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From:	The Social Protection Committee
To:	Permanent Representatives Committee (Part I) / Council
Subject:	Key Social Challenges: Report drawn from the 2017 SPC Annual Review of the Social Protection Performance Monitor (SPPM)

Delegations will find attached the "Report on key social challenges" drawn from the 2017 SPC Annual Review of the Social Protection Performance Monitor (SPPM) and developments in social protection policies, submitted by the Social Protection Committee with a view to the Council meeting (EPSCO) on 23 October 2017.

The main messages which are drawn from this report are contained in doc. 12741/17.

The SPPM Country Profiles annexed to this report are contained in doc. 12741 ADD 2-6.



*2017 SPC Annual Review of the Social Protection
Performance Monitor (SPPM) and developments in social
protection policies*

Report on key social challenges and main messages

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Abbreviation	Full name
EU28	European Union (28 countries)
EU27	European Union (27 countries)
EA18/19	Euro area (18/19 countries)
BE	Belgium
BG	Bulgaria
CZ	Czech Republic
DK	Denmark
DE	Germany
EE	Estonia
IE	Ireland
EL	Greece
ES	Spain
FR	France
HR	Croatia
IT	Italy
CY	Cyprus
LV	Latvia
LT	Lithuania
LU	Luxembourg
HU	Hungary
MT	Malta
NL	Netherlands
AT	Austria
PL	Poland
PT	Portugal
RO	Romania
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden
UK	United Kingdom

I. Introduction

The present report has been prepared as part of the mandate given to the **Social Protection Committee** (SPC) by the Treaty on the Functioning of the European Union (TFEU) to monitor the social situation in the European Union and the development of social protection policies (art. 160 of TFEU).

The SPC is an advisory policy Committee which provides a representative forum for multilateral social policy coordination, dialogue and cooperation at EU level. It brings together policy makers from all EU Member States and the Commission in an effort to identify, discuss and implement the policy mix that is most fitted to respond to the various challenges faced by Member States in the area of social policies. It uses the social open method of coordination as the main policy framework combining all major social policy strands - social inclusion, pensions, health and long-term care - and focuses its work within these strands.

The main objective of the 2017 SPC Annual Report is to deliver on the mandate of the Committee and, through its analysis, to provide input to the Council on identifying the main social policy priorities to recommend to the Commission in the context of the preparation of the 2018 Annual Growth Survey. On the basis of the Social Protection Performance Monitor (SPPM) and Member States' social reporting, the report aims at i) analysing **the social situation**¹, especially the progress towards the Europe 2020 target on reducing poverty and social exclusion and the latest common *social trends to watch*, and ii) **identifying the key structural social challenges facing individual Member States as well as their good social outcomes, and reviewing the most recent social policy developments in Europe**. Separate annexes to the report provide a more detailed review of social developments and the SPPM country profiles for each Member State.

¹ The figures quoted in this report are based on data available around 30 May 2017, unless otherwise stated. This means that for EU-SILC based indicators **the most recent data available are for the 2015 survey and that is the reason why this reference year is used throughout the report for these indicators**.

II. Progress on the Europe 2020 poverty and social exclusion target

In 2010 the EU Heads of States and Governments committed to lifting at least 20 million people out of being at risk of poverty or social exclusion², in the context of the Europe 2020 strategy. This commitment stressed the equal importance of inclusive growth alongside economic objectives for the future of Europe, and it introduced a new monitoring and accountability scheme³. Within the framework of the Europe 2020 strategy, Member States set national poverty and social exclusion targets (Table 1). However, the individual poverty-reduction ambitions of the Member States sums to a figure much lower than the EU level commitment to reduce poverty and social exclusion by 20 million and are not always based on the headline composite indicator, the at-risk-of-poverty-or-social-exclusion rate (AROPE).

In 2015, 16 Member States registered significant falls in the share of the population at risk of poverty and social exclusion and only 3 observed significant rises, with overall figures for the EU population at risk of poverty or social exclusion pointing to a substantial fall of 3.1 million between 2014 and 2015. Underlying the fall in this overall figure are strong reductions in the population experiencing severe material deprivation (SMD, down 4.1 million) and in people living in (quasi-) jobless households (down 2.3 million), although the population at risk of poverty continued to rise by 0.7 million (Figure 1). Nevertheless, in 2015 there were still around 1.7 million more people living at risk of poverty or social exclusion in the EU compared to 2008⁴ and a total of 118.8 million or close to 1 in 4 Europeans. However, the provisional 2016 figures for SMD point to a further reduction in the EU over 2015-2016, with a drop of around 1.4 million.

Figure 1 shows time series since 2005 for the EU27 aggregate⁵. The overall trend masks persisting divergence between Member States. Substantially higher AROPE rates compared to 2008 are still observed in the countries most affected by the economic crisis (CY, EL, ES and IT), excluding IE where the rate has returned to around the pre-crisis level. A few other Member States have also started registering increased rates such as BG, MT and LU (although the latter two remain below the EU average). For half of Member States the AROPE rate in 2015 is close to the 2008 figure, while in six countries it is lower, most notably in PL and RO (Figure 2). Many Member States registered significant improvements between 2014 and 2015, most notably EE, IE, HU, LV and RO.

² The EU poverty and social exclusion target is based on a combination of three indicators – the at-risk-of-poverty rate, the severe material deprivation rate, and the share of people living in (quasi-)jobless (i.e. very low work intensity) households. It considers people who find themselves in any of these three categories and, while very broad, it reflects the multiple facets of poverty and social exclusion across Europe. This definition extends the customary concept of relative income poverty to cover the non-monetary dimension of poverty and labour market exclusion.

³ COM (2010) 758 final

⁴ The reference year, due to data availability, for the target adopted in 2010

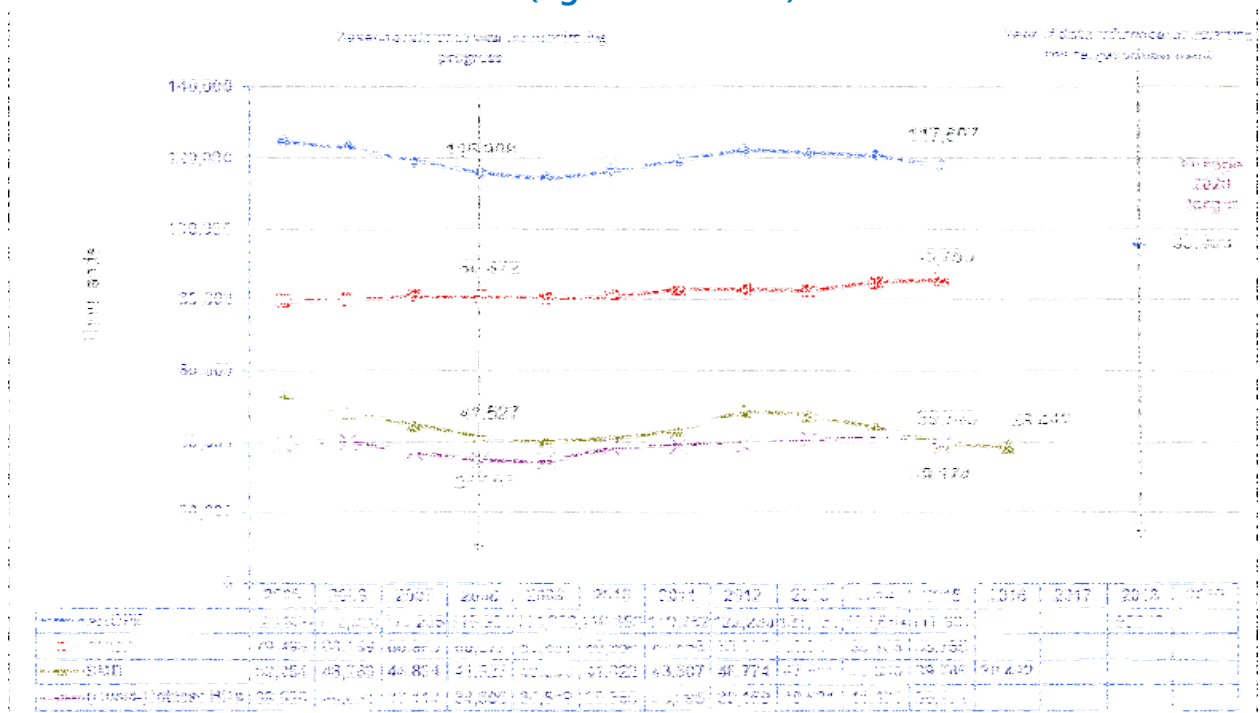
⁵ Note that figures here refer to the EU27 aggregate, since time series for the EU28 aggregate are not available back to 2005.

Table 1. Europe 2020 poverty and social exclusion target - national targets

	National 2020 target for the reduction of poverty or social exclusion (in number of persons)
EU28	20 000 000
BE	380 000
BG	260 000 persons living in monetary poverty*
CZ	100 000
DK	Reduction of the number of persons living in households with very low work intensity by 22 000 by 2020*
DE	Reduce the number of long-term unemployed by 320 000 by 2020*
EE	Reduction of the at risk of poverty rate after social transfers to 15%, equivalent to an absolute decrease by 36 248 persons*
IE	Reduce the number of person in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation) by at least 200 000*
EL	450 000
ES	1 400 000-1 500 000
FR	1 900 000
HR	Reduction of the number of persons at risk of poverty or social exclusion to 1 220 000 by 2020
IT	2 200 000
CY	27 000 (or decrease the percentage from 23.3% in 2008 to 19.3% by 2020)
LV	Reduce the number of persons at the risk of poverty and/or of those living in households with low work intensity by 121 thousand or 21 % until 2020*
LT	170 000 (and the total number of people at risk of poverty or social exclusion must not exceed 814 000 by 2020)
LU	6 000
HU	450 000
MT	6 560
NL	Reduce the number of people aged 0-64 living in a jobless household by 100 000 by 2020*
AT	235 000
PL	1 500 000
PT	200 000
RO	580 000
SI	40 000
SK	170 000
FI	140 000 (Reduce to 770 000 by 2020 the number of persons living at risk of poverty or social exclusion)
SE	Reduction of the % of women and men aged 20-64 who are not in the labour force (except full-time students), the long-term unemployed or those on long-term sick leave to well under 14%*
UK	New statutory and non-statutory Life Chances measures*

Source: National Reform Programmes. Notes: * denotes countries that have expressed their national target in relation to an indicator different to the EU headline target indicator (AROPE). For some of these Member States (BG, DK, EE, LV) it is expressed in terms of one or more of the components of AROPE, but for the others (DE, IE, NL (age range differs), SE and UK (target not yet defined)) the target is neither in terms of the AROPE nor the standard definition of one or more of its components.

Figure 1. Evolution of the Europe 2020 poverty and social exclusion target, EU27⁶ (figures in 1000s)



Source: Eurostat (EU-SILC)

Note: AROPE - at-risk-of-poverty-or-social-exclusion rate; AROP - at-risk-of-poverty rate; (Quasi-)jobless HHs - share of population living in (quasi-)jobless households (i.e. very low work intensity (VLWI) households); SMD - severe material deprivation rate. For the at-risk-of-poverty rate, the income reference year is the calendar year prior to the survey year except for the UK (survey year) and Ireland (12 months preceding the survey). Similarly, the (quasi-) jobless households rate refers to the previous calendar year while for the severe material deprivation rate the current survey year. The 2016 figure for SMD is provisional.

Figure 2. At-risk-of-poverty-or-social-exclusion rate (in %), evolution (in pp) 2014-2015 and 2008-2015

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015	23.7	23.7	23.0	23.1	21.1	41.3	14.0	17.7	20.0	24.2	26.0	35.7	28.6	17.7	29.1	28.7
2014-2015 change in pp	-0.7	-0.7	~	~	~	1.2	-0.8	~	-0.6	-1.8	-1.7	~	-0.6	-0.8	~	~
2008-2015 change in pp	n.a.	~	1.4	1.4	~	3.2	~	n.a.	~	~	~	7.6	4.8	~	-2.0	3.2
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015	28.9	30.9	29.3	18.5	28.2	22.4	16.4	18.3	23.4	26.6	37.4	19.2	18.4	16.8	16.0	23.5
2014-2015 change in pp	1.5	-1.8	2.0	~	-3.6	-1.4	~	-0.9	-1.3	-0.9	-2.9	-1.2	~	~	-0.9	-0.6
2008-2015 change in pp	5.6	-3.3	~	3.0	~	2.3	~	-2.3	-7.1	~	-6.8	~	-2.2	~	~	~

Source: Eurostat (EU-SILC)

Notes: i) For BG, major break in time series in 2014, so change 2008-2013 used for the longer period compared to 2008; ii) For DK, breaks in series for the period 2008-2015 ("n.a." shown for the period compared to 2008); iii) For EE, major break in series in 2014. Hence change 2008-2013 used for the longer period compared to 2008; iv) For HR, the long-term comparison for EU-SILC-based indicators is relative to 2010 as no EU-SILC data published by Eurostat before then; v) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious; vi) Only statistically and/or substantively significant changes have been marked in green/red (positive/negative changes), using Eurostat computations of significance of net change. "~" refers to stable performance (i.e. insignificant change).

