). The particular cases reported in the urban reports on Amsterdam and Borlänge, which are characterized by highly decentralized systems, should be highlighted.

The report on Amsterdam notes that the decentralised system allows a lot of autonomy in the implementation of the measures. However, this decentralized system is described as paradoxical. On the one hand, municipalities have several responsibilities, substantial budget and autonomy regarding implementation. On the other hand, the central government has the power to intervene in the governance and functioning of the local level governments, in particular in their competences and finances, which limits their autonomy. At the end, the Dutch system is based on the share of responsibilities between central government and subnational governments, in which “governance structure is mostly centralized in terms of policy formation and law-making, and decentralized in terms of policy implementation, particularly with regards to labour market, social security and welfare policy. This leaves quite some room for manoeuvre for local authorities to tackle socio-economic inequalities” (Urban report on Amsterdam).

In the report on Borlänge, the Swedish government system is mentioned as having a long tradition in separating policy making from policy execution. The administrative model is characterized by a high degree of delegation of responsibilities to the local entities. The government defines the goals, appropriates funds and the goals feedback requirements. The municipalities and counties were assigned important tasks, self-government, strong financial autonomy and authority to manage their own affairs, which is stressed as putting Sweden among the most decentralised countries in the world (OECD/UCLG, 2019).

In some reports the governance is decentralized in terms of policy implementation, leaving some room of manoeuvre for local authorities to respond to socio-economic issues giving them (relative) autonomy in the implementation of the measures. This includes some areas namely employment, education, social policy, welfare policy, housing, economy, culture or health that tend to become more specific as the territorial level is progressively “reduced” from regions to provinces, counties and/or municipalities (e.g. Amadora, Barakaldo, Bologna, Bratislava, Chemnitz, Leuven, Łódź, Lom, Sfântu Gheorghe, Tallinn). However, autonomy has specificities regarding the different areas. In the area of education for instance, the municipalities are often responsible for pre-school, primary or secondary school vocational education and training facilities, school-related services, etc. The territorial supra-levels (e.g. regions or counties) also share responsibilities in these areas, but more broadly. The central government is exclusively in charge of some areas such as defence, justice or internal administration. In the particular case of the reports on Pécs, the area is mentioned as having suffered both a centralization and decentralization process since 2010 and municipalities to have lost most of their competencies in several fields, namely in education, employment, and social protection which became strongly coordinated by the central government.

Most wide-ranging territorial areas, like regions, besides having responsibilities in several fields also exercise control over provinces and municipalities and impose some duties upon local governments (e.g. provinces and municipalities), which reduces their room for manoeuvre (e.g. Leuven; Tallinn). In other cases, local governments provide several services to their communities, some of which are statutory (obliged by law) whilst others are discretionary (e.g. Corby; Chemnitz).

It also seems worth emphasising that, even if public policy decentralisation has been followed as a strategy to optimise resources and to better respond to local needs, it sometimes leads to a situation in which local public and private actors become responsible for solving problems without having the administrative competences, the financial resources or the technical qualifications required to meet such expectation (e.g. Amadora).

### **3.2.3 Financial management**

A greater or lesser level of budget management is necessarily related to the existence of levels of autonomy that are also more or less established. Based on the 16 UR it is possible to assess the existence of greater financial independency in some localities. In these cases, the existence of own financial sources, namely local taxes, plays an important role (e.g. Barakaldo, Borlänge, Chemnitz, Lom, Pécs, Tallinn). These are important sources of funding that allow for financial independence and for the use of the resources according to the needs and on the areas considered to be priority. Thus, the local government authorities are able to autonomously manage local affairs based on their independence and have room for manoeuvre to define e.g. the amount of the local allowances, which is deemed as a sign of a growing financial municipal independence, as referred to in the urban report on Lom. This self-sufficiency is cumulative with central State support. Even so, financial difficulties are pointed out in some urban reports by the local authorities as the revenues are mostly

coming from part of the personal income tax of the registered residents and many residents are not registered but need public services (e.g. Bratislava), and the funding obtained through local taxes/revenues can also be insufficient (e.g. Bratislava, Chemnitz, Lom).

In other cases, the financial resources come, above all, from the central government, which transfers amounts destined to specific areas, and results in (great) dependence at this level. The central government provides the funding, but the implementation of specific initiatives is left to local governments (e.g. Amadora, Amsterdam, Bologna, Bratislava, Corby, Chemnitz, Leuven, Łódź, Sfântu Gheorghe). In some cases, the execution of certain policies/measures is dependent of public transfers, which may be made with some delay, affecting the capacity to initiate and complete projects and leaving little room of manoeuvre to act (e.g. Amadora, Belfast, Bologna, Corby, Łódź, Lom, Pécs, Sfântu Gheorghe). EU funding for the implementation of several programmes and projects was mentioned as being a relevant source by quite a few reports (e.g. Amadora, Bologna, Bratislava, Chemnitz, Leuven, Łódź, Lom, Pécs, Sfântu Gheorghe).

These constraints are noted as often having been exacerbated as a result of the Covid-19 pandemic and of the austerity measures, deemed to have frequently reduced the capacities of local governments to serve their communities. The Covid-19 pandemic was emphasised as having a big impact on the budgets of local governments, which lost part of their incomes. The urban report on Corby, for instance, notes that, as these cuts affected the most flexibly usable parts of the income of local municipalities, it also automatically reduced the room for manoeuvre localities have in social policies. In other cases, the allocation of central government subsidies was mentioned to prioritize remote, less developed regions, making the available budget for more developed regions insufficient, as in the case of the Bratislava. This particular case is described as meeting a specific challenge as it faces restrictions regarding EU funding due to its comparatively high level of development and low unemployment rate.

In view of the above, the Urban Reports notoriously denote the existence of different types of governance. As it can be seen from the information discussed above, the realities are different but it is nonetheless possible to find some points of convergence. The local contexts are closer or further apart depending on the existence of a greater or lesser decentralization of the local governance in relation to the central level. This decentralization is related to the existence of multi-level governance models. Some differences can be noted between Federal States (Belgium, Germany, United Kingdom and Spain<sup>9</sup>) and Unitary States (Italy, Poland and England) with three or two (Hungary, Netherlands, Slovakia, Sweden) levels of governance and States where there is only one level of governance (Portugal, Estonia).

Countries with two or three-tier subnational governments system have been subjected to decentralization processes and local governments were given broad responsibilities and

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<sup>9</sup> As a quasi-federal country.

autonomy in terms of financial management. Financial autonomy assumes a highly important role, as it enables managing local affairs. Countries with only one level of governance have less decision-making capacity and are more dependent on state transfers, which despite continuing to exist in multi-level governments do not generate the same degree of dependence.

On the other hand, in more decentralized contexts we witness a significant extension of local responsibilities and competencies (divided between the ones they already had and those transferred more recently by the central government) in several areas, namely those that are the target of the UPLIFT project, although with specificities (such as provision of social services and social assistance, local road networks, culture and recreation, primary or/and secondary education, social housing). However, one of the problems pointed out in the urban report on Tallinn is the possible overlapping of responsibilities between the central government and the local authorities resulting from an unclear definition or a competition between local and national policies, which may result in a lack of cooperation between local and national level policymakers.

Greater centralization implies, on the contrary, greater financial dependence of the local level to implement local measures and interventions. Although there are still areas in which it is possible to act, most of the policies are taken at the national level leaving the local governances with limited room for manoeuvre at this point.



## 4 Socio-economic cycles, main trends of inequality and welfare systems

### 4.1 Trends over time in periods of crisis and recovery

Our literature review described inequality trends in several domains including incomes, labour market, education, housing and health. Labour market indicators show clearly the impact of the crisis. In all but one of the countries (Germany) the unemployment rate increased during the crisis years between 2007 and 2012. Unemployment increased the most in Greece and Spain, but other Southern European, South-Eastern European countries and the Baltic states have also recorded important increase (more than 5 points) of the indicator. During the 2012 and 2018 period the unemployment rate decreased in practically all member states. Despite the recovery, the Southern European countries still exhibit higher levels of unemployment in 2018 than before the crisis (with the exception of Portugal), while some Central-Eastern European countries (Poland, Slovakia, Czechia, Hungary) together with Germany managed to achieve a significant decline in unemployment.

Despite the economic fluctuations of the crisis period deprivation indicators were improving during the decade. In most countries the number of people in severe material deprivation increased substantially from 2008 to 2012, but by 2018 the rate decreased to lower levels as before the crisis. Greece, experiencing the most severe economic crisis, is the only country where in 2018 the severe material deprivation rate was still considerably higher than it was in 2008. On the other hand, the severe material deprivation improved significantly in countries like Romania, Bulgaria, the Visegrad countries and Latvia.

In the case of the housing deprivation indicator most of the member states the dominant pattern is improvement over the years, although the changes through the cycle are visible for some of the countries. In case of housing affordability, the picture is similar: there is an improvement in ten countries, although the cyclical pattern is also visible (in the Baltic states, Hungary, Cyprus and Ireland), while a few countries – most importantly Greece - show a generally declining tendency of housing affordability.

In the domain of education, we have analysed indicators such as early leavers from education. In accordance with the policy objectives the share of early leavers has been declining since 2007 in most countries, although there are a few exceptions: Hungary (from 2007) and Slovakia, Denmark and Estonia (from 2012) saw slight increases in the share of early leavers.

In a few countries (most importantly Bulgaria and Romania) unmet need in medical care declined as well during the decade, although in other cases (eg. Greece, Estonia) the value of the indicator increased.



In contrast with the improving trend in these indicators of deprivation and access to services during the 2008-2018 period, measures of inequality such as the Gini-index and (relative) income poverty did not improve. Half of the countries recorded change in the at-risk-of-poverty rate during the decade, with nine countries showing increase of poverty (most importantly Luxembourg, Sweden and the Netherlands) and five countries showing declining poverty rate. In case of the Gini index of income inequality changes over time have been quite small with a few exceptions such as, e.g. Luxembourg, Bulgaria and Hungary where inequality increased and Poland and Portugal, where inequality declined.

The general patterns of income inequality have not changed during the past decade: countries with the highest level of the Gini index can be found among the Baltic states and the South-Eastern European countries. Countries with the lowest level of income inequality are Slovakia, Czech Republic, Slovenia and also Belgium, Finland and Sweden.

Our analysis has also shown that the different indicators are sensitive to the economic cycle to a varying degree. The difference between the indicators in this respect can also be a result of the methodology. E.g. the indicators of inequality and relative poverty do not show large variation during the periods of crisis and recovery as relative measures are most sensitive to changes in the shape of the distribution, while changes in average income are not recorded by these measures. Another reason why these measures do not follow the economic cycle is that they are defined on the distribution of household disposable income thus include the inequality-reducing effect of government redistribution as well. In case of some indicators (e.g. housing) the changes might be smaller in the short run, as these indicators are less volatile compared to unemployment or income.

## **4.2 The general effects of the crises**

The Functional Urban Areas (FUAs) under study were affected differently by the 2008 Financial Crisis and the Covid-19 pandemic (Covid-19). According to the urban reports, some of the FUAs reported that they were strongly affected by both crisis (such is the case of Amadora, Barakaldo, and Bologna), while other FUAs reported being less affected by the 2008 financial crisis (namely, Amsterdam, Borlänge, Chemnitz, Corby, Leuven, and Belfast). Other FUAs were sheltered from the consequences of the 2008 Financial Crisis given the specific socio-economic context of accessing the European Union and receiving new sources of European funding. Such is the case of Bratislava, Łódź, Lom, Pécs, Sfântu Gheorghe and Tallinn. Finally the FUAs of Corby and Belfast highlight the added negative effects of the Brexit process in interaction with the 2008 Financial Crisis' austerity policies.

The events mentioned above constitute two types of significant political structural changes that seem to have played an important role in the FUAs ability to respond to the 2008 Financial Crisis: a) the enlargement of the European Union to Central and Eastern European countries, which seems to have had mostly protective effects; and b) the 2016-2021 process of British exit from the European Union (Brexit) affecting the FUAs of Corby and Belfast, with eminently negative effects. The enlargement of the European Union to Eastern European

countries occurred in two phases: 1) accession in 2004, impacting the FUAs of Bratislava (Slovakia), Pécs (Hungary), Łódź (Poland), and Tallinn (Estonia), and the 2007 EU accession, involving the FUAs of Lom (Bulgaria) and Sfântu Gheorghe (Romania). Even though the last accession period occurred at the verge of the Great Financial Crisis of 2008, it seems to still have worked as a protective factor to the effects of the financial crisis on these two countries.

Regardless of specificity, the content analysis conducted on the 16 urban reports, seems to point out that the most important factors protecting European countries and respective FUAs from the 2008 Financial Crisis and subsequent economic austerity policies appear to be related to having a strong global economic position within the global and European markets.

Regarding the impacts of the Covid-19 pandemic on the UPLIFT FUAs, it is not possible to fully evaluate these impacts since we are still in the midst of the pandemic crisis. However, preliminary and anticipated effects were reported in the Urban Reports, highlighting the idea that the Covid-19 pandemic is likely to reinforce an increase in inequality among the most vulnerable sectors of the FUAs' population.

#### **4.2.1 The impacts of the 2008 Financial Crisis**

The 2008 financial crisis and particularly the austerity measures that ensued, increased inequality in those FUAs more exposed to global economic and financial instability (e.g. Amadora, Barakaldo, and Bologna). Austerity measures were mostly designed to curb public expenses. As the Corby Urban Report incisively explains: "austerity became a key driver of inequality, with the impacts concentrated at local scales among the most deprived places and marginalised communities". Austerity affected those who were already vulnerable before the crisis, since they were disproportionately affected by unemployment, or affected by increasing precarity of working conditions, reduced wages and unstable contracts (e.g. Amadora, Barakaldo).

Simultaneously, vulnerable families and individuals saw their social benefits and services reduced or terminated, as a consequence of the retrenchment of the welfare state as a way of curbing costs in public expenses (e.g. Amadora, Corby).

Continuing to cite the urban report on Corby, "austerity had an uneven geography" by affecting deprived areas the most, since these areas were usually more dependent on central government funds that were either restricted or cut altogether. Additionally, local governments also experienced significant budget cuts in the period post-financial crisis, some of which would be funding local social programmes targeting vulnerable populations.

With some degree of variation across the UPLIFT FUAs, lower income families and individuals, youth and children, women, single parents, ethnic and racial minorities, and persons with disabilities were the groups usually pointed as most vulnerable to the 2008 Financial Crisis and its austerity policies, across the FUAs. According to the urban reports, some of the FUAs consider young individuals to be the socio-demographic group receiving the most serious crisis effects (e.g. Amadora, Barakaldo), while Corby reports women

(particularly young women) as the most affected by the 2008 crisis. Besides young individuals and young women, Bologna also includes individuals above 45 years old as another demographic particularly affected by the financial crisis, as the FUA Insight below describes (see also FUAs Insights 1, in Annex A, for other examples from the urban reports).

***FUA's Insight: Bologna and the social groups most affected by the 2008 financial crisis:***

The urban report on Bologna reveals that the negative consequences of the financial crisis (affecting mostly young people, young women and single mothers, and people over 45) were still persistent in 2019, reflecting persistent economic effects. In fact, the 2012-2019 period represents years of difficult personal, educational and professional conversion for many of these groups; conversion that in some way has been even reoriented and accelerated to new arenas as a result of the emergence of Covid-19. Economic indicators relating to the risk of poverty, have not yet reached the levels achieved before 2008. According to an interviewed regional expert on labour market and working conditions for young people, this may indicate that the financial crisis of 2008 has increased the gap between rich and poor in Italy.

The 2008 Financial Crisis had considerably less impact in other UPLIFT FUAs: these are the cases of Amsterdam, Borlänge, Chemnitz, Corby, Leuven, and Belfast. These are generally FUAs within countries with strong economic positions in the global and European financial markets. Although these FUAs registered economic impacts at the level of employment and specific business sectors, fast economic recoveries and strong social welfare systems protected large groups of citizens and businesses from further damage (See FUAs' Insights 2, in Annex A).

Belfast represents a particular case within strong economies less impacted by the 2008 financial crisis. In an earlier phase, Belfast's significant public sector employment sheltered this FUA from the direct and immediate impact of the effects of the financial crisis. Austerity measures impacted less the education and health sectors in Northern Ireland, since these sectors were guaranteed by the UK government. However, austerity affected local programmes that mostly provided services to vulnerable students. On a later phase, public sector spending was gradually and severely impacted by austerity measures imposed in the UK, which eventually meant that NI had a slower pace of recovery (see Case Example 3 in Annex A).

A second group of FUAs also did not describe the 2008 financial crisis as having fundamental socio-economic enduring consequences at the local and national levels. As mentioned previously, this group of FUAs share the structural political event of accession to the European Union in 2004 (Bratislava, Łódź, Pécs, and Tallin) and in 2007 (Lom and Sfântu Gheorghe).

Although not as seriously affected as the Southern European FUAs, Central and Eastern European FUAs still report having suffered from the negative impacts of the financial crisis mainly at the level of job markets and unemployment rates (e.g. Bratislava). Pécs also refers impacts at the level of the financial markets and economic indicators such as the GDP.

However, Central and Eastern European FUAs also report early recovery periods comparative to the Southern European FUAs, as well as strong cycles of economic recovery (e.g. Bratislava, Łódź, Lom). In fact, Łódź's urban report even refers to the period of economic recovery as an "economic boom" (see FUAs' Insights 4, in Annex A). Both Pécs and Sfântu Gheorghe's urban reports refer that the EU accession and the new lines of funding that it provided to the new member countries contributed as an umbrella regarding the negative consequences of the financial crisis. Another sign of a strong economic recovery is that some of these FUAs even report reaching better economic and social indicators in comparison to those held before 2008 (e.g. Lom, Łódź). The Sfântu Gheorghe urban report depicts an interesting phenomenon in Romania: given that the 2007 EU accession almost overlapped with the offset of the 2008 financial crisis, this caused the Romanian public opinion to have difficulty in differentiating the effects of both events (see Case Example on Sfântu Gheorghe, below).

***Case example: Sfântu Gheorghe and the 2008 financial crisis***

"The financial crisis of 2008 was not felt as strongly as in other EU countries (according to the statistical data consulted and local to the stakeholders' statements) because Romania had just undergone another wave of changes caused by the country's accession to the EU. However, the work area was affected, and the effects were most strongly felt by people who were currently working abroad or those involved in temporary work. "

"The economic crisis of 2008 was (...)often confused by ordinary people with accession to the EU. Following the EU accession in 2007, internal spatial inequalities have increased in Romania (Benedek and Torok, 2014), the most affected being those who were previously in a precarious socio-economic situation. From interviews with local representatives, we failed to find out exactly how the crisis of 2008 affected the population of FUA Sfântu Gheorghe, but we identified two possible explanations: 1. Most of the respondents did not work in the system (or in the same institution) before 2007; 2. EU accession has allowed access to new funds and the development of programmes to reduce poverty and inequality".

In what regards the socio-demographic groups most affected by the crisis in this set of FUAs, and besides referring those populations that were already vulnerable when the financial crisis started, some of the reports mention very specific groups of individuals: the report on Pécs refers people with loans in foreign currency, because instalments increased dramatically in 2008, and the report on Sfântu Gheorghe refers to individuals who were working abroad at the time and those involved in temporary work.

#### 4.2.2 The impact of the Covid-19 pandemic on the FUAS

Contrary to the 2008 financial crisis, the Covid-19 pandemic was felt in all FUAs with similar levels of intensity, but still different capacities for response. In what regards recovery from the pandemic, it seems that most of the FUAs were able to recover fast regarding some indicators, such as GDP. All urban reports agree that it is difficult to assess the range of medium and long-term consequences of the Covid-19 pandemic since the pandemic is not over.

However, there seems to be some consensus around the anticipated main effects of the pandemic on the FUAs' socio-economic fabric. These effects are clearly described in the Amsterdam urban report: "The general consensus is that it will exacerbate existing inequalities in the long term, as it has heavily impacted the education of younger generation, highlighted the deep imbalances of the housing market, and in general put a spotlight on all the warped mechanisms that perpetuate socioeconomic inequalities in Dutch society" (urban report on Amsterdam).

Several urban reports underlined the idea that existing socio-economic inequalities will likely be aggravated by the pandemic, while poverty and social exclusion will likely increase on a medium to long-term future. One of the main reasons for this is attributed to the role of education which is expected to operate as an important social equalizer, but has seen its role impaired by the way most schools were forced to operate during the pandemic. In fact, online and long-distance learning, as well as learning based at home, reinforced the disadvantages of students without family resources, that cannot provide technological equipment and know-how, or even cultural capital supporting their children in the learning process (e.g. Amadora, Amsterdam, Barakaldo, Bologna, Corby, Sfântu Gheorghe).

Some of the most shared consequences of the Covid-19 pandemic referred in the urban reports include increased unemployment and loss of income (e.g. Amadora, Amsterdam, Bologna, Borlänge, Łódź, Mulhouse, Pécs). Borlänge's urban report highlights younger population in general, while Amsterdam's urban report refers that it affected specifically young women. Similarly to what occurred during the 2008 financial crisis, those socio-demographic groups most involved in low quality jobs, working part-time, or on temporary work contracts were first hit by unemployment or saw the levels of precariousness of their employment increase. These groups usually include young workers, women, migrant labour, and low-qualified workforce.

Another set of consequences includes economic factors, where a decrease in GDP was reported in several FUAs and respective countries (e.g. Barakaldo, Bologna, Pécs). Specific economic sectors were more affected than others by the Covid-19 pandemic, given the specific public health measures in effect (for instance, lockdown, social isolation, among others), and that forced several economic areas to close for periods of time. The urban reports mention the sectors of tourism, hotels, restaurants and bars (e.g. Bologna, Borlänge, Chemnitz, Mulhouse) and Bologna specifically mentions the manufacturing sector. The urban

report on Lom also highlights the economic consequences of the pandemic at a local level, with the closure of several businesses and the general slowdown of the FUA's economy (see Case Example 5, in Annex A).

The UPLIFT FUAs went and are still going through different Covid-19 waves at different periods, as well as employing different public health responses in what regards social isolation, lockdown measures, and vaccination efforts. However, the Swedish response, highlighted by the report on Borlänge, is the one that distances itself most from its remaining European counterparts, since Sweden did not activate lockdowns in the Spring of 2020 and did not issue a generalized closure of schools (unless there was a specific school that was experiencing high levels of corona virus transmission) (see Case Example on Borlänge-Sweden below).

***Case example: the Swedish (Borlänge) response to Covid-19 pandemic***

Sweden partly diverged from the rest of Europe in not activating any lockdown in the spring of 2020 and the government decided not to close schools (some have been temporarily closed when particular schools were experiencing a high number of cases). Mask wearing has not been required (except much later in public transportation). Guidelines concerning working from home and social distancing, cancelling of big events, and stop for visits at long-term care facilities were issued early on. At times recommendations not to travel to other regions, and later restrictions for seating in restaurants, were issued and like in the rest of the world this severely damaged the private service sector such as firms and employees in the tourism, hotel and restaurant sectors. Many of those made redundant were young adults working part time and often on temporary work contracts. However, firms as well as employees have been fairly well covered by social insurances and extra State support.

The urban reports also convey specific consequences of the Covid-19 pandemic on the individual FUAs. For instance, regarding demographic consequences, the Chemnitz FUA refers to the decrease in the city's resident population, while Lom reports on "The Big Return", i.e. a relatively significant return migration from Bulgarians during the pandemic on the basis of wanting to join their own family during the pandemic and/or loss of job abroad. Although both demographic events are specific to these FUAs, it may be important for future research to continue to assess the development of potential demographic and migratory consequences of the Covid-19 pandemic, since they provide important markers for the study of crises on socio-economic contexts. Another set of more specific consequences related to the pandemic includes the effects on municipal budgets, restricted access to local services from vulnerable youth due to pandemics closures (see FUAs' Insights 6, in Annex A), and the effects of digitalization.

Lastly, the FUAs of Belfast and Corby register a compounded effect of Brexit with the pandemic. According to the urban reports, Brexit affected Northern Ireland (Belfast) by



causing a drop on the GDP and experts anticipate a potential increase in unemployment rates. Furthermore, Northern Ireland will not have access to EU pandemic recovery funds which could help address some of the impact on more vulnerable individuals and sectors of activity. Corby's urban report adds that even when funds were available during the austerity period, policy responses implemented to address inequality, especially youth inequality, were inadequate to address local needs, given the lack of community involvement.

## 4.3 The education system

### 4.3.1 The impact of the 2008 Financial Crisis

The FUAs reporting effects from the 2008 Financial Crisis on the local and/or national educational welfare system include Amadora, Barakaldo, Belfast, Bologna, and Tallinn.

The main effects of the 2008 Financial Crisis on educational systems were indirectly caused by the implementation of austerity policies which strictly reduced public investment on education. Additionally, multiple complementary social programs targeting vulnerable students and their families were also affected, as well as investments on educational infrastructures.

Portugal's (and Amadora) educational system seems to have been greatly affected by the 2008 financial crisis. Austerity policies caused public expenditure in non-tertiary education to decrease significantly, which led to a reorganization of the school districts, maximizing their size in order to save on school management structures. An important consequence of the reorganization of school districts was that school clusters gained in responsibility and autonomy, and higher local autonomy appears to enable the local municipality to better address local needs. Other aspects of the school reform in Portugal include an expansion of the non-standard tracks in primary and secondary education since 2008 (vocational courses) and more focus on equity and inclusion measures (for instance trying to make the examination system more equitable), more investment in the pre-school system and free supply of schoolbooks. At the local level, the crisis did not stop the trend towards increasing local municipality investment in school infrastructures in Amadora, where investment was reported in school infrastructure and extracurricular activities (see Case Example on Amadora, below).

#### ***Case example: Amadora and the effects of austerity***

The austerity policies introduced between 2010 and 2015 as a response to the economic and financial crisis interrupted the trend of growing public investment in education (...). OECD reports have identified Portugal as one of only nine countries where public expenditure on education decreased between 2010 and 2014, and the third where the decrease was most substantial (-12%) (...). Between 2012 and 2017, Portugal, along with a few other countries, "experienced some of the largest decreases in the share of expenditure on non-tertiary educational levels (over 11%), mainly explained by a decrease in public expenditure" (...).

An administrative reorganisation was implemented during the crisis, postulating that public institutions at the national level should focus on controlling targets and results while schools were ascribed a greater responsibility and autonomy to enhance their students' performance and active community participation. This included the creation of school clusters, usually composed of a secondary school and some primary schools and kindergartens within the same zone, all sharing a unified project, board and principal, with the aim of not only promoting territorial strategies and better integrating educational stages but also reducing expenses (...).

Two other FUAs reported major organizational restructuring in the educational system. The FUA of Bologna reported an educational restructuring at the level of the educational system and infrastructures (FUAs' Insights 7, Annex A) which was one of the largest public investments besides the establishment of the Metropolitan City of Bologna. Funding for the investment in the educational system was sustained at the state, regional, and metropolitan level. Tallinn was another FUA reporting a major educational restructuring during the crisis and post-crisis period. In this case, one of the motivations was to address the demographic factor of declining numbers of students and changing geographical student needs. Tallinn's educational reform reduced the number of secondary schools and shift their management from the municipal level to the central state, among other measures.

In Belfast, austerity measures and budgetary restrictions from the economic crisis impacted negatively on the provision of local social programs directed at promoting inclusion and equity in the school system. In fact, some of these programs mostly benefiting vulnerable individual students and their families, were discontinued. Such was the case of the *Community Relations, Equality and Diversity (CRED) in Education* policy, and the *Extended Schools'* programme, as referred in the urban report on Belfast.

Two other aspects seem to be worth mentioning. Amadora and Barakaldo register a continuing trend in decrease of early-leavers, not interrupted by the crisis, leading the Barakaldo urban report authors to note that "this education indicators do not seem to be sensitive to the economic cycle", although there is not sufficient data to make the same claim for the Basque Country (Barakaldo Urban report). Secondly, in Tallinn, a set of measures to strengthen digital literacy in the school system, during the post-crisis period, lead to an advantage when facing the Covid-19 pandemic, since both students and teachers improved their digital skills, study materials existed in digital format, an e-school platform existed and was in use (see Case Example on Tallinn, below).



### ***Case example: Tallinn and the digital technology and literacy reform***

"In the post-crisis period (2010 onwards), one of the goals of educational policy strategies has been to increase the use of modern forms of digital technology in learning and teaching, and to improve the digital skills of participants. This has supported the preparation of digital study materials, bringing these into use, along with the development of an e-school platform in communications between the teacher, students, and parent, and has supported children who are in need of material support so that they are fully able to use a computer at home (Lifelong Learning Strategy 2020). An early start in digital learning may have been a success factor in terms of smoother the transition to distant learning during the Covid-19 crisis" (Urban Report on Tallin).

## **4.3.2 The impacts of the Covid-19 Pandemic**

Findings from the urban reports are unanimous in reporting the negative consequences of the Covid-19 pandemic on student achievement and development, with vulnerable students suffering the bulk of the negative effects. However, urban report authors also agree that it is too early to understand the full implications of the pandemic on children and youth.

Most of the urban reports reinforced the long-term effects that Covid-19 will have in the lives of children and youth as it affected their normal social and emotional development for a significant period of time (roughly two years) (e.g. Lom). Additionally, the pandemic is expected to have an additional severe impact on vulnerable children and youth by reinforcing existing disparities in education (e.g. Amsterdam, Amadora, Barakaldo, Bologna, Leuven, Sfântu Gheorghe).

One of the most important mechanisms through which these educational disparities were built and felt in the daily lives of students was through the digital divide. Students were impacted according to their ability to access and utilize digital resources and tools (i.e. computers, software, internet connection); the level of digital skills of students, parents and teachers, and the learning environment involving the utilization of these digital resources and tools.

### **4.3.2.1 Access to equipment, software and internet connections**

According to the expert interviews, lower income families have fewer chances of accessing computer equipment and maintaining reliable internet connections, and some of the families still do not have access to digital resources. Since students who come from disadvantaged families also fair worse in schools, during the Covid-19 pandemic these students suffered a double burden of disadvantage (e.g. Amadora, Amsterdam, Barakaldo, Bologna, Corby, Lom, Pécs, Sfântu Gheorghe). Some urban reports specifically mention students from migrant families as most affected by the digital divide (e.g. Amsterdam, Barakaldo, Bologna, Borlänge).

It is also important to emphasize that the digital resources students have access to have different levels of quality and reliability [i.e. it is different to attend classes using a high quality computer compared to utilizing a smartphone (e.g. Lom)]. The same applies to internet connections, which if unreliable will provide intermittent access to classes, poor communication, and unstable work platforms. Finally, some families and students still do not have access to computer equipment and other digital resources (e.g. Barakaldo, Corby, Pécs).

Besides the family and student's access to digital resources, another type of digital divide was mentioned in the urban reports: the urban/rural divide, which is especially important in what regards internet coverage and also access to computer equipment and expertise. The report on Pécs notes that students living in smaller towns could not join online classes given a lack of devices, limited internet services, or also "a lack of motivation to resolve these difficulties" (Urban Report on Pécs). The report on Chemnitz stresses a widening gap in educational attainment in 2020, not between weaker and stronger students but between students living in urban and rural areas, although not directly linking this gap to the digital divide.

#### **4.3.2.2 Digital skills and learning environment**

Another variable susceptible of creating disparities in the learning process of students during the Covid-19 pandemic was the unequal level of digital skills held by teachers, parents, and students. Not all teachers were equally prepared to administer online classes. In fact, the Chemnitz report mentions that the federal and regional response did not provide sufficient digital means and training for schools and teachers, to simplify procedures, during the pandemic. Moreover, Lom reported that some teachers found it difficult to use digital technologies and methods. On the other hand, some teachers may have learned valuable digital competencies that can be later utilized in face-to-face education (e.g. Pécs).

Parents and families hold different levels of digital literacy and competencies, and these are particularly relevant for younger students who are more reliable on their parents assistance with classwork and digital skills. As the Pécs report mentions, the ability of parents to help their children in education is dependent on their educational background and resources. Finally, student's level of digital skills is dependent upon having access to digital resources and equipment.

The importance of the quality of the home environment that provides students with an adequate space for learning is mentioned by some urban reports, namely in what regards overcrowded areas (e.g. Borlänge, Sfântu Gheorghe) (see FUAs' Insights 8 in Annex A, for some cases illustrating some aspects of this digital divide).

The Covid-19 crisis brought about a new set of policies and funding usually aiming to support vulnerable student populations (e.g. Amsterdam, Bologna) to offset some of the negative consequences of the pandemic. In the case of Bologna, these problems have been addressed at the local level, where the Bologna City Council provided support to students

and schools, for instance facilitating resources for distance classes in rural areas, and developing a set of measures that intend to promote new educational methodologies, incentivize social activities to counteract isolation among youth, especially migrant youth (see Case Example 9 in Annex A).

Barakaldo and Chemnitz provide two examples of cases where the initial response to Covid-19 is considered to have had some deficiencies. For instance, in Barakaldo, during the initial stages of the pandemic, many vulnerable families were left without aids to access educational digital resources, as a result of overly complex forms, regulation overload, and overworked offices. In Chemnitz, the initial response from the educational system to the pandemic was too slow and dependent on teachers' individual responses: "Neither administrators, nor teachers or students found themselves seriously included in implementing policies in education against the pandemic by 'politics'. 'Too much depended on individual initiative of teachers and school social workers, to take parents and pupils aboard' (School social worker)" (Urban Report on Chemnitz). A case of an effective educational response is reported by Tallinn where, as we have seen before, a set of measures to strengthen digital literacy in the school system was put in place during the post-crisis period, which lead to an advantage when facing the Covid-19 pandemic (Case Example 10, in Annex A).

As a final remark, it is also important to emphasize that during the 2008 financial crisis and the Covid-19 pandemic, other welfare systems such as housing and employment, indirectly but significantly affected student attainment and success. This was particularly visible when households were hit with high unemployment rates and negative qualitative changes in their housing situation. Some of these changes have concrete effects on students who are forced to move to different schools, suffer with higher levels of financial and emotional stress (if not crisis) in the household, and benefit from lower levels of emotional, psychological and economic family support. We look now at the effects of crisis on the employment welfare sector.

## 4.4 The employment system

The 2008 financial crisis and the Covid-19 pandemic crisis share main common threads in what regards consequences and responses in the employment arena. For both crises, rising unemployment seems to have been the most visible consequence, specifically unemployment affecting youth. One of the main differences between these two crises rests in the timing of the governmental response: the response to the pandemic was swift and wide-ranging and so were the social preventive measures that ensued, while the response to the 2008 financial crisis was not immediate and took longer to be implemented.

## **4.4.1 The impact of the 2008 Financial Crisis**

### **4.4.1.1 Unemployment**

Unemployment seems to be one of the most visible indicators of the 2008 financial crisis, with the reports on most FUAs denoting increases in the unemployment rate at national level, and youth being one of the most affected groups (e.g. Amadora, Barakaldo, Belfast, Bratislava, Bologna, Corby, Łódź, Lom, Mulhouse, Pécs, and Tallinn). The reports on FUAs such as Amsterdam, Borlänge, Chemnitz, Leuven, and Sfântu Gheorghe do not report having been highly affected by rising unemployment rates for the general population. According to the qualitative data depicted from the urban reports, one can argue that the described strong effects of the 2008 financial crisis on unemployment are characterised by their intensity (defined in terms of rising numbers of unemployment) and length of duration (i.e. countries and cities reporting stronger effects suffered rising unemployment for longer periods of time and recovery was only possible at later stages).

Unemployment does not affect all social groups in the same way. The majority of the urban reports refer that youth was a specific sector of the population that was hit the most by the 2008 crisis-led unemployment (e.g. Amadora, Amsterdam, Barakaldo, Bratislava, Corby, Lom, Mulhouse, Pécs, and Tallinn). Other social groups also mentioned in the reports were women (for instance, Barakaldo and Corby), migrants and/or ethnic groups (e.g. Borlänge, Corby, and Sfântu Georghe), individuals with disabilities (e.g. Amsterdam and Tallinn), individuals without a professional education or with lower educational levels (for example, Lom and Tallinn). As mentioned by the urban report on Tallinn, these factors tend to interact with each other in that an accumulation of negative factors tend to weight down individuals' chances in the labour market. Only in the case of Łódź it is specifically referred that youth does not have a particularly vulnerable position in the labour market, while also having access to a variety of active employment programmes.

In the case of Amsterdam, persons with disabilities faced increased vulnerability risks regarding the labour market, since the introduction of the Participation Act in 2015. This legislation has blocked the creation of new sheltered workplace jobs, thus reducing the employment rate of new workers with disabilities, affecting specially youth with disabilities.

### **4.4.1.2 Youth**

Youth was not only affected by high rates of unemployment. In fact, other negative job market factors tend to contribute for youth's disadvantaged position in the labour market, after the 2008 financial crisis. One of the additional factors referred to in the urban reports relates to the sectors of activity employing youth. The report on Amadora mentions that during and in the post-crisis period, shrinking sectors of activity (industry, construction) shed a larger proportion of young workers, and growing sectors of activity did not hire proportionate numbers of young workers into their workforce. In the case of growing sectors these tend to have higher job quality (such as information and communication, public administration, and professional, scientific, and technical activities). As the urban report on

Barakaldo points out, this trend for younger workers to be employed in lower quality sectors does not reflect their qualifications. In fact, youth tend to have higher training and capacity to work in emerging markets (e.g. information technology), but without having the corresponding working conditions. The urban report on Pécs also mentions that employed youth tend to occupy more precarious positions in the labour market compared to other age groups.

Another factor of importance is how the 2008 crisis postponed youth entry into the labour market. The report on Bologna mentions that the crisis potentially lengthened the average entry time for youth. The implications of this factor are actually quite serious because it robs younger people of time to build careers and accumulate job experience and expertise, with serious implications on lifetime salaries, and progression in career paths.

An important issue for youth are the NEET rates (young people not in Education, Employment, or Training) which also increased after the 2008 financial crises - as reported by some urban reports (e.g. Łódź, Mulhouse, Sfântu Gheorghe, and Tallinn). An important factor that seems to be contributing to increase the numbers of youth in NEET status, besides the lack of available employment, is the mismatch between available jobs and youth expectations (Sfântu Gheorghe, see the insight box). Similarly to unemployment, certain social categories of youth are more prone to be in the NEET category than others. These were the cases of Roma youth in Sfântu Gheorghe, female youth in Łódź and Sfântu Gheorghe, or Russian-Estonian youth in Tallinn (FUAs' Insights 11 in Annex A).

#### **4.4.1.3 Working conditions and quality of work**

Some of the reports denote a decrease in working conditions, in the period during and after the 2008 financial crisis. For instance, the report on Barakaldo stresses a general decline in the quality of employment in general, expressed as a rise in temporary employment and part-time employment, and a decrease in wages and job stability. The unions' presence is visibly reduced with a lesser role in collective bargaining processes (e.g. Barakaldo, Bologna).

The trend towards flexibilization of labour contracts is also reflected on some of the legislative changes that occurred during this period. For instance, the report on Pécs refers that the duration of unemployment benefits was reduced from 9 to 3 months in 2012; the report on Leuven refers that Belgium saw the abolition of the trial period in employment contracts in 2014, which coincided with an increase in the number of temporary contracts affecting specially youth non-EU migrant workers. Interestingly, the report on Bologna presents an apparently counter trend towards flexibilization, in that it notes an increased proportion of wage earners vis-a-vis self-employed workers, from 2008 thru 2020. However, we hypothesize that if this trend is voluntary, self-employed workers may have felt too unprotected during the 2008 crisis, and aimed at re-entering in the labour market as wage workers

#### 4.4.1.4 Policies

The urban reports describe several labour market policies, programmes, and interventions enacted after the 2008 financial crisis, with the objective of addressing labour market problems originated with the crisis and the austerity measures that ensued. Most of the policies and programmes mentioned are included in the broad category of Active Labour Market Programmes (ALMP). According to labour market literature, these programmes can be distributed among the following categories (here we use the 5 category frame from Brown & Koettl (2012): a) incentives to retain employment; b) incentives to create employment, c) incentives to seek and keep a job, d) incentives for human capital enhancement, e) improved labour market matching (Brown & Koettl 2012; see also Kluve, 2010). Below there are some examples of programmes referred to in the urban reports that aimed at addressing unemployment in general and youth unemployment, specifically:

- a) incentives to retain employment:
  - subsidized short-term labour (Kurzarbeit) (e.g. Chemnitz)
  - raising legal minimum wage (e.g. Chemnitz)
- b) incentives to create employment
  - programmes to support start-ups and local entrepreneurs (e.g. Amadora, Łódź)
  - Income guarantee programmes (e.g. Barakaldo)
  - creation of social jobs (e.g. Tallinn)
  - incentives to employers to create job opportunities for youth (e.g. Amsterdam)
- c) incentives to seek and keep a job
  - contribution to salaries/ wage subsidies (e.g. Łódź, Tallinn)
- d) incentives for human capital enhancement:
  - internship training (e.g. Łódź)
  - improve the quality and availability of work-based training for youth (e.g. Amsterdam)
- e) improved labour market matching
  - Programmes to assist unemployed/ economically inactive individuals to find employment (e.g. Belfast)
  - Relocation aid (e.g. Łódź)

#### Youth-focused programmes

- Youth Guarantee programme (European funded programme, e.g. Bratislava)
- programmes to support start-ups and local entrepreneurs (e.g. Amadora, Łódź)
- incentives to employers to create job opportunities for youth (e.g. Amsterdam)
- improve the quality and availability of work-based training for youth (e.g. Amsterdam)

#### Other vulnerable populations

- local initiatives to address the needs of population groups disadvantaged in the labour market (e.g. Pécs)

Other types of labour market programmes, falling under the category of passive programmes, such as Income Guarantee Programmes were also referred in the urban reports. Additionally, Belgium is the only European nation with a time – unlimited unemployment benefit.

#### **4.4.2 The impacts of the Covid-19 Pandemic**

Based on the urban reports, some countries entered the pandemic with more stable economic positions than others and with more organized welfare systems to support individuals and families made vulnerable by the pandemic consequences, as well as with better financial aid to support private businesses (The Netherlands, Sweden, Belgium, Germany). Other countries were able to recover faster than expected from the pandemic (for instance, Poland, Hungary). And in other cases, countries were still recovering from the 2008 crisis when they were hit with the structural impact of the pandemic (such is the case of Portugal).

##### **4.4.2.1 Consequences of the Covid-19 pandemic on employment**

Several topics were highlighted with the content analysis of the urban reports. These include topics around unemployment, the asymmetric effects of the pandemic according to sectors of activity, changes regarding the quality of work, and digital competences.

As economic activity stalled and many businesses were forced to close or were prevented to continue operating, unemployment rose again during the pandemic. With different unemployment levels, the reports on Amadora, Amsterdam, Bratislava, Łódź, Lom, Mulhouse, Pécs, Sfântu Gheorghe, and Tallinn refer rising unemployment as one of the main consequences of this crisis. Similarly to the 2008 crisis, one of the demographic groups most affected by unemployment was youth (for instance, Amadora, Amsterdam, Bologna, Borlänge, Corby, Leuven, Łódź, Lom, Pécs, and Tallinn). Some reports emphasise that, because of the specific characteristics of the pandemic which often involved the conciliation of work from home with caregiving for children (given schools and childcare closings), women seem to be among the other demographic group substantially affected by the pandemic (namely, Amsterdam, Bologna, Corby, Mulhouse, Pécs, and Tallinn). Fewer urban reports refer to other demographic groups, such as immigrants or ethnic minorities (e.g. Bologna, Leuven, and Tallinn), or low educated citizens (Leuven).

One of the most distinctive features of the consequences of this pandemic was the asymmetrical effects on the different sectors of activity and respective workers. Several reports note that the first sectors of activity to be affected (and possibly the most affected) were in the service segment. Within services, accommodation, hotel industry, and restaurant services were hit the hardest, along with culture and sports (e.g. Bologna, Borlänge, Lom, and Sfântu Gheorghe). Most employees in these sectors were not able to work from home, given the specific nature of their work. The report on Sfântu Gheorghe mentions that individuals working abroad or seasonally in these sectors were equally affected. On the other hand, professionals and white collar workers were able to continue working from home. Adding on



to these sectors, small businesses were more prone to closing than larger corporations (Urban Report on Lom).