⁶ Note figures here refer to the EU27 aggregate, since time series for the EU28 aggregate not available back to 2005.

III. Overview of the social situation in the European Union⁷

It is now around four years since the EU economy started its slow though consistent recovery following a double-dip recession. Increases in employment in the EU progressed gradually in line with economic growth, although with employment growth notably strong relative to the pace of GDP growth over the last two years, and compared to the trough observed in mid-2013 employment has increased by around 8.6 million people. As a result, the employment level in the EU now exceeds the 2008 peak, with an extra 1.3 million people in work, although large disparities remain across countries. However, this employment growth has been accompanied by a lower expansion of hours worked per person employed. The increase in employment has extended to all sub-population groups and unemployment, including youth unemployment, continues to recede in the EU. Household incomes and financial conditions of EU households continue to improve, thanks mainly to higher income from work. Nevertheless, despite the gradual improvements, labour market and social conditions remain challenging compared to 2008 in many Member States.

The latest 2017 update of the Social Protection Performance Monitor dashboard⁸, which is mainly based on 2015 EU-SILC data⁹ and 2016 LFS data, points to continued improvement in the social situation. 16 Member States registered significant falls in the share of the population at risk of poverty or social exclusion in 2015 and only 3 significant rises, with overall figures for the EU population at risk of poverty or social exclusion pointing to a substantial fall of 3.1 million between 2014 and 2015.

Changes over the latest annual data period¹⁰ now provide much clearer signs of a general improvement in the social situation, with most social indicators flagging up positive changes in many Member States (Figure 3). In particular, strong positive developments in the social situation can be observed in the following areas:

- rises in **real gross household disposable income** (in 23 MS) along with significant reductions in the **severe material deprivation rate**¹¹ (in 13 MS). This reflects that household incomes and financial conditions of EU households have improved in the most recent period, benefitting from stronger economic activity and improved labour markets;

⁷ A more detailed review of the latest social developments, based on a more extensive examination of the trends in the indicators in the SPPM dashboard together with supplementary indicators, is provided in Annex 1 to this report.

⁸ The SPPM dashboard is a tool which uses a set of key EU social indicators for monitoring developments in the social situation in the European Union (for details on the methodology see the appendix "SPPM dashboard methodology")

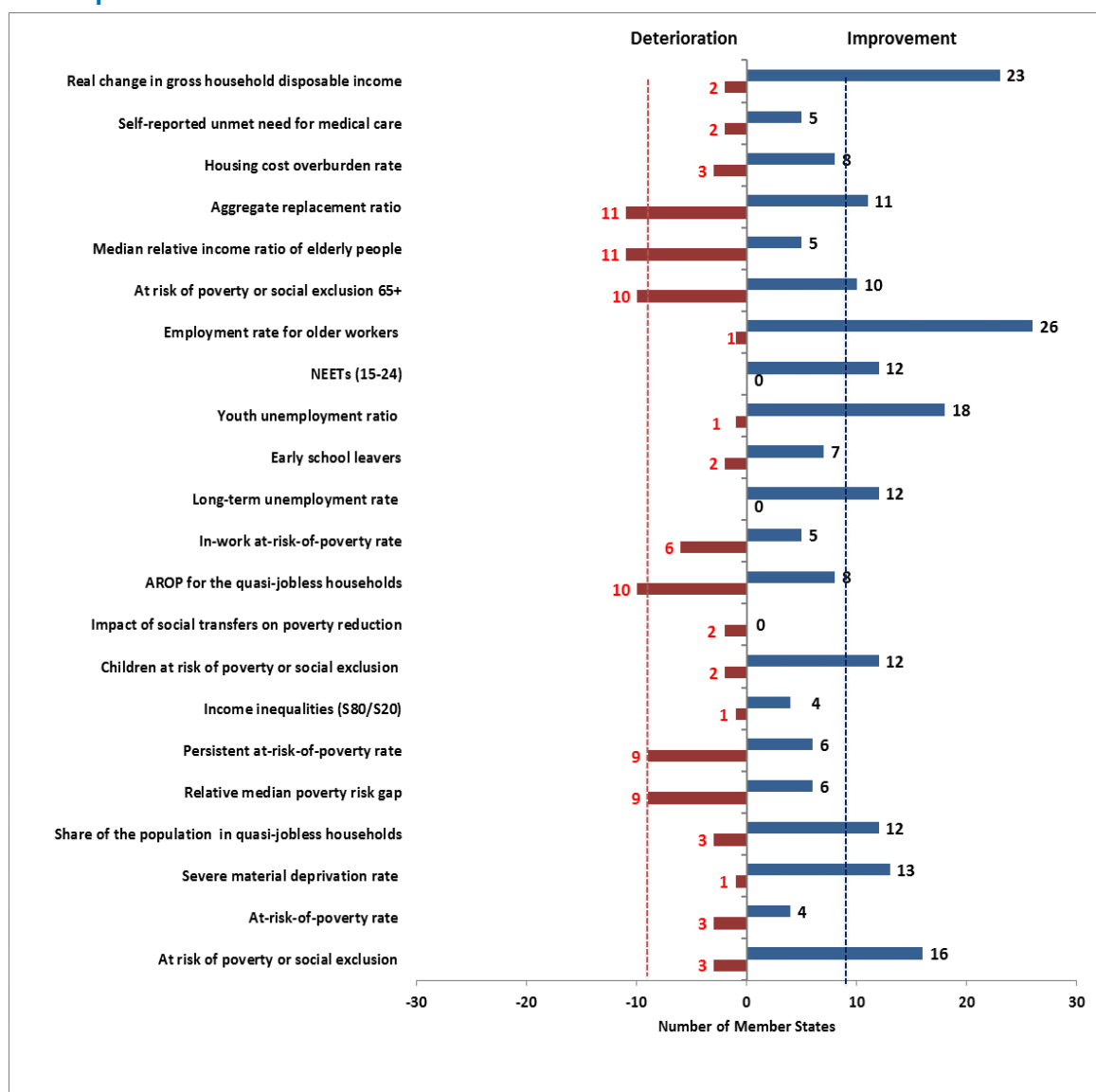
⁹ For preliminary analysis of the partially available EU-SILC 2016 data see the later section entitled "*Latest indications from available 2016 EU-SILC data*".

¹⁰ Generally 2014-2015, but for the SMD rate, LTU rate, early school leavers, youth unemployment ratio, NEETs, and ER (55-64) the change refers to the period 2015-2016

¹¹ Based on 2016 figures which for several MS are not yet final (i.e. are either provisional or estimates)

- a reduction in the risk of poverty or social exclusion for the overall population (in 16 MS), driven by falls in severe material deprivation and the share of the population living in (quasi-)jobless households. There are also associated reductions in the share of children at risk of poverty or social exclusion in many Member States (12);
- strong signs of reductions in long term unemployment (in 12 MS) and in youth exclusion, with falls in the NEET rate (in 12 MS) and the youth unemployment ratio (in 18 MS), reflecting improvements in the labour market;
- continued improvements in the labour market participation of older workers (as evidenced by increases in the employment rate for 55-64 year olds in 26 MS).

Figure 3: Areas of deterioration (social trends to watch) and improvement for the period 2014-2015*



Source: Social Protection Performance Monitor

* For EU-SILC based indicators the changes generally actually refer to 2013-2014 for income and household work intensity indicators, and to 2014-2015 for unmet need for medical care. Changes in gross household disposable income refer to 2014-2015. LFS-based indicators (LTU rate, early school leavers, youth unemployment ratio, NEETs (15-24), ER (55-64)) and SMD figures (not yet final for 2016 for several MS) refer to the period 2015-2016.

Nevertheless, for the EU as a whole the following main negative trends, or “trends to watch” (i.e. where around a third or more of all Member States show a significant deterioration in the given indicator), can still be identified for the most recent period¹²:

- Continued deterioration with regard to the **depth of poverty risk** (9 MS) and its **persistence** (9 MS)
- Rises in the **at-risk-of-poverty rates for people residing in (quasi-)jobless households** (in 10 MS, pointing to a reduction in the adequacy of social benefits in these countries).

At the same time, there are signs of a decline in the relative income and living conditions of the elderly, with rises in the at-risk-of-poverty-or-social-exclusion rate for those aged 65+ along with falls in the aggregate replacement ratio and median relative income ratio of the elderly in over a third of Member States (although for the ARR the same number of MS recorded an improvement). This is a reversal of the general trend observed in previous years, but reflects to a large extent the evolution of the relative income situation of the working age population as the labour market situation and incomes from work have improved.

Figure 4 highlights the countries where statistically significant improvements or deteriorations have taken place in the most recent period by showing the number of social indicators in the SPPM dashboard for which a given country has registered a significant change in the figures for the latest year. The Member States with the highest number of positive recent changes are Hungary, Ireland and Spain, all recording improvements on 13 indicators and with very few indicators showing a deterioration. In contrast, recent developments in Denmark and the Netherlands are much more limited, with significant improvements only registered on 4 and 3 indicators respectively, although there were also almost no indicators showing a deterioration. Almost all Member States recorded a larger number of indicators showing a significant improvement than a deterioration, the only exceptions being CY and LT which recorded significant declines on 9 indicators. These results should be considered in parallel with the longer term situation of Member States with regard to the number of indicators which show a deterioration or improvement compared to 2008 (Figure 6).

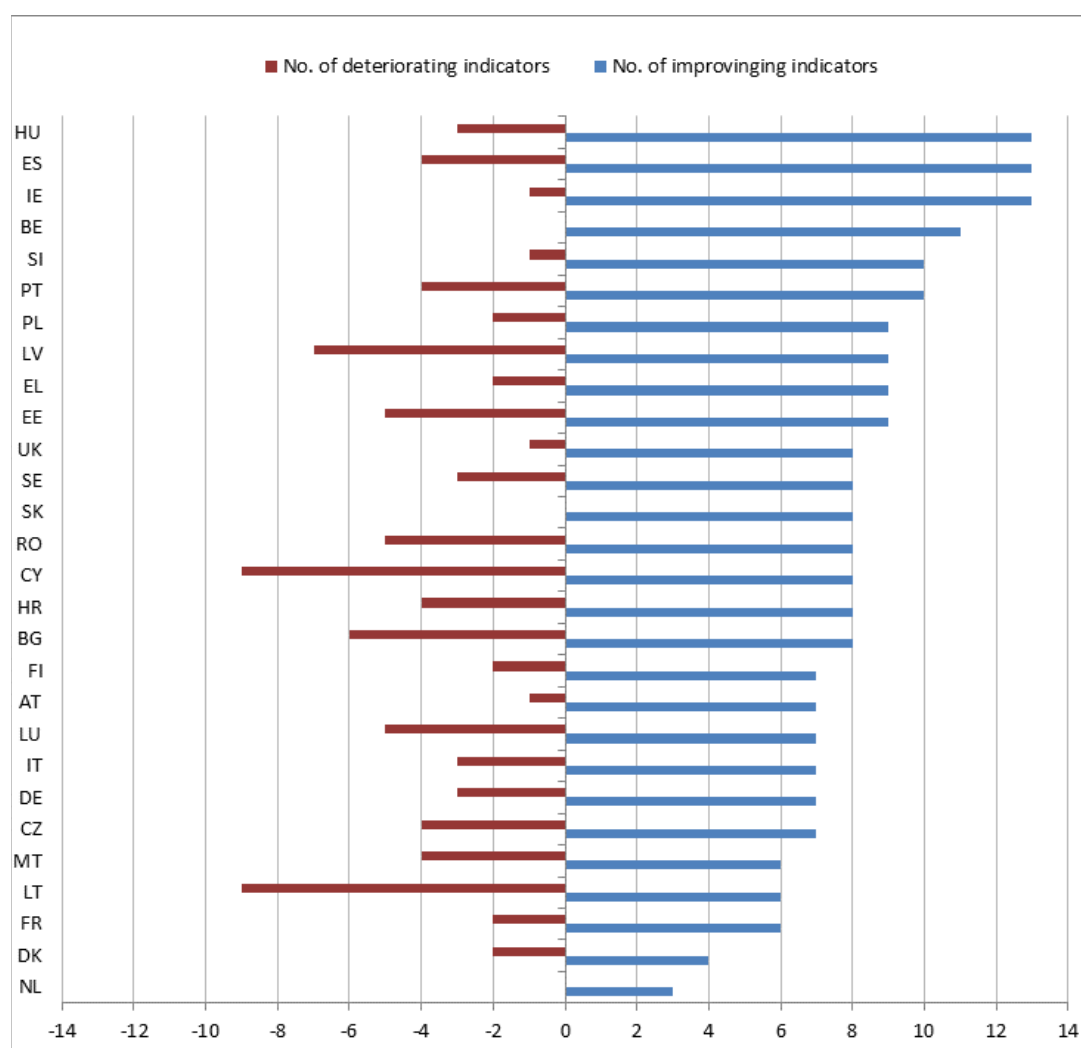
Looking at the longer-term developments since 2008 and the beginning of the Europe 2020 strategy, for most social areas the situation still remains noticeably worse as a result of the economic crisis, despite recent improvements (Figure 5). The areas with the most substantial deterioration compared to 2008 are:

- **Increased share of the population living in (quasi-)jobless households** (in 15 MS) and **falls in living standards** (as evidenced by higher **severe material deprivation** rates in 8 MS), against a background of reduced **real gross household disposable income** in 10 MS;

¹² Note that these trends generally refer to EU-SILC 2014-2015, i.e. income data for the period 2013-2014.