In what regards working conditions and quality of work, some urban reports convey a growing trend towards lower quality jobs (e.g. temporary contracts and part-time schedules). Again younger workers were most affected by this trend towards flexibilization, not only by losing their jobs, but also by suffering with a downgrade of working conditions or taking up lower quality jobs in higher proportions (for example, Bologna, Borlänge, Corby, and Lom).

Lastly, one of the challenges made visible by the pandemic in the employment area, refers to the need for workers to either use or develop digital competences. In theory, youth has more digital competences vis-à-vis older generations, but not always these competences translate into real opportunities in the job market. Furthermore, not all youth has equal access to information technology resources and equipment and/or has digital skills (Urban Report on Barakaldo).

#### **4.4.2.2 Measures to address the Covid-19 pandemic in the employment arena**

Different emergency measures were put in place to prevent a massive social crisis while the health regulations and the need to “stay in place” to avoid Covid-19 contagion halted most of the economic life of European nations. Most of these measures were temporary, and another set of consequences were to be expected once the special periods were over. Some examples of employment-based regulations and compensation mechanisms that were put forward in European Union nations include (Baptista et al, 2021):

- simplified layoff procedures
- compulsory home-based work ,
- staggered working times
- wage subsidies
- benefits for family care
- extension of unemployment benefits
- changes in existing ALMPs
- subsidies for private businesses

An important aspect to highlight is that the response capacity of governments at the national and local levels to the 2020 pandemic seems to have been more effective if compared to the government response that occurred during the 2008 financial crisis. As the urban report on Barakaldo puts it: “The capacity of reaction from governance levels to crisis- in terms of social protection – has been surprising, being much more effective, suitable, and concrete than during the global financial crisis of the previous decade” (Urban Report on Barakaldo). This may be because nations had a recent accumulated experience of crisis response with the 2008 financial crisis, and were more aware of what to expect and how to respond.



In what regards specific adjustments in existing labour market programmes, the urban report on Bratislava offers a good example of such changes in that refers that the existing active labour market policy was entirely adjusted to focus on measure maintaining existing jobs, and remaining important measures such as training and counselling, and support for the creation of new jobs were put on hold during this period.

On the other hand, the urgency in implementing pandemic alleviation measures put a strain on employment services and associated offices. Some offices with more clients felt more the strain than others, creating sometimes unbearable workloads for their employees with potential repercussions in the quality of service offered (Bratislava).

## **4.5 The housing sector**

The one effect that Urban Reports agree on is that the crises seem to have increased inequality in the housing sector, particularly for more vulnerable populations, including younger generations outside the distribution mechanisms of intergenerational housing wealth (REF). Arundel (2017) identifies three types of drivers of housing inequality in the contemporary world: one pertains to changes in the labour market that give rise to employment insecurity and precarization thus undermining economic capacity and equity accumulation of individuals. The second is related with housing market dynamics, which include rising house prices, changes in mortgage systems that expose more frail consumers to increased financial risks, while concentrating wealth in fewer players. The third, regards policies that both reduce protections for more vulnerable populations while reinforcing the status of “housing market insiders” (sic). We have analysed the labour market trends towards precarization and growing insecurity of the labour contract in the past chapter. The results of the Urban reports thematic content analysis that follows, regarding the role played by the crisis on the FUAs housing sectors, clearly reflects Arundel’s take on the second and third driver of housing inequality.

### **4.5.1 The impact of the 2008 Financial Crisis**

The urban reports identify a list of diversified sets of impacts from the 2008 Financial Crisis, on the FUAs’ housing situation. These effects can be grouped in two main categories: housing market-type of effects, which include changes in the housing construction sector, housing prices, available funding and credit lines to access housing, changes in purchasing power in real estate, changes in the offer of private rental sector, and the expansion of tourism activities into the housing sector. A second set of factors associated with the financial crisis relates to policies aiming to address housing inequality, including regulations on arrears and evictions. Additionally, there are references to policies enacted during this period as a way to address the financial crisis and that increased housing access inequality. Important social issues such as late emancipation and homelessness are also highlighted by the urban reports.

#### 4.5.1.1 Housing-market factors

##### *Fluctuations in house prices*

One of the main topics referred in the urban reports as a consequence of the 2008 financial crisis are house price fluctuations. Most of the references relate to fluctuation in house prices but with a marked tendency to rise (e.g. Amadora, Amsterdam, Belfast, Corby, Leuven, Pécs, Sfântu Gheorghe), and also mixed evolution of house prices according to geographical areas (e.g. Bologna).

Even in what regards the rise of house prices, the reasons vary according to FUAs. For instance, the Amadora report associates (not necessarily in a causal mode) a certain number of factors to an increase in housing costs, among others, legislation enacted during crisis to attract private investment to the housing market while bank interest is low, plus a legal mechanism for third-country nationals to acquire residence in Portugal in exchange of buying a high value property. This last mechanism tended to inflate property value because there was a tendency to match the minimum value required by the Portuguese government, independently of the real market value of the property.

The Amsterdam urban report refers that prices went down from 2009 to 2015, but prices rose afterwards to values higher than before the crisis. A combination of house shortage caused by the crisis and population growth in the FUA, plus "dynamics of financialization and commodification of the Dutch housing market, led to an increase in (the) past 5 years" (Urban Report on Amsterdam). Another contributor to the rising prices in the housing sector, is related to a slow-down in the housing construction sector as reported by some FUAs (e.g. Amsterdam and Barakaldo), including the social housing sub-sector (Barakaldo). This decrease in activity contributed to a housing shortage with repercussions in the housing prices. In the case of Leuven house prices have increased since 1996, and the 2008 financial crisis did not disrupt this trend. As the authors put it, "In fact, this crisis did not have a very large effect on the Flemish housing market and economy".

The increase in house prices in Pécs was felt mainly during the recovery period. The fact that there is no comparable rise in salaries coupled with the accumulation of house-related debt concentrated in specific sectors of the population, seriously impacts low-income and low-middle class households (Urban Report on Pécs).

In the case of Belfast, there was a marked drop in house prices during recession which gave way for some consumers to access house ownership, followed by a significant increase in prices. However, as the report points out, these price fluctuations left many families with negative equity. Romania (Sfântu Gheorghe) registers a similar high fluctuation of prices, although according to the report, this FUA was less affected by market oscillations than larger cities in Romania. However, the economic crisis greatly affected house prices in Romania, and eventually many home-owners found themselves in the situation of having to sell their homes because they could no longer afford the cost of loans (see FUAs' Insights 12, in Annex A). On the other hand, the FUA of Bologna presents a singular case in which real

estate prices evolve according to the geographical location: there is a slight increase in the historic centers and decrease in the semi-central areas and periphery.

### ***Changes in house mortgage and credit systems***

During the 2008 financial crisis, some FUAs reported that there was reduced funding to buy houses, and restricted access to social houses (e.g. Belfast, Barakaldo), and Barakaldo reported a lack of credit for housing acquisition for that period of time. In the case of Pécs, mortgage lending, which had increased sharply just before the 2008, registered a drastic increase in instalments after the crisis, leading to unsustainable mortgage burden for a significant number of households. Concomitantly, Bologna's FUA highlights a reduction in purchasing power, since the wealth of families in the Emilia Romagna region decreased from 2008 thru 2014, with an expected reduction in the purchase of real estate.

### ***Private rental sector growth***

Alongside a trend in rising house prices, restricted funding for housing acquisition, and a decrease in social housing offer, some FUAs report a trend towards private rental sector growth (e.g. Amsterdam, Belfast, Bratislava, Tallinn). In Amsterdam, the private rental sector has grown to match the owner-occupation market, while in Belfast this sector reaches similar proportions to the social rental sector. The private rental sector is hardly a reliable answer for low- and medium-income households since as the Tallinn report authors put it, it is too dependent on market cycles: *"The rental market also cannot be a viable option for many young people to get them into the housing market thanks to its instability. It is dominated by the private sector, while also being highly influenced by economic cycles and, during the last such cycle, suffering from the fact that the rental price range grew much faster than the average income"* (Tallinn urban report).

Associated with this trend, both Amadora and Bologna highlight the expansion of tourism activities into residential areas, causing a negative impact on housing affordability and availability. The Bologna report illustrates this mechanism: *"The significative increase in tourism (with a peak in 2013) both in the Metropolitan City and the municipality of Bologna, strongly influenced the housing market and the rental prices, since many of the property owners oriented the rental of their properties towards tourism, reducing the supply of rental housing and generating distortions in the demand and supply housing market. It consequently impacted the housing dimension of inequality reducing manifestly the possibilities for many people and families to have access to a decent home to live in"* (Urban Report on Bologna).

As the urban reports provide numerous examples of crisis-related housing market mechanisms, it becomes clear that those most affected by house price fluctuations, changes in mortgage and credit systems, and new housing market trends are in general low- or medium-income home-owners and renters, and those who expect to enter the housing market (such as youth) for the first time, within the same income levels and without intergenerational transmission of real estate capital. As the effect of these global crises is

almost never restricted to one sector of the welfare structure, those who are hit in multiple arenas (for instance, employment and housing) tend to suffer the most. On the other hand, we can also observe a domino effect when one welfare dimension fails, and the consequences trickle down into other welfare dimensions: for instance, losing a job and not having supportive mechanisms to keep the household afloat, may lead to defaulting house payments and losing the house (again, if there are no supportive mechanisms protecting the household from eviction).

#### **4.5.1.2 Policies addressing housing inequality**

During the crisis, the period of austerity and recovery, various reports mention the passing of housing-related policies that tried to address existing housing problems, some of which made more pressing by the 2008 financial crisis and economic recession. Some of the regulatory aspects highlighted by the urban reports include:

- acknowledgement of social inequalities in housing access in the letter of the law, namely the vulnerability of younger people as one of the most affected groups (e.g. Amadora, Barakaldo, Corby);
- specific instruments to address housing inequity, including instruments specifically targeting young individuals (e.g. Barakaldo, Corby, Łódź);
- policies aiming to increase housing offer, specifically public, social or protected housing (e.g. Amadora, Barakaldo, Belfast, Corby, Łódź, Pécs, Sfântu Gheorghe);
- programmes to aid and increase access to existing housing for families and more vulnerable groups, either through financial aid or home allowances (e.g. Amadora, Pécs);
- Incentives to renting vacant dwellings and penalizing vacant dwellings (e.g. Barakaldo);
- support integrated housing (mixed income housing models) (e.g. Belfast, Corby);
- tax reform on mortgage systems or specific programs designed to alleviate mortgage burden and avoid the loss of the home, see Pécs case (e.g. Bratislava, Pécs – see Pécs Case Example 13, Annex A);
- policies aiming to curb housing-related expenses, such as freezing utility costs, keeping utility prices below market prices (e.g. Bratislava, Pécs).

The level of efficacy of these policies and specific programmes varies and it is expected that some of these programs are successful during certain periods, and become less successful in others. For instance, in the case of Portugal, a national programme targeting rent allowances for youth (Porta 65 Jovem/ Door 65 Youth) has seen its level of success decrease because the rental values accepted by the programme are no longer keeping up with the real rental prices practiced in the large urban centres. Hungary offers another example in relation to their utility price freeze program, which allowed their citizens to save on utility costs, except during a specific period, when market prices were set below the prices practiced in the program, and the state benefited more than its citizens.

Lastly, there were policies that while aimed to restrict social expenses and introduce austerity measures, affected citizens' ability to access housing (e.g. Amadora, Belfast). For instance, the Belfast urban report refers that the welfare reforms that ensue after the crisis, introduced benefits caps that directly affected housing access and reduced affordability in the housing market (Urban Report on Belfast).

#### **4.5.1.3 Other social issues**

The urban reports mention other housing-related social issues generated by the 2008 economic crisis. For instance, Amadora, Amsterdam, Barakaldo and Pécs refer the increase in rates of late emancipation of young adults, visible in the higher percentages of young adults living with their parents, and also in higher average rates of moving out of the family home. Amsterdam refers the increased weight of intergenerational transfers to enter homeownership. Corby emphasizes an increase in homelessness populations as one of the effects of the economic crisis and the austerity period. Tallin refers to an increase in suburban housing, which also increases spatial segregation and housing inequality (see FUA's Insights 14 in Annex A)

#### **4.5.2 The impacts of the Covid-19 Pandemic**

It is beyond the scope of this report to compare the impacts of the Covid 19 pandemic to the effects of the 2008 financial crisis. The 2008 crisis has an economic origin, while the pandemic is a health crisis in nature; the 2008 crisis was lengthier and has run its course, while we are still in the midst of the pandemic crisis, and with no definite end date. Nevertheless, both crises had strong social and economic impacts, affecting the structure of European welfare states and respective social nets protecting the most vulnerable.

Several housing-related themes highlighted in the urban reports are similar to the themes mentioned previously in the 2008 financial crisis. The main difference is that the housing-market factors are not as preponderant in terms of report coverage, while policies aiming to address housing emergency issues caused by the pandemic, are the most referred content.

##### **4.5.2.1 Policies aimed at (temporarily) mitigating the effects of the pandemic**

The FUAs refer to a series of pre-emptive regulations put forward to avoid a housing and health crisis as a result of a stagnant economy and the need to "stay in place" to avoid Covid-19 contagion. Some of the regulations that were put forward include:

- bank loans moratorium periods (e.g. Amadora, Bratislava, Pécs)
- restrictions on evictions (e.g. Amadora, Barakaldo, Corby),
- exemption from paying rent or aids to rental payment (e.g. Barakaldo, Bologna, Corby),
- increasing the availability of social housing (e.g. Bologna, Barakaldo)

However, as both Amadora and Corby reports refer, since these measures are temporary, evictions, homelessness, and payment arrears are likely to rise once the special periods end.

The homeless population is a social group of concern during the pandemic. Bratislava and Corby describe special instruments addressing the specific challenges raised by homeless groups during the pandemic. In England (Corby), the numbers of homeless decreased by around 20,000 in 2020 in virtue of emergency pandemic measures, during 2021 the numbers of individuals and families benefiting from temporary accommodation have risen again. In England the government provided funding to help homeless self-isolate during lockdowns. In Bratislava, the city tried to offer a systemic solution to manage homeless population during the pandemic (see Case Example on Bratislava) which involved the creation of physical accommodations in a quarantine village, offering social and health services:

#### **Case Example: Bratislava and the Quarantine Village for the homeless**

"Bratislava's interest in creating systemic solutions for homelessness was also demonstrated during the COVID-19 pandemic, when Bratislava city built and made available a quarantine town for homeless people. The quarantine town opened in April 2020, and its initial capacity of 50 places was gradually expanded to 230. In the quarantine town, homeless people had the opportunity to safely wait out not only the period of the illness itself but also suspected illness, with the support of professional staff (social and health workers with the support of a psychiatrist). During the pandemic, the mayor of Bratislava and his team won the Innovation in Politics Award for the Quarantine Village. Although it is just part of the solution, it saved the lives of many".

#### **4.5.2.2 Other social issues: rethinking urban and housing quality after the pandemic**

As mentioned previously, urban reports assign less relevance to factors related to housing markets during the pandemic. However, the Urban Reports provide a few mixed references on this regard: Bologna and Bratislava mention that house prices continue to increase, while Amsterdam and Leuven report that the pandemic did not impact the housing market (Amsterdam) or an increase in arrears and evictions (Leuven).

Other topics that are referred in the urban reports include 1) the negative effects of poor housing conditions on the health of its residents and consequently on controlling the pandemic, and 2) the need to improve and rethink urban and housing quality in the aftermath of lockdowns and intensive use of residential homes as home-offices. The negative effects of low quality housing, such as small dimensions, overcrowding, or lacking essential primary conditions contribute to poor physical and mental health of their occupants, particularly during lockdown periods or even in the ability to curb infections from spreading (FUAs' Insights 15 in Annex A).

Directly linked with the role played by housing quality during the pandemic, the Barakaldo report referred that new regulations regarding the rehabilitation of homes and new housing development, emphasizing the need to improve housing spaces, including the creation of

multipurpose and outdoor spaces: “Great hope is now placed on the *European Next Generation* funds for the rehabilitation of homes and neighborhoods through specific multi-level programs. The pandemic, in this sense, has accelerated this necessary process of urban improvement, hoping to have a very significant impact on the territory” (Urban Report on Barakaldo).

## 4.6 Fourth welfare area of choice

In addition to the three main areas that all 16 Urban Reports focused on, each team had the opportunity to choose a fourth area deemed relevant considering the concrete specificity of the respective functional urban area under study. Nearly half of the reports (Amadora, Amsterdam, Bologna, Bratislava, Łódź, Pécs, Sfântu Gheorghe) chose to focus on the area of social protection. Additionally, the reports on Chemnitz and Tallinn focussed specifically on cross-domain approaches to welfare provision for children and young people. Fewer reports focused on the area of health (Belfast, Corby, Leuven) and on areas related to migration (Barakaldo, Borlänge, Lom). Finally, one report addressed gender equality (Mulhouse).

### 4.6.1 Social protection

Social protection is key to promote living conditions and social inclusion, especially in periods of economic recession. The redistributive character of social protection is expected to mitigate the structural drivers of inequality.

In most cases, the relevant urban reports provide an overarching approach to social protection. Only in a couple of cases reports express a dedicated focus of social protection over the young population. This is the case of Bologna, mentioned to be part of a balanced distribution of social centres across the region of Emilia Romagna dedicated to the orientation of young people and managed by the regional government.

It is also the case of Amsterdam. The urban report emphasises the pride of the municipality on its capillary network of Youth Points, which are the physical interface between municipal services and the city’s youth. These are described as local offices where youngsters between 18 and 27 can find support and guidance to be directed towards one of the many programmes and initiatives that the municipality organises together with NGOs, educational institutions, businesses and other social actors. Furthermore, the report considers that the fact that there are so many Youth Points across the city, particularly in deprived areas, makes it easier to reach youngsters in need of support.

Nonetheless, the report on Amsterdam and also the report on Bratislava express that social protection in these locations is very much influenced by neoliberalist thought and the idea of “deservingness”. Work is commonly emphasised as the solution to poverty along with considerations that the right to every social benefit should be earned. Research in the Netherlands has studied the idea that participation in society is only meaningful when it is attached to work and that welfare recipients should be “deserving” (van Oorschot, 2000; Kampen, 2014; Kampen & Tonkens, 2018).



The report explores that, according to the rationale, young people in the Netherlands are not expected to be on social benefits, but rather on work or education. Young adults below 23 years of age cannot access social assistance and instead they are referred to other types of measures that should guide them either back into education, or into training to improve their skills or into paid work (Urban report on Amsterdam). Additionally, young adults below the age of 27 have a 4-week waiting period after becoming unemployed before they can apply for welfare benefits, and upon application they have to prove that they are actively looking for a job, or training, or education (Bekker & Klosse, 2016). According to the so-called mandatory reciprocity provision (tegenprestatie), welfare recipients are obliged to perform voluntary work or training in return for the benefits they receive.

The report on Bratislava mentions that, in Slovakia, in 2013, an amendment to the Act on material need made the payment of a basic benefit covering material needs conditional on the mandatory work of 32 hours per month in the framework of small municipal services or volunteer activities. In this context, one influential factor for this is the fact that material deprivation and the payment of benefits is largely stereotyped as primarily supporting marginalised Roma communities (Urban report on Bratislava).

The seven reports focusing on social protection provide a mixed picture regarding the actual impacts of this field over society as a whole and over young people in particular. Two reports (Amadora and Amsterdam) more evidently point out strengths of social protection.

The report on Amadora emphasises that, up till the eruption of the financial crisis, the national policies of monetary redistribution made a significant and relatively effective contribution to reduce economic inequalities.

As for the urban report on Amsterdam, it highlights the choice made by the municipality and described as using a tailor-made and humane approach for both youth unemployment and general social assistance provision. It mentions that both young people and other welfare recipients are guided through the multiple programmes available to them - either for (re)integration into the labour market or for training - through individual advice and counselling.

Despite these positive achievements, both reports also clearly highlight difficulties in the field of social protection. The report on Amadora emphasises structural constraints such as the high prevalence of precarious and informal work - especially in the cleaning and care work sectors for women and in the construction sectors for men - which keeps many persons uncovered by social protection and therefore at permanent risk of falling into a situation in which the minimum income scheme is the only benefit they can apply for. It also stresses three main institutional gaps. First, documental procedures to access welfare benefits are described as often being too complex and detailed, making it hard - especially for persons that are not supported by a local NGO - to successfully apply for them. Second, workers in key positions (e.g. social security, job centres, and schools) lack specific training to



better address the local challenges. Third, the amounts provided by the minimum income scheme are not enough to raise households above poverty.

Similarly, according to the report on Amsterdam, the Dutch welfare system sometimes lets the most vulnerable people fall through the cracks, and does not seem equipped to appropriately deal with the current features of the job market: flexibility, precariousness and atypical work. It stresses that a study undertaken by the municipality crossed referenced available data and found out that in 2017 there were more than 12.000 youngsters (about 8.5% of all young people aged 18 to 26 in Amsterdam) that not only were not in education, employment or training, but that were also completely unknown to the social services, because they had never used any municipal programme nor applied for social benefits (Gemeente Amsterdam, 2018).

The perspective in Central-Eastern Europe locations, as expressed by the urban reports on FUAs belonging to this context, is even less optimistic:

- Bratislava: despite the clear and demonstrated interest of the City municipality in the development of quality and accessible social services within its territory, they are not treated as a priority by most district municipalities. On the level of the city districts, social services primarily cover elderly care and nurseries. In the past few years, some attention was also placed on services for families with children.
- Łódź: the 'Strategy for the development of the city of Łódź 2030+' does not devote almost any space to social issues, and does not address the most important social problems of the inhabitants. Social policy is not specifically a priority for the local municipality.
- Pécs: before 2011 social security was defined as a basic right to be provided by the state. The Constitution as amended in 2011 clearly changes this previously accepted approach: the state aims, but is not obliged, to provide security. Thus, since 2011, the government has undoubtedly been delegating more responsibility to individual citizens and their families. The clients of the social allowance system are mostly pensioners, and inactive working age people. Young people are not in the focus of the social services.
- Sfântu Gheorghe: although the development of social services has been a strategic objective of the Romanian Government since 2006, Romania is still severely deficient in this regard. Social conditions are improving, but vulnerable groups continue to face significant challenges. Even if the number of social assistance programmes in Romania is large, they fail to target the most vulnerable groups and therefore remain ineffective in reducing poverty (Adăscăliței et al, 2020). According to the relevant Ministry, in the FUA of Sfântu Gheorghe 15 social services are not covered so far. The most important areas of social protection not covered are the residential centres for old people, for mothers and children, persons with disabilities and youth in difficulty.

Despite such a state of affairs, there are nonetheless some positive signs evidenced at least in some of these territorial contexts. The report on Bratislava considers that the election of a new city leadership and city council in 2018 led to an increased emphasis on social services and to a better coordination with the municipal districts. It also stresses that, in addition to the consistent budget increases for social services, new measures mainly focused on capacity building within the labour force of social services have been implemented.

The report on Sfântu Gheorghe states that, in this FUA, unlike other localities with a similar profile in Romania, both the municipality and the civil society have started a series of (visible) projects at local or county level to reduce the poverty rate or to improve the living conditions of inhabitants.

The 2007-2008 economic and financial crisis and the following period had important impacts in terms of social protection in these FUAs. Most of them report a mount in poverty and/or social exclusion (e.g. Amadora, Amsterdam, Bologna). However, it should be stressed that, in a few cases (e.g. Bratislava, Łódź), the reports note that indicators have remained stable even at the time of the financial crisis, overall improving during the period.

Regardless of the general evolution of the territory, some urban reports, notably those regarding FUAs in Central-Eastern Europe, emphasise the primacy of economic recovery over social policies as explanation factor for positive developments (e.g. Amadora, Bratislava, Łódź, Pécs).

Actually, the social protection system is often described as ineffective (e.g. Łódź, Sfântu Gheorghe) and as having decreased its efficiency during this period, for instance due to the absence of uprating of nominal amounts of (some) social benefits thus leading to the actual decrease of real amounts (e.g. Pécs, Sfântu Gheorghe).

The example of Amadora, in Portugal, is particularly illustrative of a location where social policies were actually constrained by the austerity measures used to try and counteract the crisis.

#### **Case example: Amadora: crisis and welfare retrenchment**

During the economic and financial crisis, several changes were introduced in the entitlement conditions for welfare benefits. These included an increase of the eligibility requirements (less people became eligible), a reduction of the duration and amount of unemployment benefits, as well as cuts in old-age pensions and public sector wages.

The social security system was then confronted with the challenge of dealing simultaneously with a higher demand for social protection and the financial restrictions imposed under the bailout programme. As a result, "from 2011 to 2014 the system was managed with the objective of reducing expenses and of finding additional sources of revenue in the short run" (Silva, 2018: 15).

The austerity policy response to the economic crisis constituted an aggravation of the welfare state retrenchment that was already undergoing before that, apparent in the

considerable reduction of public jobs in 2005-2009 and an acceleration of such reduction in 2011-2013, especially in the sectors of education, healthcare, employment and social security. This may have contributed to the growing difficulties of young persons to find employment or access benefits, as well as to their greater reliance on parents and greater fall into poverty.

Some locations also clearly emphasised that young people and especially urban youth were in an underprivileged position throughout the period of crisis and recovery (e.g. Amadora, Bologna).

In any case, especially the period of recovery seems to have provided for significant changes in the social protection systems of many of these FUAs. For instance, the report on Bologna highlights the implementation of the "Citizenship Income" (*Reddito di Cittadinanza*), a scheme for minimum income protection, deemed to constitute a turning point for Italy's policy against poverty and unemployment as from 2018.

This is also the case in the Netherlands even if in the opposite direction since, according to the report on Amsterdam, the spirit of the so-called Participation Society (Rijksoverheid, 2013) is that everyone is supposed to contribute to society at the best of their possibilities - usually by working - and responsibility is put on individuals to take care of their needs and rely on welfare support only as a last resort (van Gerven, 2019).

In a few locations, the period under scrutiny brought changes as regards the territorial distribution of competences, as provided by the examples of Amadora and Pécs. The report on Amadora highlights that intervention at the local level was promoted to reduce poverty and social exclusion, based on cooperation between state, civil society and companies. This is deemed to have enabled a transfer of responsibilities from the national state to local public and private organisations following a network governance logic that can generate new and better responses of proximity to citizens, but doubts remain as to whether it corresponds to a truly effective approach rather than a remedy measure to compensate for structural incapacities of the welfare state (Almeida and Albuquerque, 2020).

The report on Pécs stresses that, throughout the period in scrutiny, the system of social benefits undertook several changes and that one governmental aspiration was to reduce central support and delegate responsibilities "back" to households (Mózer, Tausz, Varga, 2015). It further emphasises that some benefits are currently provided and administered at the '*járás*' level, which is a deconcentrated level of the central state. These allowances became independent from local municipal policy, while other benefits that were previously mostly financed by the state (e.g. housing allowance and debt management subsidy) were completely delegated to local municipalities without providing the necessary financial resources. According to the authors, this means that better-off locations gain more room for manoeuvre.

Even if urban reports were written still during the heart of the pandemic, they clearly emphasise the impacts of Covid-19 in social protection systems. Some urban reports are particularly illustrative in the description of the way the pandemic has unveiled frailties in the welfare state, not only in health but also in social protection.

#### FUAs insights on the impacts of the Covid-19 pandemic in social protection

- Amsterdam: the rise in poverty rates has been heavily pushed by the Covid-19 crisis. The Covid-19 crisis has shown that the social protection system may not be as effective as it should be, and the Social Package approved to deal with the effects of the pandemic is perceived as tackling the symptoms without touching the underlying issues (CPB, 2020; Delsen, 2021)
- Bologna: during the crisis, weaknesses in social protection, not previously observed, have emerged, mainly related to the shortcomings that hospitals of some small and medium-sized municipalities were showing to provide social care services to young people in psychological aspects linked to the social isolation experienced.
- Pécs: the Covid-19 pandemic had a big impact on the budgets of local governments, which lost part of their incomes. As these cuts affected the most flexibly usable parts of the income of local municipalities, it also automatically reduced the room for manoeuvre localities have in social policies.

#### 4.6.2 Cross-domain approaches to welfare provision for children and young people

The reports on Chemnitz and Tallinn focussed on cross-domain approaches to welfare provision for children and young people. The report on Chemnitz stresses that this was often identified by local stakeholders as a paradigmatic example of how various policy and action levels can interplay to the benefit of vulnerable youth. Youth welfare provision in Chemnitz is mentioned as an integral part of general urban policy, which is self-described as a multi-level network of action between social, economic, and spatial development under the local parliament's supervision.

Local stakeholders, including the municipality of Chemnitz and welfare service partners offer integrated services to the young population. They are "dedicated to the task of opening up paths towards independence and recognising the benefits of peer-interdependence, (...) providing services most flexibly targeted to the needs of young people" (Urban report on Chemnitz). Crises have however impacted on the model. Financial cuts were imposed after the 2008 financial crisis and also as a consequence of the Covid-19 crisis.

The report on Tallinn notes that youth policy in Estonia is organised as a cross-sectorial, multi-stakeholder, and multi-governance-level field, one which involves ministries and municipalities, as well as youth representatives, youth organisations, youth workers, youth researchers, and youth policymakers.

The Ministry of Education and Research is responsible for the preparation and monitoring of the national level programmes for youth work, turning local youth associations into financially-viable organisations, and providing administrative supervision in the field of youth work. Municipalities determine the priorities for youth work, and consult with and support the youth programmes and youth projects of youth associations. The youth associations themselves implement social protection at the local level.

#### **4.6.3 Health**

With regard to the area of Health, unequal access to health care remains difficult in some FUAs (Belfast, Corby, Leuven) and mental health especially stands out as an area of great concern, particularly as a reflection of the Covid-19 pandemic.

Inequalities in education, employment, housing and other areas have a cumulative impact on health outcomes, notably in the aforementioned FUAs where health inequalities are mentioned by the urban reports to be clearly marked and higher in comparison with other national and/or international locations (e.g. Patterson-Young et al., 2017; Buffel & Nicaise, 2018).

Generally, there is a negative correlation between socioeconomic status and health problems. Individual and contextual circumstances throughout a person's life, i.e. social determinants, influence the health of individuals and social groups (Ces & Baeten, 2018). As emphasised by Marmot, there is a 'social gradient in health' whereby health inequalities result from social inequalities (Marmot, 2010; Marmot et al., 2020).

In particular, children and young people are highly impacted by the socioeconomic status of their parental household, since it determines their health habits and opportunities, as well as their access to healthcare. The organization of the healthcare system plays an important role in how and to what extent vulnerable groups are able to access healthcare (Buffel & Nicaise, 2018).

In all three FUAs the field of health underwent important changes in the period under scrutiny, many of which strongly connected to the 2008 economic and financial crisis and to the COVID-19 pandemic crisis.

FUAs insights on the consequences of the 2007-2008 crisis and following period in the health sector:

- Belfast: in 2011, a review of the provision of health and social care in Northern Ireland launched. The review noted that Northern Ireland was experiencing the deepening of health inequalities for the most deprived populations and a higher demand for health services, combined with workforce supply difficulties and greater pressure to deliver value for money. Thus, the health and social care system was deemed to be unsustainable without change (Compton et al., 2011). In October 2016, a 10-year

approach to transforming health and social care was launched, focussed on prevention, early intervention, supporting independence and wellbeing, with care or support wherever possible provided in the community setting (Department of Health, 2016).

- Corby: austerity measures from 2008 onwards saw a slowing of the growth in the funding of the national health services, which put pressure on services facing increased demand (Kings Fund, 2021). It is a concern that the healthcare infrastructure in Corby is not keeping up with population growth, while the pressure on services has been exacerbated by falling health budgets.
- Leuven: the Belgian healthcare system underwent relevant reforms of 2015, including the implementation of several stronger mechanisms to improve financial accessibility, with special attention paid to more vulnerable groups (Buffel & Nicaise, 2018).

FUAs insights on the consequences of the COVID-19 pandemic in the health sector:

- Belfast: the Covid-19 pandemic has drawn further attention to the disparities in health outcomes for those living in deprived areas. The infection rate in the 10% most deprived areas was a fifth higher than the rate in the 10% least deprived areas (Department of Health, 2020). The hospital admission rate for Covid-19 (confirmed or suspected cases) in the 10% most deprived areas was almost double compared to the 10% least deprived areas (Department of Health, 2020). The restrictions put in place to limit the spread of the virus have had a severe impact on children and young people, particularly those living in poverty. Belfast contains the highest proportion of the most deprived areas of all local government districts in Northern Ireland.
- Corby: the Covid-19 pandemic shone a light on persistent health inequalities. Suleman et al. (2021) highlight how "poor health and existing inequalities left parts of the UK vulnerable to the virus and defined the contours of its devastating impact" as the working age population (aged under 65) in the poorest 10% of areas in England were almost 4 times more likely to die from Covid-19 than those in the wealthiest decile.
- Leuven: the Covid-19 pandemic has severely impacted the Belgian healthcare system and it has had a major effect on the population's physical and mental health both directly and indirectly. A rapidly growing literature suggests that socioeconomic factors are important determinants of both the direct effects - with higher Covid-related mortality rates among individuals with lower socioeconomic status, and of the indirect ones - with more Covid-related employment and income uncertainty for individuals with lower socioeconomic status leading to increased mental health problems, and delayed care of pre-existing conditions leading to worse overall health (Decoster et al., 2021).

#### 4.6.4 Migration

Migrations were included as the fourth area in three reports (Barakaldo, Borlänge, Lom). However, it should be stressed that while the reports on Barakaldo and Borlänge address immigration, the report on Lom focusses on outmigration.

Both Barakaldo and Borlänge are described as FUAs where residents with an immigrant background tend to be less well-off compared to native-born in terms of employment, income, housing and students' educational outcomes. Yet, while the description regarding Barakaldo is that most of these migrants do not enjoy a regular legal situation, being limited to work or access to full health public service, etc., Borlänge (and Sweden in general) is described as a location where the system for admitting refugee applicants was for a long-time a rather generous one, providing refugees basic services and residence permits. The urban report on this FUA nonetheless stresses that this policy regime somehow collapsed in 2015-2016 and since then the number of refugee immigrants has been much smaller and more comparable in terms of per capita volume to other Western European countries.

As regards Lom, an important aspect to bear in mind is that the 2007-2008 economic crisis overlapped with Bulgaria's accession to the European Union in 2007. The urban report on this FUA notes that emigration trends were already strong before 2007. However, it also emphasises that shorter-term circular and seasonal migration intensified in this period and might be thought of also as a coping mechanism for managing the effects of the crisis at the level of the individual and the household. According to Eurostat, the share of Bulgarians living and working outside Bulgaria doubled between 2008 and 2018 (Angelov, 2017).

The urban report on Lom states that, outmigration from the FUA, especially of young people, to other locations in Bulgaria or abroad is deemed to be one of the main, if not the main problem to be tackled in the region. On the one hand, this drains the territory from important human capital; on the other, the migration of one or two family members creates problems related to their children's care, regular school attendance, upbringing, and motivation. Additionally, the fact that there are significant financial remittances from parents working outside Lom is mentioned as contributing for demotivating young people to look for jobs locally as they do not need the money urgently and the parents' example of outmigration is perceived as an obvious solution.

#### **4.6.5 Gender equality**

Gender equality was selected as the fourth relevant area by the report on Mulhouse, which highlights that gender remains the strongest driver of inequality in Europe, intersectional with other characteristics of inequality and/or discrimination, such as class, ethnicity (racial discrimination), sexual identity or orientation, or living with a disability.

The authors mention that overall, France is making slightly faster progress towards gender equality than other Member States but also stress that the index released by the European Institute for Gender Equality (EIGE) provides no explanation, whether and to what extent this may result from post financial crisis instruments to promote gender equality. They also note that French gender equality legislation and policies have long been criticised to be at the same time strong in and reduced to gender equality legislation concerning employment and women's professional development, with a strong child care structure to promote women's employment.



As regards Mulhouse, following the conclusions of a recent study, the urban report indicates that “the situation of women in Mulhouse, compared to other areas, is characterised by the greater economic and social fragility of some of them. Their over-representation can also be explained by the capacity of the city and its associations to welcome and support these people in their life paths” (Corneille & Lutz, 2021: 38).



## 5 Local welfare systems and youth

### 5.1 Education

#### 5.1.1 Policy goals, policy making and the role of youth

The area of education is probably the area where the most focus is given to youngsters due to the theme itself, the type intervention and the age group targeted by the measures and policies. The right to education is universally recognised, particularly in Western countries, as a human right. In fact, article 26° of the Universal Declaration of Human Rights highlights the right to education and to free education, based on the principle of non-discrimination.

The right to education, is also recognised in several international normative instruments elaborated, namely, by the United Nations and which, after being ratified, create binding obligations for signatory States. Those include the International Covenant on Economic, Social and Cultural Rights (adopted by United Nation General Assembly), the United Nations Convention on the Rights of the Child and the UNESCO Convention against Discrimination in Education. According to Aubry and Dorsi (2016) "[all] States in the world have ratified at least one treaty protecting the right to education."

It is also worth noting the fact that several countries have legal provisions regarding the gratuity of education, namely in primary and secondary education. Additionally, it is enshrined in the Constitution of many countries. Even so, education is not always accessible and guaranteed to everyone, due to various constraints, and there are still many barriers to overcome.

In the specific case of the UPLIFT countries, access to education is guaranteed and free of charge, but educational inequalities continue to persist and specific safeguards need to be put in place in order to guarantee that the right to education is actually exercised by all children and young people, without any type of discrimination. In fact, the different FUA face, in different ways and to different extents, challenges with regard to education that in some cases are related to equal opportunities, prevention of early leavers and promotion of an inclusive and non-discriminatory school.

All the FUAs present national educational policy measures with some variation in time of implementation, this is, some measures that have been in place for some time (since as early as the 1990s, e.g. in Amadora); others are relatively recent and others still are no longer implemented due to constraints related to the period of austerity the respective territorial contexts went through (e.g. Belfast). At the local level, the different urban reports present diversified strategies with a view to guaranteeing access and promoting school success, as well as combating school dropout. In certain cases, it regards the local implementation of a policy or initiative conceived at national level (e.g. Amadora, Amsterdam, Lom) but it also regards measures designed locally taking into account the context of the territory itself (e.g. Belfast, Bologna, Tallinn).

All the reports describe the persistence of phenomena of segregation, discrimination or inequalities in access to education, and unequal educational outcomes (e.g. school dropout, school success) for which it is necessary to find the adequate answers. Many of the policies and programmes referred in the urban reports aim to increase the level of inclusiveness and the support provided to children and young people in need, helping the most disadvantaged to succeed in education (e.g. Amadora, Corby, Bratislava, Lom, Mulhouse, Pécs, Sfântu Gheorghe, Tallinn, Leuven).

One of the most common measures to combat educational inequality is the introduction of national policies that aim to make education compulsory at the pre-school level, and/or to extend the minimum age to leave compulsory education. The introduction of compulsory education, namely at the pre-school level, proved to be an important measure for some groups of children in particular, such as children with disabilities who are often not included in this level of education (e.g. Bratislava, Pécs). In other cases, a minimum age of 18 years old was imposed for leaving the educational system, as mentioned by the urban report on Corby, where 'normal' school attendance is compulsory until 16 but later education may take the form of academic or vocational qualifications, or work-based training such as apprenticeships, or a mix of education, work and volunteering. Additionally, specific student groups may become the target of compulsory education, such is the case of virtual educational support for young people in care/previously in care which has also become mandatory, with a head teacher responsible for all follow-up (e.g. Corby).

Another type of measures aim at combating educational inequality based on ethnicity, immigrant status, religious minorities, poverty, gender, and disabilities. Some measures adopted in some FUAs target specific groups in order to facilitate the inclusion of specific groups of people in a situation of greater educational vulnerability. These groups include namely people from different ethnic backgrounds, people with disabilities, young refugees, religious minorities or students with low socioeconomic status (e.g. Amadora, Corby, Lom, Sfântu Gheorghe, Tallinn, Leuven). On the contrary, the specific case of Mulhouse should be mentioned. As emphasised by the urban report on this FUA "the French tradition of secularism consists of a main barrier in this context, making public debate on the issue of origin-based discrimination – which is often linked to issues of ethnicity or religion – difficult. (...) any form of differential treatment of population groups on the basis of ethnicity is simply taboo in France. Children and young people with a migrant background are thus particularly affected by the polarisation effects generated by the school system".

With regard to Roma youngsters, some FUAs (e.g. Barakaldo, Lom, Sfântu Gheorghe) have developed programmes to prevent school dropout, for example through the creation of a new centre for educational integration for children from ethnic minorities within the Ministry of Education (Lom). In this specific location, Roma youngsters used to be included in schools and classes that were segregated from other children; and the requirements and quality of education were lower compared to other contexts. This practice was abolished and a specific programme for the integration of marginalised communities was created at the national

level. However, despite the positive results of this programme, the report considers that the problem of segregation of Roma children persists. In the case of Sfântu Gheorghe, legal sanctions were imposed in view of the existence of situations of discrimination in education affecting children based on race, ethnicity, nationality, language, religion or because of belonging to a given vulnerable group.

As evidenced by literature in sociology of education (REF REF) segregation based on parental education and ethnic background is passed on from generation to generation and is one of the main factors of inequality among children. The report on Leuven points out that 'In Flanders, a high average level of performance is combined with a high level of educational inequality with students from low socio-economic and migration backgrounds performing consistently worse, and consequently having structurally fewer opportunities in the labour market, than those with a higher socioeconomic status.' (Urban report on Leuven). Parents have total freedom to choose the school but less educated parents rarely have the necessary information to help their children make the best choices. In this regard, Flanders created a specific policy against this educational inequality, which includes the granting of extra resources and more teaching time to schools with above-average percentage of disadvantaged children. The report on Leuven emphasises, however, that due to the policy's inefficient implementation, the results seem to have fallen short.

A different strategy to combat the segregation of underprivileged children and youth into low resource schools is to restrict the parents' ability to choose the schools for their children (and also classes). This strategy was implemented e.g. in Sfântu Gheorghe and the allocation of pupils in schools and classes is expected to be done automatically, so that students from primary and secondary levels cannot choose which school they will study. Even so, the report stresses that this procedure is circumvented by some families who manage to place the children in the schools of their preference. Furthermore, the report emphasises that intergenerational mobility is very low and that students with good grades go to good schools and those with lower grades go to poorly rated schools.

Discrimination and inequality based on language was presented in the urban report on Tallinn. The existing discrimination between Estonian-speaking students and Russian-speaker students, led Tallinn authorities to adopt specific measures. This ethnic inequality has been present for a long time in Estonian education. Traditionally, school attendance was determined by parents' social background. Children of 'white-collar parents' (Estonian-speakers) were traditionally referred to secondary education, while children from working-class families (Russian-speakers) were referred to secondary vocational education, thus conditioning the children's future from an early age. "Such a difference - with Estonian-speakers holding specialist jobs and Russian-speakers working mainly in industry - functioned as a mechanism for the reproduction of specialists and the working class, and provided the basis for workplace and income segregation between the two main language groups. Since that period, language has been the main area of socio-economic inequality

between Estonian language-speakers and Russian language-speakers.” (Urban report on Tallinn).

To address this specific issue, secondary schools targeting Russian-speaking students changed the teaching language into Estonian. However, Russian-language school students still reveal lower performance levels when they are measured against study results and national exams: “the Estonian-language education is guaranteed at secondary education level in Russian-language schools. In reality, the change has been much slower and has not been implemented in all schools” (Urban report on Tallinn). In the case of Leuven, proficiency of the Dutch language also plays a role in educational inequality since students with a migration background have higher rates of grade retention. This situation is addressed by the Flemish policy against educational inequality which is considered to be the main instrument to counteract the inequality of opportunity in Flemish education.