- increased income inequality (in 11 MS) and a rise in the depth of poverty risk (with the poverty risk gap up in 14 MS) and its persistence (in 9 MS);
- increased (long-term) exclusion from the labour market in general (with rises in the long-term unemployment rate and in the share of the population in (quasi-) jobless households in around half of MS), together with rises in the poverty risk for people living in (quasi-) jobless households in 18 MS;
- still strong signs of youth exclusion (with significantly higher NEET rates (in 11 MS) and youth unemployment ratios (in 13 MS);
- rises in the housing cost overburden rate for households (in 12 MS).

Figure 4. Number of SPPM key social indicators per Member State with a statistically significant improvement or deterioration from 2014 to 2015*



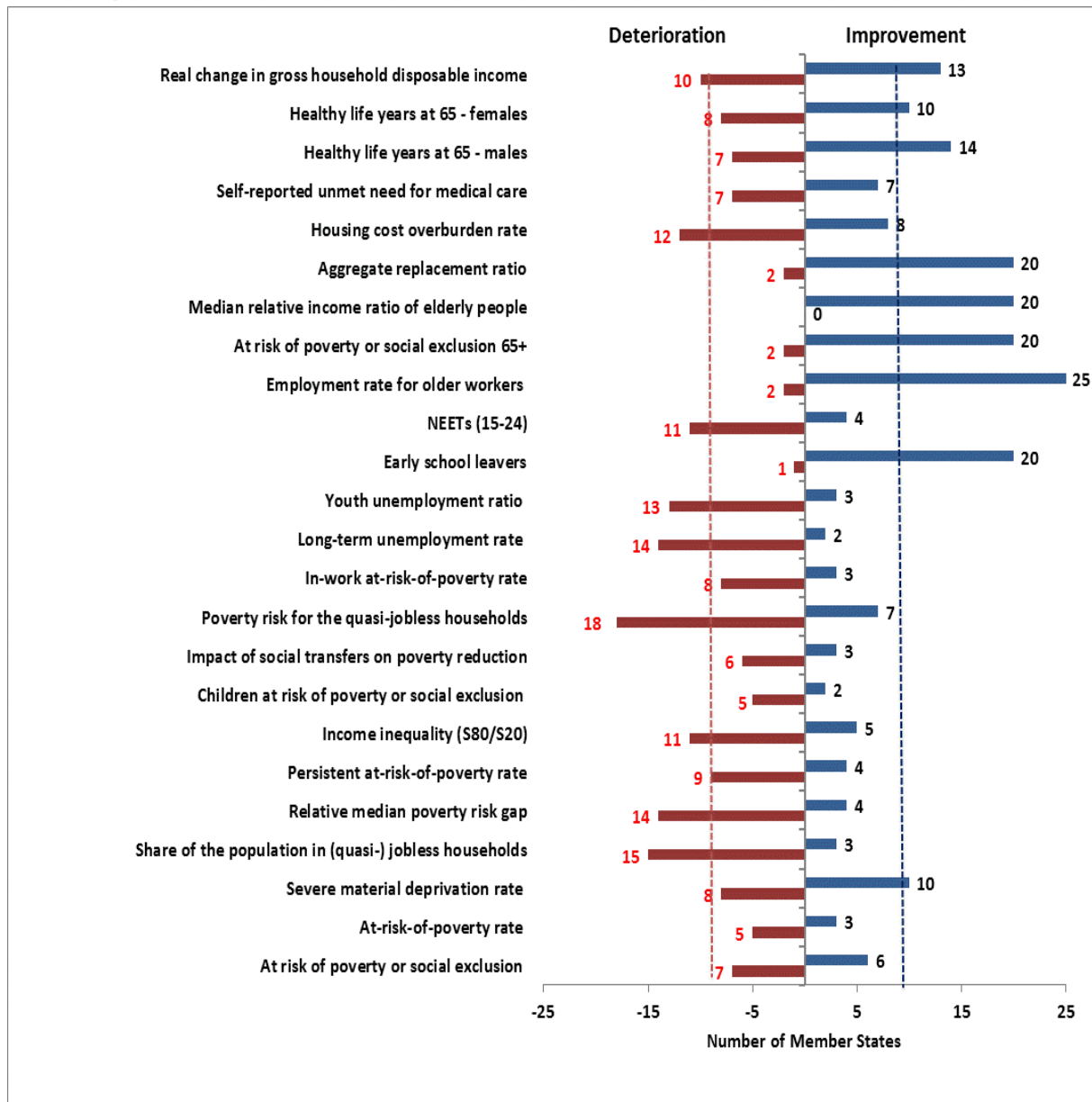
Source: Social Protection Performance Monitor

Note: * For EU-SILC based indicators changes generally refer to 2013-2014 for income and household work intensity indicators. Changes in real gross household disposable income refer to 2014-2015. LFS-based indicators (LTU rate, early school leavers, youth unemployment ratio, NEETS (15-24), ER (55-64)) and SMD refer to 2015-2016. Bars refer to the number of SPPM indicators which have registered a statistically (and substantively, where relevant) significant deterioration or improvement between 2008 and 2015/2016. Total of 23 dashboard indicators for this reference period.

The dashboard indicators show there have also been a number of improvements, notably in the areas of increasing number of healthy life years and significant decreases in the number of early school leavers in Europe (in 20 MS), as well as improvements in gross household disposable income in several Member States (13). There have also been improvements in the relative situation of the older generation. The labour market situation of older workers has improved markedly, as evidenced by increases in the employment rate for the age group 55-64 in almost all Member States. Compared to 2008, the relative situation of the elderly aged 65 and over also shows clear signs of improvement in around three-quarters of Member States, with decreases in the number of elderly living at risk of poverty or social exclusion as well as an improvement in their income situation with respect to the rest of the population (as evidenced by rises in the aggregate replacement ratio in 20 Member States, and the median relative income ratio of elderly people in 20). However, this trend should be correctly interpreted as it does not necessarily show an improvement in absolute terms. As pension income remained stable during the economic crisis while the working age population suffered from substantial income loss (wage decreases, job loss, decreases in benefit levels), the relative, but not necessarily the absolute, position of the elderly has improved, highlighting the important role of pension systems.

Figure 6 shows the number of social indicators in the SPPM dashboard for which a given country has registered a significant deterioration or improvement over the period 2008 to 2015/2016. The Member States with the most worrisome developments are Cyprus, Greece, Italy and Spain with deterioration on 14 indicators or more, and with only a few indicators showing an improvement. In contrast, Austria, Belgium, the Czech Republic, Malta and the UK have only registered significant deterioration on 3 or fewer indicators along with improvement on a larger number of indicators. Around two thirds of Member States now show a higher number of improvements than declines, with FI, LV and the UK notably showing a much higher number of improvements (14 or more) than deteriorations. Note that these results mainly refer to the period 2008 to 2015 for EU-SILC based indicators and that the 2016 data available for some countries (see the later section on "Latest indications from available 2016 EU-SILC data") indicate positive trends that might impact on the assessment based on Figure 6.

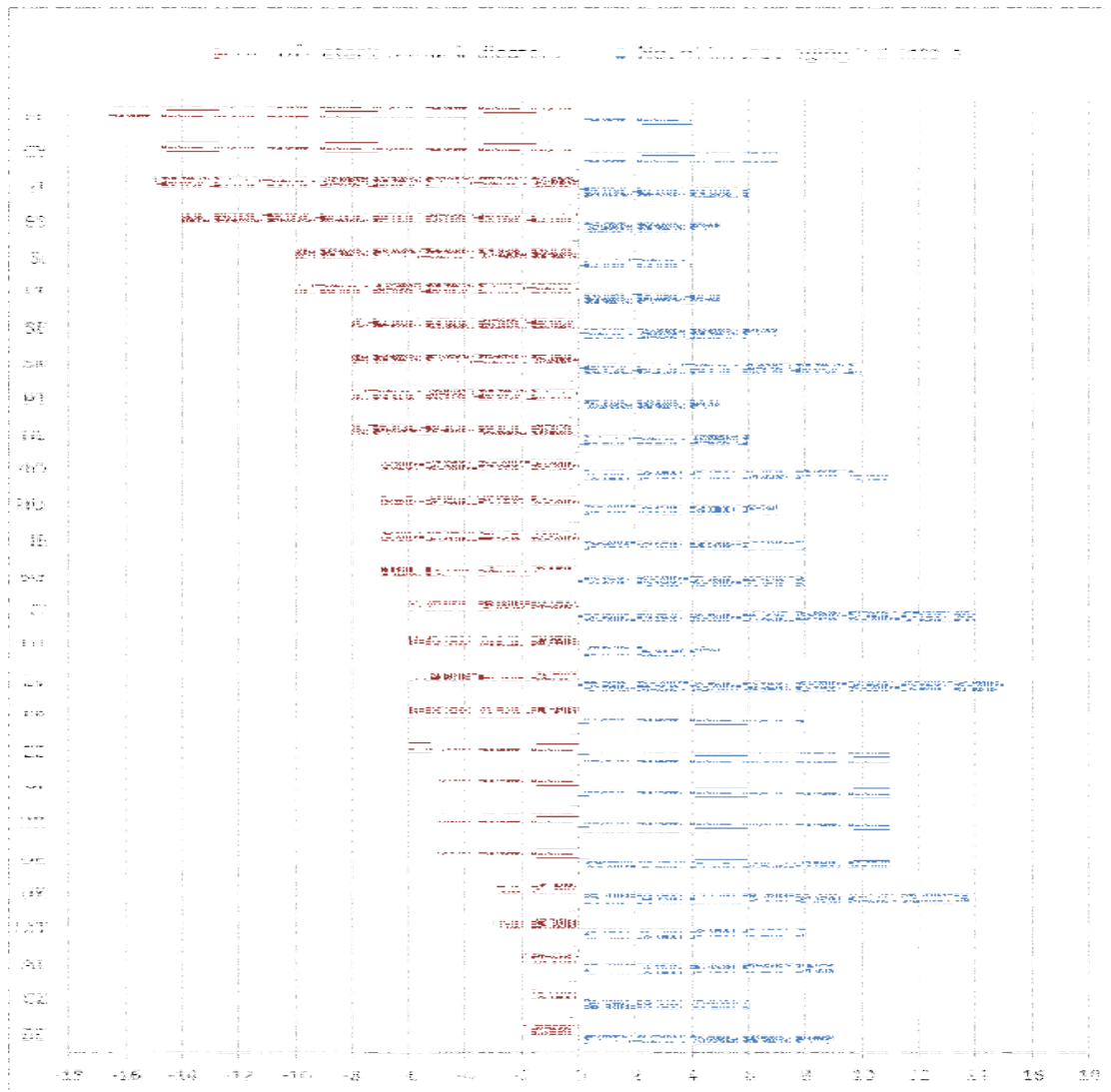
Figure 5. Areas of deterioration (Social trends to watch) and improvement for the period 2008-2015/2016*



Source: Social Protection Performance Monitor

Note: i) For AT, break in series in 2011 for persistent poverty risk (so trend not considered for the period compared to 2008); ii) For BE, major break in 2011 in the self-reported unmet need for medical examination (so trend not considered for the period compared to 2008); iii) For 2014 BG registered a major break in the time series for the material deprivation indicator (SMD) and AROPE indicator, so longer-term changes are presented for the period 2008-2013 only. iv) For DK, breaks in series for the period 2008-2014 which mainly affect indicators related to incomes and to a lesser degree variables highly correlated with incomes (so trends not considered for the period compared to 2008 for these); v) For 2014 EE registered a major break in series for EU-SILC variables, so longer-term changes for these are presented for the period 2008-2013 only. vi) For HR, the long-term comparison for EU-SILC-based indicators is relative to 2010 as no EU-SILC data published by Eurostat before then. vii) For RO, breaks in series in 2010 for LFS-based indicators, so changes 2010-2016 shown for longer term change. viii) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer-term trend must therefore be particularly cautious. * For SMD rate, LTU rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64) the change refers to the period 2008-2016.

Figure 6. Number of SPPM key social indicators per Member State with a statistically significant deterioration or improvement between 2008 and 2015/2016*



Source: Social Protection Performance Monitor

Note: i) For AT, break in series in 2011 for persistent poverty risk (trend not considered for period compared to 2008); ii) For BE, major break in 2011 in self-reported unmet need for medical examination (trend not considered for period compared to 2008); iii) For 2014 BG registered a major break in time series for the material deprivation indicator (SMD) and AROPE indicator, so longer-term changes are taken for the period 2008-2013 only for these indicators; iv) For DK, breaks in series for period 2008-2014 which mainly affect indicators related to incomes and to a lesser degree variables highly correlated with incomes, so changes since 2008 not available for several variables and hence total number of deteriorating variables not shown for DK; v) For 2014 EE registered a major break in series for EU-SILC variables, so longer-term changes for these are taken for the period 2008-2013 only; vi) For HR, long-term comparison for EU-SILC-based indicators is relative to 2010 as no EU-SILC data published by Eurostat before then; vii) For RO, breaks in series in 2010 for LFS-based indicators, so changes 2010-2016 shown for longer term change; viii) For UK, changes in the survey vehicle and institution in 2012 might have affected results on trends since 2008 and interpretation of data on the longer-term trend must therefore be particularly cautious; ix) The bars refer to the number of SPPM indicators which have registered a statistically (and substantively, where relevant) significant deterioration or improvement between 2008 and 2015/2016. * For SMD rate, LTU rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64) the change refers to the period 2008-2016. Total number of 25 SPPM dashboard indicators for this reference period.

SPPM dashboard 2017

SPPM 2017 results

Dimensions	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK			
Europe 2020	At-risk of poverty or social exclusion (in %)																																	
	2015	23.7	23.7	23.0	23.1	21.1	41.3	14.0	17.7	20.0	24.2	26.0	35.7	26.6	17.7	29.1	28.7	26.9	30.9	18.5	26.2	23.4	16.4	18.3	23.4	26.6	37.4	19.2	18.4	16.8	16.0	23.5		
	2014-2015 change in pp	-0.7	-0.7	-	-	-	1.2	-0.8	-	-0.6	-1.8	-1.7	-	-0.6	-0.8	-	1.5	-1.8	2.0	-	-3.6	-1.4	-	-0.9	-1.3	-0.9	2.9	-1.2	-	-	-	-0.9	-0.6	
	2008-2015 change in pp	n.a.	n.a.	1.4	1.4	-	3.2	-	n.a.	-	-	-	7.6	4.8	-	-2.0	3.2	5.6	-3.3	-	3.0	-	-	-2.3	-7.1	-	-6.8	-	-2.2	-	-	-	-	
	At-risk-of-poverty rate (in %)																																	
	2015	17.3	17.3	17.2	17.2	14.9	20.0	9.7	12.2	16.7	21.6	16.3	21.4	21.1	13.6	20.0	19.9	16.2	22.5	22.2	15.3	14.9	16.3	11.6	13.9	17.6	19.5	20.4	14.3	12.3	12.4	14.9	16.7	
	2014-2015 change in pp	-	-	-	-	-0.6	-	-	-	-	-	-0.7	-	-	-	-	1.8	1.3	3.1	-1.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2008-2015 change in pp	n.a.	n.a.	1.2	1.1	-	-	-	n.a.	1.5	-	-	-	-	-	-	-	-	-3.4	-	2.5	-	-	-	-	-	-	-	2.0	-	-1.2	1.3	-2.0	
	At-risk-of-poverty threshold for a single person household (levels in pps, changes as real change in national currency in %)																																	
	2015	n.a.	n.a.	n.a.	n.a.	11953	4120	6991	12231	12219	6259	10622	5281	8678	11011	6952	9237	9188	4855	6951	27571	4751	10009	11652	13189	5970	6190	2614	9061	6132	11658	12730	10627	
2014-2015 change in pp	n.a.	n.a.	n.a.	n.a.	-	-	-	-	-	92	75	-	5.4	-	-	-	11.8	8.1	-	-	-	-	-	-	-	-	-	8.5	-	-	-	-		
2008-2015 change in pp	n.a.	n.a.	n.a.	n.a.	8.4	40.5	10.4	n.a.	-	-	-6.2	-34.9	-11.6	-	-9.6	-8.4	-20.3	12.1	10.5	-	-	19.1	-	5.8	28.4	-	23.8	-	30.5	5.5	18.2	-5.1		
Severe material deprivation rate (in %)																																		
2015	7.8	7.7	6.7	6.8	5.5	31.9	4.8	2.6	3.9	4.8	7.5	22.2	5.8	4.4	12.5	11.9	13.7	12.8	13.5	2.0	16.2	4.4	2.7	3.0	6.7	8.4	23.8	5.4	9.0	2.2	0.7	8.2		
2014-2015 change in pp	-	-	-	-	-0.6	-	-	-	-	-	-0.6	-	-	-	-1.2	-	-1.7	-3.6	-	-	-3.2	-3.7	-	-	-0.6	-1.4	-1.2	1.1	-	-	-	-	-0.9	
2008-2015 change in pp	n.a.	n.a.	-	-	-2.3	-0.8	-1.1	-	-	-	-	-	-	-	-1.8	4.4	4.6	-6.5	-	1.3	-	1.2	-2.9	-11.0	-	-8.9	-1.3	-2.8	-1.3	-	-	-	-	
Population living in (quasi-) jobless households (in %)																																		
2015	10.6	10.6	11.2	11.2	14.9	11.6	6.8	11.6	9.8	6.6	19.2	16.8	15.4	8.6	14.4	11.7	10.9	7.8	9.2	5.7	9.4	9.2	10.2	8.2	6.9	10.9	7.9	7.4	7.1	10.8	9.8	11.9		
2014-2015 change in pp	-0.6	-0.6	-0.7	-0.6	-	-	-	-	-	-1.0	-1.8	-	-1.7	-1.0	-	-	-1.2	-1.8	-	-	-3.4	-0.6	-	-0.9	-	-1.3	0.7	-1.3	-	0.8	-0.6	-		
2008-2015 change in pp	n.a.	1.4	1.9	1.9	3.2	3.5	-	3.1	-1.9	3.1	5.5	9.3	8.8	-	-	-	1.3	6.4	2.4	3.1	-	2.0	-	-1.1	4.6	-	-	1.9	3.3	-	-	-		
Relative median at-risk-of-poverty rate (in %)																																		
2015	24.8	24.8	24.9	24.9	17.4	30.3	19.2	22.0	22.0	21.0	18.5	30.6	33.8	15.7	26.4	29.3	19.8	25.5	26.0	17.4	21.8	17.3	16.8	20.5	22.3	29.0	38.2	20.3	28.9	13.2	20.0	20.2		
2014-2015 change in pp	-	-	-	-	-1.4	-2.9	1.2	5.5	-1.2	-	-	2.2	-	-	-1.5	1.1	1.3	1.9	3.3	1.1	-	-	-	-1.3	5.6	-1.7	-	-	-	-	-	-		
2008-2015 change in pp	n.a.	2.9	3.5	3.5	-	3.3	-	n.a.	-	1.2	-	5.9	8.2	1.2	-1.2	6.1	4.5	-3.1	-	4.5	-3.0	1.9	-	1.7	5.8	5.9	-	10.8	-2.5	1.0	-	-		
Persistent at-risk-of-poverty rate (in %)																																		
2015	10.9	10.9	11.5	11.5	9.8	16.2	4.5	4.3	11.3	13.1	9.4	13.3	15.8	8.5	14.7	14.3	7.3	10.1	14.3	12.0	7.2	12.7	7.3	8.8	10.1	13.6	19.3	8.1	7.4	8.3	7.0	7.3		
2014-2015 change in pp	-	-	-	-	-	1.1	-	-	1.8	1.9	-1.3	-1.2	1.5	-	n.a.	1.4	-	-	1.7	3.3	-1.4	2.1	-	-	1.6	-	-	-1.4	-2.4	1.3	-	-		
2008-2015 change in pp	n.a.	2.2	2.5	2.5	-	n.a.	-	n.a.	4.1	-4.3	n.a.	4.8	n.a.	n.a.	n.a.	1.6	-2.6	-3.5	3.4	3.6	-	5.0	-	n.a.	-	n.a.	-	2.5	1.5	4.4	-1.2	-		
Income quintile ratio (S80/S20)																																		
2015	5.2	5.2	5.1	5.2	3.8	7.1	3.5	4.1	4.8	6.2	4.5	6.5	6.9	4.3	5.2	5.8	5.2	6.5	7.5	4.3	4.3	4.2	3.8	4.0	4.9	6.0	8.3	3.6	3.5	3.6	3.8	5.2		
2014-2015 change in pp	-	-	-	-	-	-	-	-	-5.9	-4.6	-8.2	-	-	-	-	-	-	-	33.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2008-2015 change in pp	n.a.	-	-	-	6.1	-7.3	9.2	-	n.a.	10.0	-	10.2	23.2	-	5.3	11.5	20.9	-11.0	33.0	-	19.4	-	-	-	-	-	-	18.6	5.9	-	-5.3	8.6	-7.1	
At-risk-of-poverty or social exclusion rate of children (% of people aged 0-17)																																		
2015	26.9	26.9	25.3	25.4	23.3	43.7	18.5	15.7	18.5	22.5	28.8	37.8	34.4	21.2	28.2	33.5	28.9	31.3	32.7	23.0	36.1	28.2	18.8	22.3	26.6	29.6	46.8	16.6	24.9	14.9	14.0	30.3		
2014-2015 change in pp	-0.8	-0.8	-	-	-	-	-	-	-	-	-1.6	-	-1.4	-	-	1.4	4.2	-4.0	-	-3.4	-5.7	-3.1	-	-	-1.6	-1.8	-3.9	-1.1	-	-	-2.7	-0.9		
2008-2015 change in pp	n.a.	-	1.7	1.7	-	7.3	-	n.a.	-	-	-	9.1	4.3	-	-	5.1	7.4	-	8.4	3.6	-	5.0	-	-	-6.3	-	-	-	-	-	-	-	-	
Impact of social transfers (excl. pensions) on poverty reduction (%)																																		
2015	33.1	33.1	33.1	33.1	44.2	22.5	42.3	52.7	33.5	22.3	35.0	16.1	26.6	43.1	35.3	21.6	36.2	17.6	32.4	43.8	42.0	31.2	48.0	45.7	23.1	26.1	13.3	42.3	35.3	53.7	46.1	42.8		
2014-2015 change in pp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2008-2015 change in pp	n.a.	-	-	-	-	-	-	-	-	5.7	-	-	-	-	-	-	-	-	8.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
At-risk-of-poverty rate for the population living in (quasi-) jobless households																																		
2015	59.0	59.9	60.6	60.7	58.5	75.4	65.6	44.6	68.9	77.2	54.1	51.6	61.6	62.4	67.5	57.2	50.9	76.9	75.5	41.3	56.6	69.1	47.9	49.1	61.0	57.5	60.2	65.7	72.4	52.8	69.6	47.7		
2014-2015 change in pp	0.9	0.9	1.2	1.2	-3.7	7.7	-	-	3.9	6.3	-	-1.5	10.1	4.2	-2.5	-	3.9	4.6	17.0	-6.6	5.0	-	-	5.1	-2.0	-	2.3	-6.9	-	-	-2.2	-		
2008-2015 change in pp	n.a.	3.2	5.4	5.4	3.8	-2.4	10.2	n.a.	4.7	-9.9	7.9	11.3	10.2	12.6	5.6	2.3	-	6.4	5.2	-8.1	8.1	7.5	8.2	-	11.8	4.3	11.5	8.7	19.3	-3.5	38.2	-35.4		
In-work at-risk-of-poverty rate (in %)																																		
2015	9.5	9.5	9.4	9.4	4.5	7.8	4.0	5.1	9.6	10.3	4.8	13.4	13.2	7.5	9.8	11.6	9.4	10.2	11.6	9.3	5.3	5.1	7.8	11.3	10.9	18.6	6.7	6.1	3.5	7.2	8.3			
2014-2015 change in pp	-	-	-	-	-1.5	-	-	-	-	-	-1.5	-0.6	-	0.6	-	-	1.4	1.1	1.8	-	2.6	-	0.6	-	-	-	-	-	-	-	-	-	-	
2008-2015 change in pp	n.a.	-	1.3	1.3	-	-	-	n.a.	2.3	-	-1.5	-	1.9	-	-	-	2.9	2.9	-1.3	-	3.5	-	-	-	-	-	1.7	1.6	-	-1.6	-	-		
Long-term unemployment rate (in %)																																		
2015	4.0	3.9	5.0	5.0	4.0	4.5	1.7	1.4	1.7	2.1	4.2	17.0	9.5	4.3	6.6	6.7	5.8	4.0	3.0	2.2	2.4	1.9	2.5	1.9	2.2	6.2	3.0	4.3	5.8	2.3	1.3	1.3		
2014-2015 change in pp	-	-	-	-	-1.1	-0.7	-	-	-	-	-1.1	-1.2	-1.9	-	-3.6	-	-1.0	-	-0.9	-	-0.7	-	-	-	-	-0.8	-1.0	-	-	-1.8	-	-		
2008-2016 change in pp	1.4	1.3	2.1	2.1	-	1.6	-	-	-2.2	-	2.5	13.3	7.5	1.7	1.3	3.7	5.3	2.1	1.7	-	-1.2	-	1.6	-	2.6	-	2.4	-	1.1	-	-	-		