Other types of programmes or policies combating segregation and educational inequality are implemented at the local level, and thus are able to target the specific needs of local student population and the existing local resources. Moreover, some of the programmes referred in the urban reports, specifically intervene in ways to raise educational success among underprivileged students. In Lom, the creation of the figure of mediator between school and family was an important measure, allowing for a closer monitoring of the children's school career, with a view to guaranteeing school attendance, something that is particularly important in the case of the Roma community. This mediator figure was officially constituted in 2017 and is mentioned as an example of a measure with positive effects. Following the same logic, intervention protocols and intersectoral coordination were established with a view to preventing Roma children from dropping out of school (e.g. Lom).

In a programme implemented in Leuven, the figure of the “buddy”, either a trained volunteer or a professional, is based on free monitoring with a view to improving learning skills, covering primary and secondary school students, where extra-school support is provided. This measure also involves universities with students being encouraged to be facilitators of the measure themselves. The persistence of situations of segregation namely regarding Roma students in some schools continues to be depicted as a reality in several contexts, despite the measures implemented to counteract it. In this context, a specific department that monitors the problematic situations of young people at the educational level was created by the city hall of Łódź.

The existence of geographical areas where the student population is more vulnerable, whether due to their ethnic origin, poverty, or high levels of school dropout or failure, led to the creation of specific programmes aiming to reduce social and educational inequalities on a given territory. The objective is to provide schools in segregated areas with special resources and tools normally not available in public schools, in particular by allocating more equipment, teachers and/or other educational experts (e.g. psychologists, social workers and mediators) with the specific goal of reducing dropout rates.

The characteristics of the school context, in the case of Amadora, were essential for it to be identified as a priority territory for intervention and thus included in a specific programme to prevent and reduce early school leaving and absenteeism, to reduce indiscipline and to promote the educational success of all students. Certainly, the existence of this programme made it possible to create specific responses for these territories that otherwise might not have the best response (see Case Example Amadora below). In the FUA of Leuven, it was possible to grant teachers more teaching time by having the cooperation of other professionals specialized in supporting students through a student coaching programme. This is mentioned as having contributed to the prevention of early school leaving. Another example is given by Bologna where in highly diverse localities a closer monitoring of these populations is done through individual study plans, in order to respond to the learning difficulties felt. In some of the local contexts, concrete plans were defined to promote interculturality regarding immigrant students and linguistic reinforcement of newly incorporated students (e.g. Barakaldo).

#### **Case example: Amadora - Programme of Educational Zones for Priority Action (TEIP)**

The national programme of Educational Zones for Priority Action (TEIP), initially created in 1996, was reinforced and expanded in 2006, providing schools in vulnerable territories with special resources such as more equipment and additional teachers and other educational experts, e.g. psychologists, social workers and mediators. The aim of the programme is to reduce social and educational inequalities through the creation of specific mechanisms to identify, support, protect and supervise schools in poor, segregated and marginalised districts, including the allocation of additional equipment, teachers and other educational experts (e.g. psychologists, social workers and mediators).

The specific goals were to: (1) enhance learning processes and reduce dropout rates; (2) create vocational courses and (3) articulate school with local communities (...). It established four main priority areas: (1) the quality of school careers and achievement; (2) failure and dropout rates; (3) the transition to the labour market and (4) schools as educational and cultural agents within local communities. It is currently underway in 136 school clusters over the country, including 8 of the 12 school clusters existing in Amadora.

Besides measures to combat school segregation and improve levels of school success among children and youth from non-privileged backgrounds, there are an important group of policies and programmes that try to improve the links between secondary education and labour market. Several of these measures are related to vocational education and its relation with the labour market (e.g. Bratislava, Lom, Corby, Mulhouse, Pécs, Sfântu Gheorghe, Bologna).

In the case of Bratislava, the deficit of schools providing practical components, as well as the mismatch between the areas taught and the needs of the labour market, led to a specific commitment with dual education and to the creation of specific measures. Additionally, there was an effort to create the conditions for small and medium-sized companies to be included

in dual education, something that did not happen initially (since only large companies were envisaged). Amendments were introduced on the legislation to make smaller companies interested in applying for the programme. There is flexibility for companies to make individual agreements. The results are expressed as positive: 'Employers are very active on the programme due to the shortage of labour, thus they are eager to invest in students' (Urban report on Bratislava).

Other measures of vocational education seek to invest in a more technical education that allows young people to choose from a range of options the one that best suits them, in order to support them in a more sustained and secure integration in the labour market, as well as to increase the skills of young people who have not completed basic education to obtain vocational certificate after secondary grammar school (e.g. Amadora, Corby, Pécs, Sfântu Gheorghe).

This type of programmes that promote the reintegration of children and young people who have already left the education system, including adults who have not completed compulsory education, have reached a considerable number of people, as in the case of Sfântu Gheorghe. These are usually called second chance programmes and they have been replicated in other areas. However, according to the respective Urban Report, the success of these programmes falls short of expectations. A similar measure is also being developed in Bologna, where networking is established between schools, social services and families in order to find solutions in an individualised way to enable the reintegration of young people.

Another concern is related to training opportunities that enable young people to pursue a career that is more suited to their interests. In some territorial contexts, a close articulation is established between local entities, such as schools or training centres, so that it is possible to design solutions for young people and support the transition between training and the labour market (e.g. Amadora, Amsterdam, Corby, Mulhouse, Pécs). In some cases, there are grants that focus on certain professional sectors, such as industry or construction, guaranteeing certified training for those who want to work in these sectors (e.g. Corby). There is also a focus on developing young people's skills, through a more individualized support that allows them to aspire to a more appealing career path (e.g. Belfast, Borlänge). Involving local companies in training programmes is a way to make education more varied and interesting for the young population (e.g. Bratislava). The promotion of paid internships, free training and contacts with local companies also appears as a good way to achieve a more qualified young population (e.g. Łódź).

However, this articulation between the school career and the work context does not always obtain the best result. In Lom, small companies prevail and these are mentioned as largely unable to absorb the number of students available. The separation of schools providing vocational education from the public education system and its integration into 'vocational centres', which took place in the case of Pécs, allowed for a greater diversity of courses and teaching methodologies, since each educational institution makes its own choices at this



level. Lifelong learning as a way to increase skills and knowledge during working life is also a bet, although it is usually not exclusive to the young population (e.g. Bologna).

Chapter 4 stated that the financial crisis and the pandemic increased inequalities among students particularly the ones that were already in a disadvantageous position, as well as the role played by online education and the effect of the digital divide. Higher education is also targeted by specific measures and programmes in place in the FUAs covered by UPLIFT. An investment in the quality of higher education has been made in Bratislava. In the case of Tallinn, the transition to free higher education is mentioned to have improved accessibility.

Some urban reports point out that the main objective of some measures is an intervention at the level of the educational community, which includes the school but also several entities with which the schools interact. These measures are understood as providing schools with greater autonomy and resources so that they can respond adequately to the local needs (e.g. Amadora).

### **5.1.2 The role of localities and local policies**

As previously mentioned in chapter 3, the financing of ongoing measures and programmes in the different geographic areas covered by the urban reports is largely influenced by the greater or lesser decentralization of these territories vis-à-vis the central government.

The definition and funding of educational policies is, in certain cases, determined at a national level, which limits the scope for action at local level (e.g. Amadora, Corby, Mulhouse, Sfântu Gheorghe, Tallinn). In the case of Tallinn, the transfer of schools' control to the central state instead of municipalities enabled students from rural areas to be engaged since rural schools and municipal low-reputation schools have witnessed a greater decrease of students (e.g. Tallin).

In other cases there is a high level of decentralization at the educational level and there is a transfer of control over schools from the central state to municipalities, which gives them a key role for funding and administrating (e.g. Amadora, Amsterdam, Borlänge, Łódź, Lom). In the case of Amadora, the central state delegated responsibility to the municipalities regarding certain dimensions such as, for instance, infrastructure, extracurricular activities and projects. There are, however, situations in which, despite decentralisation processes, the main actor with regard to public services is still the central state which has most responsibilities over the resources of the public sector, as in the case of Bratislava where local welfare provision relies heavily on state resources. In certain situations, both public and private schools receive equal public funding (e.g. Amsterdam, Łódź), and 'non-public schools can also receive public funding either from the municipality or the county, or directly from state budget' (Urban report on Łódź). When there is an inverse process, that is, centralization as in the case of Pécs, this results in a shrinking of local funds and competencies. In this specific case, the educational programmes are financed by the central government.

In the Swedish case, 'due to a system of reallocation of tax revenues over the State budget, all municipalities and regions are guaranteed a fairly stable and reasonably strong financial situation' (Urban report on Borlänge). However, the amount that is invested in education may vary according to different municipalities, which may prioritise other types of compulsory services. Yet, the law provides, in the Swedish case, that the municipality provides both pre-school and after-school services to all children/families who require them.

In Amsterdam, 'the high level of autonomy of schools in the Dutch education system leaves seemingly little room for manoeuvre for local governments to shape a municipal education policy. However, in Amsterdam the municipality is a very strong actor, capable of mobilizing networks and promoting many initiatives and programmes to fulfil its objectives' (Urban report on Amsterdam). In line with decentralization, there is a specific initiative (*Gelijke Kansen Alliantie*) that provides overarching objectives, coordination, yearly evaluation and mostly funding, but the implementation of specific initiatives is left to local governments in cooperation with schools and social organization. The funding of this specific initiative comes both from central government and from an increased municipal education budget.

In the case of Belfast, many of the school measures and programmes are included in the so-called Belfast Agenda, considered an example of an innovative policy that works as a 'community plan that was written collaboratively, bringing together representatives from all communities that make up Belfast's population. Representatives included statutory community partners, political parties, further educational institutions, key community representatives, city partners and residents' (Urban report on Belfast).

In the Basque Country (Spain), there is a vast legislative and executive framework of powers and competences in several aspects including education. Thus, education is a Basque Government's competence, while the municipalities just partly maintain local infrastructure and janitors in primary school. This means that this region has financial autonomy to implement the programmes that have been developed though the delivery of funding to the schools so that they in turn carry out those programmes. . In other cases, funding is allocated to several non-state actors in education following a specific formula, with the values allocated varying between different schools, which results in a 'noticeable difference between the structure and funding of schools governed by different authorities' (Urban report on Bratislava).

We cannot fail to mention the existence of several programmes in progress in the different territories that are financed by EU funds, such as with regard to early school leaving or school segregation issues (e.g. Bologna, Łódź, Sfântu Gheorghe, Pécs). In some situations, this funding is particularly relevant, as in the case of Łódź: 'Most of the policies that are relevant from a social perspective (employment, housing, social protection, special education programmes against inequalities) are financed from EU funds in Poland, and Łódź urban area is strongly benefiting from these' (Urban report on Łódź).



The implementation of policies at the local level assumes great relevance to address the problems felt locally. Local policies are focused on local contexts although in some cases they may be the local implementation of a national policy. School publics can be very diverse in terms of profiles, learning styles, interests or family and cultural backgrounds. Thus, achieving an intervention that encompasses everyone and that works for everyone is, in most cases, not feasible. Finding ways to fit all students taking into account their heterogeneity is an essential aspect for a policy to have a margin for success.

There are evidences in the different reports of the existence of local education action plans, where specific actions are presented with a view to promoting school success and preventing dropout (e.g. Amadora, Lom, Sfântu Gheorghe, Bologna, Belfast).

Some territories included in this report are based on a more decentralised form of organisation (see chapter 3.2 on Governance), which is also reflected in the education system (e.g. Amsterdam, Borlänge, Bratislava, Chemnitz, Lom, Leuven). In these cases, although there may be certain educational issues that are still defined by the central/federal government, the implementation of measures and/or policies or administration of services is the responsibility of schools or other local entities. Schools, for example, are able to determine their teaching methods even though the central government is responsible for defining objectives, quality standards and other evaluation criteria (e.g. Amsterdam). In the case of Pécs "the local governments have completely lost their competence in the field of education", given the centralized administration of the public primary and secondary education (except for kindergartens), which limits the potential of local municipalities. This means that municipalities do not have the capacity to influence the local education system" (Urban report on Pécs).

The allocation of financial support to students from more vulnerable family contexts (family members who are unemployed, the existence of disabilities, large families, among others) exists as a way of promoting school careers (e.g. Łódź, Lom). In other cases, free transport, free school supplies, healthcare and meals, and extra-school activities are provided in order to try and overcome situations of inequality and thus prevent these children from dropping out of school (e.g. Amadora, Leuven, Lom). Additionally, when schools welcome students from other localities, student housing is made available for these students, which constitute an added value for those who come from outside (e.g. Łódź).

A strategy employed by municipalities and local governments is the development of partnerships with community partners and others. The involvement of the local community, namely NGOs and associations, plays a key role, not only in defining action strategies but also in their role as partner entities for the development of local measures and programmes. To this end, the participation and reflection of a broad and diversified set of actors, which also includes families, is essential. This is evidenced in the urban report on Leuven which highlights the establishment of a network involving a multiplicity of actors, all contributing to the identification of educational challenges.

Some urban reports point out that the main objective of some measures is an intervention at the level of the educational community, which includes the school and also several entities with which the school interacts. These measures are understood as providing schools with greater autonomy and resources so that they can respond adequately to the local needs (e.g. Amadora). In some cases, these partnerships result in the local implementation of nationwide programmes specially designed to reach the most vulnerable young people (e.g. Amadora, Lom, Sfântu Gheorghe) and/or in the definition of local programmes specifically designed for that local context (e.g. Amadora, Belfast, Borlänge, Lom, Bologna, Leuven, Corby).

The importance of local actors, which includes not only NGOs but also schools and the municipalities themselves, is highlighted in several urban reports. The growing importance they assume in the implementation and, in some cases, design of measures as a way to optimise resources and respond more effectively to the problems identified is acknowledged. In this sense, the decentralisation of education emerges as something that enhances this implementation process, since the transfer of certain responsibilities from the central level to the local level is seen as an added value in the identification of needs and problems. The proximity of the entities to the young population allows for a better understanding of reality and therefore, a greater knowledge on how to act (e.g. Amadora, Amsterdam, Borlänge, Bratislava, Łódź). However, this aspect is not always accompanied in parallel proportion with the required economic, legal and human resources, which constitutes a limiting factor for local action.

### **5.1.3 Adequacy and capability of local and national policies to tackle (youth) inequality**

Despite the implementation of measures aiming to contribute to the reduction of social inequalities at the educational level - as well as to the promotion of success and the fight against school dropout - it is widely reported that these measures and/or policies do not always achieve the expected and desirable results. The persistence of educational problems and difficulties remains a concern highlighted in several urban reports (e.g. Amadora, Borlänge, Belfast, Bratislava, Corby, Mulhouse, Pécs, Sfântu Gheorghe, Bologna, Leuven).

A number of factors are mentioned as problematic for the success and efficacy of these measures. Some of the problems most mentioned in the urban reports include, the lack of financial resources, the excessive standardization of teaching models, the lack of teacher training and qualifications as well as teacher shortage, specific educational practices generating educational inequality) such as early tracking systems), and educational quality and private school offer.

In certain cases, the measures have insufficient financial resources compared to what is deemed necessary for its implementation and highly bureaucratic procedures, which causes difficulties even if the results obtained are evaluated as positive (e.g. Amadora).

Another problem pointed out in the urban reports is the excessive standardisation of teaching models, together with little investment in adult education, which includes young

people who have left the education system and adults with low schooling (e.g. Amadora, Bologna). Educational services, when standardised, do not take different realities sufficiently into account, namely the geographical ones, which makes it more difficult to respond to existing problems (e.g. Bologna).

Teachers' insufficient training to deal with the problems they face in the course of their activities is also an issue that needs to be dealt with (e.g. Amadora, Chemnitz, Bologna, Pécs). Moreover in some educational systems (e.g. Amsterdam), the role of teachers is crucial in deciding which children and young people will follow certain educational paths. "Teachers are often favourably biased in their school advice towards children with higher socioeconomic backgrounds, giving them higher track recommendations than their test scores would suggest" (Urban report on Amsterdam).

The urban reports also mention the scarcity of teachers as a problem deserving attention, which raises several criticisms in terms of how the education system is organised. The urban report on Chemnitz highlights this difficulty: 'Many older teachers will leave into pension in the next decade and those entering school service will have a free choice to go to schools in attractive regions, also to evade the difficulties of teaching vulnerable pupils' (Urban report on Chemnitz).

Another critique regarding the structural way in which the education system is organised relates to the lack of qualification of teachers in some schools. In the case of Borlänge, this translates into a problem in terms of inequalities, since schools with the lowest proportion of certified teachers are also those with children from poor neighbourhoods: 'The reasons for school failure are many: psychological illness, lack of parental support, language problems and overcrowding housing are all common problems and detrimental for studying. In addition, Borlänge has less than an average share of certified teachers all the way from pre-school to upper secondary schools and with substantial variation across schools' (Urban report on Borlänge). In the case of Bratislava, salary issues related to the public school take little account of regional specificities, and lead many to opt for higher-paid jobs.

There are also forms of action at the educational level that promote inequalities and social segregation (e.g. Amsterdam, Pécs, Leuven). In the case of the Dutch educational system, described in the urban report on Amsterdam, the existence of an early tracking process, in which pupils are sorted into different educational pathways at a very early age, has negative consequences on opportunities at the educational level, which combined with the parental socioeconomic background generates situations of inequality and segregation. Likewise, in the case of Belgium, it is recognised that the existence of educational tracks and 'the way in which the school system is designed can contribute to the persistence of educational inequalities' (Urban report on Leuven).

Not only the family background but also the place where one lives determines, to a large extent, the school which is attended, being quite evident the gap between students from

advantaged and disadvantaged backgrounds. This is mentioned as leading to low aspirations and motivation from some students (e.g. Belfast).

The organizational structure of the schools, also present aspects that could be improved. Several critiques are pointed out in the report on Borlänge, to the so-called 'charter schools' (independent schools with public funding), namely the fact that they attract students with more advantaged backgrounds, which promotes segregation at school level. The fact that charter schools are 'under a free choice regime has contributed to increasing polarization and inequality in the school system' (Urban report on Borlänge).

In some places, legislation has been created to prevent schools from segregating students, based on their ethnic origin or family backgrounds. This measure mainly covers Roma children who were traditionally placed in segregated schools or classes, and where the quality of education was lower (e.g. Lom, Sfântu Gheorghe). However, despite the measures, segregation is a difficult aspect to eliminate even if this has been ruled by law. Despite efforts, the urban reports stress that student segregation continues to exist (secondary segregation) as schools located near or in Roma communities continue to be ethnically segregated, having an effect on performance and school outcomes.

The report on Pécs emphasizes that the social segregation of students is perhaps the most rooted and most persistent educational problem: 'the educational system has a strongly segregation nature' (...); 'despite the efforts of the local municipality (when it had competencies over primary education) this segregation tendency is constantly strengthening' (Urban report on Pécs). The creation of a Roma national secondary grammar school in Pécs in the 1990s was even acknowledged as an innovative practice for promoting schooling among this particular group.

There are, however, countries and localities expressing success in the implementation of their measures and policies that translate into the quality of school results. This is the case of Poland, reported in the urban report on Łódź, where good results are mentioned in terms of preventing early school leaving. Several educational reforms were carried out in order to improve the local educational context, aiming 'to improve the quality and increase the attractiveness of vocational education as an ELET [Early Leavers from Education and Training] prevention strategy. Systemic changes are being introduced in the field of vocational education, including individualized approach focused on the student (counselling, mentoring, individual learning plans and paths, the so-called case management); increasing the attractiveness and flexibility of education; adjusting vocational school curricula to the needs of the labour market; and introducing short courses for adults' (Urban report on Łódź).

In contrast, Romania shows lower results in terms of educational performance despite the reforms that have been carried out. The education system has sought to find answers to guarantee equal opportunities among students, but there are still high rates of early leavers, namely from the education and training of young people between 15 and 24 years of age, which in many cases also includes Roma people. In some cases, early leaver rates show

improvements at the national level but persist in reaching more vulnerable populations, namely migrants (e.g. Bologna).

Several reports emphasise the well-known importance of free education as one of the most successful measures to decrease educational inequality (e.g. Amadora, Borlänge, Łódź, Bologna, Leuven). The provision of extra services like free meals and activities as well as school support outside school hours and free transport and school supplies, are also highlighted (e.g. Amsterdam, Pécs, Leuven, Lom). The issue of transport assumes increased importance in some locations, for instance in Pécs, since the deficiencies of public transportation to commuting even from a short distance are mentioned as very problematic. This hampers the access of some students to vocational training and leads many of them to end up choosing schools of lesser quality but easier to reach.

A final reference to the COVID-19 pandemic, which not only reinforced existing asymmetries and inequalities at the educational level, but also gave rise to new situations. These situations are mentioned in several urban reports (e.g. Amsterdam, Chemnitz, Lom, Sfântu Gheorghe, Pécs) where the scarcity of resources in terms of computer equipment by the most disadvantaged families constituted a factor of inequality and demotivation or abandonment of school.

As we have seen in Chapter 4, several measures and efforts were taken at this level to minimize the negative effect on learning: 'the long lasting online-learning has affected particularly children from vulnerable groups living in precarious conditions, like the Roma children. Without access to devices and internet, many children were excluded from the educational process. While in some places hard copies of the educational materials were made available with the assistance of the educational mediators, this was not enough for the children to advance' (Urban report on Lom).

The way the education system dealt with the crisis resulting from the pandemic was criticized in some reports (e.g. Chemnitz) where it was considered that 'neither administrators, nor teachers or students found themselves seriously included in implementing policies in education against the pandemic by 'politics'. 'Too much depended on individual initiative of teachers and school social workers, to take parents and pupils aboard' (Urban report on Chemnitz).

In short, it is quite evident in the different urban reports the existence of measures to face the pressing issues regarding education related to inequality, segregation, school dropout or school failure. Concerns exist, measures exist, but the adequacy and ability to respond to these and other problems is not always the best, and there are always situations that go beyond the intervention capacity. Several constraints exist in relation to resources, at several levels, so the need for innovation and adaptation to the changes that occur is something inevitable. It should be noted, however, the effort undertaken in the various territorial contexts covered in the urban reports with the objective to make education more accessible, more equal and more successful for children and young people.

## 5.2 Employment

### 5.2.1 Policy goals, policy making and the role of youth

As we have seen in Chapter 4, increasing unemployment and decreasing quality of jobs have been some of the main challenges in periods of crisis. From the urban reports we have learned that some segments of population, including young people, are more affected by unemployment, precarious employment contracts, low wages, and low quality working conditions (i.e. low job quality). Some urban reports refer that some of the guiding principles of employment policies include addressing employment inequalities and promoting equal opportunities for all segments of the population, particularly those in more disadvantaged positions (e.g. Barakaldo, Belfast). In the case of Germany, labour policy is conceptualized as social policy. As such, more integrated approaches to policy design have been adopted since the reunification, by integrating employment policy with education, gender rights, and a growing interest in the “humanisation of work” (Urban report on Chemnitz).

At the national level, countries most affected by austerity policies enacted a series of changes in labour law reform and other employment policies in order to meet the strict requirements of bailouts and/or shrinking public budgets (e.g. Amadora). These measures – which vary across countries – include the devaluation of labour costs through increasing precarious labour contracts, and/or decreasing the quality of work and employment contracts. This was the case of Portugal, for instance where unemployment benefits were reduced, salaries were cut, working hours were extended, and more obstacles to collective bargaining were introduced during the period from 2008 until 2015. During the recovery period (2015-2019), there was an attempt to reset previous labour conditions, and raising national minimum wage, but job quality and working conditions were not completely regained (Urban Report on Amadora). In the case of Corby, there was a policy goal to reduce social benefits in order to incentivize work and several policies were implemented, including increasing job creation as a strategy to combat child poverty (urban report Corby).

Other countries enacted national employment policies to address employment protection and raise the quality of jobs. For instance, the Netherlands tried to decrease the divide between permanent employment and flexible or precarious employment by limiting the number of fixed-term contracts or combating precarious work disguised as self-employment (i.e. flexicurity policies). Germany has introduced the legal minimum wage in 2015, which was seen as the most important initiative against income inequality in that country (Urban Report on Chemnitz). Additionally, Germany reinforced the implementation of subsidized short-term labour (Kurzarbeit) which “has directly helped controlling unemployment, provided an income continuity, and preserved the employers from loss of qualified labour (...)” (ibidem). The urban report on Leuven describes the Belgian labour market as one of the most protected in Europe and with low levels of precarious employment (i.e. nine out of ten workers have a permanent employment contract). Still, in Belgium, youth and migrants seem to be overrepresented among temporary workers (Urban Report Leuven). The other side of



the coin of a labour market with high social protection and collective bargaining is that it provides restricted access to workers with low skills, low education, and/or other vulnerabilities such as poor health. Consequently, Belgium shows some of the OECD highest rates of inactive population in working age and of youth in NEET status.

Regarding passive labour market policies, of which the main type consists of unemployment benefits, all UPLIFT countries provide some sort of unemployment benefits, although benefits vary by subsidy amounts, benefit duration and types of requirement access to benefits. Some reports refer that the unemployed population in its respective countries has low access to employment benefits as well as small subsidies (e.g. Bratislava-Slovakia; Łódź-Poland, Pécs-Hungary), while others, such as Leuven-Belgium, report generous unemployment systems, for instance with time-unlimited unemployment benefits.

In UPLIFT countries, several active labour market policies (ALMP) (Brown & Koettl 2012; Kluge, 2010). were implemented at the national level to counteract the effects of crises and/or responses to crises. These policies were geared towards the general population or specifically aimed at youth (usually under the Youth Guarantee Programme, see below). The urban reports referred several types of ALMPs, namely *a) incentives to retain employment*, including wage supplements paid to employers; *b) incentives to create employment*, including entrepreneurship support, support to small businesses and microcredit; *c) incentives to seek and keep a job*, including workfare and public works; *d) incentives for human capital enhancement*, including internships, professional training and rehabilitation; and *e) improved labour market matching*, including supports to geographic mobility.

Public work is an example of an active labour market initiative, which according to the urban report on Pécs has been the most important ALMP measure used in Hungary in the past decade (Kóti, 2020; Gerő – Vigvári, 2019; Varga, 2015). As the report states, “public work programmes originally aimed to support the transition to the primary job market by providing mainly low qualified, easy to fulfil protected working spaces in the public sector.” It is most prevalent in areas with low job opportunities and among youth and reached its peak prevalence in 2016. The efficacy of this programme is object of debate since “(...) it seems to be inefficient in directing people toward the primary job market, while it nonetheless instils a culture of working in remote areas where generations grew up in unemployment since 1989, and provides a very modest livelihood” (Urban Report on Pécs).

### **Youth-specific employment initiatives**

In what regards national policies especially geared at youth, one of the most important initiatives is the Youth Guarantee programme (YGP), implemented in all European Union countries as a response to the grave consequences of the financial crisis on youth unemployment. The programme was established within the European Union in 2014, targeting youth under 25 years of age. Its goal was to ensure that ‘that all young people (...) receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal



education.” The European Union contributes with funding from the European Social Fund and the Youth Employment Initiative which is complemented by member countries’ funding. Since 2017, the goals of the Youth Guarantee are integrated in the European Pillar of Social Rights, as it reads that “young people have the right to continued education, apprenticeship, traineeship or a job offer of good standing within four months of becoming unemployed or leaving education”. In order to address the potential negative impact of the pandemic on youth employment, the programme was reinforced to raise the age limit for beneficiaries from 25 to 29 years old, since it was considered that this age group would make the programme more inclusive of vulnerable groups, such as, youth in NEET situation, women and persons with.

Youth Guarantee programmes were implemented nation-wide (e.g. Hungary, Portugal, Poland) or region-wide (e.g. Belgium, Slovakia). Each member state drafted its own Youth Guarantee plan, describing how the programme would be implemented and financed at the national level, implementation timetable, programme evaluation and monitoring, and the roles assigned to public agencies, municipalities, and other civil society organizations. While the programme funding and goals are established at a national level, its implementation is done with regional governments (e.g. Leuven-Belgium), and/or municipalities and other local partners (e.g. Amadora-Portugal).

Both the Dutch and Belgium Youth Guarantee Programmes’ goals give preference to preventing youth unemployment instead of intervening on unemployment. Both programmes have as main objectives the support of youth in vulnerable positions, preventing school dropouts, strengthening the links between education and the labour market, and supporting youth in NEET situations. Measures include the availability and quality of work-based training, developing good “career skills”, and providing incentives to employers to increase job opportunities for youth. Belgium has placed the responsibility of implementation of the YGP at the regional level, and with the involvement of municipalities, local Employment Agencies, and also civil society organizations and employers. In other UPLIFT countries, the YGP seems to be designed to address the large number of NEET youth and/or high rates of youth unemployment and directly intervene on unemployment (Portugal, Spain, Poland, Bulgaria, Romania, Hungary, Slovakia). In Slovakia, part of the efforts has been dedicated to increase the formal registration of youth in NEET status, so that they can actually have access to ALMP initiatives.

Additionally, there are more specific ALMPs especially geared at youth such as in the area of entrepreneurship (e.g. Amadora), improving workforce skills by targeting the education system and school leaving options, and training youth in areas in demand (e.g. Belfast), through the provision of allowances for graduate traineeships or job placements to acquire professional skills and on the job experience (e.g. Bratislava, Corby, Lom).

The urban reports also mentioned national policies directed at specific segments of the population holding vulnerable positions in the labour market. Such is the case of Barakaldo, where some of the policies intend to address the situation of population groups who inherit

inter-generational employment vulnerabilities, namely in chronic situations of unemployment and who then pass it along to future generations. In the case of Barakaldo, these policies were managed at the regional government level (Basque Government). In the case of Estonia, one of the target populations of employment policies from 2009-2012 were long-term unemployed (especially disabled, elderly, and caregivers). Working ability reforms later introduced in 2016, intended to increase the labour market participation of those individuals with reduced levels of working capacity, but still able to actively participate as workers. Another segment of the population that was specifically addressed in Estonia were women, in an effort to decrease gender segregation and the gender pay gap.

As we have seen in the case of the Youth Guarantee Plans, a special population of interest are young people not in education, employment, nor training (NEET). Besides the YGP, other policies and interventions specifically designed for NEET include a Belfast programme designed in a multi-system approach which encompasses "skills building, family support, education support, and employment. This programme was found to be an overall success: this holistic approach was helpful to address unemployment as well as a preventive measure for youth at risk of becoming NEET (Wilson et al., 2015)" (urban report Belfast).

A more structural stance towards unemployment has been referred in the urban report on Barakaldo, where the regional and local governments have been trying to redirect investment towards more strategic industry sectors which provide higher quality jobs, such as the case of digital and IT industry. A similar strategy was implemented in the UK – Corby with job creation in robotics, precision engineering, AI, and clean energy (urban report Corby). In Mulhouse, the municipality, in cooperation with a local urban agency and public and NGO educational actors, pursue the fight against what they coined as *illectronism*, a term created by analogy with being illiterate and the terms of digital inclusion or exclusion.

### **5.2.2 The role of localities and local policies**

On the basis of urban reports, we see that in most UPLIFT countries, passive labour market policies remain a responsibility of central governments while regional governments and local municipalities hold a variable degree of responsibility over active labour market policies (ALMPs). There are high levels of uniformity and homogeneity in the types of policies and interventions used to address unemployment and foster quality employment among the several UPLIFT countries and FUAs. The role of European Union's employment policies and funding has certainly a role in explaining the promotion of standard initiatives to tackle unemployment throughout the range of FUAs and countries.

There is a set of UPLIFT countries where responsibility over employment policies is shared by central and regional governments (Spain-Barakaldo, Italy-Bologna, and Belgium-Leuven). In these three cases the role of municipalities is usually quite restricted. Some of the urban reports have highlighted the development of local partnerships in order to address local employment needs (e.g. Pécs – Hungary, Amadora – Portugal, Chemnitz – Germany, Sfântu Gheorghe – Romania, Belfast – Northern Ireland, UK, and Bratislava - Slovakia). Another set

of FUAs develops their employment policies around policy agendas or local development plans (e.g. Belfast, Corby, Lom, Tallin).

The urban reports also present two types of contrasting cases regarding local governance and employment. Amsterdam and Bratislava represent the cases of two UPLIFT FUAs with high economic activity; but where Amsterdam represents the case of a FUA with full budgetary autonomy to implement ALMPs, Bratislava has very few resources to implement ALMPs locally. Finally, Sweden and Poland represent cases of centralized employment policies, but where local powers either play an important role through indirect actions (Borlänge), or local powers are starting to play a more active role in local employment policy (Łódź).

The urban reports describe three cases where the central and regional governments share responsibility over employment policies, however each case has its own specificities. With the exception of Barakaldo, both Bologna and Leuven refer that the role of municipalities is quite restricted.

In the Basque territory (FUA of Barakaldo), there are three levels of governance involved in employment policy: the Basque Government, the Provincial Council of Bizkaia, and the local municipalities. The Basque Government defines legislative, regulatory and strategic frameworks for the Basque Country as a whole and holds responsibilities over the ALMPs since 2009 (as transferred from the central Spanish government). The Provincial Council of Bizkaia manages its own set of active employment initiatives, with its own funding, and making use of public-private collaborations. Local municipalities implement several ALMP programmes through grants from the regional and provincial administration levels. The municipality makes grant applications adjusted to the needs of their local population and employment context, and the programmes are co-financed by the municipality.

According to the urban report on Barakaldo, the coordination of employment policy among these different levels of governance can still be enhanced: "The coordination of governance levels has evolved, but still there is room for improvement; such is the case of the need to improve the prioritization of local interventions to avoid overlaps, repeated or oriented interventions to the same group.

In the case of Italy (FUA of Bologna), the national government is responsible for managing passive labour market policies (e.g., unemployment benefits, and retirement pensions), and the regions manage active labour market policies, implemented through the Public Employment Service, as well as national-level private job agencies. The region of Emilia Romagna has delegated the responsibility over employment services to the provinces, while maintaining planning competences over ALMPs. Within the region, the Metropolitan City of Bologna (MCB) has a coordinating role over economic and labour development while municipalities implement training programmes to "promote employment in new industries" (Urban report on Bologna). However the role of municipalities in implementing ALMPs is very

restricted<sup>10</sup>; for instance, the municipality of Bologna is limited to “employability skills and provision of information.” The municipality of Bologna however took on the role of promoting practices of gender equality in the labour market, and creating partnerships with businesses in the employment arena.

In the case of the Belgian distribution of competences in employment policy, the federal government is responsible for the unemployment insurance system and the social security system, while the regions are responsible for the ALMPs. The administration of Flanders provides labour market matching services, and vocational training. The municipality has a limited role, implementing local activation initiatives following the Flemish policies. This is the case with the Youth Guarantee Programme which is being implemented in Leuven but the Flemish administration has responsibility over the programme, including co-participating with funding jointly with the European Social Fund.

Some of the urban reports have highlighted the development of local partnerships to address the needs of local employment needs and as a strategy for local governments to expand funding and resources. Some of these partnerships have evolved into innovative forms of collaboration, such as municipal companies and local contracts for social development (e.g. Amadora). In Pécs, Hungary, the Baranya County Government Office implements national level ALMPs with funding from the European Union. These ALMPs include training and wage subsidies for employers. Hungary offers an interesting case of partnerships to incentivize employment among those that are most vulnerable. In the local case it is called the Pécs Pact and its innovative features reside in “linking the demand and supply sides of the labour market.” Besides the municipality, the partnership involves the county government, a charity, and an urban development company of Pécs.

Likewise, Amadora’s municipality administers several employment programmes at the local level (e.g. training and labour market matching assistance) supported by local Offices for Professional Integration, a local Employment Office, run by civil townships (*juntas de freguesia*) or by NGOs, or as a collaboration between local administration and NGOs. An example of a local partnership is the local entrepreneurship programme created by the municipality in collaboration with a national University and a major international (Portuguese-based) foundation (Fundação Gulbenkian). This programme became a municipal company (Amadora Inova) which encompasses different activities, including a business incubator, provider of services to students at risk, and social innovation initiatives. Additionally, there are also employment initiatives in the form of Local Contracts for Social Development which have public funding. Local Contracts for Social Development include collaborations between a local township, a major national charity (Santa Casa da Misericórdia), and local NGOs.

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<sup>10</sup> According to the urban report of Bologna, municipalities “in the region have no competences on active labour market policies: they cannot supply services that try to meet labour supply with demand unless they have asked for accreditation in this field” (p.21)

In Chemnitz, job search assistance and apprenticeships fall under the competence of federal authorities and the Chambers of Industry and Commerce. However, Chemnitz offers an interesting case of specialized and integrated (holistic) youth employment service, based on a local partnership, which we develop in the section below regarding youth-specific initiatives.

Another set of FUAs develop employment policies around policy agendas or local development plans (e.g. Belfast, Corby, Lom, Tallin). Usually these development plans receive funding from the central government, and set strategic development goals that take into consideration the present labour market needs of the municipality, and make space to make strategic policy choices as to what type of industries and sectors of activity will be prioritized, in the future, and what type of human resources will be needed to implement these goals. Some of the local development plans are also based on local partnerships.

For instance, the Belfast Agenda guides the main employment policies implemented in Belfast. The policy priorities for Belfast are focused on building and developing skills and increase educational attainment in the workforce, and decreasing the unemployment rate. The Belfast Agenda was created in partnership with local city partners, private businesses, and community organisations and residents and tries to address the social problems of poverty, economic inactivity, unemployment and underemployment with an inclusive approach. Below, this policy instrument is described in more detail:

#### **Case example: Belfast Agenda “Working and Learning”**

The Belfast Agenda’s “Working and Learning” ambitions are focused on developing skills and qualifications, and educational attainment in the workforce, and decreasing the unemployment rate (Belfast City Council, 2017). The strategy takes a collaborative approach to explicitly address inequality in employment. The aim is to address barriers to employment by delivering an integrated employability and skills approach, continuing the theme of using skills building to reduce inequality in employment. Locally, there is a mismatch between the qualifications and skills that people have and the skills that are in demand in the labour force. Hence, this policy’s focus on skills development is useful so long as it is focused on matching the skills in demand in Belfast. The policy plans to deliver an employability and skills pathway that would help those most deprived to enter employment, as well sustaining and progressing within employment (Belfast City Council, 2017).

Additional examples of the type of goals present in these planning instruments include the development of Corby’s local labour market (e.g. the North Northamptonshire Joint Strategy and the Corby Economic Development Strategy), and the identification of the main target groups of employment policy, such as youth and long-term unemployed (e.g. Tallin Development Plan).

As mentioned above, Amsterdam and Bratislava represent special cases within the UPLIFT FUAs: Amsterdam represents the case of a FUA with full budgetary autonomy to implement ALMPs, this is with control over which areas to allocate their funding. The case of Bratislava represents a FUA with high economic activity level, with restricted access to European Structural Funds and, as a consequence, with very few resources to implement ALMPs compared to the rest of the country.

In Amsterdam, local employment policies are mostly ALMPs “decentralised to the municipal level and municipalities can allocate the budget they receive from the national government in the way that suits their local needs best” (Amsterdam Urban Report). The Work Experience Grant, mentioned in the section below, is an example of local employment policy.

In Slovakia, ALMPs are mainly the responsibility of the central government and several local branches/offices, and the involvement of non-public organisations is kept to a minimum. Compared to other European countries, the proportion of funding is low (Urban Report on Bratislava) and mostly originating from the European Social Fund. Bratislava is a special case in what regards the funding of local employment initiatives. In fact, comparing to the rest of Slovakia, Bratislava has a high GDP, which restricts access to European Structural Funds (the main source of funding for employment programmes, including the Youth Guarantee Programme). Therefore, Bratislava receives much less financial resources to implement ALMPs compared to the rest of the country. There are only a few policies directed at those in unemployment, but these are underfunded and are not sufficient to address their needs. The same applies to employment policies directed at youth (see section below). Therefore, Bratislava offers an example of the social cost of living in wealthy regions for those individuals who are in vulnerable labour market situations:

#### **Case example: Unemployment in wealthy contexts (Bratislava)**

“Compared to the rest of Slovakia, the labour market in Bratislava is quite dynamic and offers many opportunities. People who are not able to take advantage of these opportunities and are registered as jobseekers at the labour office often live in a complicated situation, where unemployment is just a consequence of other problems. Public employment services, as implemented in the Bratislava region, are unable to respond to these often very complex situations; therefore, jobseekers stay without adequate support and remain on the register mainly for their compulsory health insurance, which is covered by the state for registered jobseekers.”

In an effort to find alternative solutions to unemployment among vulnerable groups, including youth, Bratislava is looking at local partnerships, setting up public-private partnerships with NGOs or providing grant funding for local NGOs, supported by city or district budgets. However, “(T)hese grants are rather ad-hoc, irregular, and small-scale initiatives, which mainly support NGOs in implementing social public procurements” (Bratislava Urban Report).



Finally, Sweden and Poland represent cases of centralized employment policies, but where local powers either play an important role through indirect actions (Borlänge), or are starting to play a more active role in local employment policy (Łódź).

Sweden has a labour market policy centralized at the national level under the Swedish Public Employment Service. This institution has regional offices, and in the case of Borlänge, the Dalarna region implements some employment interventions. As stated by the urban report: "In theory, local authorities have little influence over labour market policies, but in practice they can play an important role not only by controlling and investing in land and infrastructure, and provide welfare services for employees, but also by setting up their own business service units." (Urban report on Borlänge). A strategic initiative for employment policy which is the responsibility of the municipality is the extensive adult educational programme (KOMVUX). This is an educational programme for adults or NEET youth who desire to complete upper secondary education and has a labour market facet since it partially offers training to fulfil local labour market needs. The programme is funded by the municipality.

In the case of Poland, while most employment programmes have been administered by the central government, more recently activation programmes co-financed by the European Union have started to be managed at the level of county government offices. These programmes include internships with salary contribution, support to entrepreneurship, and relocation vouchers. Most of the interventions are standard (i.e. applied throughout the country in similar ways) but the county offices have some room to adjust programmes to the specific needs of local residents. In this case, European funding programmes directed at local governments can provide municipalities with alternative resources and capacitate local agents to design and implement local employment policies and programmes.

### **Youth-specific employment initiatives at the local level**

As we have seen previously, one of the main policy tools to combat unemployment among European youth is the Youth Guarantee Programme (YGP). Some of the urban reports refer that although the policy goals are set at a national level as well as funding, its implementation is done at different levels and with different partnerships. For instance, in the Netherlands, the YGP is implemented through partnerships among different ministries, municipalities, employers, educational institutions and other civil society organizations.

Bratislava is excluded from the YGP, because youth unemployment is lower than 25%, which is one of the requirements. In fact, the urban report on Bratislava emphasises that: "The role of the local government (whether the City Hall or individual districts) in the employment of young people is rather vague. According to the Competence Act, employment is not within the legal scope of local or regional self-government" (Urban Report on Bratislava). Local governments in Slovakia do play an important role in ALMPs, particularly by offering "public works" programmes in cooperation with the central government. However, because of the



privileged economic situation of Bratislava, this programme is almost inexistent in this territorial context.

Chemnitz offers an interesting example of employment services specialized in youth needs. The emphasis is on simplified and integrated services, and participation of multiple partners (i.e. public, private, non-profit). As the urban report describes, school leavers receive services from school social workers and a youth employment centre which aims to offer an integrated and simplified response to assist young jobseekers: "Tasked with the assistance to all young jobseekers, the agency offers support either at their mid-town offices, in schools, youth-clubs or in house at workplaces of companies looking for employees. All these actors, especially the labour agency and the youth-welfare organisations are offering information, personal consultancy, and access to youth employment projects at the threshold between welfare assistance and employment (Urban report on Chemnitz).

An example of a programme implemented for youth by local governance, is Amsterdam's Work Experience Grant (Startersbeurs):

**Case example: Amsterdam's Work Experience Grant**

In Amsterdam, "(...) the Work Experience Grant (Startersbeurs) is an ongoing voluntary programme (started in 2013) that aims to give young people aged 18 to 26 who are unable to find a job the opportunity to gain relevant learning and work experience<sup>11</sup>. Youth are stimulated and facilitated to find a 6-months traineeship of their own choosing in order to develop competencies and skills that are important on the labour market and that match their level of education. Compensation is at least €700/month for a maximum of 32 hours per week<sup>12</sup>, and funding is provided jointly by each municipality and the employers involved in the program. In Amsterdam, the Work Experience Grant is reserved for youth with a general secondary education diploma (HAVO/VWO) or a vocational school qualification (MBO). A monitoring scheme is set up by the University of Tilburg<sup>13</sup>, which shows that since the beginning of the programme an average of 64% of young people have been offered a contract after completion or during their traineeship.