	EU28	EU27	EA88	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK					
Youth exclusion	2016	10.7	10.8	11.2	11.1	8.8	13.8	6.6	7.2	10.2	10.9	6.3	6.2	19.0	8.8	2.8	13.8	7.7	10.0	4.8	5.5	12.4	19.6	8.0	6.9	5.2	14.0	18.5	4.9	7.4	7.9	7.4	11.2				
	2015 change in pp	-	-	-	-	-1.3	-	-	-	-	-1.3	-	-1.7	-1.0	-	-	-0.9	2.5	-	-	-3.8	0.8	-	-	-	-	-	-	-	-	-1.3	-	-				
	2008-2016 change in pp	-4.0	-4.0	-5.2	-5.2	-3.2	-	-5.8	-1.6	-3.1	-5.1	-8.2	-12.7	-3.0	-1.6	-5.8	-6.0	-5.5	-2.7	-7.9	-	-7.6	-3.4	-3.3	-	-20.9	-	-	-	1.4	-1.9	-	-5.7				
	2016	7.8	7.7	8.3	8.3	5.7	4.1	3.4	7.9	9.3	5.8	6.7	11.7	14.7	9.1	11.6	10.0	10.7	6.9	5.1	5.8	4.2	5.7	7.4	6.5	6.1	9.3	5.8	5.1	7.2	10.5	10.4	7.6				
	2015 change in pp	-0.6	-0.7	-0.6	-0.6	-0.9	-1.5	-0.7	1.2	-	-0.9	-1.2	-2.1	-	-2.4	-0.6	-1.7	-	-	-	-1.2	-	-	-	-	-0.7	-1.4	-1.0	-0.7	-1.2	-1.2	-0.8	-1.0	-	-1.6		
	2008-2016 change in pp	-	-	1.4	1.4	-	-	-	2.1	-2.0	-	-	5.1	3.0	2.0	2.9	3.5	6.9	1.1	1.1	-	-	-	-	-	2.5	1.4	-	-	-	1.7	-	-	-	-		
	2016	11.5	11.5	11.7	11.7	9.9	18.2	7.0	5.8	6.6	9.1	13.0	15.8	14.6	11.9	11.9	10.9	15.9	11.2	9.4	5.4	11.0	8.6	4.6	7.7	10.5	10.6	17.4	8.0	12.3	9.9	6.5	10.9	-	-		
	2015 change in pp	-	-	-	-	-3.3	-1.1	-	-	-1.7	-1.3	-1.4	-1.0	-	-	-1.2	-1.5	-	-	-	-0.8	-	-1.8	-	-	-	-	-1.5	-1.4	-	-	-	-	-	-		
2008-2016 change in pp	-	-	-	-	-	-	-	1.5	-1.8	-	-2.0	4.4	-	-	1.4	5.3	3.3	6.3	-	-	-	-	-	-	1.5	-	-	-	1.5	1.2	2.1	-1.3	-1.2	-	-		
Active ageing	2016	55.3	55.4	55.3	55.4	45.4	54.5	58.5	67.8	68.6	65.2	57.2	36.3	49.1	49.8	38.1	50.3	52.0	61.4	64.6	39.6	49.8	44.0	63.5	49.2	46.2	51.1	42.8	38.5	49.0	61.4	75.5	65.4	-	-		
	2015 change in pp	2.0	2.0	2.0	2.1	1.4	1.5	3.0	3.1	2.4	-	1.6	2.0	2.2	1.1	-1.1	2.1	3.5	2.0	4.2	1.2	4.5	3.7	1.8	2.9	1.9	2.2	1.7	1.9	2.0	1.4	1.0	1.4	1.0	1.2	-	-
	2008-2016 change in pp	9.8	9.9	11.0	11.0	10.9	8.5	10.9	9.4	14.9	2.9	3.3	-6.7	3.6	11.6	-	16.0	-2.8	2.3	11.6	5.5	18.9	13.9	10.5	10.4	14.6	1.4	2.1	5.7	9.8	4.9	5.4	5.4	5.4	-	-	
	2016	17.4	17.3	15.8	15.9	16.2	51.8	10.9	9.9	17.2	37.0	16.5	22.8	13.7	9.3	31.8	19.9	20.8	42.1	36.0	8.2	17.1	23.7	6.1	14.0	17.0	21.7	33.3	20.2	12.8	14.5	18.3	17.7	-	-	-	
	2015 change in pp	-	-	-	-	-1.1	4.0	-	-0.9	-	2.0	2.6	-	0.8	-0.8	2.1	-	-6.4	2.8	4.1	1.8	-1.9	-	-	-	-1.7	-1.2	0.6	-1.7	-	-5.5	1.8	-1.3	-	-		
	2008-2016 change in pp	n.a.	-6.0	-4.4	-4.5	-6.7	-7.9	-	n.a.	1.7	-12.9	-6.0	-5.3	-12.5	-	-4.8	-5.7	-4.5	-28.5	-16.7	-	-	-	-	-	-3.6	-7.2	-9.9	-6.0	-10.1	-4.2	-9.1	9.4	2.8	-10.8	-	-
	2016	0.93	0.93	0.95	0.95	0.79	0.71	0.81	0.77	0.87	0.82	0.87	1.04	1.01	1.04	0.85	0.99	0.80	0.85	0.73	1.08	1.01	0.75	0.89	0.98	0.99	0.92	1.00	0.90	0.91	0.81	0.79	0.88	-	-	-	
	2015 change in %	-	-	-	-	2.6	-13.4	-3.6	-	-3.3	-	-	4.0	-	-	-3.4	-	-	6.7	-8.5	-	-2.7	-3.8	-3.8	-	3.2	-	-2.1	-3.8	-	-	2.5	-4.8	-	-		
2008-2016 change in %	n.a.	9.4	9.2	10.5	6.8	7.6	-	n.a.	-	11.3	17.6	20.9	21.7	9.5	9.0	12.5	35.6	22.6	-	11.3	-	-	-	6.0	11.4	-	10.8	17.6	7.1	15.2	12.5	-	-	18.9	-	-	
Pension adequacy	2016	0.57	0.57	0.58	0.58	0.47	0.41	0.51	0.45	0.46	0.43	0.38	0.61	0.66	0.69	0.40	0.66	0.43	0.42	0.46	0.80	0.65	0.54	0.52	0.62	0.62	0.61	0.63	0.46	0.62	0.52	0.58	0.50	-	-	-	
	2015 change in %	-	-	-	-	-6.8	-7.3	-	-	2.2	-8.5	-	1.7	10.0	-	-	3.1	10.3	-4.5	2.2	-5.9	4.8	-3.6	4.0	3.3	-1.6	-3.2	-3.1	2.2	-	2.0	-3.3	-2.0	-	-	-	
	2008-2016 change in %	n.a.	16.3	18.4	18.4	-	20.6	-	n.a.	-	11.1	-22.4	48.8	57.1	6.2	25.0	29.4	30.3	40.0	7.0	37.9	6.6	31.7	20.9	-	10.7	19.6	26.0	-	14.8	6.1	-6.5	16.3	-	-	-	
	2016	3.2	3.2	n.a.	n.a.	2.4	4.7	0.8	1.3	0.5	12.7	2.8	12.3	0.6	1.2	1.9	7.2	1.5	8.4	2.9	0.9	2.6	0.8	0.1	0.1	0.1	7.3	3.0	9.4	0.2	2.1	4.8	1.0	2.8	-	-	
	2015 change in pp	-	-	n.a.	n.a.	-	-	-	-	-1.1	1.4	-	-	-	-1.6	-1.4	-	-	-3.2	-4.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	2008-2016 change in pp	n.a.	-	n.a.	n.a.	n.a.	-10.6	-	-	-1.7	5.4	-	-	-	-	n.a.	2.0	-1.3	-1.5	-2.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	2016	9.4	n.a.	n.a.	n.a.	11.2	8.7	8.0	11.0	11.4	5.3	11.4	7.9	9.5	2.8	4.7	7.8	8.4	4.1	5.0	10.7	5.9	15.4	10.5	7.9	7.6	7.0	6.3	8.2	4.1	5.3	15.7	10.2	-	-		
	2015 change in %	n.a.	n.a.	n.a.	n.a.	7.7	-	-	6.7	-8.3	81.0	32.5	22.6	-12.2	-	12.6	n.a.	-	-7.7	-14.6	-15.3	-	5.4	27.6	6.1	6.8	8.6	-	-30.3	-10.9	36.7	16.3	19.8	-	-	-	
2008-2016 change in %	n.a.	n.a.	n.a.	n.a.	11.0	9.5	8.6	11.9	12.3	5.3	12.0	7.5	8.9	10.7	4.5	7.5	7.3	4.0	5.5	8.7	5.9	14.0	9.4	7.7	8.4	5.4	5.7	7.6	3.8	8.0	16.8	10.4	-	-	-		
Access to Housing	2016	11.3	11.3	11.2	11.2	9.4	14.8	10.4	15.1	15.6	6.8	4.6	40.9	10.3	5.7	7.2	8.0	3.9	8.1	9.1	6.0	8.5	1.1	14.9	6.4	8.7	9.1	19.9	6.1	9.1	4.9	7.3	13.5	-	-		
	2015 change in pp	-	-	-	-	-1.0	1.9	-	-	-1.5	-1.6	-	-0.6	0.6	-	-	-	-1.5	2.0	-0.8	-4.3	-	-	-	-	-0.9	-	-	-	-	-	-	-	-	-		
	2008-2016 change in pp	n.a.	-	2.9	2.9	-3.1	1.5	-2.4	n.a.	n.a.	3.6	1.3	18.7	-	1.5	-6.9	-	2.1	-	4.1	2.3	-3.1	-2.2	1.2	-2.1	-	1.5	-3.2	1.7	3.5	-	-	-	-	-	-	
	2016	2.2	n.a.	n.a.	1.8	0.7	2.5	5.2	3.0	2.5	4.5	4.7	-3.0	2.1	1.7	2.5	0.8	-0.8	4.8	2.8	n.a.	2.0	n.a.	3.2	-	3.3	1.8	7.2	2.1	4.0	1.0	2.4	3.6	-	-	-	
	2015 change in %	n.a.	n.a.	n.a.	n.a.	-	-	7.3	5.0	10.9	7.0	2.7	-	-33.3	-7.1	4.5	-5.5	-8.6	-17.3	-13.7	-2.8	n.a.	1.3	n.a.	-1.6	18.1	-7.7	28.3	-2.3	6.1	5.4	19.7	8.5	-	-	-	
	2008-2016 change in %	n.a.	n.a.	n.a.	n.a.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Note: i) Only significant changes have been highlighted in green/red (positive/negative changes). "n.a." refers to stable performance (i.e. insignificant change). See table at end of document for full details; ii) For AT, break in series in 2011 for persistent poverty risk ("n.a." shown for the period compared to 2008); iii) For BE, major break in 2011 in the self-reported unmet need for medical examination ("n.a." shown for the period compared to 2008); iv) For BG, major break in the time series in 2014 for the material deprivation indicators, so for SMD and AROPE the change 2008-2013 is used for the longer period compared to 2008. Also a break in 2016 for EU-SILC based indicators, but comparison of changes are still valid; v) For DK, breaks in series for the period 2008-2015 which mainly affect indicators related to incomes and to a lesser degree variables highly correlated with incomes ("n.a." shown for the longer period compared to 2008 for these); vi) For EE, major break in series in 2014 for variables in EU-SILC due to implementation of a new methodology based on the use of administrative files. Hence change 2008-2013 used for the longer period compared to 2008; vii) For FR, the long-term comparison for EU-SILC-based indicators is relative to 2010 as no EU-SILC data published by Eurostat before then; viii) For RO, breaks in series in 2010 for LFS-based indicators, so changes 2010-2016 shown for longer term change; ix) For SI, break in time series in Healthy Life Years indicator (change of question in 2010) which affects the comparison of change since 2008; x) For UK, changes in the EU-SILC survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer-term trend must therefore be particularly cautious; xi) For some indicators (SMD rate, LTV rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64)) the changes refers to the periods 2015-2016 and 2008-2016; xii) SMD figures for CY, DE, EE, FR, HR, IT, LT, MT, PL and UK are provisional, and for IE and LU are estimates.

Latest indications from available 2016 EU-SILC data

Some 16 Member States have already reported on the results of the 2016 EU-SILC survey¹³, while all 28 MS have provided early estimates on the severe material deprivation (SMD) indicator. This section presents the findings, albeit rather patchy, from this most recent available data. The table below shows figures available for the changes in the EU-SILC based SPPM indicators between 2015 and 2016 surveys, highlighting where changes are significant¹⁴.

As discussed earlier, results for the SMD indicator, regarded as one of the more timely indicators available from EU-SILC, strongly suggest that overall household incomes and financial conditions have continued to improve over the very latest period. The severe material deprivation rate has declined significantly over 2015-2016 in 13 Member States, and has only risen significantly in one. However, among the more limited number of countries (16) with figures already available on the at-risk-of-poverty rate, 4 recorded a significant deterioration and only 1 an improvement between 2015 and 2016. In contrast, the share of the population living in (quasi-)jobless households fell in 5 countries and rose in just 2. The combined result of the changes in the components of the overall at-risk-of-poverty-or-social-exclusion rate (AROPE) are significant reductions in AROPE in 6 out of the 16 countries for which figures are available, and only 2 Member States reporting a significant rise.

Other areas flagging up as mainly improving are the at-risk-of-poverty or social exclusion rate of children (6 countries have shown a significant reduction and only 3 a significant increase) and the aggregate replacement ratio for the elderly (with 8 MS recording significant improvements).

On many of the other EU-SILC based indicators in the SPPM, results tend to be generally non-significant or mixed across those countries for which figures are already available.

¹³ This refers to the situation at the end of July 2017, at which time some 16 Member States (AT, BE, BG, CZ, DK, EL, ES, FI, HR, HU, LV, NL, RO, SI, SK and SE) had reported data for the SILC-based indicators included in the SPPM. For the SMD indicator, all Member States had provided early data or estimates for this indicator.

¹⁴ The estimates of significance used are the ones employed to investigate the changes 2014-2015.

Dashboard of changes 2015-2016 for available EU-SILC based figures

	EU28	EJ27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	
	2015-2016 change	EU28	EJ27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
		At risk of poverty or social exclusion (in %)																															
	2015-2016 change in pp	n.a.	n.a.	n.a.	n.a.	-0.4	-0.9	-0.7	-1.0	n.a.	n.a.	-0.1	-0.7	n.a.	-0.6	n.a.	n.a.	-2.4	n.a.	n.a.	n.a.	-1.9	n.a.	0.4	-0.3	n.a.	n.a.	1.4	-0.8	-0.3	-0.2	2.3	n.a.
	2015-2016 change in pp	n.a.	n.a.	n.a.	n.a.	0.6	0.9	0.0	-0.3	n.a.	n.a.	-0.2	0.2	n.a.	-0.5	n.a.	n.a.	-0.7	n.a.	n.a.	n.a.	-0.4	n.a.	1.2	0.2	n.a.	n.a.	-0.1	-0.4	0.4	-0.8	1.7	n.a.
		At-risk-of-poverty rate (in %)																															
	2015-2016 change in %	n.a.	n.a.	n.a.	n.a.	1.2	-4.2	n.a.	n.a.	n.a.	n.a.	-0.3	2.8	n.a.	n.a.	n.a.	n.a.	9.1	n.a.	n.a.	n.a.	4.6	n.a.	n.a.	0.9	n.a.	n.a.	6.9	n.a.	n.a.	-0.9	n.a.	n.a.
	2015-2016 change in pp	-0.3	-0.3	-0.2	-0.3	-2.3	-0.8	-1.1	-0.5	0.3	0.0	0.0	-0.6	-0.1	-1.2	0.4	-1.7	-3.6	-0.4	0.0	-3.2	-3.7	0.1	-0.6	-1.4	-1.2	1.1	-0.4	0.0	0.0	0.0	-0.9	
		Severe material deprivation rate (in %)																															
	2015-2016 change in pp	n.a.	n.a.	n.a.	n.a.	-0.3	0.3	-0.1	-1.0	n.a.	n.a.	0.4	-0.5	n.a.	-0.8	n.a.	n.a.	-0.6	n.a.	n.a.	n.a.	-1.2	n.a.	-0.5	-0.1	n.a.	n.a.	0.3	0.0	-0.6	0.6	2.7	n.a.
		Relative median at-risk-of-poverty gap (in %)																															
	2015-2016 change in pp	n.a.	n.a.	n.a.	n.a.	2.0	0.1	0.3	-1.2	n.a.	n.a.	1.3	-2.4	n.a.	1.4	n.a.	n.a.	-1.5	n.a.	n.a.	n.a.	-3.0	n.a.	1.0	-0.7	n.a.	n.a.	-2.0	-0.1	-2.8	0.7	1.1	n.a.
		Persistent at-risk-of-poverty rate (in %)																															
	2015-2016 change in pp	n.a.	n.a.	n.a.	n.a.	0.2	-0.9	-0.2	n.a.	n.a.	n.a.	n.a.	-1.0	n.a.	-0.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7	n.a.	-0.4	-0.7	n.a.	n.a.	n.a.	0.4	n.a.	n.a.	n.a.	n.a.
		Income quintile ratio (S80/S20)																															
	2015-2016 change in %	n.a.	n.a.	n.a.	n.a.	0.0	11.3	0.0	0.0	n.a.	n.a.	1.5	-4.3	n.a.	-3.8	n.a.	n.a.	-4.6	n.a.	n.a.	n.a.	0.0	n.a.	10.5	2.5	n.a.	n.a.	-13.3	0.0	2.9	0.0	13.2	n.a.
		At-risk-of-poverty or social exclusion rate of children (% of people aged 0-17)																															
	2015-2016 change in pp	n.a.	n.a.	n.a.	n.a.	-1.7	1.9	-1.1	-1.9	n.a.	n.a.	-0.3	-1.5	n.a.	-1.0	n.a.	n.a.	-6.6	n.a.	n.a.	n.a.	-2.5	n.a.	0.7	-2.3	n.a.	n.a.	2.4	-1.7	-0.5	-0.2	5.9	n.a.
		Impact of social transfers (excl. pensions) on poverty reduction (%)																															
	2015-2016 change in pp	n.a.	n.a.	n.a.	n.a.	-3.1	-4.6	-1.8	-0.5	n.a.	n.a.	-0.2	-2.2	n.a.	-2.9	n.a.	n.a.	4.0	n.a.	n.a.	1.8	n.a.	-6.4	0.7	n.a.	n.a.	n.a.	0.9	0.5	-4.3	3.3	-0.3	n.a.
		At-risk-of-poverty rate for the population living in (quasi-) jobless households																															
	2015-2016 change in pp	n.a.	n.a.	n.a.	n.a.	7.0	-3.8	5.0	3.9	n.a.	n.a.	0.6	2.0	n.a.	-2.2	n.a.	n.a.	-1.2	n.a.	n.a.	-3.0	n.a.	8.7	2.8	n.a.	n.a.	n.a.	5.0	-0.2	3.0	-1.3	1.6	n.a.
		In-work at-risk-of-poverty rate (in %)																															
	2015-2016 change in pp	n.a.	n.a.	n.a.	n.a.	0.2	3.8	-0.2	0.2	n.a.	n.a.	0.6	-0.1	n.a.	-0.4	n.a.	n.a.	-0.9	n.a.	n.a.	0.4	n.a.	0.8	0.5	n.a.	n.a.	n.a.	0.0	-0.6	0.4	-0.4	-0.4	n.a.
		At risk of poverty or social exclusion for the elderly (65+) in %																															
	2015-2016 change in pp	n.a.	n.a.	n.a.	n.a.	0.2	-5.9	-0.8	-0.7	n.a.	n.a.	-0.8	0.7	n.a.	1.9	n.a.	n.a.	1.0	n.a.	n.a.	-2.0	n.a.	4.0	-0.3	n.a.	n.a.	0.7	-0.3	-0.5	-0.9	-1.3	n.a.	n.a.
		Median relative income of elderly people																															
	2015-2016 change in %	n.a.	n.a.	n.a.	n.a.	-3.8	12.7	-2.5	-2.6	n.a.	n.a.	2.9	0.0	n.a.	-2.4	n.a.	n.a.	-3.1	n.a.	n.a.	0.0	n.a.	-6.7	-1.0	n.a.	n.a.	n.a.	-3.0	-1.1	0.0	2.5	-2.5	n.a.
		Aggregate replacement ratio																															
	2015-2016 change in %	n.a.	n.a.	n.a.	n.a.	2.1	9.8	-2.0	4.4	n.a.	n.a.	3.3	0.0	n.a.	-7.5	n.a.	n.a.	0.0	n.a.	n.a.	3.1	n.a.	-3.8	0.0	n.a.	n.a.	n.a.	4.8	2.2	0.0	1.9	-1.7	n.a.
		Housing cost overburden rate																															
	2015-2016 change in pp	n.a.	n.a.	n.a.	n.a.	0.1	5.9	-0.9	-0.1	n.a.	n.a.	-0.4	-0.1	n.a.	-0.5	n.a.	n.a.	-1.1	n.a.	n.a.	0.3	n.a.	-4.0	0.8	n.a.	n.a.	n.a.	-1.5	-0.4	n.a.	-0.5	1.0	n.a.

Note: i) Only significant changes have been highlighted in green/red (positive/negative changes). "n.a." refers to data not (yet) being available. Eurostat calculations on statistical significance of net change have been used where available, combined with checks for substantive significance in some cases. In all the remaining cases a 1pp threshold has been used for all percentage-based indicators or for indicators based on ratios a 5% threshold has been used; ii) The method used to estimate the statistical significance of the net changes, based on regression and developed by Net-SILC2 (an EU funded network consisting of a group of institutions and researchers conducting analysis using EU-SILC) is still under improvement; iii) SMD figures for CY, DE, EE, FR, IT, LT, MT, PL and UK are provisional, and for IE and LU are estimates; iv) For BG there is a break in time series in 2016 for EU-SILC based indicators, but comparison of changes are still valid;

IV. Analysis of the key social challenges and good social outcomes in EU Member States and a review of latest developments in social protection policies

In this section the main social challenges and good social outcomes in each Member State are assessed¹⁵, and an overview is provided of the more recent reforms of social protection policies. For the former, the assessment is based on an analysis of both the levels of the figures for the indicators in question together with the changes over a three year reference period, based on the Joint Assessment Framework tool¹⁶.