Tallin and Lom offer two other cases of local initiatives designed for youth. In Tallinn (Estonia), youth-specific local initiatives include support to youth entrepreneurship, subsidies for start-up entrepreneurs, and training in strategic local areas such as technology and smart-based technologies. In the FUA of Lom, the municipality implements a national programme for youth with higher education, called the Career Start Programme. This programme provides temporary contracts for 12 months for first jobs of young people with higher education. The Lom municipality started a new plan for integrated development where one of the main priorities is the qualification and re-qualification of human resources in accordance with the strategic development of an industrial fishing industry.

### **5.2.3 Adequacy and capability of local and national policies to tackle (youth) inequality**

The urban reports highlight some limitations of employment policies offered at national and local levels. These problems relate to programme goals, programme inclusiveness and accessibility, programme design, and number and consistency of programme offer.

Some of the urban reports argue that some national level ALMPs were not effective in reaching their programme goals. The urban report on Amadora argues that the ALMPs introduced as a response to the 2008 financial crisis had little impact on employment and could not improve the situation of their target groups, mainly young adults. The urban report on Belfast, specifies some of these ALMPs limitations by pointing out that some of these programmes tend to offer the same services (even if they change their name) and serve the same participants multiple times, which is an indicator that participants were not able to find a stable employment after going through multiple employment initiatives and that programmes were not able to facilitate a labour market integration. Another example refers to the Dutch flexicurity policies which, according to the urban report on Amsterdam, have not been able to provide significant results of transitions into stable employment.

The report on Mulhouse notes that the accumulation of specific schemes against unemployment of the youth had not led to significant success since 2009 and that a more comprehensive approach was necessary. This includes individualised accompaniment of youth - 1 young person, 1 solution policy and 1 mentor scheme in priority urban districts or rural areas - regardless of social and educational status on their way into the labour market, without a time limit and accompanied by resources equivalent to the Youth Guarantee.

Another important limitation of national ALMPs pointed out by the urban reports is that these programmes are not inclusive and accessible to the most disadvantaged individuals (e.g. Belfast–Northern Ireland, Bologna–Italy). For instance, the urban report on Belfast argues that “accessibility was another concern; (...) policies did not consider the difficult life experiences and challenging circumstances that young people from disadvantaged background face, so the programmes are not inclusive or accessible to all young people” (Urban Report on Belfast).

The urban reports have also identified some weaknesses within the area of programme design, namely programmes that lack flexibility to adjust to the local context and need to be more tailor-made to the local context of implementation (e.g. Belfast-Northern Ireland, Leuven-Belgium). For instance, the urban report on Belfast identifies in the area of skills training a “disconnect between government policy and communities’ experiences” (Urban Report on Belfast).

Another aspect where the provision of employment programmes seems to show some flaws, based on the urban reports, is in the quantity and consistency of programme offer (e.g. Leuven-Belgium, Corby-UK, Bologna-Italy, Bratislava-Slovakia). The urban report on Leuven conveys that the implementation of employment policies in Belgium has not been neither

quantitatively enough nor consistent, and it was uneven throughout the different Belgium regions. The report on Corby argues that local programmes are very much needed and have a higher capacity to respond to the needs of local populations. However, local policies seem to be fragmented and without coordination to the remaining ones, making it very difficult to build integrated responses to those in need: "(...) regarding employment, despite that the local administrative level is the most appropriate administrative level to deal with labour inequalities, the local limitation of competences slows the provision and focus of the resources to fight against labour inequality in the territory. There is a need to overcome the fragmentation of competencies so that the resources directed at the citizens are more efficient by setting up more stable coordination bodies, such as interinstitutional meetings, for example" (Urban Report on Bologna). Another example is Bratislava, which as we have seen before, does not have enough resources due to its highly advantaged economic position. However, the few numbers of programmes and respective resources are not enough to reach critical clients in need of support.

Local employment policies are very important to strategically address the specific needs and problems of local residents. Local institutions are better positioned to identify groups most in need, ways to reach them, and in designing policy instruments tailored to local goals. However, as the urban report on Amsterdam argues, if all policies are local and tailored to local needs, policies can become so fragmented and create inequality in the ways that welfare policies are applied and in the opportunities available for different regions and individuals. On the other hand, there is only so much local policies can do to address social injustice, since the dynamics that create inequalities also exist at the national and global levels.

## 5.3 Housing

### 5.3.1 Policy goals, policy making and the role of youth

Housing is a basic right to which everyone should have access, being one of the Human Rights provided for in the Universal Declaration of Human Rights. Young people in particular face increased difficulties with regard to housing. There are inequalities in access to housing, as well as segregation based on the ethnic and/or social origin (e.g. Roma population. The situation reported in the urban report on Belfast is revealing of segregation in a particularly evident way. Social and affordable housing is separated by neighbourhoods and religion: 'Segregated housing poses a huge problem for addressing housing inequality because social and affordable housing must be offered equally to both Protestants and Catholics and housing development also must be delivered equally' (Urban report on Belfast).

As a general trend, some of the reports emphasize that current policies have prioritized rental housing access over home ownership (Barakaldo, Tallin) or at least implement fewer supportive measures dedicated to home ownership (Leuven). On the other hand, the housing arena appears to utilize more policy and planning instruments in comparison with the arenas of education and employment. In fact, the urban reports identified a diverse number of

national housing policies, municipal housing plans and programmes specifically designed to respond to housing issues. Several urban reports identified national or regional housing policy instruments (e.g. Lom, Amadora, Barakaldo, Belfast, Bratislava, Łódź, Pécs, Tallinn) which are intended to define the general guidelines of housing needs and development priorities, as well as, in some cases, identify the priority groups for intervention. For instance, in the case of Portugal, special focus is given to youth, persons with disabilities, the elderly, families with children and single parents, large families, and other persons with vulnerabilities. Similar instruments at the municipal level (municipal housing plans) are also frequently referred in the urban reports (e.g. Amadora (Municipal Strategy for Urban Rehabilitation), Amsterdam (Amsterdam House Deal), Corby (Borough Council's Housing Development Strategy), Leuven (Kenniscentrum Vlaamse Steden, 2021), Łódź (Housing Policy 2020+)).

Several reports acknowledge the effects of global market factors in creating the conditions for increased housing inequality, and thus put fair housing access at the center of social policies that aim to fight increasing inequality and poverty in urban contexts. One of the main problems identified is the increase in housing prices (for purchase or rent) which is not accompanied by an increase in household incomes, something that is reinforced in some of the urban reports (e.g. Corby, Leuven, Pécs, Tallinn). Some of the measures put in place to ease housing access to vulnerable populations, have been either reduced or eliminated in the recent periods, namely in benefits and housing allowances (e.g. reduced rent subsidies for new housing construction, reduced housing allowances in terms of eligibility and generosity, abolishing of housing allowance to compensate for housing cost overburden) (e.g. Leuven, Borlänge, Pécs, Corby, Belfast) which have increased housing inequality, reduced the level of new construction, increased property values and led increasingly to both lack of housing and an affordability crisis for the poorer part of urban populations' (Urban report on Borlänge).

Depending on specific national and local contexts, housing policies and programmes most often highlighted in the urban reports are related with issues of urban and housing rehabilitation, social housing, alternative market forms of accessing home rental and ownership, rent subsidies and allowances, new urban developments and allocation of social and affordable housing, financial programmes, including subsidized mortgage lending and support, youth housing programmes, and programmes for the homeless.

Urban rehabilitation programmes are referred in the urban reports as local community interventions that serve to increase the availability of services to its residents (for instance, educational, healthcare, leisure) and to improve the quality of the urban space (e.g. Amadora, Belfast, Chemnitz). The urban report on Belfast highlights the importance given in policy instruments to provide integrated housing within communities, this is offering mixed housing types (private and social offers) as a way to decrease urban inequality and "strengthen community cohesion."

In the same vein, an important aspect of sustainable urban development is to make sure that all housing needs are met, catering to residents that can afford a home in the private market and also to those that require affordable housing and social housing. Some urban reports refer to urban policies which require new housing developments to allocate social and affordable housing within their housing offer (e.g. Amsterdam, Belfast).

An important part of improving the quality of neighborhoods, is to improve the quality of housing. Most urban reports describe programs that aim to intervene on existing housing (Belfast, Bologna, Bratislava, Chemnitz, Łódź, Lom, Pécs, Tallin), although the urban report on Barakaldo also mentioned improving the quality of new housing construction. Programmes and policies that aim to improve the quality of existing housing can either include the rehabilitation of the entire building, or be more focused on certain areas such as improving energy efficiency and accessibility. On this regard, Barakaldo offers non-refundable grants for energy efficiency and accessibility, Bratislava offers several programmes for the renovation of their housing stock regarding systemic faults, refurbishing, energy efficiency, Chemnitz has invested heavily in the renovation of older neighborhoods and existing social and public housing stock from former GDR, Łódź emphasizes the renovation of municipal housing and attic renovation in order to be used as a living space, Lom focuses on energy efficiency of multi-family buildings, and Pécs refers to a programme aiding with home renovation costs for families with children.

Appart of this group of measures there is a special area of intervention worth mentioning which relates to measures supporting landlords in their efforts to rehabilitate rental stock (e.g. Chemnitz, Leuven) or to invest in rental home - buy to let (e.g. Mulhouse).

Developing social housing has been an important type of policy implemented in several contexts as a way of guaranteeing access to housing for those populations in vulnerable situation (e.g. Amadora, Amsterdam, Bologna, Corby, Leuven, Łódź, Lom, Leuven, Mulhouse), including for the younger population (e.g. Amadora, Barakaldo, Corby, Tallinn). In some contexts, legal instruments that guarantee the fulfillment of the rights of resident people to social housing have been created (e.g. Corby). Some urban reports have mentioned a trend towards restrictions in the offer of social housing, either because the private market economy has become increasingly prevalent (e.g. Chemnitz, Tallin) or because there have been structural changes in social policy and welfare, which have led to restricting measures in social housing offer, such as a change in the duration of rental contracts (Amsterdam) or reduced affordability of housing and benefit caps (Belfast).

Social housing has been used with different objectives, for instance in the case of Amadora, it can be used as an instrument to re-house and transfer entire neighborhoods self-built in precarious, unsafe and unhealthy conditions (e.g. the Special Re-housing Programme in Portugal), or it can be assigned individually to families and individual in need, for instance through means-tested methods (e.g. Netherlands, Germany). Interestingly, the report on Mulhouse differentiates between 'social housing' and 'very social housing', using the latter term to differentiate those situations where the aim is to accommodate those in most

extreme housing need. Most of the formal social housing programs referred in the urban reports are offered as rentals. Sources of new social housing developments can either be construction of new buildings (Barakaldo, Lom, Pécs), rehabilitating existing municipal or social housing stock in order to make dwellings available in the social market (Chemnitz, Łódź, Lom).

The report on Corby offers an interesting policy development regarding social housing: the need to address social tenant stigma as a way to prevent housing inequalities. The aim is that social housing can be “a stable base that supports people when they need it and support social mobility” (Urban Report on Corby). An important message to acknowledge is that the role of social housing in the prevention of social inequalities is that it should be a place of transition and not a place of destination.

Another type of measures aiming to create a more equitable access to housing includes rent and mortgage allowances or subsidies (e.g. Amadora, Bologna, Leuven, Łódź, Mulhouse, Pécs, Tallinn). Several reported programmes aimed at providing rent subsidies (Amadora, Bologna, Leuven, Łódź, Mulhouse, Tallinn), or home ownership allowance (Leuven, Mulhouse, Pécs, Tallin), or another type of financial aid, such as utility subsidies or price freezing (Pécs).

In the case of below market price access to home ownership, the municipality of Leuven has a subsidiary responsible for urban development and management of land policy, which also administers a programme of starter home ownership for lower and middle income groups. As a way to curb real estate speculation, specific resale conditions are applied to these dwellings (Urban Report on Leuven). Pécs provides grants for construction and purchase of new housing (Pécs) specific target groups (for instance, young families with children, and youth on a limited income). For instance, Hungary has the Family Home Allowance programme to help families build a new home and incentivate the birth rate; families are required to have stable income and savings. Additionally, the Rural Housing Allowance programme targets specifically rural areas and smaller localities and supports home ownership and is intended to revitalize dying regions.

An existing situation in several territorial contexts is the existence of vacant dwellings that are not available on the rental market. Given the scarcity of available housing, these dwellings are considerably important as they could contribute to meeting the demand for housing. Unoccupied dwellings were subject to rental incentive measures. In the case of Barakaldo, there is a specific programme regarding this type of homes. Its purpose is to attach to vacant housing a social use, facilitating access to decent housing at affordable prices though an agreement made with the owners. It is intended for people whose financial resources are not sufficient to access the regular market. In addition ‘if it has had any damage, it is repaired and delivered in perfect condition (Urban report on Barakaldo).

Other alternative forms of accessing home ownership are the “rent-to own” programmes (Leuven, Łódź, Pécs) where residents start out as tenants and usually a part of the rent is set aside to be used later on as down payment. Łódź has such a programme targeting two



different types of residents: those not able to buy in the private market but who do not qualify for social housing, and those who have unmet housing needs and low income. Hungary was operating a rent-to-own mechanism applied to foreclosed homes which were later resold to their original owners at a non-market price. Leuven also operates a starter programme with affordable private rental dwellings targeting one or two person households. Other types of measures aiming at subsidizing access to home ownership, which are financial measures which provide mortgage lending at more beneficial rates (e.g. Leuven, Pécs, Tallin) and debt management programmes (e.g. Pécs).

Several of the measures and policies mentioned are not specifically aimed at young people, although youth is inherently included in their scope. As stated in the urban report on Belfast, "housing inequality in Northern Ireland is found in both inequality of accessibility of housing and inequality of adequacy of housing. Young people are more reliant on social housing than any other population." (Urban Report on Belfast)

Specifically for the young population, there are several housing measures implemented (e.g. Amadora, Amsterdam, Bratislava, Barakaldo, Chemnitz, Leuven, Łódź, Sfântu Gheorghe, Tallinn). In the case of support for the payment of rents, financial support is given to young people with defined age limits. In Barakaldo, a specific number of apartments for youngsters is stipulated to be placed on the social rental market at lower prices, aiming at easing the first access to housing. There are also incentives for young people to buy such as reduced taxes or easier access to credit (e.g. Bratislava, Tallinn), and more specifically in the purchase of a first home (e.g. Łódź). Other programmes include the above mentioned grants awarded to couples with children in employment and with stable income when purchasing a flat or a house (e.g. Pécs). The construction of housing especially for young people was implemented in Sfântu Gheorghe, but this specific programme is awarded to youth with stable employment and considered not economically vulnerable as a way to incentivate young professionals to make Sfântu Gheorghe region their home.

Particular attention is also given in some reports to the situation of the homeless (Bratislava, Chemnitz, Corby, Leuven, Pécs), many of them young people, a situation that requires specific measures and a differentiated approach. To address this particular group, specific support measures were taken, namely during periods of pandemic confinement, as well as preventive measures such as preventing eviction or extending the previous period for leaving the house (e.g. Corby, Sfântu Gheorghe). Some of the reports mention plans to assist homeless already integrated within general housing policy instruments (Bratislava, Corby).

Differently than other cases, the Chemnitz and Leuven reports focus specifically on youth homelessness from a preventive perspective, this is trying to solve the housing situation of youth at risk of becoming or already homeless, as a preventive measure for future events. The report on Leuven highlights the need to link housing policies to social welfare policies. The initiative "Mind the Gap", a coalition of public agencies and NGOs looking to tackle the situation of homeless youth in Leuven, pursues this objective by giving voice to the youth and using the housing first approach.



### 5.3.2 The role of localities and local policies

In some cases, the acting lines regarding housing construction or social housing allocation are defined at national level, leaving little room for manoeuvre to local contexts (e.g. Amadora). In other cases, most decisions on planning and development were allocated to local authorities (e.g. Belfast) and still in other cases there is autonomy for the implementation of measures, some of which go beyond existing definitions at regional or national level (e.g. Amsterdam, Bologna, Borlänge, Corby, Leuven, Łódź, Pécs, Tallinn). The urban report on Mulhouse emphasises that, in the field of inclusion oriented housing policies, France has, for the last 30 years, been engaged in combining de-concentration and decentralization. The position of some localities in relation to the national contexts allows expanding the limits of action regarding certain decisions. This makes it possible to create more opportunities, namely for young people. Some locations have relevant tax revenues which allow for the implementation of an active housing policy in their territories including, for instance, the construction of municipal housing, the development of rental housing, the construction of endowment accommodation, etc. (e.g. Amsterdam, Barakaldo).

Some local contexts have more evident housing needs than others. In a few cases, the specific needs of an important part of the resident population are related to social exclusion (unemployment, low education, low income, substantial dependence on welfare benefits) (e.g. Amadora). In other cases, FUAs are valued due to their role as international economic engines, touristic and leisure centres, or as university cities (e.g. Amsterdam, Bratislava, Bologna, Leuven, Pécs).

According to the urban reports, municipalities hold different degrees of responsibility in housing policy which is related with the financial resources available to the municipalities and the degree of autonomy from the central government. However, at the very least, most municipalities are heavily involved in implementing housing policies and programmes. Some of the FUAs present higher degrees of autonomy with power not only to implement but also design some of the policies and programmes over their own territorial jurisdictions (e.g. Amsterdam, Belfast, Borlänge, Chemnitz, Corby, Leuven, Łódź, Pécs, Tallinn). The case of Amsterdam is an exception in the Netherlands where usually municipalities have more limited room for manoeuvre over housing policy design and planning, but Amsterdam's economic prominence provide more negotiating power vis-à-vis the central government. In the case of Chemnitz federal agencies coordinate research, funding and knowledge transfer but there is still plenty of autonomy and resources at the level of the municipality. The municipality of Leuven has a subsidiary organization that administers urban development and the housing and land policy in the city. The municipality actually coordinates housing development and interventions from private and civil actors. The report on Tallinn highlights that the municipality also defines who are the target groups to benefit from housing policies while Łódź and Pécs' reports underline the limitations of having policy autonomy without few financial resources.

On the other hand, some of the UPLIFT municipalities that reported having lower levels of autonomy in relation to the central or regional government include Amadora, Barakaldo, Bologna, and Sfântu Gheorghe. In the case of the Barakaldo's FUA, the Basque Government holds the regulatory capacity over housing policy, while the municipality implements and contextualizes the implementation of programmes. Similarly, in the Italian case, regional governments have competence to plan and design housing policies and programmes, while the local government is responsible for policy implementation. However, local governments as is the case of the FUA of Bologna, may administer complementary housing policies given its financial resources. Having strong financial resources at the local level can thus translate into more capacity to develop parallel housing policies; the opposite can be observed in the FUA of Amadora where weak financial resources coupled with a high percentage of population in vulnerable position does not allow for extra political power in the housing arena. Similar to the area of education, the several programmes and measures implemented in different geographical contexts obtain their funding according to the governance structure in place (see Chapter 3 and subchapter 5.2 of Education). However, a difference to be highlighted regards the investment that is made in relation to certain measures or policies and their suitability in relation to the needs experienced. Giving the concrete example of the urban report on Amadora, some limitations were identified in the implementation of the national housing policy strategy that are related to a lack of resources, including financial: 'limitations are signalled with regard to insufficient public financial investment and too complex application procedures, both contributing to little numbers of young persons covered. The growing trend of decentralisation raises the fear that housing policies may eventually become less effective rather than more effective, as the municipalities are required to design and implement solutions for which they lack money, time and qualified professionals.' (Urban report on Amadora).

In some cases, local governments do not have the autonomy or resources to assume responsibility for the implementation of housing policies, such as in relation to housing inequality, and for this reason the financial investment and policy promotion are made in articulation with the regional or central government (e.g. Amadora, Barakaldo, Belfast, Bologna, Corby, Chemnitz, Łódź, Lom, Pécs, Sfântu Gheorghe, Tallinn). Even so, the financing of some housing programmes is completely delegated to local governments (e.g. Pécs, Tallinn). However, not every municipality has the same financial capacity support. Only those with higher own budgets can do so, while lower income municipalities have much more limited means (e.g. Pécs).

The urban report on Mulhouse stresses that housing policies are decided within a national legal and fiscal framework. However, it also notes that the implementation of national rules and processes can be transferred from the national budget to local authorities who will manage it at departmental or intercommunal level. They may receive delegation from the Ministry of Housing for allocating grants and aids for improving private and social housing, and for financing social rental units.

Different actors may be involved in funding, depending on the programmes as well as on the different levels of priority in terms of investment. This is particularly evident in federal states, as in the German case, where there are federal building agencies and financial agencies (banks) for funding programmes at the federal level. The individual state's urban programmes are funded through the 16 States' Investment Banks: 'Together they are managing European and federal funds and handing out support to municipalities (public infrastructures) and public as well as private housing actors and individual home-builders' (Urban report on Chemnitz).

In the Slovak Republic, a Fund was created and dedicated exclusively to housing finance (see case example below).

**Case example: Bratislava - State Housing Development Fund**

The State Housing Development Fund, as the major institution for financing the renovation of private buildings and the expansion of the social rental stock was established in 1996. It has become self-sustaining with the repayments of the loans it previously issued. The Fund is an independent organization supervised by the Ministry of Transport and Construction of the Slovak Republic, and operates on the priorities set in the State Housing Policy Concept of the Government of the Slovak Republic. The entity provides long-term loans with favourable conditions for several purposes.

The state interventions have four major target areas: i) supporting the purchase and construction of private homes in the form of subsidized loans and building savings schemes; ii) support for the renovation of privately owned single- and multi-family buildings; iii) support for the renovation and construction of social rental flats; iv) providing allowance for complementing ongoing housing costs.

Besides buildings savings schemes, home ownership was supported through subsidised mortgage loans primarily for young people (aged 18 to 35). Until 2018, the state support for young people to buy their first home operated in the form of a preferential interest rate loan.

A scenario that has been accentuated more recently, particularly in the area of housing, is related to investment funds. The entry of these funds into the housing market accentuates real estate speculation with consequences for the increase in housing prices. In the attempt to counteract this, the 'Basque Country already provides for this circumstance by making modifications and normative changes to the regulatory framework that affect the purchase of land and the promotion of rental housing, hampering the housing investment funds' (Urban report on Barakaldo).

As for financing to individuals, these consist mainly of subsidies and support granted for the payment of expenses, which may be related to the rent to those whose resources are insufficient or to works that need to be carried out concerning the dwellings and/or buildings, including for reasons of energy efficiency (e.g. Amadora, Barakaldo, Belfast, Bologna, Bratislava, Chemnitz, Leuven, Łódź, Lom, Pécs). With regard to the rehabilitation

homes in Barakaldo, a specific aid through the Urban Development Society is available, which depends on the city council, and is dedicated to the promotion of new housing of public protection and rehabilitation. It can be requested by the community of owners (which are part that society) of the entire property an aid that can be non-refundable (without the need to return the amount provided) or aid to pay a loan (Urban report on Barakaldo).

Another important non-refundable grant is assigned to address issues related to energy efficiency and accessibility in buildings, within the scope of the European Next Generation recovery plan. The urban report on Barakaldo highlights the importance of this plan in addressing housing problems: '*European Next Generation* funds will mainly direct its efforts to urban rehabilitation and regeneration, increasing the number of grants and favoured poor homes. Great hope is now placed on [it] for the rehabilitation of homes and neighbourhoods through specific multi-level programmes' (Urban report on Barakaldo). Several urban reports emphasise that EU funding is crucial to implement several housing measures and programmes (e.g. Barakaldo, Chemnitz, Łódź, Lom)

The establishment of partnerships with different local entities and actors is also a way of streamlining processes and guaranteeing the necessary resources for the implementation of programmes or measures (e.g. Amsterdam, Barakaldo, Borlänge, Bratislava, Corby, Leuven, Łódź, Sfântu Gheorghe). In the case of Amsterdam, the establishment of an agreement, which includes a financial commitment between the local government and the central government, aims to reduce the housing shortage and to ensure a sufficiently affordable housing supply on a structural basis. This 'agreement entails a cooperation between different governance levels about legislative amendments and exemptions in order to achieve the common objectives.' (Urban report on Amsterdam). In the urban report on Barakaldo, the need for greater articulation between different actors is mentioned, since the 'communication between different levels of competence is increasingly fluid, but in housing matters, it should translate into collaborations that sometimes do not occur. (...) the Basque Government plays a very important role in the territorial housing policy due to its regulatory capacity; and municipalities, for their part, are key in the contextualization and implementation of strategies and programs due to their ability to reach the citizen directly' (Urban report on Barakaldo).

Other financing measures are planned to be implemented in some territories, as in the case of the Basque Government, which provides to establish a complementary fund to the existing one for accessibility aids that will allow people who cannot afford the payment of rehabilitation, especially if they are elderly ones with low pensions, to access the fund.

There were also some criticisms regarding the way in which financing, also at the housing area, is used to respond to pressing questions. Corby's case is instructive when referring to the lack of involvement of communities, and has been identified as a funding 'cold spot': 'the best way to get on with the council is to get to know the people in it. (...) As the majority of 'macro funds' and economic interventions over the last two decades have not involved communities in a meaningful nor sustainable way, interventions have consistently failed to

address the most deprived communities contributing to a 0% average change in the relative spatial deprivation of the most deprived local authority areas' (Urban report on Corby). The lack of focus is pointed out as a failure with regard to the application of funds, and it is important to keep in mind 'not just on what is done, but on how it is done'. Still, the urban report states that, despite being one of the locations that receives less public funding in the UK context, Corby ranks comparatively high in terms of its community strength.

### **5.3.3 Adequacy and capability of local and national policies to tackle (youth) inequality**

Some existing programmes or measures are mentioned as ending up perpetuating situations of housing segregation, even if the objectives are intended to be the best. This was the case of the re-housing programme in Amadora. In this FUA, the re-housing of populations from deteriorated neighbourhoods into social housing neighbourhoods is said to have contributed to perpetuate residential segregation on the basis of race and ethnicity, insofar as people ethnically marked – i.e. Roma, Portuguese of African descent and immigrants – have been progressively drawn away from more central areas with more investment and price speculation, only available now to middle and high income households. Similar situations are expressed regarding other locations where low-income households (including people with a migration background) are 'pushed' to more peripheral areas in relation to urban centres where housing prices are more affordable (Amsterdam, Barakaldo, Bologna, Borlänge, Pécs).

It should be noted that in Bologna, 'the concentrations of socially excluded families in more peripheral neighbourhoods and territories is one of the greatest problems (...) and only through the improvement of public urban environments and social services related to access to homes will it be possible to face this situation' (Urban report on Bologna). There is also a will to create housing policies to improve the efficiency, inclusiveness and sustainability of the housing sector through several programmes, but whose impacts are not relevant so far (e.g. Łódź).

In some localities, it is mentioned that there is no discrimination in access to housing based on sex or origin, and that everyone has access in the same way. There is, however, a positive discrimination towards more vulnerable groups, namely victims of gender violence, who have priority in the access to social rental housing or housing awards (e.g. Barakaldo). Also with regard to young people under the age of 35, a positive discrimination criterion was created by the government, establishing a housing quota in order to increase their chances of accessing their own place to live (e.g. Barakaldo).

In the case of Belfast, the development of its local plan for addressing housing inequality involved a process of consultation with the public and stakeholders so that it is possible to create a joint vision in economic and social terms: 'One of the plan's goals is to ensure that new developments offer a variety of house types, sizes, and tenures to meet a variety of housing needs (Urban report on Belfast). In territories like Belfast, where there is a clear

separation of residential areas according to the religion of its inhabitants, one of the government's objectives is to strengthen community cohesion, creating opportunities for shared spaces, such as communal parks for children. This initiative is considered to be positive – according to the stakeholders – but slow to implement as it involves a strong commitment on the part of the communities.

The shortage of affordable housing for students is also felt as a problem, since it forces young people to go to the private rental market, which means that many are not able to access it. In the case of Bologna, the local government has a strong challenge to counteract the trends in the purchase and rental price that arise from the increase in tourism. The creation by some local governments of a student and youth housing plan that provides for the creation of exclusive housing for students appears as a good initiative (e.g. Amsterdam). This exclusivity already exists in the case of Łódź, where there is already a programme that provides housing for students, considered very popular among the student population.

With regard to the financial support given to the young population for the purchase of a house or to rent, some criticisms point to the high requirement of the existing criteria, which means that many young people are not able to access it (e.g. Amadora). Furthermore, the criteria regarding the maximum rental by typology are no longer adjusted to the current rental prices in the market, thus preventing young people from accessing existing rented housing. In the case of Amadora, although there are no statistics, young people 'face huge challenges to secure adequate housing, especially in the lower income brackets, and that one of the most common solutions is to stay at their parents or other relatives' homes, even when they have a partner and children' (Urban report on Amadora). However, changes in criteria introduced by the government resulted in an increase in the value of houses which resulted in rising prices and the departure of many tenants due to inability to pay (e.g. Amsterdam). Some urban reports point to the existence of incentives for the acquisition of a home by the young population as an important stimulus for achieving housing independence (e.g. Bratislava, Chemnitz).

Financial support for families, in which are include families composed of young people, was also a concern felt in some locations, especially those that are totally excluded from both the conventional and social purchase market. (e.g. Bologna). Support is given regarding the rent payment and is referred to as a positive initiative, namely in the circumstances of the pandemic. In this specific situation, a territorial regulatory framework was created in Bologna that allows the possibility of non-payment of rent in situations of job loss. The loss of housing resulting from the lack of income or a substantial decrease in income was felt in different territorial contexts and constitutes a concern. Financial support from governments (either local or national) proved to be an important measure which, in the case of Bologna, is still maintained.

With regard to housing contracts, in the Dutch case, the existence of an unlimited duration afforded the tenant great protection and could only be changed under very specific conditions. With the changes introduced by the government when establishing temporary



rental contracts, security regarding housing decreases considerably. This situation also increasingly applies by housing associations for their younger tenants who live in housing complexes with shared facilities. This measure was based on the idea that a more dynamic rental sector would increase the availability of rental options for households. It is assumed that after termination of the rental contract, starters would have improved their economic position and would be able to move out of the social rented sector, thus freeing up much needed dwellings for new young adults. However, the insecurity entailed in a temporary contract has the potential of creating substantial problems if these predictions turn out to be too optimistic' (Urban report on Amsterdam). This made it much easier for landlords a unilaterally contract termination, without any court order being necessary. However, with regard to social housing, there are initiatives that are worth mentioning. One of them is the need felt by the local government to assess the evolution of temporary contracts and the resulting consequences before making any further decision on their use.

The exclusion and difficulties of accessing to the housing market by the young population are considered a concern expressed in several urban reports (e.g. Amadora, Amsterdam, Barakaldo, Corby, Leuven, Łódź, Tallinn). Among them are mainly those who are going to buy or rent a house for the first time. On the other hand, the resistance and discrimination of some landlords in renting to young people on the grounds that it is more disadvantageous is also an aspect that contributes to making access to housing difficult. The shortage of housing, high prices, insufficient income and the great demand from real estate investors make access to housing very difficult. Furthermore, there appears to be no policies aimed at youth housing and its specificities: 'nonetheless, there seems to be an absence of policies targeted at addressing housing inequalities among young people in Corby. As one interviewee highlighted, «I don't think I can identify one policy that has addressed young people in housing. Probably referencing but nothing specific to address housing for young people»' (Urban Report on Corby). In the opposite direction, the urban report on Łódź presents the existence of concrete programs for young people to support home ownership, but whose admissions depend on criteria related to income levels, which is disadvantageous for many young people: 'on the lower end of the income scale, a significant portion of young people are not targeted by any housing policies. (...) Young adults with an income between the third and seventh decile are not targeted by any housing policy (OECD, 2016). This implies that housing inequality among young people is not addressed by national policy' (Urban report on Łódź).

In the specific case of Barakaldo, the housing stock has been recovering, presenting a somewhat encouraging outlook for the future and the quality of new housing has also improved significantly. The urban report on Łódź states that Poland, which has a low supply of housing compared to the number of inhabitants, resulting in many cases in overcrowding situations, decided to build every year in the coming decade (2021-2030), at least 200,000 new flats and houses in order to provide everybody with a dwelling. Overcrowding in housing is an issue raised in other urban reports (e.g. Lom, Sfântu Gheorghe, Tallinn) as a result of the difficulties felt in accessing housing, namely the high price of rents, which in the



case of young people becomes especially worrying as they do not have other alternative except to postpone leaving the family of origin.

The long stay of families in social housing also raises concern as it reflects difficulties to break with cycles of poverty and social exclusion, particularly among in the case of young persons, as they would be expected to earn a living and move into the private market (e.g. Amadora). However, some reports mentioned the investment in the construction of more social housing and a substantial part of the budget has been invested in this direction, since it has been used to tackle inequality in housing (e.g. Belfast, Corby, Tallinn). In fact, the focus on social housing is part of some central governments housing strategies as a way of bridging inequalities at the housing level, but even so, “social housing is not being built at a fast enough pace to support its growing need” (Urban report on Corby). In other cases, this investment has not been prioritized, decreased or is inconsistent, and in some cases it is not on the housing agenda (e.g. Borlänge, Leuven, Pécs, Sfântu Gheorghe, Lom).

But it is not always possible to verify effectiveness in terms of the implementation of housing measures and policies. There are difficulties felt in some contexts by administrative bodies, which are due to insufficient funding and lack of administrative capacity, as is the case, for example, in the case of Lom and Pécs. In the case of Lom, it is mentioned that the municipalities have very limited resources to maintain and expand the social housing they own: “Public institutions have no legal obligations to address the newly emerging housing needs, while the effort and funds available to solve current needs for social housing and improving the existing housing fund have been insufficient (...) [so] the existing and deepening housing problems will be solved slowly and unsatisfactory” (Urban report on Lom). Still, two projects are ongoing for building new social housing. But even though there is great autonomy on the part of the municipalities in the management of policies and measures in progress in the housing area, the limitation of resources continues to be an issue that promotes inequalities, namely, in territorial terms, since more affluent municipalities have more financial means to be able to apply in this area, while less affluent with poorer inhabitants municipalities have less financial means to apply (e.g. Pécs).

The existing financial investment in terms of ongoing measures or programs is sometimes not sufficient and its limitations are considered a problem: ‘limitations are signalled with regard to insufficient public financial investment and too complex application procedures, both contributing to little numbers of young persons covered. The growing trend of decentralisation raises the fear that housing policies may eventually become less effective rather than more effective, as the municipalities are required to design and implement solutions for which they lack money, time and qualified professionals. Furthermore, municipalities and other local actors do not have any capacity to influence factors with a massive impact on housing such as the legislation on urban rentals or price speculation’ (Urban report on Amadora).

In the Swedish case, several measures taken within the scope of the housing market, such as the reduction of rent subsidies for new housing construction or reduction of housing

allowances in terms of eligibility and generosity, for instance, 'have increased housing inequality, reduced the level of new construction, increased property values and led increasingly to both lack of housing and an affordability crisis for the poorer part of urban populations' (Urban report on Borlänge). Low incomes constitute a factor of inequality in access to different tenure forms and neighbourhoods, being something difficult to counteract by local policies.

On the other hand, Slovakia emerges as one of the countries with the lowest share of individuals living in housing deprivation, presenting an even better performance with regard to the young population (aged 15-29) with the lowest share among all European countries. One of the measures was the commitment to home ownership through subsidized mortgage loans primarily for young people (aged 18 to 35) to buy their first home, which was later replaced by a tax bonus.

Finally, it should be mentioned that homelessness is the target of concrete measures, mentioned in some of the urban reports (e.g. Borlänge, Bratislava, Corby, Chemnitz, Leuven, Sfântu Gheorghe). The case of Corby in particular is worth mentioning, since proactivity and engagement of the council in solving the problems that affect the homeless population is recognised. Chemnitz and Leuven apply the prevention approach to homelessness, resource poor FUAs tackle homeless populations on a as need basis. An example of integrated strategies is the case of Leuven, where the effort to connect housing policies and social welfare policies is evident: "keywords in this approach are integrality, collaboration between stakeholders, giving a voice to the young people themselves, prevention and the housing first approach" (Urban report on Leuven).

## **5.4 Fourth welfare area of choice**

As already mentioned, in addition to the three main areas that all 16 Urban Reports focused on, each team had the opportunity to choose a fourth area deemed relevant considering the specificity of the respective functional urban areas under study. As a reminder, nearly half of the reports (Amadora, Amsterdam, Bologna, Bratislava, Łódź, Pécs, Sfântu Gheorghe) chose to focus on the area of social protection. Additionally, the reports on Chemnitz and Tallinn focussed specifically on cross-domain approaches to welfare provision for children and young people. Fewer reports focused on the area of health (Belfast, Corby, Leuven) and on areas related to migration (Barakaldo, Borlänge, Lom). Finally, one report addressed gender equality (Mulhouse).

### **5.4.1 Social protection**

Urban reports focussing on social protection identified a set of programmes in place relevant within the scope of UPLIFT. These include wider-range unemployment benefits and minimum income programmes (e.g. Amadora, Bologna), as well as programmes targeting or at least addressing young people more specifically. These include, for instance, measures aimed at unemployed people without work history (e.g. Amsterdam), networks of youth centres (e.g. Amsterdam, Bologna), programmes targeting young second generation migrants (e.g.

Bologna), programmes focusing on young families with children (e.g. Łódź, Pécs). Several reports emphasise the strengthening of joint work and cooperation.

**FUAs insights on community participation in local initiatives:**

- After the municipality of Amadora joined a national programme of support to local networks in 2003, a 'Local Council for Social Action' was created to articulate and reinforce efforts against poverty and exclusion. Coordinated by the municipality, this council is currently composed of approximately 70 partners, including the smaller administrative units '*Juntas de Freguesia*', public employment and social security services, police forces, schools, healthcare establishments, private or third-sector associations and a trade union confederation.
- In Amsterdam, 'Neighbourhood Development Programmes' are an important policy that heavily impacts local urban development and welfare provision action. They aim for an integrated physical, social and economic regeneration of disadvantaged areas through projects that encourage cooperation of the city district authorities with citizen groups and NGOs for the provision of specific services that are deemed necessary in deprived areas.
- The municipality of Bologna is involved in an accompaniment network for the management of municipalities, where they jointly exchange experiences, good practices and lessons learned that can be contextualised and used by their members.
- With the election of Bratislava's new leadership and city council in 2018, the emphasis on social services and better coordination with the municipal districts has been strengthened significantly. In addition to the budget increase for social services, new measures mainly focused on capacity building within the labour force of social services. The Unit of Social Affairs was transformed into a separate Social Affairs Department and the number of staff tripled. The department has also started to systematically develop its activities in areas of the city's social policy that had not previously received adequate attention. The target group of young people in particular appears as a cross-cutting priority in all the themes.
- Due to sustainability and economies of scale considerations, smaller municipalities are encouraged by law to create co-operations, joining to the service provision system of bigger towns or cities. For this reason, many social services are provided under subregional associations (Pécs).
- The municipality of Sfântu Gheorghe, together with important NGOs from Romania and from the local level, and the Covasna County School Inspectorate have developed project 'Prospera Sepsî' that offers integrated services to people who are in deep poverty.

These experiences seem to be taken to the next level in locations experiencing cross-domain approaches to welfare provision for children and young people (see next section).

Several reports addressing social protection as the fourth area of choice point out to its (relative) ineffectiveness. Both structural constraints and institutional gaps can be identified.

The main structural constraints regard the low budgets allocated to social protection (e.g. Pécs, Sfântu Gheorghe) and the prevalence of vulnerabilities in employment, notably situations of precarious and informal work, which keep many persons uncovered by social protection and therefore at permanent risk of falling into a situation of (increased) vulnerability (e.g. Amadora, Bologna). In addition to this, also the discrimination experienced by some groups of population, including people with African and Roma ascent, people with disabilities, etc. often hampers the access to social protection (e.g. Amadora, Amsterdam).

As regards institutional gaps, a problem identified relates to application processes (e.g. Amadora, Amsterdam, Bologna, Bratislava, Łódź). Documental procedures to access welfare benefits are often too complex and detailed, making it complicated for some people to apply, especially for those most vulnerable.

This is even more difficult when the picture regarding the provision of social services is not entirely clear and a clear division of roles and responsibilities is lacking thus calling for a strengthened multilevel coordination and interaction. Additionally, rules can be sometimes (too) restrictive.

Urban reports also identify problems relating to the professionals of social protection systems, notably the shortage of their numbers and/or training as directly contributing to a weaker performance of the system (e.g. Amadora, Amsterdam, Pécs).

All of these may be contributing factors for the systems' difficulties in properly targeting and/or reaching some groups (e.g. Amsterdam, Łódź, Pécs, Sfântu Gheorghe), including some of the most vulnerable and young people in particular.

#### **FUAs insights on hard to reach populations:**

- In Amsterdam, there are youngsters that are difficult to reach, despite the Municipality's best efforts. In 2017, about 8.5% of all young people aged 18 to 26 in Amsterdam were NEET and unknown to the social services because they had never used any municipal programme nor applied for social benefits.
- The report on Pécs notes that the main issue with regards to social allowances is their limited amount. These amounts do not provide substantial help, only small complements to maintaining the everyday life of vulnerable people. Young people are not in the focus of the social services.
- The report on Sfântu Gheorghe emphasises that weak targeting of vulnerable groups and low spending in social protection make the effectiveness of poverty reduction very low. It is estimated that at the moment only 15% of the households below the poverty line have managed to improve their material situation due to the social benefits. At the local level there are vulnerable groups for whom adequate social services are not provided despite their need for them, including vulnerable youth.

Finally, some urban reports also emphasise the low amounts of benefits as vectors for the systems' ineffectiveness (e.g. Amadora, Pécs, Sfântu Gheorghe), sometimes leading to poverty traps (e.g. Amadora, Amsterdam, Pécs). As highlighted by the report on Amsterdam, "people on social assistance who accept a low-paying job, even for a few months, will lose not only their welfare benefit, but also the additional housing subsidy and other allowances that they might be receiving; clearly a "poverty trap" that contributes to the increase of working poor households" (Urban report on Amsterdam).

#### **5.4.2 Cross-domain approaches to welfare provision for children and young people**

The reports on Chemnitz and Tallinn focussed on cross-domain approaches to welfare provision for children and young people. In both locations, youth policy is mentioned as an integral part of general urban policy and to be organised as a cross-sectorial, multi-stakeholder, and multi-governance-level field, involving the national and local levels and also youth representatives, youth organisations, youth workers, youth researchers, and youth policymakers. As emphasised by the report on Chemnitz, "emancipative youth work is able to master the challenge to vulnerable young people with relative success after two decades of an open organisation development across departmental boundaries and overcoming the structural differences between government and governance" (Urban report on Chemnitz).

The city of Chemnitz and its collaborating welfare service partners are offering integrated services to young people and their guardians, mainly parents and employers, and are dedicated to the task of opening up paths towards independence and recognising the benefits of peer-interdependence. The public obligation to support young people in all matters of maturing entails four factors of publicly guaranteeing youth-services: i) public provision of necessary and suitable facilities and services; ii) adequate personnel, training, and financial resources for the services; iii) regular scientifically based municipal youth assistance planning; iv) inclusion and participation of the young generation as well as relevant political actors and professional youth work in service delivery.

Young people in Tallinn are targeted by several instruments. The 'Youth Field Development Plan 2014-2020' aims to increase youth involvement and employment readiness when providing employment through voluntary and paid work experience for the young people cohort and NEET youths. This goal is targeted by key policy interventions: the 'Estonian Youth Guarantee' and the 'Youth Prop-Up' programme.

#### **5.4.3 Health**

The reports on Belfast, Corby and Leuven chose to focus on health. There are policies and programmes aiming at reducing health problems and health inequalities in all three locations.

Alongside national plans and strategies, there are a wide range of policies and initiatives designed to address some of the most pressing public health issues, some of which include priority areas for young people.

Many of these take place within the scope of transforming changes taking place during the period under scrutiny. The report on Belfast, for instance, emphasises that, in October 2016, a 10-year approach to transforming health and social care was launched. Named 'Health and Wellbeing 2026: Delivering Together' it is mentioned to be a person-centred care model focussed on prevention, early intervention, supporting independence and wellbeing, with care or support wherever possible provided in the community setting.

Similarly, the report on Leuven notes that the Belgian healthcare system undertook a set of reforms of 2015, further emphasising that literature has considered these to include several, stronger mechanisms to improve financial accessibility, with special attention paid to more vulnerable groups (Buffel & Nicaise, 2018).

The health strategies in place in the three locations encompass several areas, many of which aimed at encouraging healthier lifestyles, through promoting healthy living and increasing physical activity (Belfast, Corby). There are also strategies developed for instance for the promotion of oral care (Leuven) and mental wellbeing (Belfast, Corby, Leuven) as well as more specific strategies for the prevention of suicide, diabetes and teenage pregnancy (Corby).

Some measures and programmes target young people specifically in all three locations.

**FUAs insights on youth initiatives:**

- In Belfast, the Youth Engagement Services for children and young people is youth friendly, holistic health and well-being service. It caters for the health and improvement needs of children and young people aged 11-25 years old through the provision of information, education, sign-posting and, where appropriate, referral to specialist services. Range of needs include, but exclusively: substance misuse, suicide and self-harm, mental health and wellbeing.
- The Northamptonshire Young People's Service provides Corby with an early intervention drug and alcohol service for young people aged 10-18 years old, to tackle the high levels of youth alcohol and substance abuse. The service provides information, education, advice and support to young people in relation to drug and alcohol use.
- In Leuven, the TEJO programme provides free psychological therapy sessions to youngsters between 10 and 20 years old. The sessions can be completely anonymous if desired, and the help can range from a one-off conversation to long-term therapy, according to the specific needs.

Healthcare systems are widely under pressure, often facing budgetary constraints. All urban reports analysed in this section emphasise this and that there are changes in the healthcare



sector aimed at rationalising (usually by reducing) spending on hospital services, either through a centralisation of expertise in fewer larger hospitals (Leuven) or by shifting services out of hospitalised care and into primary care services, personal social services, and services provided in the community by the community and voluntary sector (Belfast).

The authors of the report on Belfast consider that progress on actions has been hampered by the lack of sufficient government funding to support the delivery model and meet rising pressures across hospital, general practitioner practices, social care and mental health services, or to systematically tackle the growing waiting list backlog.

In the case of Leuven, centralisation is deemed to have meant a decrease of geographical accessibility of healthcare for people living in more remote areas and for less mobile patients. Building on existing literature (e.g. Buffel & Nicaise, 2018), the authors of the report note that the privatization trend and the cost containment following the austerity package of 2017 (which has decreased the general insurance coverage) may further increase inequality of access to healthcare.

The report on Corby is particularly illustrative to this respect; based on previous research (Marmot et al., 2020) it considers that “since 2010, the amount of time people spend in poor health has increased (...). Large funding cuts have affected the social determinants of health across England, with austerity undermining the capacity for local governments to invest in prevention” (Urban report on Corby).

On the other hand, the report emphasises that efforts have been developed in order to design accessible services and activities reflecting local communities’ needs. The success of services and outcomes based in local context and outputs set on local issues are deemed to highlight how localised, relevant and reactive policy making that remains a collaborative effort can bring effective change and support to a local community.

Corby’s Northamptonshire Young People’s service (NGAGE) is pointed out as successful strategy in delivering and engaging. It reflects the policy outcomes of the Northamptonshire Health and Wellbeing Strategy and it is a free and confidential service that is committed to promoting the voice of young people in the design and delivery of the services. According to the report’s authors, the success of the service can be measured in the support and trust that young people find in it, reflecting the positive outcomes that can come from localised policies that are grounded in the local context, needs and aspirations.

#### **5.4.4 Migration**

Migrations were included as the fourth area in three reports (Barakaldo, Borlänge, Lom), the first two addressing immigration and the latter addressing outmigration. Not much detail was included in these reports regarding concrete measures and programmes.

The report on Barakaldo emphasises a programme aimed at young immigrants institutionally protected during their minority age who, due to their situation of special vulnerability, require support that facilitates their social insertion. The intention is to provide them with a



socio-educational framework of accommodation and coexistence that allows them to define and consolidate their life project. They can then move into living independently, while still receiving support regarding accommodation, socio-educational support in employment and/or training, legal and health services, etc.

Without going in detail regarding the specific measures and programmes in place, the urban report on Borlänge highlights three main approaches deemed to be on the agenda of policy makers. The first of these approaches regards trying to affect neighbourhood sorting and concentration of poverty by considering segregation effects in planning for new housing developments and for allocation of new refugees across neighbourhoods.

The second regards the attempt to counteract neighbourhood isolation by improving communication (links, flows) between poor neighbourhoods and other neighbourhoods, and the city centre.

The third regards the attempt to mitigate effects of poverty concentrations by allocating municipal resources (school resources, leisure time activities, adult education, social services etc.) as to compensate for social disadvantage both in the short and in the long run.

As for the report on Lom, it stresses that migrations are largely unaddressed by policies, both at a national level and at a local level. It notes that, while brain-drain, lack of labour force and no visible tendency for return migration are lamented on a public level, there are no concrete proposals or policies to handle these problems.

#### **5.4.5 Gender equality**

Gender equality was selected as the fourth relevant area by the report on Mulhouse. The report notes that local authorities describe the city as having a proactive gender equality policy, such as setting up a municipal Observatory on Domestic Violence and Violence Against Women (2010), ongoing activities in the context of the programme Mulhouse au féminin (since 2017), support for female entrepreneurship with the project D'ailes à Elles (since 2019), the position of a municipal (2017), then deputy councillor (2020) for the promotion of all forms of equality, the creation of a Mulhousian Conseil d'Égalité (Equality Council), and an annual monitoring of progress and failure in the field.

## **6 Causal relations between the economic potential of urban areas and their level of social inequalities**

### **6.1 Economy driven social inequalities in the literature**

#### **6.1.1 Inequalities across cities and city regions**

Since the 1970s deep shifts have taken place in both local and global capitalist systems. Multiple concepts exist to describe different facets of this transformation – globalisation, the neoliberal turn, financialization. The first term signifies the fundamental transformation in the spatial dynamics of the capitalist system. The second refers to a political-ideological transformation, affecting the nature of the state and its redistributive and regulative role. The last one focuses on the shift that has taken place in the role of financial markets and the processes of capitalist accumulation. These three concepts are closely interconnected and interdependent. They have led to a key reorganization of the key domains of life, leading to interconnected shifts in the labour and housing market, the demographic structure and ethnic composition of society, as well as the distribution of income and other basic resources.

On a spatial level, this epochal shift also entailed the (1) reorganization and (2) rescaling of spatial relations; restructuring the positions of urban areas in global and European economic space, leading to growing regional and inter-urban inequalities (Rodríguez-Pose 2018, Iammarino et al. 2019, Nijman & Wei 2020). Across Europe (and elsewhere) an increasingly clear dichotomy seems to emerge between dynamic urban agglomerations which form core leading regions and stagnating towns and remote areas. As the UPLIFT Atlas of Inequalities (UPLIFT Deliverable 1.3) has highlighted, while faster rates of growth in Central and Eastern Europe have indicated a level of geographical convergence on a country level within Europe, country averages conceal significant variation between regions. Regional dynamics appear to an extent separate from overall national economic performance, and thus need to be understood as a separate scale of analysis.

The conceptualisation of neoliberal globalisation as a major transformation of territorial organisation on multiple scales has been influentially formulated by Brenner (1999). He argues that rather than a simple disembedding of social, economic and political relations, the changes brought about by globalisation should rather be understood as the decentering of the national scale and the redefinition of the national level of governance in favour of subnational and supranational scales. Theorists have highlighted how the rescaling of capitalist production has created new city hierarchies which sort cities into different tiers based on their connection to the global economy (Scott 2011). The growing importance of the regional scale is simultaneously driven by (1) socio-economic and (2) political-institutional forces (Harrison 2010). Cities are now embedded in a deeply uncertain economic

environment structured by the global location strategies of transnational corporations and the movements of financial capital which have intensified intercity competition and gave rise to a new repertoire of development policies; a more 'entrepreneurial form of urban governance' (Brenner 1999). While until the 1970s, states advanced national projects of territorial equalisation through extensive regional redistribution and national spatial planning, in the new neoliberal-globalised period there has been a marked shift towards new forms of selective regional/urban boosterism and a redirection of resources towards growth areas together with the devolution of state functions (Brenner 2004, Peck et al. 2009).

The emergence of large, spatially extended urban areas, organised around one or more metropolitan centres, is a key feature of current economic development (Scott 2019). Whilst suburbanization and urban sprawl was already an important trend in urbanisation patterns in the 20th century, the new city regionalism is marked by the increasing complexity and heterogeneity in the distribution of functions across the whole urbanised area; with the functional diversification of suburban areas and the rise of agglomerations subsuming multiple, formerly separate urban centres. Multiple analyses have highlighted the increasing trends towards locational re-agglomeration underpinned by the needs of the current capitalist systems which rely more on cognitive and cultural production (Moretti 2013, Scott 2011). As Scott (2011) highlights, key aspects of this tendency are large and many-sided labour markets and the importance of learning and innovation based on close interactions within key industries – e.g. high-technology production, business and financial services and the cultural industries. Agglomeration tendencies – which create self-reinforcing cycles through the increasing concentration of high productivity jobs, high skilled labour and capital investments – are used to explain the increasing inter-urban inequalities and the dichotomy of high growth urban centres and shrinking cities and regions left behind.

An emblematic aspect of the unravelling of the state-centric configuration of world capitalism that has been dominant in the modern era has been the rise of a worldwide hierarchy of competing but closely linked global cities/city regions (Friedmann 1986, Sassen 2001). Global cities have been conceptualised as central nodes in the global economy; the places where the central corporate functions of increasingly dispersed economic activities concentrate. The corporate services complex – i.e. the network of specialized financial, legal, accounting firms which are fundamental to the operation of advanced international corporate economies – clusters in specific places. As such, these cities (or city regions) are at least as much connected to a global network of cities and loci of production as to their hinterlands, and their economic fortunes are to a certain extent distinct from their national economies. Interestingly, in Europe, economic growth often seems to centre in middle-sized cities (often forming multi-centred city regions), such as the Randstad in the Netherlands, and many developed countries completely lack large cities of more than 5 million inhabitants (Iammarino et al. 2019, Rodríguez-Pose & Griffiths 2021).

The proliferation of shrinking cities (or, in previous conceptualisations, urban decline, blight or disurbanization) can be seen as a foil to the growing importance of agglomeration

economies which concentrate economic growth in a few locations. Despite the near universal occurrence of shrinkage, its concrete determinants might differ from context to context (Haase et al. 2014). The literature has highlighted a number of overlapping causes; demographic shifts (decreasing birth rates mirroring the general tendencies on a national scale), geopolitical shifts (in particular the political instability following the collapse of the Soviet Union) and, crucially, economic restructuring and deindustrialization (Haase et al. 2014, Silverman 2020,). As agglomeration economies in high growth areas, the processes of urban decline also create self-reinforcing cycles of underinvestment and capital flight, joblessness and population loss (Fol 2012). Housing contributes to the entrenching of inter-regional differences in the distribution of wealth through the uneven appreciation of real estate assets. Especially in contexts where owner-occupation is the norm, this creates serious barriers to inter-regional mobility (Moretti 2013). Furthermore, research has also highlighted the regional differences in the returns of education, which contribute to the different levels of mobility based on levels of education, as leading regions put a larger premium on skills (Moretti 2013, Iammarino et al. 2019,).

Symptomatic of the intensification of inter-regional difference is the highly skewed patterning of international and inter-regional migration (Czaika & De Haas 2014; Piekut et al. 2019). On the one hand, this implies more diverse non-European migration to a smaller pool of destination countries. On the other hand, whilst the level of mobility in Europe has been traditionally much lower than for example in the US, the 2004 enlargement of the EU led to an increase in cross-country East-West mobility (Gerolimetto & Magrini 2018). The high connectivity of the European city network and the dense clustering of cities also contributes to alternative forms of spatial labour market adjustment, such as interregional and cross-border commuting, which create chains of interdependent labour markets (ibid.). These alternative mobility patterns are also highly uneven: the analysis by Nerb et al. (2009, cited by Gerolimetto & Magrini 2018) highlights that while high-skilled cross-border commuters tend to originate from the core EU countries and secure employment on a permanent basis in core areas, low-skilled workers are mainly from the more peripheral countries of the EU and tend to work in temporary jobs.

### **6.1.2 Inequalities within cities**

In his seminal work, Piketty (2014) has documented the growth of income and wealth inequality across a number of different contexts. Furthermore, the combined changes in the domains of labour markets, housing conditions and family structures have created new types of social vulnerabilities (Ranci et al. 2014). The distribution of these novel forms of economic and financial uncertainty has created new divisions within society, also introducing a new generational gap in the distribution of opportunities and economic security. The growth of such multifaceted inequalities is also a key tendency in contemporary cities, where shifting patterns in the distribution of income and wealth are also superimposed on spatial relations. Ranci et al. (2014) argued that in the last decade there has been a break in the European model of urban development, where economic growth was linked to social equity: creating a

new, more complex picture of inequalities and urban economic success. In this next section, we will outline the key aspects of this new landscape.

The de-industrialization of Western economies, the displacement of mass production sites and neoliberal reregulation had profound effects on labour markets; the two key tendencies being (1) the polarization of incomes and (2) increasing insecurity and precarity (Ranci et al. 2014). The decline of traditional blue-collar manufacturing work, the steady elimination of routine jobs and the rise of new high productivity industries (such as advanced service activities or high technologies) have created a new division of labour. This has led to an increasingly sharp distinction between the high-skilled workers employed in the growth segments and those employed in the expanding low-wage service sector (Scott 2011). At the same time, part-time and more insecure forms of employment are becoming more common across different segments of the labour market. However, these types of arrangements are more common in low wage service sector jobs and tend to affect younger workers more (Arundel 2017).

The increasing labour market and income inequalities are enhanced by housing market tendencies, which increasingly sort people according to their income levels (Piekut et al. 2019). Although there are significant differences across national housing regimes (Scwartz & Seabrooke 2008), over the last decades there have been a shared tendency towards increasing homeownership rates and the downscaling of the social housing segment, deregulation and the lessening of tenant protections (Fernandez & Aalbers 2016, Hochstenbach & Musterd 2018). Rising owner occupation rates have gone hand in hand with the increased reliance on mortgage credit, often facilitated by government subsidies and favourable tax policies. These shifts have been accompanied by rising house prices outstripping the growth of wages. Theorists have argued that through these tendencies housing is becoming an increasingly important aspect of contemporary inequality patterns; housing wealth is an increasingly dominant factor determining social status (Arundel 2017, Adkins et al. 2018). Social status and individual housing wealth have been shown to be associated with parents' asset position across different contexts (Hochstenbach 2018, Adkins et al. 2018).

In multiple locations in Europe, housing has played a central role in the 2008 crisis. Particularly in Southern and Eastern Europe the pre-crisis period can be characterized by financial overinclusion – that is the extension of credit to 'riskier' population groups, which, during the crisis, led to rapidly rising default rates (Raviv 2008, García-Lamarca & Kaika 2016.). Since 2008, however, there has been an increasing tendency towards more restrictions on mortgage lending in multiple contexts. These restrictions made it even more difficult for new entrants to obtain housing on the market. In many countries, the 2010s saw the reversal of increasing home-ownership rates in favour of the growing share of the private rental market, a phenomenon that researchers labelled the emergence of 'generation rent', as this phenomenon seems to affect young households particularly (Ronald 2018, Arundel 2017).

The reconfiguration of urban economies and the expansion of the knowledge sector, together with shifting housing and urban development policies has also contributed to a profound shift in the spatial redistribution of social classes. As Tammaru et al. (2019) demonstrate through the study of a number of European capital cities, the spatial gap between different socio-economic groups is widening across Europe, although levels of segregation are still relatively modest compared to the United States or South-America. The link between income inequality and spatial segregation is mediated by the specificities of institutional settings, other dimensions of segregation (e.g. based on ethnicity or race), as well as local economic and social development. However, it is still possible to identify some key tendencies across multiple urban contexts (Fainstein 2001, Piekut et al. 2019.).

Gentrification has been a defining trend in most cities (often also in stagnating and shrinking areas); the revitalisation of central areas, especially the historic city, has led to the displacement of lower income residents in selected neighbourhoods (Scott 2019, Nijman & Wei 2021). Beyond spontaneous processes of neighbourhood change, gentrification has also been facilitated by municipal policies such as the privatisation of social housing stock and neighbourhood regeneration initiatives (Boterman & van Gent 2014, Silverman 2020,). Although gentrification can increase social diversity within an urban area, over the longer run it generally contributes to new patterns of segregation, as beyond the displacement of original residents, it also creates boundaries, which prevent low-income households from moving in (Hochstenbach & Musterd 2018). The complementary trend to gentrification has been the suburbanization of poverty, whereby households increasingly priced out of central city areas move to suburban areas and agglomeration towns (ibid.).

### **6.1.3 Linking inter-city and within-city inequalities**

The core assumption of the current chapter is that there is a linkage (and causal relations behind) between the different position of urban areas (inter-city inequality) and the social inequalities experienced on local level (within city inequalities).

Former economic theories about the relationship of economic growth and inequality at the national level generally expect a positive correlation between the two. According to classical theories, economic growth would produce trickle-down effects, which – possibly after an initial period of increasing inequality – ultimately would contribute to a decline in inequality (Kuznets 1965). In addition, there is also a reverse relationship strengthening the correlation, as high levels of social cohesion and low levels of inequality (especially inequality of opportunity) are also expected to contribute to economic growth (see eg. Aghion et al. 1999, Forbes 2000).

Whether this relationship really holds – either at the national level, or the urban level – is a question of debate. Recent economic growth has been repeatedly shown to be related to globalization and skill-biased technological change, which results in increasing wage premia for educated labour in the developed countries (see eg. Aghion et al. 1999). Related to this there is a tendency of polarization on the labour market, which means that middle-skill



occupations are losing ground compared to low- and high-skill occupations. Moreover, at the urban level economic growth is frequently associated with increased housing prices and declining housing affordability (see eg. Nijman and Wei, 2020), which tend to exacerbate inequalities in prosperous cities. Polarization of the labour market and increasing house prices are most problematic for members of the young generations who are entering the labour market with lower levels of human capital (lack of skills and experience) or entering the housing market with inadequate levels of savings.

The association between urban economic growth and inequality has been studied by d'Ovidio and Ranci (2014) using data from 2006, who found no close correlation between economic competitiveness and social cohesion in European cities. They found that more competitive cities create higher employment in general, but higher competitiveness has not been found to go together with other indicators of social cohesion, such as increased gender equality or better access to higher education. They found clusters of cities where economic development was coupled with increased social differentiation and also cities where social cohesion was relatively high but economic performance proved to be low. They interpreted their findings as a partial breakdown of the 'European city model', in which economic development was combined with low levels of inequality within the cities. According to d'Ovidio and Ranci (2014) their results show, that national and local welfare policies are not always able to preserve levels of high social cohesion in European cities.

## **6.2 Statistical analysis of linkages between economic development of cities, their public policy performance and inequality outcomes**

### **6.2.1 Introduction**

The main question of the following analysis is how the current level of GDP and the local policy context affect urban deprivation and inequality in European cities. We use not only the level but also the change of GDP where it is more appropriate. In our analysis we focus on the young adult population, namely the 16-35 age group. The main research questions are: (1) whether a higher current level of GDP brings about lower levels of deprivation and inequality among young adults and (2) do local policy efforts contribute to the reduction of inequalities and deprivation among the young on the urban scale? To answer these questions, we carry out a multilevel regression analysis on data from the Quality of Life in European Cities survey. We study whether local economic context and quality of local services has an effect on indicators of deprivation, such as difficulty paying bills. We also study how inequality in subjective well-being (e.g. financial satisfaction) between people with different educational backgrounds is moderated by characteristics of the urban environment in terms of economic development and the quality of local services. Education level is considered to be a major factor for finding a proper job and earning proper salary. Thus, it is important to examine whether this well-known causal relation is modified by factors such as the strength of the local economy and/or the local welfare systems.



### 6.2.2 Data, variables and methods

The analysis uses the EC/DG REGIO, Perception Survey on the Quality of Life (QoL) in European Cities from years 2006, 2009, 2012, 2015 and 2019. (On the use of this survey for analyzing life satisfaction and well-being in cities see a summary of the literature in Annex B.1) The impact of the local macroeconomic and policy context on poverty and inequality among the young in the cities is analyzed with multilevel regression models. These models allow the introduction of group-level explanatory variables, the estimation of correct standard errors for these variables and the study of cross-level interaction effects (Snijders and Bosker 2012).

Our main dependent variable is 'having difficulties with paying bills', which is available in all five waves of the survey. This indicator is used as a dichotomous variable, which is zero if the respondent has never or almost never experienced difficulties paying bills, and equal to one if difficulty paying bills occurred time to time or most of the times. As an alternative dependent variable we use the respondents' financial satisfaction. The dichotomous version of the variable equals one if the respondent is not satisfied or not at all satisfied with the financial situation of his/her household. The main independent variables in our analysis are contextual level indicators of local policy context and of economic performance. For an indicator of local policy context we use a policy satisfaction index which is based on the city dwellers subjective satisfaction with local services. The index is based on three items: satisfaction with education services, satisfaction with health care services and satisfaction with public transport<sup>11</sup>.

As a contextual indicator of economic performance we use the current level of GDP and the growth of GDP per capita<sup>12</sup> from the OECD database of metropolitan areas (FUAs with more than 250,000 inhabitants). To better understand the effect of economic development, in some models we also include the unemployment rate of the city (data source: OECD database of metropolitan areas) and an indicator of the housing affordability in the city. This housing affordability indicator is the average agreement in the city with the statement 'It is easy to find good housing in my city at a reasonable price.' In addition, as a contextual-level control variable we also use population size of the cities from the OECD database. Individual level control variables were also included in the model, namely gender, age (years), education level (low/medium/high) and labour market situation (working/not working). More details about the data and empirical methods used can be found in Annex B.2.

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<sup>11</sup>The wording of the questions in case of education was as follows: 'Please tell me if you are very satisfied, rather satisfied, rather unsatisfied or not at all satisfied with schools and other educational facilities in your city or area.'

<sup>12</sup> More precisely, from 2009 we use the growth of GDP per capita between the survey years, while for 2006 we use growth between 2003 and 2006.



capita of the given city and the proportion of 16-35 years old population who have difficulties in paying their bills. As the graph shows, there is a negative association between the two variables, a GDP increase by one standard deviation decreases the proportion of those with difficulties paying bills by 6 percentage points.

Figure 6.2. Association of economic development and difficulties paying bills, 2012-2019

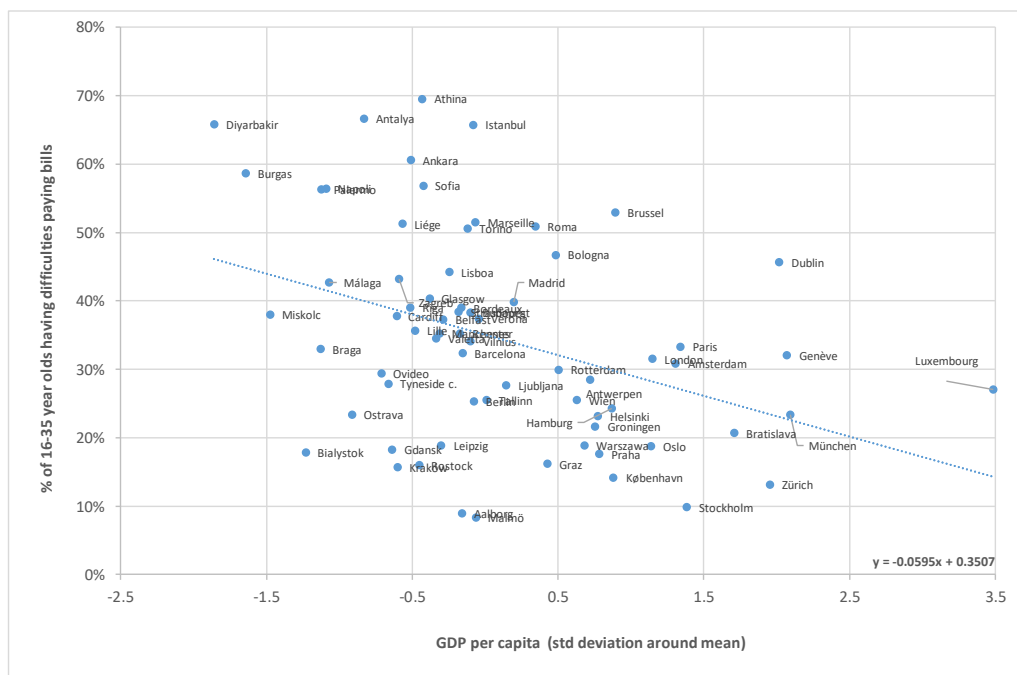
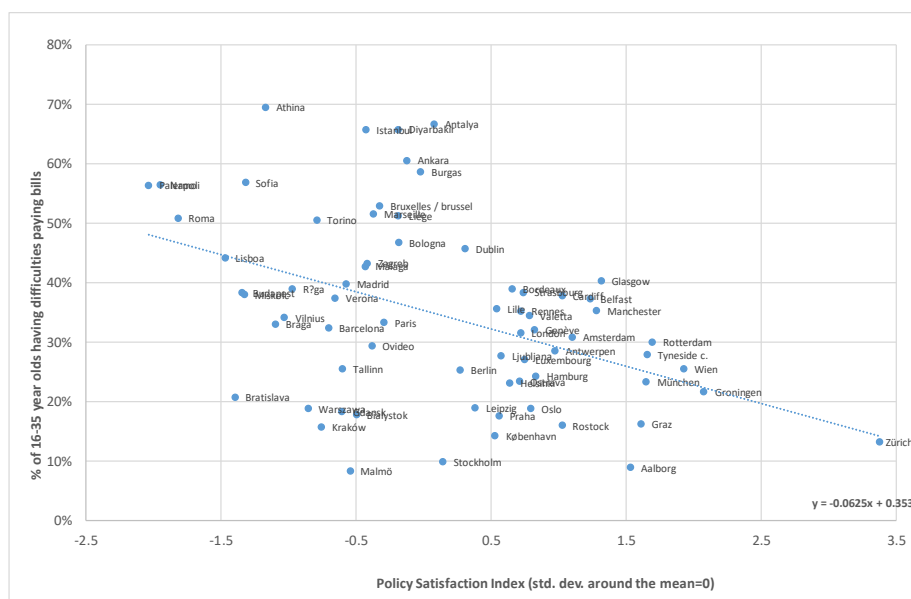


Figure 6.3. Association between policy satisfaction index and difficulties paying bills, 2012-2019



In Figure 6.3, the dependent variable is the same, but we used the policy satisfaction index as an explanatory variable. The policy index represents the average of people who are very satisfied with education services, and/or healthcare services, and/or public transport in each city. Similarly to the former one, there is a negative link between the variables, that is, each standard deviation increase in the policy index decreases the proportion of people having difficulties in paying bills by 6.3 percentage points.

The results of multivariate analysis using multilevel random intercept logit models confirm the patterns that we have seen in the descriptive analysis (see Table A1, Model 1 in Annex B3). Over the entire period between 2006 and 2019, GDP per capita and the policy index both have a negative effect on the percentage reporting difficulties with paying bills even after controlling for individual-level and city-level control variables and country and year fixed effects. If GDP growth is included in the model instead of GDP per capita, we again see that both GDP growth and the policy index have a statistically significant negative effect on the outcome (see Table A1, Model 2 in Annex B3). In this model, however, the impact of the policy index proves to be more important compared to that of GDP growth, which has a small effect: a one standard deviation increase in GDP growth results in a one-point decline in the percentage of those having difficulty paying bills.

Theoretically, the effect of economic growth on the financial situation of the young can be ambiguous. As a consequence of economic growth, employment and wages are expected to increase, which has a negative effect on the likelihood of having financial difficulties. At the same time, prices and most importantly housing prices are also expected to increase in more prosperous cities, which might increase the likelihood of the young reporting difficulties paying bills. Therefore, in order to better understand the effect of economic development, instead of the GDP growth variable we have included the unemployment rate and the city-level indicator of housing affordability to measure the impact of economic prosperity on the labour market and the housing market respectively (see results in Table 6.1). Over the entire period, the unemployment rate has a significant positive effect on the probability of the young reporting financial difficulties (see Model 1). One standard deviation increase in the unemployment rate is associated with a 4-point increase in the probability of the young having difficulties paying their bills. At the same time, the affordability of housing does not seem to have an important effect. Differentiating between the two subperiods reveals important differences. During the crisis years the labour market effect dominates (see Model 2) and cities with higher unemployment rates see higher levels of financial difficulties among the young. During the recovery years it is evident that housing affordability also has an impact (see Model 3): in cities where the level of housing affordability is higher by one standard deviation the likelihood of financial difficulties is lower by 3 points. During the recovery years, it seems that the labour market effect and the housing market effect of economic prosperity cancel out, which is reflected in the non-significant coefficient of GDP growth in Table A2 of Annex B3. There is no such variability in the effect of the policy satisfaction index, which is similar in both sub-periods (see Table A2 in Annex B3).

Table 6.1. Multilevel logit random intercept model of having difficulties paying bills, dichotomous dependent variable, 16-35 age group

	Model 1:		Model 2:		Model 3:	
	2006-2019		2006-2012		2012-2019	
Female	0.05***	(10.21)	0.06***	(10.07)	0.04***	(7.01)
Age (years)	0.01***	(17.55)	0.01***	(13.99)	0.01***	(14.38)
Education						
Low	ref.		ref.		ref.	
Middle	-0.03**	(2.99)	-0.05***	(3.99)	-0.02	(1.46)
High	-0.11***	(11.70)	-0.14***	(10.77)	-0.11***	(8.60)
Working	-0.05***	(10.24)	-0.06***	(8.84)	-0.05***	(8.37)
Population (million)	0.00	(0.59)	0.00	(0.73)	-0.01*	(2.57)
Housing easy (std.dev.)	0.00	(0.94)	0.00	(0.16)	-0.03***	(4.12)
Unemployment rate (std.dev.)	0.04***	(10.07)	0.03***	(5.72)	0.02***	(4.71)
Policy satisfaction index (std.dev.)	-0.02**	(3.23)	-0.04***	(4.78)	-0.04***	(4.24)
Year fixed effects						
2006	ref.		ref.			
2009	-0.04***	(4.95)	-0.04***	(5.57)		
2012	0.04***	(4.74)	0.04***	(5.25)	ref.	
2015	0.01	(0.63)			-0.03***	(4.41)
2019	0.01	(0.70)			-0.04***	(5.35)
Country fixed-effects						
N	43092		23948		28502	
Number of cities	67		63		67	
Log likelihood	-25814.275		-14684.515		-16801.245	

Note: entries in the table are average marginal effects of the independent variables. t-values are show in parentheses.

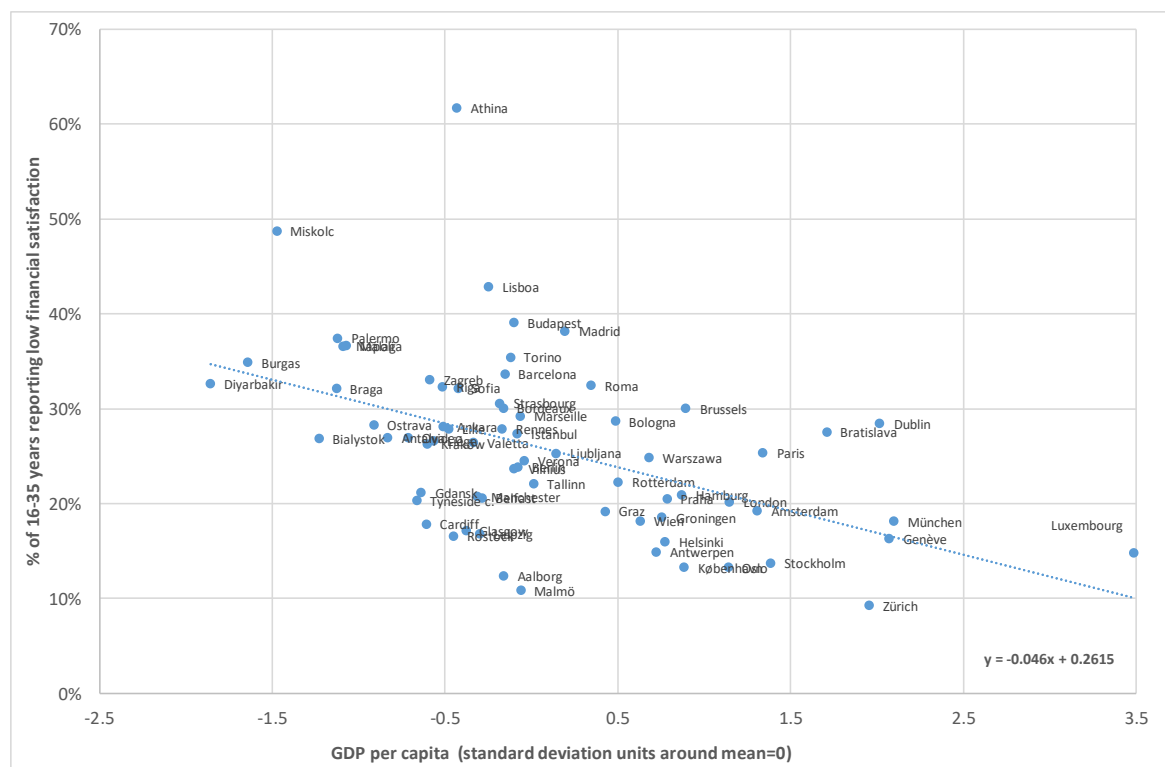
The second empirical strategy used in our multivariate analysis uses a categorical version of the dependent variable and examines differences between young with different education levels. In this case, the dependent variable has three categories, which goes from 1- almost never have difficulties with paying bills; 2-from time to time; 3- most of the time. Higher values of the variable correspond to a higher occurrence of difficulties with paying bills. Table A3 of Annex B3 shows the results of the analysis using multilevel regression models. Looking at the coefficient of education, we can see that those with high level of education are less characterised by difficulties with paying bills compared to the low educated (the reference category). The interaction effects of education with GDP and the policy index are positive and significant in both cases. That means that in cities with high GDP per capita or high policy satisfaction index the difference between the low educated and those with high education is reduced compared to the cities with low levels of GDP or policy satisfaction index, though the effect of GDP is lower.

### 6.2.3.2 Dependent variable: financial satisfaction

We conducted similar analysis using satisfaction with the financial situation of the household as an alternative dependent variable. As financial satisfaction was only included in the survey from 2012, only three waves of the data could be used. In this case as well, two empirical strategies were used in the analysis. In the first case a dichotomous dependent variable was created which shows those who are not satisfied or not at all satisfied with the financial situation of their household. The following two graphs show the bivariate relationship

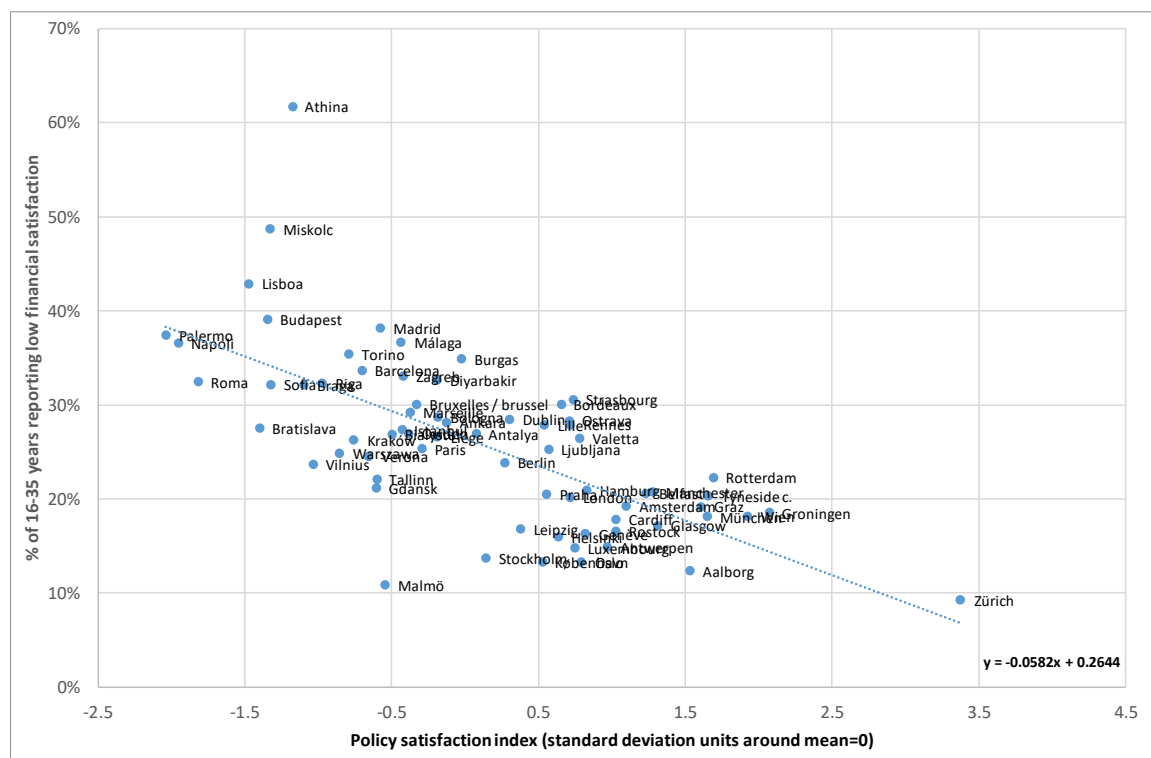
between our main independent variables (GDP per capita and the policy satisfaction index) and the percentage of those reporting low financial satisfaction.

Figure 6.4. Association of GDP per capita and low financial satisfaction, 2012-2019



Both Figure 6.4 and Figure 6.5 suggest a negative relationship between the independent variables and low financial satisfaction. There is a higher percentage of young with low financial satisfaction in cities with lower levels of GDP per capita. Similarly, there is also a higher percentage of young with low financial satisfaction in cities with lower levels of satisfaction with local services.

Figure 6.5. Association of policy satisfaction index and low financial satisfaction, 2012-2019



In the second step of the analysis we use similar multilevel regression models as before to study the relationship between our independent variables of interest and the likelihood of low financial satisfaction.

Our results (see Table A4 in Annex B3) show that both economic development (as measured by GDP per capita) and the policy satisfaction index have a statistically significant negative effect on low financial satisfaction during the 2012-2019 period. This means that an increase in GDP per capita or in the policy satisfaction index results in a decline of the probability of the respondent experiencing low financial satisfaction. On the other hand, the impact of GDP seems weaker, as one standard deviation increase in the GDP results in an only one percentage point decline in the probability of low financial satisfaction. Results are similar if GDP growth is used instead of the level of GDP per capita.

In a second set of analysis (see Table A5 in Annex B3) instead of GDP growth we include the unemployment rate and the indicator of housing affordability in the city as independent variables. Similarly to earlier results we find that housing affordability and unemployment have an opposite effect on having low financial satisfaction. The probability of being unsatisfied with the financial situation of the household is lower if housing affordability increases, while the increase in the unemployment of the city is associated with a higher probability of being unsatisfied with the financial situation of the household. In this model the policy satisfaction index also has a negative effect although its magnitude is smaller and not statistically different from zero.



Our second empirical strategy uses satisfaction with financial situation as a categorical dependent variable (with values from 1-not very satisfied to 4- very satisfied) and interaction effects of education with GDP and the policy satisfaction index are also included in the model. The effect of education shows that respondents with lower education report lower financial satisfaction. Based on these models there is no evidence that disadvantage of the low educated in financial satisfaction is mitigated by higher level of GDP or a favourable policy context (see Table A6 of Annex B3). In case of the model where GDP is interacted with education the interaction effects are small and not statistically different from zero and the models where the policy index is interacted with education show a similar pattern.

## **6.3 Qualitative analysis of linkages between economic development of cities, their public policy performance and inequality outcomes**

### **6.3.1 Analytical framework for the qualitative analysis**

The following analysis focuses on the qualitative assessment of differences in inequality patterns across different cities in Europe according to the economic standing of the given urban area and the local policy context. For analytical purposes, we keep these factors as separate factors. Following the emphasis of much of the current political economic analyses on current capitalist urban development on the crucial role of selected high productivity, mostly knowledge-based sectors in determining urban trajectories, our starting point is to sort cities according to their economic potential, defined as the size and diversity of their local labour market. We define 'strong market cities' as those that have relatively diverse labour markets which also include a large share of high-skilled, high paying jobs. In contrast, 'weak market cities' are those that have relatively homogenous labour markets demanding low-skills. Thus, the definition does not include levels of unemployment in either weak or strong market cities, as it is a highly contingent and time-sensitive measure. Although there is clearly a lot of variation across cities in terms of the composition of the labour market, and thus this definition is more like a scale than a neat categorisation, we assume that in our cases it is possible to decide where each city falls.

We introduce a further dimension in distinguishing between our cities, as in multiple cases the labour market of the given city cannot be analysed separately. As outlined above, multiple forms of spatial labour market adjustment have led to the development of different chains of dependence within larger urban regions; creating a spatial mismatch between local labour and housing markets as well as educational institutions. Thus, we introduce a category of 'linked cities', that are either the origin or the destination of different movements of housing and labour market adjustment: such as sleeping towns and commuter cities.

Based on this three digit categorisation the 16 urban areas of UPLIFT can be grouped as follows:

- Strong market cities: Amsterdam (NL), Belfast (UK), Bologna (IT), Bratislava (SK), Tallinn (EE)
- Weak market cities: Borlänge (SE), Chemnitz (DE), Łódź (PL), Lom (BG), Mulhouse (FR), Pécs (HU), Sfântu Gheorghe (RO)
- Linked cities: Amadora (PT), Barakaldo (ES), Corby (UK), Leuven (BE)

The three city categories<sup>13</sup> display certain commonalities across not just their labour markets, but also in the domains of housing and education.

We are aware that the interpretation of weak/strong market cities based on their labour market conditions does not necessary coincide with their GDP/capita level, which was in the focus of the statistical analysis. Still, we propose to keep this economic classification for two reasons: 1) there are no proper GDP data available for all our 16 urban locations, 2) the scientific literature on the economic potential of urban areas prefers the structure of the labour market as a reflection point for the complexity of the local economy.

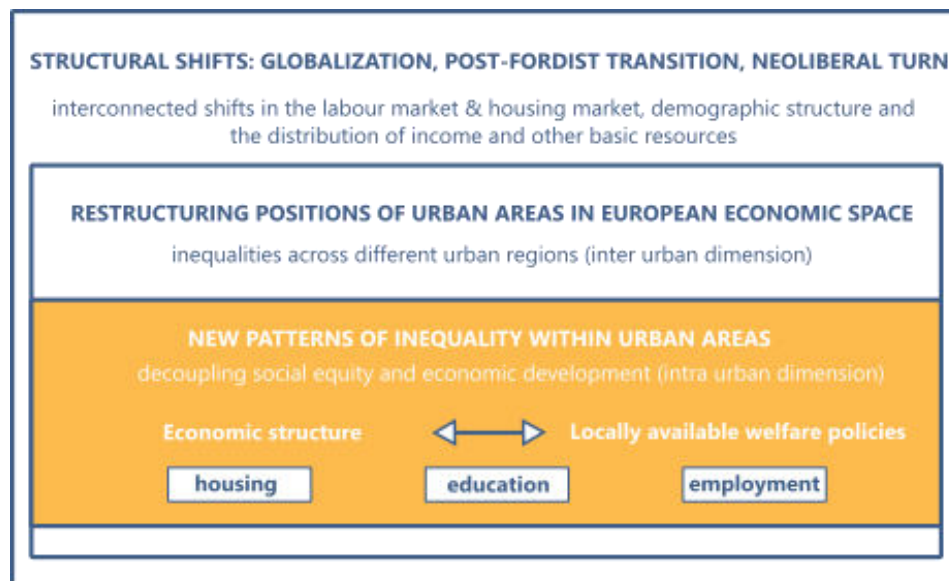
As positioning the economic potential of urban areas is based on the structure of their labour markets it is quite understandable, that all our strong market cities are big cities (regional or country seats), while weak cities have a substantially lower number of residents. This phenomena is based on the fact, that even if GDP/capita may be outstandingly high in smaller cities (like specific scientific or touristic places), the diversity of labour markets require the operation of several sectors, each of which needs bigger branches for the purpose of economies of scale, and these circumstances can be found in bigger cities.