Preventing poverty and social exclusion through inclusive labour markets, adequate and sustainable social protection and high quality services

Reducing poverty and fighting social exclusion remain key challenges for Member States. Partly due to the effects of the crisis, the EU continues to be far off-track in reaching the Europe 2020 poverty and social exclusion target, even when the most recent and more encouraging data is taken into account. Challenges relate to improving the coverage and adequacy of social benefits and ensuring an effective link with activation and sustainable (re-) insertion into the labour market, provision of quality services complementing activation measures, tackling child poverty and addressing the long-term benefit dependency risk.

This year's SPPM analysis of the structural challenges of Member States shows that for the general population across the EU28, the at-risk-of-poverty-or-social-exclusion rate (AROPE) appears to be a key challenge in 6 Member States (BG, CY, EL, IT, PT, RO), with good outcomes registered in only 1 Member State (CZ) (Table 2). An analysis of the subcomponents of this indicator shows that monetary (relative) poverty is a key challenge in 2 Member States (EE, ES), while severe material deprivation is a key challenge in 3 Member States (BG, EL, HU), and (quasi-)jobless households in 11 Member States (BE, CY, EL, , ES, HR, IE, LT, LV, MT, SI, SK), but with good outcomes on the latter in 4 Member States (AT, EE, LU and LV). For the EU28, severe or persistent income poverty represents a key challenge in 7 Member States (BG, ES, IT, LU, MT, RO, SK), 5 of these countries being Eurozone members. Good social outcomes with regards to severe or persistent poverty are registered in 4 Member States (CZ, CY, DK and FR). Income inequality appears as a key challenge in 7 Member States (BG, EE, EL, ES, LT, LV, RO), out of which 5 are in the euro area, while good social outcomes are registered in 2 MS (BE, SI). The housing situation, as reflected by either housing cost overburden or housing deprivation, is a key challenge in 7 Member States (EL, FR, HU, LV, PT, SI, SK), with FI displaying particularly good social outcomes in this regard and also SK specifically with regard to housing deprivation.

¹⁵ For further details on the assessment methodology see the appendix "SPPM methodology used for the identification of Member States' key social challenges and good social outcomes".

¹⁶ <http://ec.europa.eu/social/BlobServlet?docId=14727&langId=en>

Table 2. Summary of Member States' SPPM key social challenges and good social outcomes in the area of preventing poverty and social exclusion through inclusive labour markets, adequate and sustainable social protection and high quality services

	At-risk of poverty and social exclusion for general population (AROPE)	At-risk-of-poverty	Severe material deprivation	(Quasi-)jobless households (VLWI)	Severe or persistent poverty (gap, persistence)	Income inequality (S80/S20)	Housing situation for general population ¹
Key social challenge ²	BG, CY, EL, IT, PT, RO	EE, ES	BG, EL, HU	BE, CY, EL, ES, HR, IE, LT, LV, MT, SI, SK	BG, ES, IT, LU, MT, RO, SK	BG, EE, EL, ES, LT, LV, RO	EL, <i>FR</i> , HU, LV, PT, SI, <i>SK</i>
Good social outcome	CZ	\	\	AT, EE, LU, LV	CZ, CY, DK, FR,	BE, SI	FI, SK

Note: 1. Housing situation consists of an assessment on housing cost overburden and housing deprivation. 2. Challenges based on Non-JAF indicators are shown in italics.

For children, the at-risk-of-poverty-or-social-exclusion rate is a key challenge in 5 Member States (AT, CY, ES, HU, RO), with DK, FI and SE displaying particularly good social outcomes in this regard (Table 3). An analysis of the subcomponents of this indicator shows that the risk of poverty for children is a key challenge in 3 Member States (EL, ES, LT) with good social outcomes in 2 (DK and SE), severe material deprivation of children is a key challenge in 3 MS (BG, CY, HU), and the share of children living in (quasi-)jobless households in 6 MS (BE, BG, DK, HR, IE and UK), with good social outcomes in 1 (SI). The impact of social transfers in reducing the risk of child poverty, the at-risk-of poverty rate of children living in households with different levels of work intensity and the poverty risk gap are indicative of how effective social protection of children is in a given country. Based on these indicators, effectiveness challenges have been identified for 10 Member States (AT, CZ, ES, IT, LU, LV, MT, NL, PT, SK) with good outcomes reported in CZ, CY, FI, IE and NL. The housing situation for children appears as a particular challenge in BE and IT.

Table 3. Summary of Member States' SPPM key social challenges and good social outcomes in the area of breaking the intergenerational transmission of poverty/disadvantage - tackling child poverty and social exclusion

	At-risk of poverty and social exclusion for children (AROPE)	At-risk-of-poverty	Severe material deprivation	(Quasi-)jobless households (VLWI)	Effectiveness of social protection for children	Housing situation for children ¹
Key social challenge	AT, CY, ES, HU, RO	EL, ES, LT	BG, CY, HU	BE, BG, DK, HR, IE, UK	AT, CZ, ES, IT, LU, LV, MT, NL, PT, SK	BE, IT
Good social outcome	DK, FI, SE	DK, SE		SI	CZ, CY, FI, IE, NL	\

Note: 1. Housing situation consists on an assessment on housing cost overburden and housing deprivation.

Specifically for the working age population (Table 4), 2 Member States (AT, CZ) show particularly good outcomes on the at-risk-of-poverty-or-social-exclusion rate, while monetary poverty appears as a key challenge in 2 Member States (CY, SI) with good social outcomes in another 2 MS (FI, SK). The share of adults living in (quasi-)jobless households is a challenge in ES with good social outcomes in 3 MS (EE, LV, SE). The risk of in-work poverty presents a particular challenge in 7 Member States (CY, DE, ES, HU, LT, LU, RO), with another 8 displaying particularly good social outcomes in this regard (BE, CZ, DK, FI, HR, IE, MT, SI). The effectiveness of social benefits has been assessed based on the impact of social transfers in reducing the risk of working age poverty, notably in terms of adequacy, coverage, and take-up of social assistance and unemployment benefits. Based on this approach, effectiveness challenges have been identified for 9 Member States (BG, DE, DK, EL, HU, IT, LV, PL, RO) with 3 Member states with particularly good outcomes (AT, CZ and FR). The inclusiveness of labour markets, as reflected by the at-risk-of-poverty rate for adults living in (quasi-)jobless households and the poverty gap, proves to be a key challenge in 5 Member States (CZ, DE, EL, PT and SK. At the same time good social outcomes are found in 5 Member States (EL, FI, FR, LU and MT. The housing situation of the working age population appears as a challenge in CY.

Table 4. Summary of Member States' SPPM key social challenges and good social outcomes in the area of Active inclusion - tackling poverty and social exclusion in working age

	At-risk of poverty and social exclusion for working age population	At-risk-of-poverty	(Quasi-)jobless households (VLWI)	In work poverty	Effectiveness of social benefits	Effectiveness of social services	Inclusive labour markets	Housing situation for working age population ¹
Key social challenge ²	\	CY, SI	ES	CY, DE, ES, HU, LT, LU, RO	<i>BG, DE, DK, EL, HU, IT, LV, PL, RO</i>	<i>BG, RO</i>	CZ, DE, EL, PT, SK	CY
Good social outcome	AT, CZ	FI, SK	EE, LV, SE	BE, CZ, DK, FI, HR, IE, MT, SI	AT, CZ, FR	\	EL, FI, FR, LU, MT	\

*Note: 1. Housing situation consists on an assessment on housing cost overburden and housing deprivation.
2. Challenges based on Non-JAF indicators are shown in italics.*

The multilateral review of CSRs' implementation, the National Reform Programmes and the social reporting in the context of the social OMC show that a number of Member States are implementing policy reforms in the area of income support, access to services and activation measures. Among those are policy initiatives related to reinforcing and integrating social assistance, increasing the coverage and adequacy of minimum income schemes (e.g. BG, LT, HU) as well as their streamlining, including by revising eligibility criteria to improve access for those most in need (e.g. ES, HR). IT, for example, has put in place an Inclusion Income scheme at national level. Avoiding financial disincentives through incentivising employment by gradual

tapering of income support is also an important aspect of reform efforts (e.g. in IE). Expanding information systems to ensure appropriate exchange of data on benefit recipients is being put in place to improve monitoring, efficiency and effectiveness of income support delivery. Reforms related to the administration of benefits and services aim to be comprehensive and address the fragmentation of social assistance systems by unifying benefits' administration and streamlining the involvement of different levels of government in the administration processes. Child poverty risk is being tackled through targeted and early intervention policies – income support (e.g. SE, LV), including in-work benefits, as well as support for sustainable labour market integration for parents (e.g. IE). Addressing the gap between self-employed workers and traditional employees in relation to their access to affordable social protection is also an area of policy focus (e.g. NL), and has been the focus of a recent SPC peer review (see Box 1). Important reforms related to the development and monitoring of quality of social service delivery are taking place in a few Member States (e.g. BG, EE, FI). Well-designed social services, including through coordination with employment services, can work as a long-term investment, which stimulates growth, social inclusion and preserves human capital.

Adequate and sustainable pensions

Reforming pension systems has consistently been one of the most important areas for the structural reforms agenda since the start of the European Semester. The main focus of the policy guidance in the European Semester process has been on the need to improve the long-term sustainability of pension systems, without jeopardizing the main function of pensions which is to allow people to maintain, to a reasonable degree, their standard of living after retirement and to prevent the risk of poverty among the elderly. The recommended measures have included promoting longer working lives through increasing pensionable age, restricting early exit pathways, including through tightening eligibility criteria for the allocation of sickness and disability benefits, early retirement and by promoting later take-up of pensions and harmonization of the statutory retirement age between men and women. At the same time, improving the financial sustainability of pension systems can result in less generous public pension benefits and the need for flanking measures to maintain retirement incomes. Therefore, recommendations have also called on Member States to promote active ageing and employability of older workers and improve the provision of supplementary pensions.

This year's SPPM analysis of the structural challenges of Member States shows that the share of elderly at risk of poverty or social exclusion (Table 5) is a key social challenge in 5 Member States (BG, DE, IE, LV, RO). 5 Member States have an explicit challenge in relation to monetary poverty - EE, HR, LT, MT and SE (for SE this is specifically related to elderly women)¹⁷. CZ, HU and SK show particularly positive results in relation to having low monetary poverty rates for the elderly. 1

¹⁷ This analysis does not take into account non-cash benefits such as transfers in kind. High-quality welfare services in the form of services for the elderly contribute to a more equitable distribution of welfare. SE spends 13 % of GDP on benefits in-kind which is the highest within the EU (see table 42).

Member State - BG - has a key social challenge in relation to material deprivation of the elderly while LV has a good social outcome in this regard. Housing is one of the areas, together with income replacement aspects, where most MS are facing social challenges - 5 Member States register key social challenges on housing and 16 on income replacement aspects while AT and LU have good social outcomes on the latter. The impact of social transfers in reducing old age monetary poverty and the poverty risk gap are indicative of how effective are pensions systems and social protection more generally in terms of allowing for a decent standard of living of the elderly in a given country. In relation to good social outcomes – poverty prevention is the area with the highest number of Member States with good social outcomes (6 – CZ, DK, FI, IE, MT, SK), although 1 member State (PT) registers a challenge here. 3 Member States (HR, PL and SI) have challenges regarding equalising pension rules.

Table 5. Summary of Member States’ SPPM key social challenges and good social outcomes in the area of elderly monetary poverty and adequate income and living conditions of the elderly

	Poverty and social exclusion in old age	At-risk-of-poverty	Severe material deprivation	Poverty prevention	Income replacement aspects	Equal pension rules	Housing situation for the elderly ¹
Key social challenge ²	BG, DE, IE, LV, RO	EE, HR, LT, MT, SE	BG	PT	BE, BG, CZ, CY, DE, DK, EE, FI, HR, IE, LT, LV, MT, NL, SE, SI	<i>HR, PL, SI</i>	BG, DE, DK, LU, PT
Good social outcome	\	CZ, HU, SK	LV	CZ, DK, FI, IE, MT, SK	AT, LU	\	\

Note: 1. Housing situation consists on an assessment on housing cost overburden and housing deprivation. 2. Challenges based on Non-JAF indicators are shown in italics.