Our qualitative analysis follows a step-by-step analytical approach: first we identify potential linkages between the economic potential of the locations and their impact on the structure of the labour and housing markets and the demand for education. Then we investigate whether there may be linkages between the economic potentials and the level of welfare services in the three domains. Last, we link the two factors (structural and welfare) and analyse their combined effect to see how structural and welfare effects add up, or how they can counteract each other.

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<sup>13</sup> The distribution of urban areas into these three categories necessarily result in simplification, which simplification is needed in order to make certain causal relations between economic potentials and welfare outcomes visible. In most of the cases the classification of an urban area into weak/strong/linked category is understandable and backed by evidence. There are cases however, when classification can be somewhat debatable: e.g. in case of Borlänge the classification is based on the fact, that despite the successful industrial transition and the introduction of a new university, the urban area provides rather low paid jobs compared to the national average. So even if Borlänge can be considered economically strong in a European perspective, it is less vital compared to other big urban areas of Sweden.

Figure 6.6. The logic of decomposition of causal relations



A major difficulty in the comparative analysis was the lack of feasible outcome indicators, which made it difficult to gain a reliable understanding of the outcome positions of locations per domain. Nonetheless, identifying the key mechanisms affecting inequalities was even more difficult. Particularly noticeable among these are the barriers encountered when mapping the labour market, as in this domain most of the outcomes can be explained by structural causes, making it difficult to say about local welfare systems per se. However, when comparing different systems, all parameters change, making it even harder to identify the mechanisms that correspond to our aims.

Another difficulty was that, due to the limitations of urban reports, we often only learn about a few domain-specific schemes and little about the operation of the system as a whole. These situations were attempted to be alleviated by follow-up discussions with the authors of the urban reports.

Lastly, we would like to point out that in the following chapters, we will refer to our study units as both functional urban areas and cities. This is not due to carelessness, but to the fact that these urban areas operate under a variety of governance structures and levels of redistribution, and in some domains and some locations FUA is the geographical space where structures are operating (e.g. labour and housing markets), while city is the level where welfare interventions are made.

### 6.3.2 Structural implications of the local economic performance on within-city social inequalities

In this section, we describe the domain-specific structural implications of the local economic performance on within-city inequalities. These are the implications that give substance to our

typology, so that we can understand what is entailed when a city is an economically strong, weak urban area, or linked to a larger agglomerational centre, and so that we can define the horizon of expectations for welfare responses. The phenomena presented here define the structural situation of different types of cities, and creates 'problem maps' in the three domains we study: the labour market, education and housing.

The consequences through the labour market are the primary ones. This is by definition, since we consider strong market cities to be those with markets that are dominated by high productivity jobs and workplace diversity, while weak market cities are identified with a more monolayer structure and the dominance of low productivity jobs. These imply that strong market cities have high labour attractiveness, which generates immigration, as well as more local stakeholders interested in improving the quality of education, which is usually achieved through the processes that strengthen the strong. Consequently strong market cities have a more diverse labour market that may create higher inequalities (bigger distance in incomes and occupations), while lower level of poverty (most people may find a job with a sufficient level of income). On the contrary, weak market urban areas may or may not suffer from unemployment, but provide a smaller range of jobs on a lower payment scale, which may result in lower inequalities in the job market (smaller distance), but higher level of poverty (more people suffering from insufficient income).

The labour market in a 'linked city' cannot be analysed on its own, since it operates in a dependent development of (an)other city(ies). In our cases the local labour market of linked cities is mostly relatively weak (e.g. in case of Amadora, Barakaldo, Corby) since it operates a dependent development with a strong market city. There may however also be a well functioning labour market within the boundaries of a given linked city, but in this case it is typical that local residents work in the nearby strong city, while local workers live in other neighbouring settlements (e.g. Leuven).

As regards the housing domain, due to the high labour attractiveness of strong market cities, there is a high demand pressure on the housing market, which solves by increasing prices and ultimately pushing low-income workers out of the city, involving nearby municipalities in resolving imbalances of the housing market. In linked cities located close to strong market cities, this integration to the housing market can be observed, as people with lower wages moving from strong market cities are often able to find affordable housing there. In linked cities an affordability gap may also develop as a spill-over effect of movement due to lower local wages and rising housing prices as newcomers move in. The process may also push those who have been able to cover their living costs through local employment into commuting.

In the case of weak market cities, there is no perceived push in the housing market, but rather an out-migration. The main problem is therefore not a lack of supply but the quality of the housing stock. It cannot be denied however that the poorest people also face affordability problems here, but this is a much narrower segment of local society than in the other two types of cities.

Spatial segregation as a structural attribute of the housing system seems to have loose links to the economic prosperity of the urban area. Spatial segregation is tied to social/ethnic differences. Theoretically, strong market cities attract more migrants, having a larger labour market, therefore we can assume that these cities have higher levels of spatial segregation and social inequalities. However, in our cases, higher migration pressures can also be detected in economically weak cities, which may be due to the fact that migration is driven by path dependency (e.g. Borlänge or Mulhouse where new migrants are coming based on the history of earlier generation migrants), which is not related to current but to past economic performance. Those cities that are currently economically weak are post-industrial cities that were previously economically prosperous and were prime destinations for an earlier generation of migrants. This implies, to an extent, that former priority destinations for migration will remain priority destinations, a consequence that can determine the focus of welfare interventions in certain cities.

Thirdly, linked cities can function as places where poor people are displaced from strong market cities through a process of suburbanisation of poverty, or people come to these cities in the first place to access a bigger – agglomerational – labour market but still find affordable housing (e.g. Barakaldo in the proximity of Bilbao, which has a substantial share of migrant communities).

**Case example: Borlänge and Barakaldo: Migration path dependency in post-industrial cities**

“Borlänge’s history as an industrial region is also a history of migration, primarily rural-to-urban migration from within the region but also labour migration from outside of Sweden. For a couple of decades following WWII, labour migration was dominated by people moving in from Finland to take up work in the main manufacturing sectors. What makes Borlänge different today is the more recent influx of people originating from outside of the Nordic countries and who have settled for refugee and humanitarian reasons over the last three to four decades.” Nowadays about 15,000 of the 52,000 residents in Borlänge are foreign born and most have arrived during the last decade.

Similar to Borlänge, the example of Barakaldo points to the transformative persistence of migration pathways, where the migratory composition has also undergone major changes over the last two decades. In Barakaldo, which is also a former industrial hub, intra-country labour migration has been significant for several decades, and has been stable at 40% of the local population. This proportion is still the case nowadays, but the rise in nearby Bilbao in the early 2000s has had an impact on the profile of migration in Barakaldo. The existing migration experience has also benefited the international scene, resulting in a steadily increasing proportion of the population being migrants from outside of Spain. While the share of foreigners was only 1.37% in 2001, it reached 11% in 2021, while migrants from

within the country accounted for 36.67% of the urban population in 2001, and only 23.33% in 2021.<sup>14</sup>

A recurring theme is the comparison of Roma people with minorities with migrant backgrounds in other European countries. The Roma minorities that dominate in Central and Eastern Europe can be said to be concentrated primarily in rural areas and secondary in weak, post-industrial cities. The historical background is provided by the fact that industrialisation, previously concentrated in these cities, led them to move from small rural settlements in the hope of finding work in the factories there. Consequently, in many of our weak Central European urban areas, that are practically post-industrial cities, Roma minorities can be found with a relevant share, living in segregated housing conditions, and participating in an ethnically segregated education system (e.g. in Lom, Pécs and Sfântu Gheorghe).

In the case of the education system, it is difficult to identify structural consequences of economic foundations, as it is difficult to understand education as a structure rather than a welfare system. However, if we attempt to do so, some findings can be made such as the one on the different levels of aspirations towards the education system. Based on the impressions of the urban report authors, the volume of local labour market opportunities correlates with aspirations, with the motivation of individuals to pursue different levels of education. It seems plausible to say that in a weak market city, where the labour market is more monolayer, young people aspire less to jobs other than those in the city. Just as it seems plausible to say that in strong market cities there is a higher motivation to complete higher value-added education because of the higher share of higher value-added jobs locally. This statement is supported by our experience that quite a few teachers are leaving cities where they perceive that they cannot manage the downward mobility of young people because of these structural consequences. Consequently, a significant part of teachers migrate to cities with a wider middle-class and higher expectations of social mobility. As regards linked cities, families moving out from urban centres may create high expectations towards the educational system, but the resulting changes are most beneficial to the middle class, which is less tolerant towards social tensions in education.

### **6.3.3 Connection between economic potential and the quality of welfare services**

As chapter 6.2 (statistical analysis of linkages) reveals, there is a slight positive correlation between the GDP level of cities (metropolitan areas) and the level of satisfaction of their residents with local public policies (public transportation, health care, education). Thus, cities with a higher level of economic performance tend to provide higher level local services according to the evaluation of their residents. On the other hand, this correlation is only slightly positive, and there is a significant difference between the Policy Satisfaction Index of cities with similar GDP levels as well.

<sup>14</sup> [https://en.eustat.eus/bankupx/pxweb/en/DB/-/PX\\_010154\\_cepv1\\_ep08.px/table/tableViewLayout1/](https://en.eustat.eus/bankupx/pxweb/en/DB/-/PX_010154_cepv1_ep08.px/table/tableViewLayout1/)

Based on the experience of the 16 urban areas of UPLIFT we have the hypothesis that the economic potential of urban areas (evaluated through the complexity of their labour market) and the quality of their welfare services is loosely linked, if at all, and that the linkage may be different domain by domain.

Chapter 6.2 (statistical analysis) interpreted the quality of local services based on the evaluation of local residents. The reports on 16 European functional urban areas aimed to provide a more extensive description of the three (plus one) welfare domains, from which we were able to make an evaluation of the overall efficiency of different welfare policies. We are aware, that the evaluation of the three main domains of UPLIFT in all locations has serious limitations, as all domains are multidimensional: certain interventions may be regarded efficient in decreasing social inequalities, while others in the same domain may lead to further social gaps. In addition, there are no performance indicators that may help us compare the efforts devoted to different welfare policies and their impact in different European locations. Consequently, an overall evaluation of welfare performances naturally leads to simplification. Nevertheless, in order to find causal relations between welfare systems and economic performance we had to make these simplifications, which lead to the following results<sup>15</sup>:

*Table 6.2. Evaluation of the welfare systems of the 16 FUAs*

Location	Economic potential	Education <sup>16</sup>	Employment <sup>17</sup>	Housing <sup>18</sup>
<b>Amadora</b>	Weak (linked)	+	-	-
<b>Amsterdam</b>	Strong	-	+	+
<b>Barakaldo</b>	Weak (linked)	+	+	-
<b>Belfast</b>	Strong	+	+	+
<b>Bologna</b>	Strong	-	-	+
<b>Borlänge</b>	Weak	+	+	+

<sup>15</sup> The classification of welfare systems is based on the evidences displayed in Annex B.3.1 (Summary table of the 16 urban areas)

<sup>16</sup> The evaluation of the performance of the local education system is based on an UNICEF publication (Chzhen, 2018, p. 36), that ranks national education systems on how different the education outcomes are in different schools, and how much the performance of children at the age of 15 is explained by their parents' occupation. The national performance was fine-tuned in case the local education system was able to significantly modify the national framework according to the urban report.

<sup>17</sup> In case of employment, we considered primarily the intensity of Active Labour Market Policies and the framework conditions, like the availability of unemployment benefits.

<sup>18</sup> In case of housing, our main indicator was the share of public (including social) housing, complemented by the housing allowance system and other supporting measures like debt management and eviction protection.



Location	Economic potential	Education <sup>16</sup>	Employment <sup>17</sup>	Housing <sup>18</sup>
<b>Bratislava</b>	Strong	-	-	-
<b>Chemnitz</b>	Weak	-	+	+
<b>Corby</b>	Weak (linked)	+	-	+
<b>Leuven</b>	Strong (linked)	-	+	-
<b>Lom</b>	Weak	-	-	-
<b>Łódź</b>	Weak	+	+	-
<b>Mulhouse</b>	Weak	+	+	+
<b>Pécs</b>	Weak	-	-	-
<b>Sfântu Gheorghe</b>	Weak	-	-	-
<b>Tallinn</b>	Strong	+	+	-

As Table 6.2 displays, weak market cities in Central and Eastern Europe tend to have weak welfare services in all domains, while weak market cities in linked position, or in Western/Northern part of Europe perform better in public services. Strong market cities however provide a wide variety in the quality of welfare services in the three domains.

We found, that there are two main causal factors that determine whether the stronger economic potential can be manifested in higher level of welfare services or the contrary, the economic performance is mostly independent from them:

- Distribution of competencies between the governance layers in planning and implementing welfare services;
- Intergovernmental fiscal relations: the channels through which welfare services are financed.

In order that we may state that economically stronger cities are able to provide better services we have to be sure that these cities have the authority to implement public interventions in that specific field (they have the competence for that) and that they have the possibility to collect local funds that they can use according to their preferences.

In the domain of employment we have seen from our 16 cases that the policy interventions are mostly centralised – mainly in case of passive labour market interventions - and the services are implemented by deconcentrated state units. The services local municipalities provide in this field are rather complementary and have limited influence on the employability of the local labour force. In nearly all of the 16 urban cases of UPLIFT we

experienced rather weak local employment policy regardless of the economic potential of the location (exception is Amsterdam, where the municipality has strong competencies in employment). Consequently there might be high quality employment services available in certain locations, but this is mainly the results of efficient national frameworks coupled with local implementations in deconcentrated state/regional units (e.g. in Barakaldo, Borlänge, Chemnitz, Leuven and Łódź).

In the domain of primary and secondary education the competencies are widespread from rather centralised (e.g. Pécs in Hungary), through partially decentralised (e.g. Bratislava) to completely decentralised (e.g. Belfast). The ability of the local educational system for compensating the social disadvantages of students seems to have strong relations to the national education schemes (even if implemented locally). Certain educational systems tend to strengthen the already accumulated disadvantages of children (e.g. Hungary, France Germany, Netherlands, Slovakia in our sample), while others are able to compensate more for the initial deficiencies (e.g. Estonia, Poland, Portugal, Spain, Sweden), (Chzhen, 2018). The local education systems, even under strong decentralisation, seem to have limited possibilities to mitigate the effect of the national framework.

#### Insights from FUAs:

- Decentralization of competencies without proper funding sources creates a pseudo-independence over education instead of real authority. This is nicely represented by Amadora, where the local authorities have gained growing competencies since 2008, which process is not backed by the transfer of funds or the increase of the ability of localities to generate local funds. Consequently, a relatively decentralised education system may perform weak locally due to the lack of resources.
- The independence of local economic potential from the performance of the welfare system may also be demonstrated by the cases of Chemnitz and Mulhouse, both considered economically weak-market in our sample. The social regeneration programmes, which are implemented in both cities have different national frameworks behind: while education is a strong component of regeneration in the French system, thus it provides extra efforts for the socially most disadvantaged urban neighbourhoods, it is not in the focus in the German (Saxon) scheme. Consequently, the ability of the local education system to fight against social inequalities is much more efficient in Mulhouse than in Chemnitz.

Not specifically the economic potential but rather the size of the city seems to matter in developing proper educational services. Even the weak market cities in our sample are regional/county seats, which provide educational (and other) services over the boundaries of the city. Thus, their scope of educational offers exceeds the needs of their residents. Several weak market cities in our sample are university towns (e.g. Borlänge, Chemnitz, Łódź and Pécs), and the national regional development policy puts strong emphasis on developing their educational capacities as a mean for state led urban development. Thus, these cities

might have a stronger educational system, at least with regard to tertiary education, despite their economic weakness.

Housing seems to be the most decentralized welfare policy among the three domains under observation, thus the link between economic performance and the quality of welfare services should be the strongest in this case. On the other hand, despite the strong local competencies, housing regimes have strong national characteristics with a high influence of path dependency and are linked to the welfare regime they belong to. The share of public housing may be rather different in the different locations, but it is a national characteristic in general how strong the public rental sector is (it is historically strong in Western and Northern Europe despite the efforts of the last decades for strengthening the ownership sector, while weak in Southern and Central Europe). Consequently, even if Amsterdam, Belfast, Bologna, Bratislava and Tallinn can be considered economically strong, the share of public rental sector is high only in Amsterdam, while insignificant in the other locations. In case of weak market cities path dependency is also a strong factor: the share of public rental sector is low in some of our weak city samples, mainly the ones located in Central and Eastern Europe (Lom, Pécs, Sfântu Gheorghe), while moderate in Łódź, and significant in Borlänge and Chemnitz.

We have observed in chapter 6.3.2 that in economically strong cities the quantity of the housing stock seems to be the major issue while in economically weak cities the quality of housing is a more pressing question. This observation does not automatically stand with regard to the quality of public housing. In weak urban areas located in countries with a stronger welfare regime (e.g. Chemnitz, Borlänge) the quality of public housing is less of an issue, while in Central and Eastern weak cities a relevant share of the housing stock cannot be used due to its ruining conditions (e.g. in Łódź, Lom and Pécs).

As a conclusion, our sample did not provide strong evidence for the causal relation of economic potential and the performance of the local welfare system, rather called the attention to the independence of these attributes emphasizing the decisive character of the national/regional welfare systems.

**Case example: Bratislava and Borlänge: an economically strong and welfare weak city and the opposite**

Bratislava is an economically strong and welfare weak city. One of the reasons is the fact that, due to its economic performance, Bratislava region is not eligible for obtaining EU cohesion funds, which is the source of financing most of the active employment services, extra educational services and housing interventions for marginalized neighbourhoods. Bratislava is excluded from all these opportunities and should rely on pure state funds, which are limited in these domains. Theoretically, Bratislava should be able to replace EU funds from local budgetary resources but, according to the municipal financing scheme in Slovakia, Bratislava's revenues are mostly based on part of the redistributed personal income tax of registered residents, while many people who require social services are not registered

residents of the city. "The discussion about poverty, social inequalities and social exclusion in the context of Bratislava hardly resonates with its general image. The main reasons for this may include Bratislava's high economic performance, the neo-liberal narrative on social policies emphasizing the dominance of individual effort, work, and merit, or the high level of dependence of public finances for social policies on European structural funds, which are inaccessible for Bratislava region and the city." (Bratislava urban report p. 35)

Borlänge takes an opposite position to Bratislava. The economic performance of the urban area is stable but with limited growth potential. On the other hand, the welfare services the city provides in the field of education, employment and housing are over the European average despite the national welfare restrictions that have been experienced in the last decades.

#### **6.3.4 Interaction between structural and welfare attributes of social inequalities in urban areas with different economic potential**

In the previous chapters we intended to analyse the interaction between two distinct factors: 1) effect of economic development on the structures of social inequality among young people and 2) effect of economic development on the local welfare system in the domains of education, employment and housing. In the current chapter, we combine the three factors and make observations on their mutual interlinkages in order to find out whether economic development makes a difference under similar welfare conditions with regard to inequality outcomes.

In this section, we are analysing the combination of the three factors (economic performance, local welfare system, inequality outcomes) in the three domains: first in housing, then in employment and finally in education. The end of each description contains a summary table in which we have summarized what inequality outcomes through which mechanisms can be identified in the combination of the strength of the local economy (strong and weak market cities) and the efficiency of the national/local welfare systems (efficient and inefficient). These ideal types are described both based on the literature and also the 16 urban reports' results.

Strong and weak market cities face fundamentally different structural challenges in housing with varying existing policy tools for mitigating the consequences of these challenges. In both strong and weak market cities housing prices are pushed up, although the intensity and the underlying mechanisms differ. Global processes such as financialization, commodification, and relatively cheap, thus more accessible mortgages all contributed to rising prices. In strong market cities, additional push has been created by the incoming high-income people who are attracted by the prosperous local working possibilities and conditions. Inequalities in obtaining the first individual accommodation by young people clearly reflects the nature of the deepening housing crisis which local housing welfare

systems are rather incompetent to combat. Even though the housing pressure is lower in weak market cities, wages are lower as well. Thus, the crucial question is the relation between wages and housing prices and the distribution of housing choices and incomes.

Locally available social and/or affordable housing stock depending on its size, quality and regulations can significantly contribute to mitigating the severe housing affordability problem. Strong market cities with strong, well-performing social/affordable housing sectors can significantly improve the situation of those who face housing affordability difficulties. However, they may not counterbalance the extreme pressure properly - we do not have an example from our strong market cities where the local housing regime was able to meet the need for affordable housing. In any case, a less well-performing social/affordable housing stock and/or the lack of a good housing allowance system leads vulnerable groups to be more exposed either to choose worse housing conditions (which might initiate or contribute to a territorial concentration of more vulnerable social groups, resulting in segregation in the city) or leave the city to more affordable places. This does not only have an impact on the local social structure (segregation or decreasing number of young people) but can possibly have negative implications for the local job market.

In weak market cities, the driver of outmigration of young people could possibly originate primarily from the local job market - shortage of high quality/properly paid work places. In weak market cities the local housing stocks are much less under pressure with the exception of weaker market cities that are also linked cities such as Amadora, Barkaldo or Corby, where out-moving people from the strong city also put the local housing market under pressure. In the meantime, as it was already stated, weak market cities face different housing challenges, such as overcrowding and housing deprivation which originate from less dynamic constructions due to the weakness of the local economy. An efficient and well targeting housing allowance system might be able to provide sufficient help in strong economies. However, in weak market cities conditions and quality of living could be improved by national/local regeneration, rehabilitation policies, although this is presumably highly dependent on the redistribution mechanisms of resources among locations by the national level.

#### **Case example 1: Amsterdam**

Amsterdam, being a strong market economy, moreover the economic engine of the country, faces with gentrification, touristification and external investments, which factors all contribute to pushing the housing prices up to an unaffordable level, especially for young people. On the other hand, Amsterdam is well-known of its traditionally generous offer of affordable housing, however its share has been reducing in the last two decades. Besides, there is a chronic shortage of student housing which also contributes to the difficulty of finding an affordable housing for young people. In spite of the limitations of the municipality in the nationally driven housing policies, there are serious planning activities and attempts to reform housing to provide more affordable and more efficiently targeted housing solutions.

'With regards to social housing, Amsterdam has a rich tradition of good quality affordable housing for a broad layer of the population, and housing associations are still a major player in the city's development. However, the size of the social rental sector has significantly reduced over the past twenty years, although it still accounts for about 42% of the housing stock, and the average waiting time for a social rental dwelling has grown to a staggering 13 years (Hochstenbach, 2019).' (Amsterdam Urban Report p. 22.)

### **Case example 2: Sfântu Gheorghe**

While the housing market is not under pressure as the city's labour market is less favourable than in strong market cities (the proximity to Brasov is an important factor in the outmigration of young people). However, the quality of housing is rather low and territorial segregation is an increasing issue in Sfântu Gheorghe, as there are three declared marginalized residential areas in its territory. The municipality owns only 137 apartments and there are a few programmes to provide opportunities for young people to keep them or to motivate them to return to Sfântu to combat with an aging of the local population. This and other national programmes are not necessarily targeting the most vulnerable people.

'In the city there are a total of 19,600 apartments (most with 2 or 3 bedrooms and an area between 50 and 70 sqm) of which 137 are managed by the City Hall, the rest being privately owned. During 2010-2011, half of the publicly owned buildings became privately owned.' (Sfântu Gheorghe Urban Report, p 23)'

### **Insights from FUAs:**

- Amadora is a weak market city but also it is a linked location to Lisbon, which as it was previously argued, has an impact on the increasing housing affordability problems especially for low-paid young people. 'The rise of housing costs and gentrification make it extremely hard for young persons to live independently from their parents' (Amadora urban report p.4) Housing policies are rather inefficient and rather insufficient for contributing to alleviating the burden housing situation puts on young people.
- Similarly, Amsterdam faces the same trend: a prolonged co-residence of young people with their original family is identified due to both the growing reliance on the private rental sector and also the increasing difficulty to access mortgages.
- Even though Barakaldo is a weak market economy (linked city to Bilbao) still highly-qualified young people face difficulties in achieving independent living due to constraints to have a sufficient monthly income.
- Both Amsterdam and Bratislava experience severe and worsening housing problems. The favourable economic conditions, thus prosperous job opportunities attract a large number of workers from other sides of the country or from abroad to both cities. While in Amsterdam, incoming students, touristification, external investments

pushing the prices up, in Bratislava the household income increase was far behind the growth of housing prices after the GDP growth had reached its peak in the beginning of 2018. In both cities this tendency has led to an increasingly asset-based welfare system where the significance of family wealth, thus intergenerational inheritance became a sharp divide and a crucial factor for housing inequalities among young people. Both cities suffer from lack of solutions, even though private housing associations own a significant share of the housing stock in Amsterdam it has become insufficient forcing young people out of the city while Bratislava due to the privatisation of its social housing stock in the early 1990s suffers from the lack of this tool (social housing is below 1%).

Housing	Efficient housing system	Inefficient housing system	
Strong market cities	Most severe housing problem originates from the relation of income to increasing housing prices and rents. The social/affordable housing stock and the local housing allowance system serve well those in most housing needs. FUAs: Amsterdam, Bologna, Belfast	The severe affordability problems with a lacking and inefficient social rental sector and housing allowance system contributes to widening inequalities between different socioeconomic groups based on their housing market position. The role of intergenerational transfer of housing position plays a major role in reproducing inequalities. FUAs: Bratislava, Leuven, Tallinn	
Weak market cities	The fall in demand for housing increases the vacancy rate in the social sector, causing a negative financial impact and the acceleration of the residualization of social housing and intra-sectoral segregation. FUAs: Chemnitz, Borlänge, Mulhouse  Linked city: Corby, which faces strong pressure on the housing market.	The lower average wages and the insufficient public housing system (including the low share of social municipal stock) generates multiple disadvantages for vulnerable families, which provides further push for outmigration. FUAs: Sfântu Gheorghe Lom, Łódź, Pécs	Linked cities: In spite of the unfavourable local economic conditions the closeness to a larger city result in a greater influx to the city, which increases the demand for affordable housing and thus puts pressure on housing prices, which the city is unable to handle. FUAs: Amadora, Barakaldo

As it was previously argued, independently from the economic strength of a location, educational systems are either centralised, semi-centralized or completely decentralised, which obviously influences the possibilities of locally available educational pathways and also the room of manoeuvre of local actors to influence educational inequality patterns. Nonetheless, we assume that the perception of individuals on the local labour market and



the possibly achievable employment status affects educational choices. The perception is theoretically pre-defined by the real structure of the job market: the diversity of high wage/skilled and low wage/skilled jobs, which diversity is highly dependent on the economic strength of a location.

In weak market cities, there is a risk that investing in human resources through education might be utilised in a different location as the local job market would not be able to provide with adequate possibilities. Due to the local labour market dominated by low productivity/wage jobs, which does not create the need for higher educated young people, this limited ambitions for education might create a vicious circle for weak market economies. In the absence of employers interested in the skills of the workforce, there is no incentive/pressure to improve the public education system, which can also create difficulties for dual training due to the lack of training places. This is also the case in Lom or Łódź, where the dominant trend is out-migration, where young people with higher education are more likely to leave.

The question for the future is that, although the presence/embeddedness of companies in the area is important for employment today, especially in low value-added jobs, there is a trend that could break the vicious circle of the educational consequences of local economic strength. This is due to the fact, that the location of companies will be less determinant of employment due to the possibility of remote working, so that a low cost of living may lead to a higher population retention effect, and the local education system may not necessarily has to concentrate to the local labour market.

The diversity of the local economy most often correlates with a more diverse educational system (diversity of possible pathways both in terms of educational level - vocational versus secondary grammar school - and the possible vocations/professions to study for). However, a stronger economic environment, where the educational system is rather centralized, including the teacher's wages, goes along with the devaluation of the nationally set wages of teachers compared to market-based salaries. This contributes (besides many other factors) to the decreasing number of (quality) teachers who more likely choose to leave into higher paid sectors or pushed into a location where their income provides more decent living conditions. Moreover, thanks to the push on the housing demand of a strong market economy, housing affordability crisis tend to affect the ones with lower income, including teachers. This potentially manifests in shortage of teachers, thus in a potential decrease of educational quality in the state led educational sectors, and the rise of the importance of private education.

#### **Case example: Bratislava, brain drain of teachers by the private sector**

Thanks to the nationally outstanding position of Bratislava both politically but also economically, it is considered the educational centre of the country, providing a wide range of possibilities for both its habitants and incoming employees children. While Bratislava clearly has a privilege in terms of educational possibilities, a serious issue endangers the

quality of education in Bratislava: the shortage of teachers. As the remuneration of teachers are set according to the regulation of public administration, the salary loses its value in a city like Bratislava, where the cost of living (including housing affordability) is much higher than in other parts of Slovakia. This leads to the leave of quality teacher either to locations where their salary worth more or to a different sector of the primary job market.

"Bratislava region lacks qualified teachers, as the market based companies offer higher salaries. In other regions, teaching is more a luring profession. So, the regional office invites teachers from different regions, providing them accommodation for this period." (Bratislava Urban Report p. 15)

The dual education system practiced by several European countries is one of the tools for the smooth transition from education to the job market, satisfying both the requirements of the employers and providing help for the young people to acquire the adequate skills for a successful employment path. The success/efficiency of a dual education system presumably also depends on the variety of available training places, which among others, are predefined by the size of the city and the diversity of the local job market, including the dominance of small sized or larger scale companies.

Education	Efficient education system		Inefficient education system
Strong market cities	In parallel with the high diversity of the labour market in strong market cities, the accessible amount and quality of educational possibilities are also more diverse. The decisive factor is the accessibility to the diversity of educational choices: in case there are efficient transfer mechanisms, education can be an essential factor of social mobility. FUAs: Tallinn, Belfast		Strong market cities are usually characterised by a more polarised job market, which already indicates significant inequalities among students with different socio-economic backgrounds. Inefficient welfare systems cannot contribute to mobilising the more vulnerable groups (e.g. people with migration background), thus the educational system rather works as a driver of reproducing inequalities. FUAs: Bologna, Bratislava, Amsterdam Linked city: Leuven, where inequalities are further strengthened by in and out commuting
Weak market cities	In weak market cities the educational opportunities are rather limited and 'overskilling' young people often results in a significant outflow of high-skilled workers as the locally available less diverse job	Linked cities: there is a higher risk that people acquiring higher educational level would leave to the close larger city or commute there and utilise	This setting definitely creates a vicious circle of the reproduction of inequalities and presumably even so the will of the local elite for keeping their position, thus creating mobilising but rather self-selective pathways for reproducing their position which further deepens the gap between different socio-economic groups.

	market does not provide with valuable and adequate opportunities instead of contributing to the attraction of bigger employers thus to economic development. FUAs: Łódź, Borlänge, Mulhouse	their skills in there, while using the weak market linked city as a sleeping town. Linked FUAs: Barakaldo, Corby, Amadora	FUAs: Sfântu Gheorghe, Chemnitz, Pécs
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After discussing the identified manifestations of causal mechanisms between the strength of local economies and welfare systems in education and housing, we now focus on the employment domain. It could be assumed, that the regular active labour market measures are more effective in stronger market cities due to the diversity of locally available job positions. However, thanks to the economic boom of the last decade up until the COVID-19 crisis, shortage of jobs rather than the shortage of workforce characterized the labour markets even in weak market cities. In any case, entering the labour market and then even remaining in a job, especially in weak market cities for vulnerable young people remained a substantial problem. Not only the number and the sectoral diversity but also the willingness and resources of local companies and the type of the connection between what the local job market requires and what a programme has to offer can highly influence the success of training or requalification programmes. For instance, local companies in Amadora invest only a little into training programmes and improving the job quality (long working hours and low wages).

#### **Case example: Sfântu Gheorghe, mismatch between demand and supply in the labour market**

The problem of the mismatch between young people's skills and qualifications and the local employers' requirements is a well-recognized problem in Sfântu Gheorghe and it's been well represented in the rather high NEET rates over the years. There are national requalification programmes addressing this issue especially to counterbalance of the outmigration of young people. The proximity of Brasov and the tendency of young people moving to Western European countries is a rather significant issue that remains a challenge for local authorities.

"Although at the national, regional and local levels, efforts have been made to reduce the number of young NEETs, they have had a limited effect and poor results. The explanations why these programmes did not work as expected support the idea of a weak connection

between what the programmes offer, the labour market and the real expectations of young people.” (Sfântu Gheorghe Urban Report p. 17)

“On the one hand, those who have the opportunity to offer jobs complain that they do not find qualified (trained) staff and on the other hand, young people motivate their departure from the city on the grounds that they do not find suitable jobs for them.” (Sfântu Gheorghe Urban Report p. 18)

#### Insight(s) from FUAs:

- In Amsterdam active labour policy measures are effective also because these policies are highly decentralised, thus local municipalities can address local needs as efficiently as possible.
- In Bratislava active labour market policy is underfunded compared to other EU countries, as it depends highly on external resources, such as EU funds. As EU funds are distributed based on economic development, and Bratislava is not eligible any more, there is a scarcity of Bratislava’s active labour market policies, thus leaves vulnerable e.g. long-term unemployed people without successful and efficient help.
- In Łódź, the deconcentrated state unit on employment is regarded as one of the most successful in the country, still active labour market policies that are specifically targeting young unemployed people seem to show only a small and relatively short effect on young people’s career.
- In the case of Sfântu Gheorghe a similar tendency was noticed: the programmes specifically targeting NEET young people are inefficient because of the weak connection between the programmes, the local labour markets and the real expectations of young people.

Employment	Efficient employment programmes		Inefficient employment programmes	
Strong market cities	<p>Thanks to the great diversity of locally available job opportunities both in terms of sectorial and high/low-income possibilities, active labour policy measures can effectively integrate vulnerable individuals to the local job market.</p> <p>FUAs: Amsterdam, Belfast, Tallinn</p> <p>Linked city: Leuven, where the strong local and metropolitan economy creates high rate of commuting</p>		<p>As active labour measures are underfinanced/missing, individuals are left alone with the responsibility to find their way in/back to the local labour market. This mechanism can possibly lead to increased significance of choices guided by e.g. family/neighbourhood patterns, which can cut certain mobility paths and contribute to the reproduction of inequalities.</p> <p>FUAs: Bratislava, Bologna</p>	
Weak market cities	<p>The scarcity of job opportunities limits the maximum possible influence of strong active labour policy measures with regard to their time scale impact.</p> <p>FUAs: Łódź, Borlänge, Chemnitz, Mulhouse</p>	<p>In linked cities it is coupled with the tendency of people leaving to the closed metropolitan area's job market however there are policies that are aiming for reintegration of out-migrated workers.</p> <p>FUAs: Barakaldo</p>	<p>In an environment characterised by the scarcity of job opportunities and underfinanced/completely missing active labour policy measures, pathways of social mobility are rather limited, reproducing and further deepening the leeway of the location compared to other better performing locations (inter-urban inequality).</p> <p>FUAs: Pécs, Sfântu Gheorghe, Lom</p>	<p>In linked cities it is coupled with the tendency of people leaving to the closed metropolitan area's job market. Thus, employment policies have a more challenging task to compete with this opportunity.</p> <p>FUAs: Amadora, Corby</p>

## Conclusion

The main aim of the Synthesis Report was to present a summarizing and comparative study that is built on 16 individual urban reports, each of which tried to identify the main drivers of socio-economic inequalities and to establish differences between the functioning of these drivers on the national and urban scale. Research conducted on sixteen Functional Urban Areas (FUAs) was guided with the main research questions in mind: i) which are the main socio-economic processes and policies at the local level influencing inequality; ii) how have they evolved during the post-2008 crisis, the subsequent years of recovery, and the Covid-19 pandemic; and iii) how inequalities are linked to the economic performance of locations? The sixteen FUAs represent a diverse set of regions with different levels of economic development, welfare provision, governance and policy approaches, and cultures of participation. Their juxtaposition demonstrates the differences in the scale and dimensions of inequality in the different urban regions, but also point out similar trends, and link these to various urban types. The selected urban areas were: Amadora (Portugal), Amsterdam (The Netherlands), Barakaldo (Spain), Belfast (United Kingdom), Bologna (Italy), Borlänge (Sweden), Bratislava (Slovakia), Chemnitz (Germany), Corby (United Kingdom), Leuven (Belgium), Łódź (Poland), Lom (Bulgaria), Mulhouse (France), Pécs (Hungary), Sfântu Gheorghe (Romania), and Tallinn (Estonia).

From chapter 3 it became apparent that policy design takes place - for most of the FUAs - at the national level. On the other hand, the FUAs seem to have autonomy in the implementation of policies and programmes in several different areas (e.g. education, social protection, housing, health, culture, etc.), and they also hold administrative responsibility in the provision of services of specific welfare areas (e.g. pre-school, social housing, training). Access to resources (financial, patrimonial, organizational and human capital) is intrinsically connected with political autonomy of local governments, either expanding or restricting political autonomy depending on the amount of resources available.

In Chapter 4 we examined the consequences of the 2008 financial crisis, the period of recovery, and the COVID-19 pandemic. The FUAs under study were affected differently by the 2008 financial crisis and the Covid-19 pandemic. According to the urban reports, the 2008 financial crisis and particularly the austerity measures that ensued, increased inequality in those FUAs that were more exposed to global economic and financial instability (e.g. Amadora, Barakaldo, and Bologna). Other UPLIFT FUAs seem to have suffered considerably less impact: these are the cases of Amsterdam, Borlänge, Chemnitz, Corby, Leuven, and Belfast. These are generally FUAs within countries with strong economic positions in the global and European financial markets. Although these FUAs registered economic impacts at the level of employment and specific business sectors, fast economic recoveries and strong social welfare systems protected large groups of citizens and businesses from further damage. Another set of FUAs were sheltered from the consequences of the 2008 Financial Crisis given the specific socio-economic context of accessing the European Union and

receiving new sources of European funding. Such is the case of Bratislava, Łódź, Lom, Pécs, Sfântu Gheorghe and Tallinn. Finally, the FUAs of Corby and Belfast highlighted the added negative effects of the Brexit process in interaction with the 2008 Financial Crisis' austerity policies.

With some degree of variation across the UPLIFT FUAs, lower income families and individuals, youth and children, women, single parents, ethnic and racial minorities, and persons with disabilities were the groups usually pointed as most vulnerable to the 2008 Financial Crisis and its austerity policies, across the FUAs.

Contrary to the 2008 financial crisis, the Covid-19 pandemic was felt in all FUAs with similar levels of intensity, but still different capacities for response. In what regards recovery from the pandemic, it seems that most of the FUAs were able to recover fast regarding some indicators, such as GDP. All urban reports agree that it is difficult to assess the range of medium and long-term consequences of the Covid-19 pandemic since the pandemic effects are not completely over. However, there seems to be some consensus around the anticipated main effects of the pandemic, mainly that existing socio-economic inequalities will likely be aggravated, while poverty and social exclusion will likely increase on a medium to long-term future.

In Chapter 5, policies and the role of localities were examined. There are significant differences among the sixteen UPLIFT FUAs in the way central and local governments administer the three main welfare policy areas being examined (i.e. education, employment and housing). This diversity of balance between local and central powers is transversal to all welfare areas; this is, there is no specific welfare area that presents more homogeneity in the distribution of powers across all 16 cases. The only exception to this refers to employment policies, where in most UPLIFT countries, passive labour market policies remain a responsibility of central governments while regional governments and local municipalities hold a variable degree of responsibility over active labour market policies.

There are two factors that greatly influence the capacity of local governments to act upon local problems and efficiently design and implement policies at the local level: the degree of autonomy from central government and the availability of resources at the local level. Different FUAs have different degrees of autonomy relatively to central governments. Usually the capacity to exert power at the local level seems to be applied to the implementation of national policies and less to the capacity to design significant policies (with the notable exception of some FUAs, such as Amsterdam).

Political autonomy is important even when we are referring only to the implementation level. In fact, the degree of implementation leverage a local government has determines its capacity to tailor, adapt and allocate funding to national policies, which can make all the difference in addressing local problems with efficacy. However, the amount of resources (including financial resources) is key in order for local governments to have the ability to fully exert their political autonomy. Local political autonomy seems to be restricted by the lack of



financial resources, while access to high levels of financial resources may compensate for the lack of political autonomy.

There are a number of factors that seem to be of utmost importance for policies to be successful at the local level. These encompass the ability of local governments to adjust and tailor national or regional policies to the specific local contexts and the specific needs of local population that are the target of such programmes and policies. However, this means that policies cannot be rigid and preferably should have integrated mechanisms that facilitate adjustments to local contexts. These mechanisms could integrate the possibility of qualitative adjustments (i.e. that refer to the content and design of the policy), quantitative adjustments (which refer to the quantity, frequency, and consistency of actions to be offered), and finally some room for manoeuvre to allocate variable financial resources to different policy components.

In the dialogue to be held between central and local policies there is a need to attain a balance between the universality of citizen rights at the national level versus the specificity of needs at the local level. The pitfall of local policies, if taken to an extreme, resides in the unequal distribution of rights and welfare resources at the national level. As the urban report on Amsterdam argues, if all policies are local and tailored to local needs, policies can become so fragmented and create inequality in the ways that welfare policies are applied and in the opportunities available for different regions and individuals.

Another problem to be taken into consideration when thinking of local policies is the fragmentation of social welfare provisions. This is, the existence of several local and specialized policies and local competencies do not contribute to an integrated welfare approach, however most of the problems in the field of education, employment and housing, could gain from finding holistic and integrated responses.

Several reports acknowledge the effects of global market factors in creating the conditions for increased housing, educational, and employment inequality. In fact, there is only so much local policies can do to address social injustice, especially if the dynamics that create such inequalities lie at the national and global levels. However, central governments and European policies have a very important role to play in developing instruments to counteract globalization effects at the local level, in partnership with local governments, thus reinforcing the role localities play to regulate globalization effects on welfare sectors and social inequalities.

Overall, central governments of the countries covered by UPLIFT seem to have made an effort to integrate general principles of equality and active fight against social exclusion in the rationales for their policies and programmes in our three main welfare arenas. Some policies have been specifically developed to address social exclusion in all three welfare domains. However, available evidence regarding the efficacy of these policies has been variable and sometimes difficult to grasp. The successive crises have contributed with different layers of disadvantage on vulnerable populations that seem to make previous

policies obsolete. Therefore, constant social and economic analysis and policy redesign of factors that cause social exclusion and programmes to address it is needed.

In general, the sixteen FUAs show different degrees of efficacy across the different welfare areas. As we have seen, the UPLIFT FUAs in all their diversity have offered reports where some respond well in the housing arena and lag on education, or some are more active in employment but lag on the other arenas. In any case, logically, financial resources are important to provide welfare programmes, and FUAs with fewer resources tend understandably to offer a lesser diversity and/or depth of programmes.

With the notable exception of Chemnitz (and to a lesser extent Mulhouse), the urban reports do not show integrated youth policies involving employment, education, and housing. In fact, although youth is frequently a target population of the welfare policies described in the urban reports, it is less frequent to find policies specifically designed to youth populations. It is important to note that youth and younger adults have been especially affected by the financial crisis and the pandemic crisis on all three dimensions – education, employment, and housing, consequently it would be expected to find more policies specifically designed for younger populations. Aside of the aforementioned exceptions, regarding which the urban reports shown some concern to offer integrated welfare responses to young populations, most of the youth policies found are sectoral and fragmented, intervening only on very specific youth problems. In what regards participatory policy making, there were a few cases where attempts to consult with youth when designing and implementing policies took place (e.g. Chemnitz, Amsterdam), but the urban reports do not show a formal mechanism where youth contributes actively to the design of policies that attempt to resolve their own problems.

Chapter 6 sets out to analyse the causal relations between the economic potential of urban areas, their welfare performance and connections to social inequalities among the young population. The quantitative analysis shows that policy efforts can significantly mitigate urban deprivation and inequality. Additionally, the analysis found that urban deprivation and inequality is also negatively related to the level of economic development as measured by the GDP per capita. On the other hand, the effect of economic growth is weaker than that of policy satisfaction, especially in the period of recovery after the economic crisis (period 2012-2019), when the increase in housing prices offsets the positive effect of lower unemployment levels and therefore the overall effect of economic growth on deprivation is weak or zero.

The qualitative analysis put forth some hypothesis on the mechanisms that links or even depart economic performance and social inequalities. Based on the 16 cases we found that the links between economic strength of the location (either economically strong/weak or linked to an agglomeration economy) and its public policy performance is loose and depend mainly on the distribution of competencies and the intergovernmental fiscal relations the national/regional welfare systems, or urban development schemes apply.

Thus, the link between the economic performance and the social inequality is created through the interaction between structural factors (labour market and housing market situations) and welfare interventions. One of the most important interactions is the link between education and employment opportunities: in strong market cities the diversity of the local job market goes hand in hand with the diversity of the educational possibilities. On the other hand, in weak market cities there is a danger of creating a vicious cycle in which the limited choices in the labour market lead to a restricted supply of education opportunities (e.g. shortage of training places and limited ambitions) which leads to outmigration of the labour force and further economic deprivation of the area.

Our cases revealed that segregation has a loose link to economic prosperity, thus the phenomenon exists both in weak and strong market urban areas, however the underlying mechanisms are different including which groups are “forced” to live in more segregated areas. In both types of cities ethnic minorities are usually the excluded groups, however in a location with strong economy city this group consists of a significant share of migrants (e.g. Amsterdam, Belfast, Bologna) while local ethnic groups such as Roma is the one who faces a higher likelihood of living in a segregated area in weak market economies in Central and Eastern Europe (e.g. Pécs, Lom or Sfântu Gheorghe).

The dynamics in housing inequalities differ between strong and weak economic cities: affordability is typically the engine of housing inequalities in strong market cities (e.g. Amsterdam, Bratislava, Belfast, Bologna, Tallinn) while housing quality, deprivation, overcrowding divides the society in weak economic cities (e.g. Łódź, Lom, Sfântu Gheorghe). However, housing segregation most often goes hand in hand with educational segregation and employment vulnerabilities, which accumulates the disadvantages of the affected groups creating a vicious cycle from which breaking out is unimaginable without a systematic help of the local welfare system.

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## Annex A: FUAs' additional Case Examples and Insights

### FUAs' Insights 1: social groups most affected by the 2008 financial crisis:

- In Amadora (similarly to Portugal), the financial and economic crisis fell disproportionately on young persons and aggravated their disadvantage, especially in the areas of employment and housing. In fact, young adults suffered most with the increasing rates of unemployment and precarious labour conditions and consequently this loss of economic power and security affected their ability to access housing either through ownership or rental. Even when economic recovery started (post- 2015), Amadora's youth did not see their situation improve at the same level as that of the overall population.
- An example of the negative effect of a structural change can be observed in the case of Corby, where the cumulative effect of Brexit with the financial crisis has deepened inequalities in Corby. According to the urban report, young women are more likely to be unemployed and earn less due to the types and nature of jobs they hold.

### FUAs' Insights 2: factors protecting from the financial crisis

- In Borlänge, the financial crisis affected mostly the business sector dependent on international export activities. Swedish society and locally the Borlänge FUA did not see any serious impacts from the crisis, and although there was some increase on the unemployment rate and job growth reported some decline, economic recovery was strong already in 2010. Local stakeholders, did not refer to the 2008 financial crisis as having significant importance for Borlänge's development (Urban Report on Borlänge).
- In Amsterdam, the strong economic position of the Netherlands and the FUA of Amsterdam sheltered the FUA from the consequences of the 2008 Financial Crisis and the economic recession that ensued. However, Amsterdam FUA's most vulnerable citizens (youth, lower-educated people, migrants and women) found their socio-economic conditions to worsen in terms of labour security and wage inequality. Additionally, as the urban report states it, "the highest levels of vulnerability can be found at the intersection of these characteristics".

#### Case Example 3: Belfast

"Recovery from austerity has taken place at a slower pace in Northern Ireland because of its dependence on public sector spending which has been cut. Public sector spending has been severely impacted by austerity measures imposed at the UK level. Northern Ireland receives a block grant to cover day-to-day spending on public services, known as

'Resource DEL' and long-term expenditure known as 'Capital DEL'. DEL stands for Departmental Expenditure Limits and Resource DEL pays salaries of teachers and doctors, while Capital DEL pays for schools and hospitals to be built and maintained. Beyond the block grant there is Annually Managed Expenditure which covers most social transfers such as welfare payments and pensions (Flynn, 2015). Austerity policies led to reductions in public expenditure through these streams. Capital spending, both in Northern Ireland and the UK, has seen the largest percentage fall over five years. However, while in total the block grant to Northern Ireland has fallen by 8% in real terms since 2010, at the UK level, the equivalent reduction was almost 11% (Flynn, 2015). This is due in part to the fact that areas such as health and education have been somewhat protected from expenditure cuts at UK level and these areas form the vast majority of departmental spending within Northern Ireland. " (Urban Report on Belfast)

#### FUAs' Insights 4:

- In the case of Bratislava, the 2008 financial crisis had only a limited impact even though strong impacts were felt at the level of unemployment rates (particularly for youth) and in an increase in the NEET population. The key factor here was that recovery was fast and strong, preventing typical lingering effects from the austerity period.
- In what regards Łódź, "the economic boom after the financial crisis of 2007-2013 resulted in decreasing poverty, and although this was temporarily curbed by the Covid pandemic, the Polish and the local economy seems to be recovering by mid-2021. The employment statistics follow similar trends (...). The young generation does not seem to be among the most vulnerable on the labour market, and can also benefit from a wide range of active employment programmes" (Urban Report on Łódź).
- In Lom, "the impact of the post-2008 crisis is visible both at national and at local level in the deepening of negative trends at all levels up until 2012-2013 as demonstrated in the different sub-sections above. After 2012-2013 all these trends have been reversed and have reached better levels than the levels just before the 2008 crises (i.e. numbers from 2007)" (Urban Report on Lom).
- In Pécs, "the financial crisis had a direct impact on the financial markets (e.g. mortgage loans) and through the fall of GDP on the general economic and employment indicators, but it has much less effect on welfare services or institutional structures. The financial crisis was followed by a strong recovery period in the 2010s thanks to favourable economic conditions in Europe, and the influx of EU funds to the country. (...) The interviewees did not mention the financial crisis period as a hard hit to the local economy in Pécs (it only had a pronounced effect on people with a foreign currency loan, the instalment amount of which has increased dramatically in 2008).

### Case Example 5: Lom

"The main effects of the Covid-19 crisis are already visible in the statistical numbers with growing unemployment and deepening impoverishment and number of people at risk of poverty and social exclusion. Educational performance has decreased as a result of the prolonged periods of distant learning for secondary and high-school levels. It remains to be seen how these numbers will develop in the following years and how fast will they return to the positive trends up until 2019. At a local level, the most serious effect of the Covid-19 crisis at municipal level is the economic effect of the crisis. Some small enterprises had to close down. Particularly visible are the main street small shops, some of which file for bankruptcy. The slowdown of initiating the industrial zone project, as well as attracting investors in the automobile and shipbuilding industry is also explained through the Covid-19 pandemic" (Urban Report on Lom).

### FUAs' Insights 6:

- In Pécs (...) "the Covid pandemic had a bigger impact on the budgets of local governments, which lost part of their incomes – e.g. local business tax, tax on vehicles, a new 'solidarity contribution' was imposed on municipalities –, which were neither restored in 2021, and most probably nor will be in 2022. As these cuts affected the most flexibly usable parts of the income of local municipalities, it also automatically reduced the room for manoeuvre localities have in social policies" (Urban Report on Pécs).
- In the case of Chemnitz, "(...) young people who find access to the open networks and programmes are benefitting from these participatory structures. However, with the periodic societal closures through the Covid19 pandemic, it has become apparent that groups of the most vulnerable are excluded and in consequence self-excluding from assisting structures. At the same time, the pandemic has made it more difficult for youth-workers to build up sustainable contacts to the clientele. For these groups new methodologies are in demand" (Urban Report on Chemnitz).

### FUAs' Insights 7: educational restructuring and the 2008 financial crisis

- In Bologna, one of the largest public investments "(...) made in recent years has been concentrated on increasing and modernising schools, both regular and vocational, as well as training centres and their related methods, reducing school dropouts, adjusting the type of education to young people's personal expectations and interests, promoting technical schools, promoting industrial, artistic, and social

careers; and the connection with the business world (...) These initiatives have arisen mainly from the metropolitan level, supported by the various municipalities of the territory, and later they have been transferred to the regional level, their sources of financing being mostly state or regional, while the monitoring of results is carried out by the internal statistics office of the Metropolitan City of Bologna" (Urban Report on Bologna).

- In Tallinn, the "School network reform is the most influential national level policy instrument throughout the period which is being studied. The 'General education system development plan for 2007-2013', which stipulated the main objectives during the economic crisis period, had already highlighted the significant reduction in the number of upper secondary schools, and the separation of basic school and upper secondary school levels, as one of the main priorities in order to respond to the decreasing number of students and the geographical variations being presented by this problem across urban and rural municipalities. The reform dictates that secondary education is gradually shifted so that it comes under state responsibility, by establishing state secondary schools and closing down municipal schools.

### **FUAs' Insights 8: the digital divide**

- In Barakaldo, "During (the) Covid-19 pandemic, education inequality has emerged intensively among some families, mainly migrants, because of the lack of digital devices, infrastructure, access to internet, and digital skills. This has affected the most vulnerable families and youngsters since the aids that arrived from the regional support programs required the submission of unmanageable forms from the schools. Overwhelmed by the overload of work —and the adaptation to COVID-19 restrictions, health requirements, limitations of groups, etc.-, the centers have failed to submit the demanded proposals, letting many potential beneficiaries down. This relevant description of what happened during the beginning of the Covid-19 pandemic was reported coincidentally among several of the education specialists who were interviewed and approached independently".
- In what regards Borlänge "In terms of effects on education, Covid-19 mostly affected students in upper secondary schools and universities, which early on decided to rely on remote learning techniques. Overall, this seems to have worked quite well in Borlänge but our interviews confirm what has been experienced everywhere: students who struggled most with their learning process before the pandemic faced the harshest consequences during the pandemic. This could be pupils/students living in overcrowded housing or those having a poor Swedish language understanding (interview). This, once again, illustrates the old lesson that inequalities tend to increase during economic and social crises".



- In the case of Lom, “the long lasting online-learning has affected particularly bad children from vulnerable groups living in precarious conditions, like the Roma children. Without access to devices and internet, many children were excluded from the educational process. While in some places hard copies of the educational materials were made available with the assistance of the educational mediators, this was not enough for the children to advance. They were affected even more seriously than their peers. According to an extensive research conducted by the Institute for Research in Education, the effects of online learning have been mainly negative and have resulted in worse learning performance and continuous lagging behind, disengagement from learning, increasing educational inequalities, increasing number of early drop-out, and limiting of educational opportunities for vulnerable groups of students”.
- In Pécs, “the digital transformation of education has been on the table for a while now, and the COVID-19 pandemic has ultimately forced schools to switch, which resulted in many contradicting tendencies. First, several teachers have gained digital competencies, part of which can be integrated into in-person education as well. Second, 7-12% of the students in primary and secondary education might not have access to digital tools, and an additional 6-7% have limited access, most of whom have unfavourable social background. Third, online education required the active involvement of parents, whose capability to support their children in education is also highly dependent on their educational attainment and resources. All these phenomena bear a clear risk of increasing the already substantial differences between schools and students”.
- In the case of Sfântu Gheorghe, “The situation created by the COVID-19 pandemic deepened the inequalities between pupils even more. Even if, for the most part, pupils from FUA Sfântu Gheorghe had the opportunity to connect to online classes (either using their own devices or provided by local authorities or NGOs), the fact that they do not have a space apart from other members of the household to attend classes and to learn, it further affected their school performance”.

#### **Case Example 9: Bologna**

To counteract inequalities in times of pandemics, most of the efforts have been oriented to reintegrating the young population (especially migrants) into the educational system: payment exemptions, promotion of new teaching methodologies, socialisation activities, etc. In this sense, as reported by one of the officials and policy makers interviewed in the field of education, the Emilia Romagna administration has proposed a complementary plan to the national strategy (Piano scuola 2021-2022), with its own resources, to counteract the effects of Covid-19 on young people. It is aimed at those in high school (secondary and upper

secondary education), intended to cover, for instance, activities that promote socialisation, after a long period of isolation among the young, such as practical work face-to-face or online sessions of networking and social interactions in which respect, diversity, and inclusion are encouraged to recover at least the group relations' quotas by young people prior to the outbreak of the pandemic. Likewise, the so-called "network of subjects" -which basically is the net of territorial stakeholders/key actors connected to each other- has been activated to understand the circumstances of these young people and seek actions that increase social interaction among them (Urban Report on Bologna).

#### **Case Example 10: Tallinn**

"During the recent Covid-19 crisis all educational institutions except kindergartens were closed between March and May 2020, and again from February to May 2021. The readiness to switch to distance learning was actually pretty high in Estonia due to the use of digital platforms, including eSchool (introduced in 2002), and the online school management service which was already in use by 85% of schools (OECD, 2020). Results from the 'Children's Advisory Panel' survey indicated that ten to eighteen year-old students in Estonia had an above-average level of satisfaction with home learning when they were compared to the other seven countries which were participating in the survey (OECD, 2020)" (Urban Report on Tallinn).

#### **FUAs' Insights 11:**

- Sfântu Gheorghe: "The problem of young NEETs is as big in FUA Sfântu Gheorghe as in Romania, in general. In order to understand more clearly their situation, a micro-social understanding is needed (which was lacking in WP2). The economic crisis of 2008 affected the labour market to a lesser extent than the closure of factories until the 2000s. As a general conclusion, there are vacancies jobs in the locality, but these are not generally tempting for young people. It should also be pointed out that Roma youth face discrimination (mainly) and this leads them to refuse to look for a job in the locality, preferring to try that in Western Europe. The COVID-19 pandemic made it difficult to work abroad, the most affected being those who worked seasonally or in the hospitality industry. At the local level there are various retraining programmes, but the absorption of pupils on the labour market is poor".
- Barakaldo: "The 2008 crisis marked a milestone concerning employment quality, which has not improved since then. There is a quantitative variability, translating into more posts, but not an improvement in job stability or number of stable/permanent contracts. There is a dualization of the labour market: people with higher qualification and satisfactory working conditions versus people with low and medium-low qualifications at risk of labour exclusion" (Urban Report on Barakaldo).

### FUAs' Insights 12: on house prices:

- In Belfast, "Rising house prices has been a contributory factor to the lack of housing options in Northern Ireland. The housing market in Northern Ireland followed a distinctive pathway in comparison to the rest of the UK, being more closely linked to the Irish economy and house market. Even so, house prices have continued to rise faster than earnings. House prices have increased by 10% across the UK and by 6% in Northern Ireland, meaning that those on lower incomes are finding it exceptionally difficult to access the housing market. However, the economic recession returned housing to a more affordable price to buy, which did help some to access housing. Between 2007 and 2015, there was a 51% drop in housing prices. (...) The housing boom meant that Northern Ireland housing market went from one of the most affordable in the UK to one of the least, and briefly it was only slightly more affordable than London (Davy, 2007). As in Ireland, the subsequent fall in house prices was far more severe than across the rest of the UK. This has returned the market to more traditional levels while leaving behind higher proportion of households in negative equity. Home ownership for first time buyers is also increasingly inaccessible because regulatory pressures have drastically reduced the availability of mortgage products for those with low or no deposits" (Urban Report on Belfast).
- In the case of Romania (Sfântu Gheorghe), the country's "accession to the EU, but also the ease of obtaining a loan created an unprecedented real estate context, in which many homes were bought, so that their price began to rise enormously, until the crisis of 2008. OECD data show that the price-to-income ratio index<sup>17</sup> was 176.7 in 2009 and 100 in 2015; this decrease continued in the following years, reaching 78.7, in 2018 - depreciations also took place in terms of rental or sale prices of land and buildings. (...) The explosion of real estate prices, the very low social housing stock, the evictions caused by the inability to pay debts, but also other factors led to the emergence of marginalized communities who live as they can on the outskirts of cities (ESPN – Pop, 2019)" (Urban Report on Sfântu Gheorghe).

#### Case example 13: Pécs and the mortgage-based response to the 2008 Financial Crisis

"Mortgage lending, on the other hand, increased significantly after 2000, and was further boosted by the replacement of subsidized Hungarian Forint (HUF) based mortgages with foreign currency (FX) backed loans. This, however, led to a drastic increase of instalment amounts due to the Financial Crisis in 2008 (Csizmady-Hegedüs-Vonnák, 2018; Dancsik et al., 2015). Numerous different measures were introduced to assist households to alleviate the mortgage burden, in many cases preventing the loss of housing. Three major programmes among these were 1) the Early FX loan repayment scheme (2011-2012) that allowed to repay part of the loan in a lump sum, eliminating the remaining amount; 2) a rent-to-own scheme

(2012-2017) through the newly established National Asset Management Company (NAMC), which took over foreclosed homes en masse at a regulated price, and turned them into social rentals (by 2021 the vast majority of these were resold to the original owners at a preferential price); and 3) an FX loan exchange rate cap scheme (2012-2017) (Hegedüs – Somogyi, 2017)” (Urban Report on Pécs).

### ***FUAs’ Insights 14: housing-related social issues***

- Corby: “(...) as unemployment grew after the 2007 financial crash, and the ‘housing safety net’ weakened under austerity welfare reforms, both rough sleeping and statutory homelessness figures sharply increased; the national rough sleeper ‘snapshot’ count rose by 23% between Autumn 2010 and Autumn 2011, a more dramatic growth dynamic than anything seen since the 1990s (Fitzpatrick et al., 2012). Temporary accommodation (TA) placements also rose, with Bed and Breakfast hotel placements almost doubling between 2014-16, including an alarming rise in the numbers of households with children in TA, from 630 in March 2010 to 1,660 in March 2012 (Fitzpatrick et al., 2012). ”
- Tallinn: “Suburbanisation also did not decrease following the 2008-2010 credit crisis. Once the fall-out from that economic crisis had settled in the 2010s, newly-built homes again became the most popular form of dwelling (‘Tallinn Development Plan 2004-2012’). Suburbanisation increases spatial segregation as a large proportion of suburban homes are newly-built, which means that they can only be bought by people who are in upper income groups and who are for the most part ethnic Estonians (Interview 5)”.

### **FUAs Insights 15: Housing quality during the pandemic**

- In Amadora, “Since the outbreak of the Covid-19 pandemic, poor housing conditions made it more difficult to contain the dissemination of the virus in some areas of Amadora, especially in dwellings that are too small or too overcrowded when individual prophylactic isolation is prescribed by health authorities, or even (in more extreme cases) dwellings with no access to drinking water. (...)”
- In the case of Corby “housing quality and overcrowded contributed negatively to the physical and mental health of its occupants during the pandemic, particularly during the lockdown periods: “Nearly a third of adults reported to have had mental or physical health problems during lockdown because of the condition of, or lack of space in, their home; and emerging evidence shows that overcrowded households had an increased risk of both the transmission and worst outcomes of Covid-19 (Thorstensen-Woll et al., 2020)”.

## Annex B

### B.1. Literature about the earlier use of the EQL database

Our study uses the Quality of Life in European cities (also called Urban Audit Perception Survey) database, which is frequently used to study determinants of subjective well-being (eg. life satisfaction) in European cities. In the following short literature review we summarise how these data have been exploited by recent research studies.

In the analysis carried out by Dorota Węziak-Białowolska (Węziak-Białowolska, 2016) the dependent variable is satisfaction with the given city recoded into a dichotomous variable. The main explanatory variables include individual opinions about a city (satisfaction with several facilities and services, environmental factors, social aspects and institutional factors), opinions about the neighbourhood and personal characteristics (gender, age, satisfaction with the place of living and the financial situation). At the city level, Węziak-Białowolska takes into account feeling of safety, trust in administrative services and local people, local GDP, unemployment rate, population size and location (taken from Urban Audit and Regional Statistics databases of Eurostat).

Olsen, Nicholls and Mitchell (2019) investigate the association between land usage within cities and life satisfaction. Data on life satisfaction and socio-demographic data come from the European Urban Audit Perception Survey from 2012 and 2015<sup>19</sup>, while land usage data are taken from European Urban Atlas from 2012. More precisely, the authors study the effect of the diversity and the dispersion of different modes of land usage (as measured by Shannon's Diversity Index and Evenness Index). Similarly to Węziak-Białowolska (2016) Olsen, Nicholls and Mitchell use a mixed model (with cities nested within the countries as random effect) but unlike her, they apply life satisfaction (and not satisfaction with the place of living) as a binary dependent variable. The authors also investigate how the landscape is associated with socio-economic inequalities in life satisfaction within cities. For this, "difficulty paying bills" is used as continuous variable to get a single value for each city. This values are applied as dependent variable to evaluate the effect of land use on within city inequalities (Olsen et al., 2019).

Gajdoš and Hudec (2020) also use data from the Quality of Life survey from 2015 combined with data from the Urban Audit of Eurostat. They examine the association between subjective wellbeing (life satisfaction) and the state of different factors within the cities with linear regression model. The factors, which are used as explanatory variables are: public transportation, retail stores, healthcare, education, jobs, housing, city cleanliness, greenery, timely payment of bills from the QoL questionnaire and city size, population density, unemployment rate from Urban Audit database (Gajdoš & Hudec, 2020).

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<sup>19</sup> Although data is available from two different years, no longitudinal analysis had been pursued.

Moeinaddini et al. (2020) also use the Quality of life in European cities 2015 survey, but apply non parametric models to avoid multicollinearity between the independent variables. The dependent variable is the percentage of people who are very satisfied with their life. The independent variables are satisfaction with different aspects of the urban life such as schools, public transport or green spaces. The authors use non-parametric techniques such as classification and regression trees, neural networks, Bayesian networks, etc. The research has found that the factors most strongly associated with life satisfaction are feeling safe in the city, satisfaction with healthcare services, with public transport and with the state of streets and buildings in the neighbourhood, and also the availability of retail shops (Moeinaddini et al., 2020).

Adam Okulicz-Kozaryn and Rubia R. Valente (2019) investigate the relationship between livability and subjective well-being across European cities. To evaluate livability of cities, they use Mercer Index from the Mercer Quality of Living Survey. This index contains 39 factors grouped in 10 categories, such as political and social environment, economic environment, socio-cultural environment, health and sanitation, schools and education, public services and transportation, recreation, consumer goods, housing, and natural environment. To measure subjective well-being, the authors use 'life satisfaction' and 'place satisfaction' from the Quality of Life in European Cities survey from 2012 and 2015. By aggregating the individual responses they create a city level score of subjective wellbeing ranging from -100 to 100 has been created. After that, Okulicz-Kozaryn and Valente run a pairwise correlation analysis between Mercer Index ranking, place satisfaction, life satisfaction and population size which they extrapolate from previous years data (Okulicz-Kozaryn & Valente, 2019).

Overall, the survey has been used by previous research to study determinants of subjective wellbeing in European cities. On the other hand, studies so far have not focussed on determinants of inequality or deprivation in the cities with the exception of the study by Olsen, Nicholls and Mitchell (2019).

## **B.2 Data, variables and methods for the statistical analysis of causal relations**

### **B.2.1 Data**

The analysis uses the EC/DG REGIO, Perception Survey on the Quality of Life (QoL) in European Cities. After the first survey in 2004, five other surveys followed in 2006, 2009, 2012, 2015 and 2019. In our research, we used these latter five ones, as the first survey does not include countries who have joined the EU in 2004. All these surveys contain questions about satisfaction with several aspects of the place of residence, such as public transport, healthcare, cultural institutes, or green spaces. Beside the questions about satisfaction of different aspects of city life, the surveys also provide information about the respondents' occupation, education, age, gender, size of the household, and that how long has the respondent lived in the city.

All five data collection includes all current European Union member countries plus the United Kingdom, and Turkey, while from 2012 the survey also contained Switzerland, Norway, and Iceland<sup>20</sup>. The data selection contains each year the capital of the countries, plus one to five other cities in bigger countries. Altogether the surveys cover 75-83 cities in the different waves of the study. The data has been collected via mobile and landline telephones, the discussion was in the national language of the respondent. Every year 500 people were asked per city, apart from 2019, where the sample size was increased to 700 respondents per city. The lower age limit was 15 years and there was no upper age limit.

The selection of the sample happened through Random Digit Dialling in case of landline sample and through the national phone number registers in case of mobile phones. Already at this first stage attention was paid to that the numbers are spread proportionally over the different subregions of the city where it was possible. To have the required number of answers, an oversampling was necessary, in 2019 was it was 24 times. At the beginning of the interview, different screening questions were asked, which referred to the age, postcode and region of the respondent. To avoid possible disproportions in the sample, age and gender were taken into account when weighting.

### **B.2.2 Definition of variables used**

As our main dependent variable we use having difficulties with paying bills, which is available in all five waves of the survey that we consider here. The survey question asks respondents: „Within the last 12 months, would you say you had difficulties to pay your bills at the end of the month? „ Response categories: most of the time / from time to time / almost never-never. In addition to the original categorical version, a dichotomous version of the variable was also created. This dichotomous variable is zero if the respondent has never or almost never experienced difficulties paying bills, and equal to one if difficulty paying bills occurred time to time or most of the times. As an alternative dependent variable we use the respondents' financial satisfaction. This item asks respondents: „On the whole, are you very satisfied, fairly satisfied, not very satisfied or not at all satisfied with the financial situation of your household?”. The advantage of this variable is that it has a four- category response scale which allows for more variation compared to other dependent variable. On the other hand, this variable was included only in the 2012, 2015, 2019 waves of the survey, so the sample size is considerably reduced. The dichotomous version of the variable equals one if the respondent is not satisfied or not at all satisfied with the financial situation of their household.

The main dependent variables in our analysis are contextual level indicators of local policy context and of economic performance/competitiveness. As our indicator of local policy context we use a policy satisfaction index which is based on the city dwellers subjective satisfaction with local services. The index is based on three items: satisfaction with education

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<sup>20</sup> In 2019 the survey also includes data from Albania, North Macedonia, Montenegro, and Serbia, but these data will not be used in the analysis.



services, satisfaction with health care services and satisfaction with public transport<sup>21</sup>. The questionnaire of the survey included also items regarding other areas (eg. cultural institutions, sport facilities), but to our view education, health care and public transport are the services that are related to the labour market opportunities of the respondents. In case of the three indicators we calculated the percentage of those being very satisfied with these services in each city and year<sup>22</sup>. The value of the policy satisfaction index is defined as the average of these percentages in case of each city for each year. Thus the policy satisfaction index varies between 0% and 100%.

As a contextual indicator of economic performance we use GDP per capita from the OECD database of metropolitan areas (FUAs with more than 250,000 inhabitants). In addition, as contextual-level control variables we also use population of the cities and the unemployment rate also from the OECD database. Individual level control variables were also included in the model, namely gender, age (years), education level (low / medium / high) and labour market situation (working / not working).

### B.2.3 Empirical strategy

The impact of the local macroeconomic and the policy context on poverty and inequality among the young in the cities is analysed with multilevel regression models. Multilevel models are used in the social sciences when the structure of the data is hierarchical, that is, when individuals (level-1 units) in the population are grouped into clusters (eg. cities, school classes, countries – level 2 units). Multilevel models take into account the correlation between individuals from the same cluster. These models allow for the introduction of group-level explanatory variables, the estimation of correct standard errors for these variables and the study of cross-level interaction effects (Snijders and Bosker 2012).

We use two empirical strategies to analyse the effect of the local economic and policy context. In the first strategy we use the dichotomous versions of the dependent variable, which is interpreted as an indicator of deprivation. This is explained by our main dependent variables, the policy satisfaction index and per capita GDP in a multilevel model with city-level random intercepts controlling for country and year fixed effects. Additional macro-level and individual-level control variables are also included in the model. As a robustness check we also use lagged versions of our main independent variables and we also perform a 3-level multilevel model, with city-level and year-level random intercepts (controlling for country fixed effects). More formally, we estimate models of the following structure:

$$\text{Dichotomous Depvar}_{i,c,t} = \alpha + \beta_1 \text{Policy}_{c,t} + \beta_2 \text{GDP}_{c,t} + \gamma \text{N}_{c,t} + \delta X_{i,c,t} + \gamma_C D_C + \lambda_t D_t + \mu_c + \varepsilon_{i,c,t}$$

<sup>21</sup> The wording of the questions was as follows: „Please tell me if you are very satisfied, rather satisfied, rather unsatisfied or not at all satisfied with schools and other educational facilities in your city or area”.

<sup>22</sup> We also experimented with other versions of the policy satisfaction index, eg. using the average satisfaction score on the three items by each individual. Results do not depend on this choice.

Where subscript  $i,c,t$  stands for individual  $i$  in city  $c$  at time  $t$ .  $N$  are control variables at the city-year level and  $X$ s are individual-level controls, while  $D_C$  are country dummies and  $D_t$  are year dummies.  $\alpha, \beta, \gamma, z, \delta, \lambda$  are parameters to estimate,  $\mu_c$  is the residual at the city level and  $\varepsilon_{i,c,t}$  is the individual error term.

In the second empirical strategy we use the categorical dependent variables and we test whether the disadvantage of the low educated is attenuated by a more favourable local economic and policy context using cross-level interactions. In case of the policy satisfaction index this amounts to the testing the following model (where notations are similar as before):

Categorical Depvar $_{i,c,t} = \alpha + \beta_1 \text{Policy}_{c,t} + \beta_2 \text{GDP}_{c,t} + \beta_3 \text{Lowedu}_{i,c,t} + \beta_4 \text{Lowedu}_{i,c,t} * \text{Policy}_{c,t} + zN_{c,t} + \delta X_{i,c,t} + \gamma_C D_C + \lambda_Y D_Y + \mu_c + \varepsilon_{i,c,t}$

## B.3 Tables of the statistical analysis of causal relations

*Table A1. Multilevel logit random intercept model of having difficulties paying bills, average marginal effects of independent variables, 2006-2019, 16-35 age group*

	Model 1: (with GDP per capita)		Model 2: (with GDP growth)	
Female	0.05***	(10.89)	0.04***	(10.84)
Age (years)	0.01***	(17.66)	0.01***	(17.55)
Education				
Low	ref.		ref.	
Middle	-0.02**	(2.65)	-0.02**	(2.62)
High	-0.10***	(11.28)	-0.10***	(11.30)
Working	-0.06***	(11.57)	-0.06***	(11.58)
Population (million)	0.01*	(2.38)	0.00	(0.52)
GDP per cap. (std. dev.)	-0.03***	(3.37)		
GDP per cap. growth (std. dev.)			-0.01***	(4.03)
Policy satisfaction index (std. dev.)	-0.03***	(4.91)	-0.04***	(6.05)
Year fixed effects				
2006	ref.		ref.	
2009	-0.04***	(5.94)	-0.05***	(7.05)
2012	0.05***	(7.17)	0.04***	(6.10)
2015	0.02*	(2.21)	0.01	(1.36)
2019	0.00	(0.67)	0.00	(0.56)
Country fixed effects	yes		yes	
N	49116		49116	
Number of cities	69		69	
Log likelihood	-29082		-29081	

Note: entries in the table are average marginal effects of the independent variables. t-values are show in parentheses.

*Table A2. Multilevel logit random intercept model of having difficulties paying bills, average marginal effects of independent variables, 16-35 age group (models with GDP growth)*

	Model 1:		Model 2:	
	2006-2012		2012-2019	
Female	0.06***	(10.66)	0.04***	(7.45)
Age (years)	0.01***	(14.07)	0.01***	(14.40)
Education				
Low	ref.		ref.	
Middle	-0.05***	(4.04)	-0.01	(1.24)
High	-0.13***	(10.95)	-0.10***	(8.34)
Working	-0.07***	(10.59)	-0.05***	(8.36)
Population (million)	0.00*	(2.15)	0.00	(0.53)
GDP per cap. growth (std. dev.)	-0.02***	(5.30)	0.00	(1.15)
Policy satisfaction index (std. dev.)	-0.05***	(8.49)	-0.05***	(5.30)
Year fixed effects				
2006	ref.			
2009	-0.06***	(8.24)		
2012	0.04***	(5.98)	ref.	
2015			-0.03***	(4.87)
2019			-0.05***	(7.68)
Country fixed effects		Yes		Yes
N	28641		30750	
Number of cities	69		67	
Log likelihood	-17101.966		-17978.865	

Note: entries in the table are average marginal effects of the independent variables. t-values are show in parentheses.

*Table A3. Analysis of the effect contextual variables on the disadvantage of the low educated with cross-level interaction effects (2006-2019, 16-35 age group, multilevel linear regression)*

	Model 1:		Model 2:	
	Dep. var.: difficulties with paying bills, categorical		Dep. var.: difficulties with paying bills, categorical	
Female	0.06***	(10.37)	0.06***	(10.44)
Age (years)	0.01***	(21.53)	0.01***	(21.68)
Working	-0.10***	(13.72)	-0.10***	(13.76)
Population (million)	0.01***	(3.33)	0.01**	(3.28)
Education				
Low	ref		ref	
Middle	-0.12***	(4.57)	-0.11***	(3.47)
High	-0.25***	(9.03)	-0.25***	(7.83)
GDP per capita (10.000 USD)	-0.05***	(5.72)	-0.57***	(4.85)
Interaction educ middle * GDP	0.02*	(2.54)		
Interaction educ high * GDP	0.02*	(2.47)		
Policy satisfaction index	-0.40***	(5.41)	-0.03***	(5.39)
Interaction educ middle * Policy			0.16	(1.61)
Interaction educ high * Policy			0.20*	(2.02)
Year fixed effects				
2006	ref		ref	
2009	-0.05***	(5.78)	-0.05***	(5.75)
2012	0.11***	(11.19)	0.11***	(11.15)
2015	0.05***	(4.79)	0.05***	(4.75)
2019	0.04***	(3.72)	0.04***	(3.70)
Country fixed effects	Yes		Yes	
Constant	1.45***	(23.46)	1.45***	(22.61)
N	49116		49116	
Number of cities	69		69	
Log likelihood	-47190		-47191	

Note: entries in the table regression coefficients of the independent variables. t-values are show in parentheses.

*Table A4. Multilevel random intercept logit model of being unsatisfied with the financial situation of the household, 2012-2019*

	Model 1		Model 2	
	(GDP per capita)		(GDP growth)	
Female	0.01*	(2.02)	0.01*	(1.99)
Age (years)	0.01***	(17.73)	0.01***	(17.72)
Education				
Low	ref.		ref.	
Middle	-0.02	(1.71)	-0.02	(1.78)
High	-0.06***	(5.34)	-0.06***	(5.47)
Working	-0.07***	(11.61)	-0.07***	(11.58)
Population (million)	0.00	(0.45)	0.00	(0.95)
GDP per cap. (std. dev.)	-0.01*	(1.98)		
GDP per cap. growth (std. dev.)			-0.01**	(3.21)
Policy satisfaction index (std. dev.)	-0.03***	(3.58)	-0.03***	(3.91)
Year fixed effects				
2012	ref.		ref.	
2015	-0.03***	(4.79)	-0.03***	(4.57)
2019	-0.01*	(2.48)	-0.01*	(2.18)
Country fixed effects	Yes		Yes	
N	31370		31370	
Number of cities	69		69	
Log likelihood	-17266.99		-17263.765	

Note: entries in the table are average marginal effects of the independent variables. t-values are show in parentheses.

*Table A5. Multilevel random intercept model of being unsatisfied with the financial situation of the household, dichotomous dependent variable, 2012-2019*

Model		
Female	0.01	(1.75)
Age (years)	0.01***	(17.38)
Education		
Low	0	
Middle	-0.02	(1.82)
High	-0.06***	(5.43)
Working	-0.07***	(11.30)
Population (million)	0.00*	(2.02)
Housing easy (std.dev.)	-0.02***	(4.01)
Unemployment rate (std.dev.)	0.03***	(7.24)
Policy satisfaction index (std.dev.)	-0.01	(0.89)
Year fixed effects		
-0.03***(4.35) 2012		
2015	-0.03***	(4.35)
2019	0.00	(0.58)
Country fixed-effects		Yes
N	29297	
Number of cities	67	
Log likelihood	-16152.208	

Note: entries in the table are average marginal effects of the independent variables. t-values are show in parentheses.

*Table A6. Analysis of the effect contextual variables on the disadvantage of the low educated with cross-level interaction effects (dependent variable: financial satisfaction, categorical, 16-35 age group, multilevel linear regression)*

	Model 1		Model 2		Model 3	
Female	-0.03**	(3.21)	-0.03**	(3.20)	-0.03**	(3.20)
Age (years)	-0.02***	(22.26)	-0.02***	(22.24)	-0.02***	(22.22)
Working	0.15***	(13.38)	0.15***	(13.37)	0.15***	(13.37)
Population	0.00	(1.35)	0.00	(1.38)	0.00	(1.37)
Education						
Low	-0.15**	(2.80)	-0.13**	(2.77)	-0.15*	(2.57)
Middle	-0.07**	(2.71)	-0.07*	(2.55)	-0.06	(1.87)
High	0		0		0	
GDP per cap. (std dev.)	0.03*	(2.08)	0.03*	(2.23)	0.03*	(2.16)
Interaction educ low * GDP			0.01	(0.44)	0.00	(0.19)
Interaction educ middle * GDP			-0.01	(0.98)	-0.01	(0.71)
Policy satisfaction index (std dev.)	0.07***	(4.30)	0.06***	(4.28)	0.07***	(4.19)
Interaction educ low * Policy	0.01	(0.70)			0.01	(0.56)
Interaction educ middle * Policy	-0.01	(0.89)			-0.01	(0.58)
Year fixed effects						
2012						
2015	0.08***	(6.70)	0.08***	(6.70)	0.08***	(6.70)
2019	0.05***	(4.67)	0.05***	(4.69)	0.05***	(4.69)
Constant	3.23***	(39.76)	3.23***	(39.69)	3.23***	(39.53)
Country fixed-effects						
N	31370		31370		31370	
Number of cities	69		69		69	
Log likelihood	-37311.472		-37311.571		-37311.143	

Note: entries in the table regression coefficients of the independent variables. t-values are show in parentheses.



*Table A7. Analysis of the effect contextual variables on the disadvantage of the low educated with cross-level interaction effects (dependent variable: financial satisfaction, categorical 16-35 age group, multilevel linear regression)*

	Model 1		Model 2		Model 3	
Female	-0.04***	(4.65)	-0.04***	(4.66)	-0.04***	(4.65)
Age (years)	-0.02***	(18.18)	-0.02***	(18.22)	-0.02***	(18.17)
Working						
Population	0.00	(0.05)	0.00	(0.06)	0.00	(0.06)
Education						
Low	-0.19***	(3.58)	-0.17	(0.60)	-0.25	(0.85)
Middle	-0.08**	(3.10)	-0.24	(1.59)	-0.21	(1.33)
High	ref.		ref.		ref.	
GDP per cap. growth (std dev.)	0.02***	(3.38)	0.02*	(2.17)	0.02*	(2.21)
Interaction educ low * GDP	0.02	(0.88)			0.00	(0.21)
Interaction educ middle * GDP	-0.01	(0.84)			0.01	(0.83)
Policy satisfaction index (std dev.)	0.07***	(4.66)	0.07***	(4.68)	0.07***	(4.60)
Interaction educ low * Policy			0.00	(0.08)	0.02	(0.90)
Interaction educ middle * Policy			0.01	(0.93)	-0.01	(0.72)
Year fixed effects						
2012	ref.		ref.		ref.	
2015	0.09***	(6.98)	0.09***	(6.99)	0.09***	(6.99)
2019	0.07***	(6.04)	0.07***	(6.03)	0.07***	(6.03)
Constant	2.90***	(23.63)	2.98***	(20.32)	2.97***	(20.09)
Country fixed-effects	Yes		Yes		Yes	
N	31463		31463		31463	
Number of cities	69		69		69	
Log likelihood	-37511		-37511		-37510	

Note: entries in the table are regression coefficients. t-values are in parentheses.

B.3.1 Summary table of the 16 urban areas

In the following table we have made extracts from the 16 urban reports that we have used for the analysis in Chapter 6 of the Synthesis Report. The table contains a general argumentation on the typology of a city from labour market point of view (weak or strong market economy + linked), then we described the main regional characteristics in which a FUA is located. Additionally, in each domain (education, employment and housing) we have summed up the main inequality outcomes and policies that are addressing the locally identified social problems.

FUA	Type	Reasoning	Context of the region	Education		Employment		Hosing	
				Outcomes	Welfare	Outcomes	Welfare	Outcomes	Welfare
AMADORA, PORTUGAL	Weak/ Linked	Amadora has approximately 186,000 inhabitants. Amadora is a commuter town of Lisbon, and located just 10 km away. Most densely populated municipality in the country with quite diverse population There are people from Portuguese speaking parts of Africa/Brazil and also from the Roma community. Aging is even faster than national average but significant population growth in the last decade. Economy mostly focused on services. Increasingly a destination of households who are priced out of Lisbon.	Amadora is part of Lisbon Metropolitan Area and could be seen as part of the Lisbon FUA. Similarly to the nationwide tendencies, the unemployment rate of the Lisbon Metropolitan Area rose (to 9.5% in 2017) especially among young people. The Metropolitan Area of Lisbon also detects a high inactivity rate among young people compared to the overall population of Portugal.	Dropout rate/share of early leavers is still high in Portugal. Criticism for high levels of standardization in education. Integration of foreign-born nationals/migrants is a major challenge. Housing segregation often also comes with educational segregation.	In the crisis period, there have been major cuts to non-tertiary education. But also new programmes to tackle educational inequalities came in the post-crisis period. National Programme to Promote Educational Attainment (2016) is providing schools in vulnerable territories with special resources, more freedom to address local needs, curricular autonomy and flexibility. Most schools in Amadora take part.	In Amadora, most jobs are in the service sector, dominated by SMEs. A lot of people are commuting to Lisbon. Young people did not benefit as much from economic recovery, there is a persistently high inactivity rate (among the youth?). Plus, almost 1/3 of young people precariously employed.	Mixed developments over the last 15 years. Between 2008 and 2015 the unemployment benefits were reduced and reforms to labour law was limiting collective bargaining. More recently the national minimum wage is rising, and the weekly working time in public sector was restored to 35 hours. The Urban report argues that programs aimed to tackle youth unemployment are insufficient due to their one-size fits all approach.	In 2011 63.7% of Amdora's population lived in owner-occupation while 31.2% rented from the market. Housing deprivation is the highest in Portugal within the EU. Amadora used to have a lot of low-quality self-constructed dwellings. These were mostly demolished and their inhabitants rehoused through a 1990s policy. This however created social housing estates where poverty and racial/ethnic minorities are segregated. In other parts of the town, growing house prices are starting to become a problem as more people move here from Lisbon.	There are mixed developments. Affordability an increasing problem, and the available housing benefit for young private renters not adjusted to rising costs. At the same time, a new generation of housing policies has been introduced in 2018: creation of special protections granted for vulnerable groups (such as young people). But as the report acknowledges, leveraged homeownership is still the default mode of attaining housing (also in policy).
AMSTERDAM, NETHERLANDS	Strong	The population of the Metropolitan Region of Amsterdam (MRA) has been increasing (+15% since 2007) and represents more than 14% of the whole Dutch population. In 2019 the number of inhabitants was approximately 1,224,000 in the MRA. The number of young people has been increasing (+26% since 2008). It's the strongest economic region in the country, and is the growth engine for the whole national economy: 300 000 businesses and 1.5 million jobs. More than half of the citizens of Amsterdam have a migration background. The strongest economic sectors are the research and development and consultancy, ICT services and culture and recreation, including tourism. The region easily weathered the economic crisis thanks to the diversity of its economy. Since 2014, the country and Amsterdam especially showed the strongest economic growth. In spite of this prosperous economic growth, socio-economic inequalities have increased at both national and MRA level (in here it is stronger)	The region of Amsterdam (MRA) is the engine of the whole country and has a very diverse economy. The region comprises 32 municipalities from two provinces. In many respects, the MRA functions as a large, single city due to the interlinked housing and job market of its municipalities. Around the 35% of the MRA's population lives in the city of Amsterdam. Young people and inhabitants with migration background is concentrated in the city of Amsterdam, meaning a higher rate of both groups in the city of Amsterdam, than in the MRA.	Educational inequality is considerably worse in Amsterdam compared to the country level due to the high share of inhabitants with migration (especially from countries outside of Europe) background. Lack of language skills and poor, vulnerable situations, parent's low education level, can lead to lower-level educational tracks than it would be possible to achieve.	Even though local governments lack real power to shape education policy, Amsterdam and the MRA can influence it through their great capability of mobilizing networks and promoting initiatives and programmes. There are many programmes implemented at all levels of education that aim to provide support for those who are poor or vulnerable (e.g., lack of the needed language skills). Educational policies aim to tackle with two major issues: equality of opportunity and the transition from education to employment.	The labour market has been polarising: high skilled/paid and low skilled/paid jobs are increasing while middle jobs are declining. Unemployment rate is surprisingly high (compared to Bratislava for instance: 2.9% in 2018 while in Amsterdam: 4.2% in 2019) and also above the national average. The vulnerable groups in terms of employment are: women, low-educated, migration background. These groups are more at risk of having low education thus later on being unemployed. The same goes for youth unemployment: 8.3% in 2018 (in 2013 it was 16.8%). Both rates increased due to the Covid pandemic. More vulnerable students tend to attend MBOs in Amsterdam thus, MBO students are less likely to be employed than for those who are MBO graduates in other parts of the Netherlands both in the short and the long term. Moreover, there is a skill mismatch between MBO education and the local job market, where there is a lack of demand for intermediate positions. Therefore, MBO graduates have a hard time finding a job in Amsterdam.	ALMPs are in the focus: municipalities have room to develop their own programmes, as the system is rather decentralized. There was only one programme mentioned among many implemented measures (Startersbeurs), which targets young people with the aim of providing them relevant learning and work experience while receiving compensation. The monitoring of the programme shows a rather successful picture: an average of 64% of the participants were offered a job during their traineeship. Even though the programmes overall seem to be efficient, certain, more vulnerable groups are not well reached out (e.g., young people with migration background due to language difficulties)".	The Amsterdam FUA, only 3.1% of the inhabitants live in owner-occupation, while 52.2% rents from the market in 2019. Even though Amsterdam FUA has a great social rental stock, there are very severe housing problems mainly regarding affordability because the prices are pushed up by incoming workers, students, tourism, gentrification and also external investments. Entering the housing market both in case of home ownership and rental market is becoming more difficult for the young generation. Access to affordable housing position is also dependent on the knowledge of rights and possibilities and networks one is embedded in.	Rich tradition of social housing in which housing associations are major players. However, social housing has been declining, although it still accounts for approx. 42% of the whole stock. Another serious issue is the extremely strict criteria to access social housing. In order to increase affordability, there is a "40-40-20" rule for new constructions: "In new housing developments, 40% of the dwellings should be social rent, 40% should be affordable private rent (monthly rent between €752 and 1027 Euro) or affordable home ownership (below €314,000), and 20% may have full market prices". In parallel, homeownership is declining, especially for young people trying to enter the housing market, while the private rental market seems to be quickly increasing. Influx of high skilled/income people triggers suburbanization of poverty. There is a shortage of student housing.

FUA	Type	Reasoning	Context of the region	Education		Employment		Hosing	
				Outcomes	Welfare	Outcomes	Welfare	Outcomes	Welfare
BARAKALDO, SPAIN	Weak/ Linked	<p>Barakaldo (the suburban area of Bilbao) is a former industrial hub with a stagnating population (after a peak in 1970s and a shrinkage, it has approximately 100,000 inhabitants in 2019.), still having to deal with the influx of people from other parts of Spain + the largest share of people migrating from other countries are from Latin American countries (38% of all incoming people). There are striking and persistent inequality patterns in the city, and beyond in the whole subprovincial area of Ezkerraldea especially in 2 areas in which the reconversion from formerly present industries were not successful.</p>	<p>Barakaldo is located in the Basque country and the Provincial Council of Bizkaia just 9 kilometres away from Bilbao. Bizkaia has a very high autonomy in fiscal and tax matters, infrastructure management, and in social welfare. A significant share of Barakaldo's economically active population work in the industrialized areas of Bizkaia, mainly in the Grand Bilbao area. In the territory of Bizkaia, the share of share of precarious jobs are increasing (both temporary employment and part-time work).</p>	<p>Indicators such as early leaving or dropout rate are favourable and it has been improving also in relation to the EU average. Also, PISA results are representing the quality of the Basque education.</p>	<p>The educational system seems to be well supported and aiming to provide for inclusive education although there still seems to be a room for supporting students from migrant background or vulnerable situations; and tackle the segregation of pupils of migrant background.</p>	<p>The crisis hit hard on the Basque economy, worsening job quality since then, especially for the young population. In the meantime, transition towards a more service-oriented labour market has been transforming the employment possibilities meaning a growing demand for low skilled and low paid workers. The employment rate was very low in EU comparison 48% in 2019, among the youth (16 to 24) it was even worse: 23.77% in 2019. Precariousness (both in terms of temporary and part-time employment) in the labour market is on the rise among young people. The unemployment rate was 12.9% in 2019 (after the financial crisis in 2013 it was above 20%) and a bit higher rate was measured among both young men and women.</p>	<p>All three levels of governance (Basque, Provincial and local) act complementarily although the room for manoeuvre of the local level is mainly limited to the implementation of policies, thus accommodation to local needs is also limited. Active policy initiatives linked to hiring, training, and guiding youngsters within the local labour market are implemented at municipal level.</p>	<p>Until the financial crises there was a significant improvement in living conditions (including constructions of new flats). The majority of the population lives in an owner occupied flat (87.1% in 2016), and 10.9% (2016) of the population of Barakaldo lives in a subsidized public rental flat, while the rest rents on the market. The access of low-income people to the private housing market and the increasing rate of young people gaining independent housing are the two main problems thematized by the Basque government.</p>	<p>Overall, the Basque government seems to be rather social in terms of planning (attracting investors but in a controlled way not to let financialization rule the housing market, still promoting the market rental) ahead and supporting low-income households with social, protected housing. The local housing council set up a quota for young people under 35 years of age to increase their access to housing.</p>
BELFAST, UK	Strong	<p>Belfast is traditionally an industrial economic town, and also a popular destination for migrants, which is increasing the demand in the housing market. The population of Belfast was approximately 288,000 in 2020 as of June.</p>	<p>Northern Ireland is the most equal part of the UK, but less equal than most Scandinavian and central European countries. Northern Ireland was traditionally an industrial economy, with Belfast being its major port and the capital of the state. The city is traditionally divided into four main areas reflecting the religious geography and the divided nature. Within Northern Ireland, Belfast local government districts (LGDs) have the highest number of the most deprived super output areas (SOAs).</p>	<p>The education system is highly segregated, integration is a debated and politically sensitive issue. Dropout rate among vulnerable groups, especially non-Catholics, boys, social disadvantaged children is much higher than others.</p>	<p>Decentralized education system allows a strong cooperation between local partners to address educational inequalities within the frame of the Belfast Agenda. Successful local youth support programmes on the basis of STEM grades.</p>	<p>Since the economic crisis, the reliance on the public sector (35% of the employees worked in this sector before 2008) has been shrinking which significantly affected the local labour market. There is a mismatch between the qualifications and skills people have and what the local labour market requires which is mismatch is more serious in disadvantaged areas ("prisoners of geography"). Many people are locked-in to working near where they live due to the 'peace walls' there are poor transportation network and high transportation costs. Unemployment has remained an issue in Belfast and is the second worst in Northern Ireland. The rate tends to be higher among youth, men, low educated, and has been experiencing generational worklessness.</p>	<p>There are nationally implemented active employment policies, but their effectiveness is very variable (e.g., only 31% of leavers from the Steps to Work programme found employment vs. Pathways to Success programme, targeted NEET youngsters with holistic approach, was found to be an overall success). At a national level, there exists a Social Investment Fund to tackle systemic issues (e.g., deprivation, skills training), but a notable experience is the disconnection between government policy and communities. On a local level the Belfast Agenda has been providing the frame within which access to local jobs has been addressed quite successfully. Also, a Youth Council represents young people in local policy making with regard to education and employment Overall, the Belfast Agenda seem to address the local challenges quite extensively and the local stakeholders are eager to contribute to its success.</p>	<p>There is a growing demand in the housing market due to the incoming young immigrants. The housing market is highly segregated along religious and political lines, particularly in working class areas remains. Especially young people are the ones who are vulnerable in terms of access to home ownership due to unfavourable mortgage possibilities which couples with the decline of the social housing sector due to reduced fundings.</p>	<p>The social housing stock has a rather poor quality and it is poorly located although there is an intention to renew the stock. The Belfast Agenda has recognized and addressed the housing inequality by planning to strengthen the social housing stock to create more affordable housing possibilities.</p>

FUA	Type	Reasoning	Context of the region	Education		Employment		Hosing	
				Outcomes	Welfare	Outcomes	Welfare	Outcomes	Welfare
BOLOGNA, ITALY	Strong	Although Italy has been economically stagnant for almost twenty years, the situation of Bologna and its periphery performs better than the national average in the majority of indicators analysed. The Metropolitan City of Bologna holds the third highest total GDP among Italian metropolitan areas and the second highest in terms of per capita GDP. Unemployment rate in Bologna was 3.9% (2019) and 4.4% (2021), the lowest in Italy and one of the lowest in Europe. At risk of poverty rate for the FUA of Bologna showing a better position when compared to the national and EU28 averages. Regional employment indicators have been trending positively in recent years, and they are close to the European average and well above the national average. After the population decline during the 1980s and 1990s, the population has grown again at a very pronounced rate, exclusively thanks to the incoming migratory flows, both of Italians from other regions and foreigners. There is still a positive migratory balance, despite the pandemic. In 2020 approximately 400,000 inhabitants lived in the Municipality of Bologna.	Bologna is the capital and largest city of the Emilia-Romagna region in Northern Italy. The definition of the FUA of Bologna is formed mainly by three differentiated levels of governance and competence structures: (1) the core territorial area of the FUA of study is the Municipality of Bologna; (2) the periphery of the FUA's core: the Metropolitan City of Bologna (MCB); and (3) the Region of Emilia Romagna, which is the territory of influence, with its own level of regional competence and governance, which encompasses both the periphery and the core of the FUA. There is a competence dichotomy in the public administration. This is mainly due to the high dependence of the regions on financial transfers from the central government, which in certain cases are significantly insufficient.	There is a high rate of territorial segregation. The education system is not inclusive, which results in either a lower educational level or a drop out of socio-economically vulnerable young people or young people with immigration background.	Mainly programmes that focus on activities that promote multiculturalism, socialisation, social integration. This indirectly contributes to tackling the main issue of early school leaving and school dropout. The programme aims to help young people with a migration background who tend to have more learning difficulties with personal training plans which seems to have a direct effect. Despite the local city council's effort, the problems seem to be difficult to efficiently address.	The employment rate has been increasing in the last couple of years. The 77% of the local companies are micro-companies, and almost 27% of employees work there. The percentage of people employed in the manufacturing sector (27,6%) is outstandingly high in the region. At the same time, there is a high percentage of low-skilled migrants' population who are forced into precarious jobs and therefore are at risk of potential unemployment later. There is a higher NEET rate (compared to the national level), due to the fact that it is an attractive region, so migration brings the NEET here.	The local municipalities have low levels of autonomy with regard to labour policies. Without a certain accreditation, needed services cannot be implemented thus certain issues remain unaddressed such as in the case of Bologna. A rather significant issue that remained unaddressed it is the high share of fixed-term and part-time workers which threatens the economy of the city.	There is a priced-out effect on the housing market due to the tourism and incoming university students which can further strengthen the gentrification processes. There is a high rate of territorial segregation. The concentrations of socially excluded families in more peripheral neighbourhoods and territories is one of the great problems that Bologna faces today.	Approximately the 6.5% of the population of Bologna is living in social houses (25,000 people), but there is no more data on the stock. At regional level, an institution has recently been set up that will be able to fill the data gap and provide a basis for further policies. There is an available housing benefit for private renters, who cannot afford the full rent. A new regulatory framework was created due to the COVID-19 that allows to miss monthly rental payments to those who have lost their jobs.
		Borlänge is a strong manufacturing area under transformation where new types of industries and the expansion of the service sector in general has been successful. However, in a national perspective, low-paid jobs are somewhat more common. The number of inhabitants is slightly growing, mainly in the poorest neighbourhoods and primarily due to in-moving refugee migrants. About 15,000 of the 52,000 residents in Borlänge are foreign born and most have arrived during the last decade.	Borlänge is located 200 km north-east of Stockholm. Its NUTS3 region is Dalarna: a large predominantly river- and lake-dominated district with forestry, farming and tourism, but also with urban industrial sites in the south-eastern part of the region. The urban core of the region has a twin municipality administrative setup, comprising Falun and Borlänge. In a national comparison the region has an intermediate economic position.	Lower (but increasing) school segregation in Sweden than in most other EU member states. The rate of early leavers are higher than the national rate (in 2018 Sweden: 9.7%, Borlänge city: 17.1%). The educational outcomes of foreign-born students are substantially weaker. (E.g. upper secondary school enrolment rate in 2017: 92-94% - 40-65% in immigrant-dense neighbourhoods).	Education is free in Sweden including universities. Schools with more problematic students get extra funds per students from the municipality. Borlänge has a strong adult education. There is a higher rate of non-certified teachers in Borlänge (36-38%) compared to the country. Municipalities in Sweden are obliged to provide another form of gymnasium, an Individual Alternative (IA), which aims to provide the students qualifications for an introductory vocational track. Teams involving different professionals in schools (certainly teachers but also social workers and others) have been set up in two pilot schools located in income-poor neighbourhoods in Borlänge.	The employment rate is 83% in Borlänge FUA, which is similar to the national level. Inactivity rate is 10.3%, which is lower than the Swedish average (2017). However, a quarter of active-age people with foreign-born background is inactive. Young unemployment rate is 5.8% in Sweden and 13.6% in Borlänge (2017). NEET youth (aged 15-29) rate in 2017 was 8.8% in Sweden, while in the Borlänge FUA: 8%, and in the core 9.4%.	Wages are regulated in Sweden (central and local negotiations per sector) and trade unions are strong. In addition, Sweden has a long tradition of active labour market policies. E.g., since 2007 there is a job guarantee programme for unemployed aged 16-24: individualised support for training, job search, practicing, decent financial compensation. There is also an extensive adult educational programme (KOMVUX).	There is an Increasing lack of affordable housing (ownership has been decreasing in 2017 it was 67% while market rental is increasing 32.6% in 2017), which affects many but especially the poorest inhabitants. The physical conditions are sufficient but there is a strong spatial segregation and overcrowding in public housing. Homelessness is an increasing phenomenon, albeit still at a low level.	Share of public rental housing in Sweden: 13.4% in 2017. In Borlänge: 23%. Public housing should accommodate "people with special needs", such as the elderly, students, migrant families and the young but is open for all households (i.e. not social housing). Housing allowance is available, but less generous than formerly, available mostly for bigger families and low-income elderly. New models: counter-segregation emphasis including construction of tenure-mixed neighbourhoods.

FUA	Type	Reasoning	Context of the region	Education		Employment		Hosing	
				Outcomes	Welfare	Outcomes	Welfare	Outcomes	Welfare
BRATISLAVA, SLOVAKIA	Strong	Bratislava has approximately 438,000 inhabitants. Bratislava region has been among the top 10 wealthiest European regions for years. It is outstanding in Slovakia in several aspects: per capita GDP, productivity level, high quality infrastructure, influx of foreign direct investment, growth of the tertiary sector, concentration of industrial activity and high-skilled jobs. The region is part of a bigger commuting zone that interlinks parts of the Austrian, Hungarian and Slovakian labour market, dominated by Vienna. Number of young people aged 15-29 has been seriously declining, nevertheless, there are 106 university students per 100 inhabitants (in the age group 20-24).	Bratislava is the capital of Slovakia, and a prosperous functional urban area. FUA of Bratislava is equal to the Bratislava Self-Governing Region. Besides the national level, the self-governing regional level has strong competencies in many fields. Interregional migration is crucial in Slovakia, particularly from central and eastern regions to Bratislava, that drives suburbanisation processes.	Early school leaving is a growing problem, which is reproducing inequalities. The kindergarten capacity in many regions, and also in Bratislava FUA is still unsatisfactory, there are obstacles to the enrolment of children, especially within the more vulnerable groups due to the education financing system.	There is a centralized educational system with deconcentrated infrastructure. There is an increasing shortage of qualified teachers in Bratislava, since the nationally set wages are unsatisfactory for a decent living in Bratislava and thanks to the prosperous economy, the local market-based companies offer higher salaries. Moreover, there are many alternative schools for the children of the local elite, with its own brain/teacher drain effect.	Thanks to the strong local economy, there is a low unemployment rate and a high economic activity rate (69.4% in 2020). This is also influenced by the fact that it is the capital city of the Slovak Republic and is located in the Vienna area, which is characterised by a high degree of specialisation and skill level. Despite of the prosperous economic development, the Slovak labour market still suffers from the problem of structural unemployment and there are segregated areas where the unemployment rate is higher. There is a mismatch between labour demand and supply and a general labour shortage characterize Bratislava's job market.	Thanks to the economic development and low unemployment rate, Bratislava has only a limited access to ESF resources and is excluded from the support of the Youth Employment Initiative (it does not meet the eligibility criteria). EU fundings are currently the main source of public policy fundings, thus the limited access to them highly affects the quality of local employment services. Public employment services suffer from a shortage of qualified staff and for instance participation in lifelong learning and training programmes is very low (only 2.8% in 2020) compared to the EU average (9.2% in 2020).	Housing affordability (both to buy or to rent from the market) is an increasing problem thanks to the strong demand generated by newcomers especially those who come to fill high skilled positions. There are three smaller segregated areas but due to the lack of acknowledgment of their segregated status, EU funds are not available for desegregation purposes. Many people live in unofficially in Bratislava and paying high rents, making their housing situation rather vulnerable.	There is a lack of available social housing sector (approximately 1%). There is a budget for Bratislava municipality-run activities for tackling with homelessness.
CHEMNITZ, GERMANY	Weak	Chemnitz has approximately 244,000 inhabitants (3rd largest city in Saxony right after Leipzig and then Dresden). This is a result of a sharp population decline after the unification. Compared these 2 cities, Chemnitz's economy is rather peripheralized with lack of important head offices and "secondary" transport relations and characterized by a work bench function in the economy. Even though the local region incorporates some high-tech growth of small and medium sized companies it is still described as a less developed region. This is the oldest of all east-German major cities, 28% of inhabitants are over 65 years, while the youth population has declined to only 10% by 2020. 10% of the population have a migration background.	Chemnitz is the 3rd largest city of Saxony, one of the worse performing regions in the South of Germany close to the Czech borders. Neighbouring regions especially towards the Czech borders are hotspots for outmigration, although the local economy also constitutes some high-tech growth of small and middle-sized companies.	The Saxon education system differs from the other German regions' policies, following the Bavarian - more selective - model. Even though Saxony has almost always been on the top of the list of educational achievements, this is the result of the high selectivity and talent support. Besides this result Saxony has the highest proportions of students leaving without the aimed certificate. The Saxon education system has been criticized for reproducing inequalities (parents income inequality) Also there is a shortage of quality teachers, as older teachers are leaving into pension and young entering teachers tend to go to more attractive regions avoiding to face with the difficulties of teaching more vulnerable pupils.	There are programmes for supporting more vulnerable young people called 'supportive schools', but again rather than being inclusive vulnerable young people with disabilities or learning difficulties are separated to different schools.	There is a relatively low unemployment rate mainly thanks to the widely appraised dual system. Since 2005 (labour market crisis) the economy is generally growing, while unemployment rate is generally dropping also thanks to the short-term public interventions (prolonged short-time work, supported training measures etc.)	There are many organizations: the federal labour agency, youth-welfare organizations etc. who are offering info, consultancy and access to youth employment projects. Two main policy fields had the most impact: reinforcement of subsidised short-term labour and the introduction of the legal minimum wage since 2015. This latter one counts as the largest step against income inequalities.	Saxony has a highly divers regional housing market. Chemnitz is a traditional renters' city (only 28.5% are private individual owners). Overall housing seems to be rather affordable due to a low pressure in the housing market in Chemnitz although young people on the rental market face with discrimination by certain type of landlords. In Chemnitz many rehabilitations took place over the last 2 decades fundamentally improving housing situation and urban quality.	There are many policies introduced for protecting tenants: German rent regulation, rent subsidies and also in Chemnitz part of the stock is dedicated for specifically the youth who enter the housing market. 18.7% of the Chemnitz housing stock belongs to the municipal housing company and 19.7% to housing cooperatives.



FUA	Type	Reasoning	Context of the region	Education		Employment		Hosing	
				Outcomes	Welfare	Outcomes	Welfare	Outcomes	Welfare
CORBY, UK	Weak/ Linked	Corby is a contradictory town. It is traditionally a working-class city, where employment is dominated by steel works. De-industrialization hit hard Corby's economy. It is biased towards manufacturing and logistics, against public sector jobs. It is the fastest growing town in England. A new train link to London makes it a commuter town, new families have been moving in. The city is an investment 'cold spot'. Labour market is dominated by low skilled jobs. Austerity hit the town hard. Local authority had to declare bankruptcy in 2018.	Regional inequalities are high in the UK. Although Corby is located in the Midlands, and now just an hour away from London by train, it is among the bottom 10% of English local authorities in terms of public/charitable funding. Austerity has been a defining feature of the last decade which impacted local authorities the most, resulting in the bankruptcy of Corby local authority.	Local educational inequalities are widespread and varied: from schools rated exceptional to poor. It is explained partly by public-private divide, and also by the differences in state funded comprehensives as well. The urban report mentions an 'aspiration gap' whereby young people limit their aspirations to match perceived limited opportunities. The catchment area system means that housing segregation is easily translated to educational segregation.	Number of national programmes aimed to tackle attainment gap between different school. There have been reports of some success (e.g., the pupil premium launched in 2011 to provide public-funded schools with extra funding to aid disadvantaged students).	Economy is centred around manufacturing and distribution. Although there is a close balance between job positions and workers (meaning a low unemployment rate), there is a lack of good-quality jobs, a gap in skills and low productivity characterize the local economy. Perpetuating the tradition of low skills and low pay coupled with increasing precarity. This particularly impacts young people.	Policy changes since 2010 largely focused on incentivising work through welfare cuts, such as the benefit cap, which limits the amount of benefits 'work-less' households can receive. UK industrial strategy promising to channel more investment into town, invite new higher skilled industries - but effect on the ground not visible yet.	Nationally, housing in Corby is relatively cheap, but house prices and rent have been increasing even through the pandemic. It is a question whether Corby is becoming a more affordable commuter town London's workforce. Accommodation of growing population leading to development of new housing estates. There is a threat of gentrification in certain parts of the town. Private rental sector has been growing.	Local authority is relatively active in housing provision: there are new constructions of social housing. The municipality and social housing associations own about 23% of the housing stock. The regulation of private rented sector is rather inadequate, regulation has not changed since '80s to ensure sufficient protections for tenants. Benefits cap (due to austerity) on universal credit (the main benefit in UK), which means worsening affordability.
LEUVEN, BELGIUM	Strong/ Linked	Leuven is closely linked to the metropolitan area of Brussels which affects both its local economy and housing situation, making Leuven a commuter town of Brussels. The commuting dynamics is characterized by wealthier families from Brussels searching for a more liveable environment in Leuven, which is highly supported by generous commuting subsidies. Leuven has its own growing local economy and job market (e.g., in the field of innovation, knowledge centres R&D). It is an important international university and techno hub city. The population of the Leuven FUA was approximately 258,000 inhabitants, of which approximately 102,000 people lived in the Municipality of Leuven.	Leuven is located in the metropolitan area of Brussels which affects significantly its housing market and less its job market. Also, Leuven functions as the centre of its own surrounding especially with regard to its job market but also functions as an educational centre.	Leuven functions as the centre of education: two-third of the secondary school students are from outside of the city, which creates a shortage of schools. Leuven is still experiencing high levels of school segregation (linked to residential segregation) especially regarding its primary schools. Language is one of the major factors for vulnerability. Early school leaving rate has been increasing in the last couple of years.	Local municipalities are both implementing decisions made on regional level but have room for developing locally important initiatives. There are programmes for preventing inequalities by targeting primary school students both financially and giving them support in learning (strengthening cognitive skills). Also there seem to be quite interesting initiatives: network of different actors which serves as a consultancy body for the local municipality. Overall, the local welfare measures are promising but not (yet) as effective as they could be.	Flanders are in general are doing well with regard to employment. The city and the region itself similarly to Amsterdam is the engine of the region. 71% employment rate (worse than Flamand but better than EU average), unemployment rate is around 6% but higher among young people. 74% of jobs are taken by commuters from the surroundings while 50% of locals have a job outside of Leuven. Non-commercial services and knowledge-based economy employ approximately the half of the local workers. While the demand for low-skilled workers is declining, it has been increasing for high and middle-skilled workers creating a mismatch and a labour shortage for high-skilled positions.	The municipality has limited room for manoeuvre because they are mainly required to implement regional employment policies, as Flanders is the strongest policy actor in this regard. Long-term unemployed young people are targeted by a rather new and integrated policy but programmes to contrast unemployment are rather limited, thus not as effective as they could be. Commuting is highly subsidised.	Homeownership is rather small compared to Flanders and Belgium as a whole: 46.4%, while market rent is also 46.3%. This is likely due to the high percentage of students and workers from outside Leuven.  Social rental is only 7.3% (slightly higher than Flanders). Prices are pushed up by commuters moving out from Brussels. Young people tend to move out, to territories with a more accessible housing market (as commuting is heavily subsidized this is claimed to be a common Belgian tradition). Gentrification".	The municipality supports both homeownership for lower/middle income people and also favours social housing (there are three social housing associations and one social rental agency) but the impact of it is rather limited, private market housing actors are more dominant. There are efforts to provide solutions for young homeless people.
ŁÓDŹ, POLAND	Weak	Łódź is a post-industrial city with shrinking and ageing population due to demographical trends and outmigration (or commute) of highly qualified labour force to Warsaw. There is the highest mortality rate in Poland, in contrary GDP/capita rate is lower than that of other big cities in Poland, but still above the national average, and it is stagnating. The long-term plan for the city may be to use its proximity to Warsaw as an alternative for those who are priced out from the capital. This is reflected in cultural investments which target the young people to keep them resident in Łódź in spite of the increasing housing crisis, which affects them the most.	Łódź is the third largest city in Poland, and is the capital of Łódź Voivodeship. It is located approximately 120 km from Warsaw. The development of the textile industry and the associated demographic changes were the main factors that have been shaping the urban space of Łódź. After the liquidation of large textile factories, the light industry still plays a major role in the local economy.	The Polish education system produces quite favourable outcomes country-wide: it has equalizing effects, produces good PISA results and an early school leaving rate is rather low. Łódź offers a wide variety of education as being a university town and the educational centre of the region.	Addressing social inequalities within and between schools is not in a particular focus of local policies. The education system is deconcentrated at a regional level, and from 2017 there is an increasing role of government intermediaries. Zoning is obligatory (parents do not have freedom of choice), all extra-curricular activities are additionally paid by the parents. The priority is to increase the attractiveness of vocational education. There is a financial assistance of a social nature is granted to local living students during their studies.	The local economy is still based on the cheap labour force which also means there is a lack of high-skilled job opportunities. The unemployment rate is low, also among young people and NEET youngsters. There is an internal brain drain thanks to the lack of high added-value work, and the proximity to Warsaw - outmigration consequences.	Co-financing voivodeship labour offices (PUP) have a relatively wide range of tools. Although, strict eligibility criteria in unemployment benefit system, and inefficient public work programmes. There are active employment policies, but only 23.1% of the participants were in an improved situation over 6 months after the NEET-focused programme by YG. In addition to that only about the quarter of the NEET youth is registered to at the employment offices.	There is basically no pressure on the housing market (supply and demand is more balanced), therefore the FUA is in a relatively better position (with different pressures on ownership) compared to other big cities of Poland. Probably not even the existence of the university has a noticeable negative impact on the housing market. However, the most vulnerable households face with significant housing problems. The 'poverty enclaves', which are persistently socially marginalized areas, mainly located in the city centre.	The social housing sector is rather significant (12%), although the stock's quality is poor, with one in two is being empty and the waiting list is rather long, making crisis management rather inefficient. The local municipality provides housing allowance under certain conditions. There is a high emphasis on renovating the municipal building stock in the city centre.

FUA	Type	Reasoning	Context of the region	Education		Employment		Hosing	
				Outcomes	Welfare	Outcomes	Welfare	Outcomes	Welfare
LOM, BULGARIA	Weak	Even though there is the second largest Danube port in Bulgaria which connects two main transportation roads, it did not bring developmental advantages to the city. River transportation has declined and today do not have economic significance. Montana (where Lom is located) is one of the least economically developed districts in the country. The number of big enterprises declined; majority of the firms are micro-ones (with less than 10 employees - family) No major investor in the region. Aiming to develop the industrial area (re-industrialization) until 2030. Key is the lack of human resources. Declining young population high rates of migration, low-quality education investors do not prefer the area. Experts believe its state resp. to re-introduce industry. The population of Lom has declined to 23,967 by 2019.	In Montana, where Lom is located the Gini index is declining (48.2% in 2008 to 39.5% in 2019) while national is growing. The region is among the least economically developed ones in the country. Lom is also following this trend. Even though the at-risk-of poverty rate has decreased on national level, in Montana it has increased (35.3% in 2008 to 41.3% in 2019), and also the material deprivation rate has been growing for Montana (19.3% in 2008 to 22.7% in 2019). The employment rate has declined (54.7% in 2008 to 48.2% in 2019) and unemployment rate increased (8.5% in 2008 to 20.4% in 2019) This is against national trends and consistent with what experts report. The highest share of Roma population in the country is located in the region.	Enrolment rate is declining (not sure whether demographic or rate for primary but it's definitely paired with higher dropout rate in case of secondary schools). There are segregated schools in Lom.	The school transport is subsidized also from neighbouring villages. In school health-care, free textbooks and warm food once per day are provided for vulnerable families. Also, nurseries and kindergartens are completely free. Dual education is rather unsuccessful: basically, there is not enough place to young people to be employed due to the small size of the majority of the local enterprises.	The local enterprises are shrinking which highly affects employment rates which is deepening the crisis of available employment for people in working age. There are only a few industrial enterprises, moreover investors do not favour Lom. Public administration and other state funded jobs provide the majority of the employment in Lom. The unemployment rate among is rather high (20.4%) in Montana. Due to the covid a substantial amount of enterprises closed and the unemployment rate grew as well. According to experts: majority of unemployed and NEET are Roma, living in precarious situation with low levels of education and skills.	The municipality is the biggest employer in Lom through temporary workfare programmes in the whole FUA for most of the low-skilled and long-term unemployed people. There are qualification and employment programmes for long-term unemployed providing mainly low-skilled jobs for a shorter amount of time, which by nature questionable how successful can be since the existing labour market does not provide jobs for the participants after the temporary contracts of the programmes finish.	Housing is not seen as a problem in Lom there is only a very low demand for housing. Quality of housing does not seem to be satisfying: old facades, old window frames, lacking or bad insulation resulting lack in energy efficient housing possibilities and the population is still using hard fuels as a heating system. However, only the 6.1% of the dwellings lack of bathrooms in the Lom FUA (mainly in villages).	There are subsidies for improving energy efficiency of buildings but there are less than 5 insulated residency buildings (yet). The measures for improving housing conditions are rather sporadic and unsystematic. There are 270 states of municipal flats in Lom. There are 2 new buildings are planned for the next period: 1) building modern social housing for vulnerable groups 2) transit home for 15–18-year-old children.
MULHOUSE, FRANCE	Weak	The FUA is hit by an unsuccessful deindustrialisation (former textile and mechanical engineering), and the delayed development in automotive industry, resulting in higher than national average unemployment rates and lower employment rates.  The population of the city is stagnating around 110,000 inhabitants, while the FUA has a population around 410,000.  Mulhouse concentrates about one third of the immigrant population of Haut Rhin, resulting in 21.7% foreign born population. (The at risk of poverty rate is two times more in the city than in Haut Rhin: 33% in 2018)	Mulhouse is part of a trinational region of Basel, Freiburg and Mulhouse.  In a government structure, Mulhouse is part of Grand Est NUTS2 and Haut Rhin NUTS3 regions.  The FUA includes 132 municipalities, while the agglomeration (m2A) includes 39 municipalities.	One third of the active age population in the city of Mulhouse has a maximum primary education (2018) – while it is 21% in France.  The rate of early leavers is also high, around 40%, which is nearly twice as much as the country average.  The city is a “gateway of immigration to France” with an unstable population, many of them having language barriers, thus rather complicate to involve into the regular education system.	The French education system is centralised. In 2003-2004 local authorities gained limited roles in infrastructure management.  Despite former efforts, the school system is heavily segregated: creating different schooling (e.g. public/private) for different social strata. “The French school system rather reinforces than compensates for the advantages and disadvantages of social background”  The city (small-region/department) of Mulhouse performs better than the national average: it has established numerous bridging classes, music oriented primary and secondary education, bilingual education from nursery school onwards, etc.	The unemployment rate in the FUA was 11.3%, while in the city it was 18.3% in 2018. The employment rate among active age residents was 73.3% in the FUA, while 66.8% in the core city  The share of NEET in the population aged 15-29 years old rose sharply with the financial crisis and further increased from 2008 (22,6%) to 2018 (26,4%).	Despite the generic liberalisation of the labour market in the last decade many tailor made programmes were developed, e.g. programmes in 107 areas in France for gaining primary skills and work placement for youth having no job for a year. There are wide apprenticeships programmes and also individualised mentoring programmes since 2020/2021.  The eligibility of under 25 years old young people for the basic minimum income, and an income allowance were established.	Housing prices and rents are lower in the FUA and the city than in the broader region.  The rate of social housing is relatively high in Mulhouse: around 27%.  Mulhouse has a very high rate of vacant homes, above 15%, which indicates a poor level on reinvestment in existing housing.	The housing policy in France is generous in European comparison: it includes financial subsidies and fiscal instruments provided for social rental housing and first-time buyers, fiscal mechanisms for private “buy to let” projects and a general housing allowance scheme for inhabitants, helping both private and social tenants.  The average length of wait for a social home in Mulhouse is eight months.  Urban renewal projects – complex social and infrastructural rehabilitation - are implemented in six priority areas in Mulhouse.



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				Outcomes	Welfare	Outcomes	Welfare	Outcomes	Welfare
PÉCS, HUNGARY	Weak	Pécs is characterized by continuous outmigration from the city which can be explained the lack of larger and economically stronger companies, foreign direct investments, and innovative actions; and the lower wage level than in other big cities of Hungary. It has approximately 143,000 inhabitants. Nevertheless, employment is relatively stable within the FUA thanks to positions provided by the public and the service sector.	Southern Transdanubia, where FUA of Pécs is located, is the ninth poorest region in Europe. Pécs is a deindustrialised city, but the centre of a region, Baranya County, that on a lagging developmental pathway. The FUA of Pécs consists of the core city and 133 settlements that are mostly small villages and some small towns. Pécs has a much better position compared to its surrounding which is contributed to by the fact that the transport infrastructure is not good enough to reach the centre from all directions.	Hungary's educational system has a very low capacity to compensate for disadvantages and very strong social selection at the same time. The results of general measurement are worsening: the share of early school leavers is increasing and PISA results has been worsening since 2009. Roma population has much worse indicators, their educational mobility is even below the national average. Segregation within and between schools are also important in the case of Pécs. Despite the fact that education policy has been placed at the state level, the local elite is able to creating school for its own via the church schools.	The Hungarian educational system is centralized with deconcentrating tendencies thus schools have only a limited room for manoeuvre. However, separating vocational education and establishing vocational centres on a county level resulted more freedom for vocational education. In the absence of significant companies and business investment, dual education still faces obstacles. There are national programmes for students in a disadvantaged position to study in the best secondary schools, and students to avoid the early leaving education. Locally, there is a Roma national secondary grammar school in Pécs, with a lot of stories with successful outcomes. The influence of local NGOs is strong in tackling inequalities.	The situation is very different in Pécs and its surrounding, which has substantial remote areas with poor public transportation to Pécs. In Pécs, the main employer is the University, the main market employer is a recruitment agency. Half of the employment positions are in education and public services, and the share of market-based companies is relatively low, which results in somewhat lower average wages, and higher share of low paid employees. The integration of low-skilled labour is a persistent problem. Locally low skilled jobs are dominant, but even this is not enough. There is also a lack of higher skilled, not precarious jobs. Especially among young people, the share of the precariously employed is very high. Unemployment rate in Baranya county was 6.6% in 2019 which counts quite low.	Employment policy is centralised, but deconcentrated on a district ('járás' in the Hungarian system) level. There are central programmes, which are generally financed from EU funds, and provide trainings for job seekers, and subsidies for registered unemployed people. Public works are less common in the FUA of Pécs, and the number of participants has decreased over the last decade. 3 months unemployment benefit is available, and there is not well targeted subsidy for wages for the NEET youth. The city is involved in the Youth Guarantee programme.	Housing stock is quite large compared to other bigger cities. Large owner-occupation characterize the city (87% while 6,8% is market rental) However, the university student population is a major price driver in the city. Spatial segregation of the Roma population and those on the margins of the housing market.	Ther is a low rate of social housing (5,5%), which is one of the highest among Hungarian cities. Most of the social housing is poor state of repair and located in segregated urban neighbourhoods, and there are practically is no social rental units in the FUA outside of Pécs. Housing market pricing takes into account the family housing allowance (FHSP: Family Housing Support Program), which is available only from the middle class upwards, deepening the affordability problem both in terms of difficulty in access and that market prices build this support into their price further deepening the difference between wealthy and non-wealthy households.
SFÂNTU GHEORGE (SG), ROMANIA	Weak	There is a lack of well-paid jobs, there is a tendency of out-migrating young people and also increasing inequalities. The main economic activities in the Sfântu Gheorghe (SG) FUA are: textile and clothing industries, furniture, milk and meat processing, trade and services, tourism. Foreign investors have appeared lately especially in light industry (clothing, cardboard, textiles) and also a business centre was built on the outskirts. The city had approximately 64,000 inhabitants in 2018.	SG is located in Covasna County: which is located in the Central Region which recorded the highest dropout rate. There is a county centre for resources and educational assistance (CJRAE). The number of employees decreased in the recent years while the gross profit of enterprises increased by 8.95%: significant increase in research hi-tech development and construction. The unemployment rate 4.32% (inactivity and NEET are not included). Altogether it seems that even though SG is facing with high educational inequalities, the economy seems to be increasing.	There are great differences between high schools in SG (in 3 schools, the exam passing rate was over 90% while in another high school it was only 17.6%). Which results huge inequalities in education. Pupils from segregated area (mostly Roma people) most often do not even start or if they do then do not finish the high school. Until 2016 the dropout rate in SG has declined to 1.95% but data is not available for this level until 2016.	Several national and local level programmes were attempted to implement for decreasing the dropout rate and to prevent early school leaving. The results of these programmes (e.g., Second chance) are below expectations, reluctance and high absenteeism are mentioned as problems.	There seems to be a mismatch between the expectations/needs of employers and the skills of employees: according to employers there is a lack of qualified workers while young people/potential employees do not find adequate job opportunities tend to leave the city (to abroad). The tendency of seeking for opportunities in western countries has risen since the EU accession of Romania in 2007. The unemployment rate of the county being low 4.32 does not really reflect the numbers and problems of NEET youth and inactivity. Difficulties related to employment, affect especially those living in one of the three segregated areas of SG.	There are requalification courses in SG for free of charge with 100 attendees in each year although the absorption rate remains low. These programmes are organized by the county level brunches of the National Agency for Employment. An important policy field that does not only affect the employment situation but also education and housing is that policies that are trying to counteract with outmigration of young people and keep them in town.	Mostly everyone lives in an owned flat. Housing conditions (quality and overcrowding) are far worse in the 3 slums than in the other parts of SG which mean 6.29% of SGs population is affected (data is from the 2011 census). Homelessness is not as much of a significant phenomenon is SG than in other parts of Romania.	Only 137 flats are managed by the City Hall (all of them are located in the 3 segregated areas) after privatizing half of the publicly owned buildings in 2010-1. There are quite some opportunities for young people to either build (20 houses were built like this in the past 10 years) or first rent and then buy apartments built under a national programme although it is unclear how successful they are. As young people have been moving out of town due to finding job opportunities in Brasov housing programmes especially targets them to incentivise their homecoming.

FUA	Type	Reasoning	Context of the region	Education		Employment		Hosing	
				Outcomes	Welfare	Outcomes	Welfare	Outcomes	Welfare
TALLINN, ESTONIA	Strong	Tallinn has approximately 438,000 inhabitants. The employment figures across Estonia increased to their highest extent in the Tallinn FUA, and the migration trends also show an increasing population figure. Tallinn has the fastest rise in salaries and living standards within the country. The large degree of Estonia's technological progress is taking place in Tallinn, and much of the country's innovation is also being created there. A significant proportion of young people work in scientific and educational fields, and in the information and communications sector.	Tallinn FUA includes the city of Tallinn in itself and the 'commuting zone', which together result in nearly half of the Estonian population lives in the Tallinn FUA. The share of young (7-26) people in the total population is higher in the suburban rural municipalities of the Tallinn FUA, than in city of Tallinn. This suggests that the FUA is strongly affected by suburbanisation trends. Although the population of the Tallinn FUA is multi-ethnic, only 52% of the population is Estonian the share of recent migrants, people who have arrived after 1991, is very low. The main trend In the 7-26 age group (in the Tallinn FUA, and also Estonia as a whole) is to move to the city of Tallinn.	There is a low level of integration of the children of new immigrants which isolation is enabled by free school choice. Staff in Russan-language schools often have a lower level of Estonian language skills, which reinforces inequalities. In this context, students of the Russian-language schools are in higher risk of drop-out or worse performance. The centralized education system is leading to shortage of teachers and support staff in Tallinn. The highly linguistically segregated education system perpetuates existing inequalities.	There are several local policies and initiatives developed and implemented to tackle with inequalities. Although in general, local education policies attempt to respond to the national school network reform.	There is a lower employment rate measured among Estonian Russians. There is a high concentration of high-skilled workers, but young people in general tend to have short-term work contracts, lower workloads, and less experience. Despite the strong economic situation of Tallinn, the share of young people in precarious/flexible jobs is increasing.	The main employment policies are created on the national level to increase employment rate, decreasing gender segregation and gender wage gap. Youth unemployment is well covered by national policies. The key target groups of these employment programmes include young people and the long-term unemployed. Subsidies to start entrepreneurship for young people are being combined with the implementation of lifelong learning principles for retraining to support young people in the adaptation of the changing economic environment. New national policy measures are introduced aiming specifically at young people in precarious job positions.	Housing affordability and access to the housing market both regarding ownership and the private market rental is an increasing problem for young people as the country with the fastest growing property prices in the EU. The wealthy move to the suburbs/agglomeration, the vulnerable are forced into poor quality housing. There is a spatial segregation due to poor quality housing stock, and low availability of housing renovation programmes lead to high-speed suburbanisation. Housing inequality runs along ethnic and family background dimensions, which are also related to lower incomes and less opportunities for Russian speaking inhabitants. Number of cheaper apartments which are available to rent is limited, thus low intergenerational mobility.	Beside the state-funded comprehensive support programme, there are loan-interest subsidies for renovation by Municipality of Tallinn. The share of municipal housing has increased, but it is still only 2% of the total housing stock.