The multilateral review of CSRs’ implementation, the National Reform Programmes and the social reporting in the context of the social OMC show that a number of Member States, not only those with CSRs touching upon this area, are implementing policy reforms in their pension policy. Given the complexity of pension reforms and the involvement of social partners in the negotiation process, reforms are more often being implemented in the context of a multiannual cycle. Increase in retirement age and facilitating longer working lives remain the main priorities. The majority of Member States have increased the statutory retirement age in recent years. The use of advisory Pension Groups is an interesting instrument some Member States are using to keep a regular check on pension systems parameters (e.g. LU, BE). Limiting early retirement options continue to be an area where Member States are pushing a lot of reforms (e.g. LU, AT, HR), including through reviewing access to disability pensions and reforming work incapacity schemes in order to facilitate labour market participation and the accumulation of pension rights. Few countries focus on increases to minimum pension benefits as a way to strengthen social protection for those most in need. Some Member States are stepping up efforts to incentivise supplementary pension schemes, for example through creating an online tool for tracking pension rights in BE, but overall reform

efforts in this area are rather limited. While reducing unemployment, encouraging longer working lives and increasing hours worked in the economy, including through the availability of appropriate work-life balance policies and the modernisation of the working environment, in respect of health and safety provisions, will be crucial for the future sustainability and adequacy of pension benefits. Supplementary pensions and other retirement savings could, where appropriate, also play a positive role. Some Member States are in the process of aligning preferential pension provision for specific categories with the rules of the general scheme (e.g. HU).

The budgetary impact of population ageing poses a significant challenge to the long-term fiscal sustainability of pension system but reforms should not separate this from considerations of pension adequacy which requires that full attention be given to the economic, social and political risks associated with the possibility of increasing monetary poverty among older people. An important part of the pension adequacy challenge is gender-specific. Increasing female labour market participation and closing the gender pay gap in order to address the gender pension gap, which remains very high in many MS, are important aspects of the policy response along with policies for a more equal distribution of caring and household responsibilities as well as considering crediting care periods as pensions become increasingly contribution-based in most Member States.

Accessible, high-quality and sustainable health care and long-term care

Population ageing and other factors, such as the high costs of innovative technologies and medicines, are putting increased pressure on the financial sustainability of health care systems and the ability to provide adequate healthcare and long-term care for all. Reforms in health care have been a main focus of the European Semester process and aim at ensuring sustainable, affordable and cost-effective health services, without compromising universal and equitable access, quality and safety, and with an increasing emphasis on prevention.

This year's SPPM analysis of the structural challenges of Member States shows that the health status of the population (Table 6), assessed in terms of life expectancy at birth and at 65 and healthy life years at birth and at 65, proves to be a key challenge for 13 Member States (AT, BG, DE, DK, EE, FI, HU, HR, LT, LV, PL, PT, SK), with 5 Member States displaying particularly good results (CY, DK, FR, MT, SE). The effectiveness of curative or preventive health care, assessed in terms of potential years of life lost, amenable mortality, preventable mortality and vaccination coverage rates for children, proves to be a challenge for 9 Member States (BG, DK, FR, HR, IT, LV, MT, RO, SK), but with 6 (AT, BE, CZ, EL, HU, LU) showing good outcomes in this area.. 10 Member States have a key challenge as concerns access to health care, based on self-reported unmet needs for medical care due to cost, waiting time, or distance (EE, EL, FI, HU, IE, IT, LT, LV, PL, RO).

Challenges related to the cost-effectiveness of the health systems typically reflect problems of the balance between in-patient and out-patient care, inefficiencies in the allocation of resources in the hospital sector, issues with pharmaceutical pricing and reimbursement, or insufficient availability and coverage of e-Health services. 16 Member States (AT, BE, BG, CZ, CY, EE, EL, HU, IE, IT, LT, MT, PL, PT, SK, UK) register key challenges in this array of areas.

Table 6. Summary of Member States' SPPM key social challenges and good social outcomes in the area of health

	Health status	Effectiveness of curative or preventive health care	Access to health care	Cost-effectiveness of health systems
Key social challenge ¹	AT, BG, DE, DK, EE, FI, HU, HR, LT, LV, PL, PT, SK	BG, DK, FR, HR, IT, LV, MT, RO, SK	EE, EL, FI, HU, IE, IT, LT, LV, PL, RO	<i>AT, BE, BG, CZ, CY, EE, EL, HU, IE, IT, LT, MT, PL, PT, SK, UK</i>
Good social outcome	CY, DK, FR, MT, SE	AT, BE, CZ, EL, HU, LU	\	\

Note: 1. Challenges based on Non-JAF indicators are shown in italics.

The multilateral review of CSRs' implementation, the National Reform Programmes and the social reporting in the context of the social OMC show that a number Member States are taking measures to address cost-effectiveness and sustainability challenges as well as issues related to the quality of health care. These include spending targets and reviews, measures related to improving performance and accountability (e.g. IE, SI), reinforcing e-Health (e.g. IE, LV, AT, LT, SE) and curbing informal payments (e.g. RO). While in some Member States funding challenges are related to the need for increasing public funding due to low levels coupled with a high share of co-payments, in many others it is related to containing increases in healthcare costs in the medium and long-term. To address this, various reforms in the financial management and the governance of the health system are being undertaken. Some Member States have embarked on ambitious health reforms defining long-term priorities in the field of healthcare (e.g. CY). These are in many cases undertaken in the context of multiannual, comprehensive National Health Strategies. Shifting care provision from a hospital-based system to a stronger role for primary care as a gatekeeper or developing care integration is another important focus of policy efforts (e.g. SI). An increased use of information technology is being implemented by some Member States for efficiency gains and better access to care. Reform measures on centralisation or rationalisation of procurement systems (e.g. LV, SK, PT) as well as pricing of pharmaceuticals and the use of generic medicines are used to gain cost efficiency (e.g. IE, SK, AT). A few Member States are addressing specific challenges related to ensuring adequate access to health care services and health insurance, including for the most vulnerable through increased funding, but also better access to diagnosis and treatment of specific diseases, decreasing waiting times for out-patient health care services, and improving the availability of medicines (e.g. LV).

A rational use of resources, notably through appropriate incentives for users and providers, good governance and coordination across different levels and services of the health care systems is

necessary. Ensuring accessible, quality and sustainable health systems may require strengthening of health promotion and disease prevention in all relevant policy sectors, while improving integrated health care, enhancing primary health care, early diagnosis, optimising use of specialists and hospital care and securing an appropriate and skilled health workforce. Services should seek to provide universal access to health care for all, addressing obstacles faced by the most vulnerable, such as cost, lack of information and access, while reducing health inequalities.

Adequate social protection for long-term care needs

Policy measures in the area of long-term care focus mainly on improving cost-effectiveness and addressing concerns over provision and access to adequate long-term care services. The insufficient provision of long-term care services or the sub-optimal design of the long-term care system has been identified as a challenge in 7 Member States (CY, EE, ES, IT, PL, SI, SK) through the SPPM analysis of structural challenges (Table 7).

Table 7. Summary of Member States' SPPM key social challenges and good social outcomes in the area of long-term care

	Long-term care
Key social challenge ¹	<i>CY, EE, ES, IT, PL, SI, SK</i>
Good social outcome	\

Note: 1 Challenges based on Non-JAF indicators are shown in italics.

The measures adopted by some Member States aim at addressing these challenges through structural reforms such as a shift from institutional to community-based care, strengthened support to informal carers and improved policies for prevention, rehabilitation and independent living. However, more efforts are necessary to ensure the sustainability of long-term care and to facilitate the access to adequate, affordable and quality long-term care. In order to achieve this, Member States should adopt a proactive policy approach, promoting independent living and preventing the loss of autonomy, reducing thus the need for long-term care services as well as strengthening the support to informal carers. Improving access to quality long-term care services would also have an impact on female labour market participation. As indicated in the joint SPC-EC report on "Adequate social protection for long-term care needs in an ageing society," there are solid equity and efficiency reasons for Member States to establish social protection against the risk of long-term care dependency and to provide adequate access to affordable quality care. If the challenges to present long-term care arrangements resulting from population ageing are to be tackled constructively and the rise in public expenditure contained, there is a need to move from a primarily reactive to an increasingly proactive policy approach, which seeks both to reduce care needs and to boost efficient, cost-effective care provision.

Box 1: Peer Review on 'Reconciling Family Life and Entrepreneurship'

20-21 June 2017, Brussels (Belgium)

The Peer Review on 'Reconciling Family Life and Entrepreneurship' discussed policy approaches and measures to help self-employed people to reconcile family life and entrepreneurship/self-employment. The event was hosted by the Belgian Federal Public Service Social Security (FPS Social Security) bringing together government representatives and independent experts from eight countries, namely Belgium, Estonia, Germany, Ireland, Italy, the Netherlands, Spain, and Sweden. Representatives from the European Commission, the Belgian Union for Independent Entrepreneurs (UNIZO) and the National Federation of Middle Class Unions (UCM) also participated in the Peer Review.

The Peer Review gave participants the opportunity to discuss the existing social security models in the Peer Review countries and the challenges which self-employed people face when attempting to reconcile family life and entrepreneurship/self-employment. Against the backdrop of the Belgian social security model participants reflected on how changes to the social security schemes could help self-employed persons with the reconciliation of family life and entrepreneurship. This could for example be achieved through a more flexible take-up of parental, paternity and maternity leave and the provision of accessible and affordable (child)care.

- Key messages from the peer review -

- Forms of employment are becoming increasingly complex and differences between self-employment and wage employment are narrowing. There is also an increasing trend for the employment history of individuals to include periods of both self-employment and wage employment. This may impact on the social protection of such individuals, as well as their families. As such, there is a need for upward convergence of social protection between the self-employed and employees. Indeed, many of the key messages which emerged from the Peer Review appear valid not only for the self-employed, but also for other forms of employment.
- There is a growing gap in access to social protection for the self-employed. Social protection systems vary significantly across all Peer Review countries, including in terms of their funding (general taxation or social contributions; compulsory and/or voluntary); coverage (universal or contribution-based); type of support (allowances – flat-rate or income based; service vouchers or childcare services); and length, level of benefits, flexibility in use (full or part-time).
- Tailored measures are not widely used, although there are some targeted measures for those who do not have a record of social security contributions or income, including young people, students, the unemployed and start-up businesses.
- It is important to introduce flexibility into the use of social protection systems, so as to allow both periods of part-time and/or full-time work and for individuals to be able to move in and out of self-employment/employee status. Flexibility in the use of benefits is particularly important for the self-employed as they find it difficult to take long periods of leave for caring responsibilities. Besides good quality, accessible and affordable childcare with flexible hours and access for young children, there is the need to find new

ways to support work-life balance and to cover periods where a self-employed person needs time away from their business e.g. hiring replacements or co-working, shared common services.

- It is also desirable to allow a degree of transferability (or even pooling of benefits) between partners (and relatives); and between different types of employment. A flexible take-up of maternity, parental and carer's leave and the opportunity to transfer leave to partners/legal guardians and/or relatives (particularly in the case of single parents) could help self-employed people continue their businesses and achieve a better work-life balance.
- Across most Peer Review countries there is a lack of transferability of social protection rights. For example, the transferability of occupational rights such as pension entitlements, health insurance, sick pay or maternity, parental and carer's leave is often not guaranteed in case of a change of employment status. Ensuring that acquired rights are transferable could increase labour market flexibility.
- In social protection systems with variable and/ or voluntary contributions, there is a risk that self-employed people with low and/or irregular income opt out or pay the lowest level of contributions. This may lead to under-insurance against social and health risks. By better tailoring social protection systems to the work realities of self-employed people (including the simplification of administrative procedures), the access and take-up of social protection could be increased. Similarly, it is necessary to ensure that a social safety net is in place for those self-employed people below a certain income threshold to ensure adequate social protection.
- Access to information on entitlements to social protection could be improved through awareness raising activities and better use of modern technology (e.g. social benefit calculators) so that individuals can make more informed choices. For example, in countries with variable coverage, individuals may not be fully aware in what way the social insurance contributions affect their pension and benefit entitlements.
- A joined-up and integrated approach is needed to tackle work-life balance challenges. This can be achieved by bringing together different ministries and policy areas (e.g. tax system, social security, education and employment), as well as different governance levels (national, regional and local) and involving organisations representing self-employed workers in decision making and implementation.
- Further monitoring and evaluation of existing measures, including their impact on female self-employment, quality of life and work-life balance, is needed to inform and influence policy decisions. Many elements of the different approaches have good potential to be transferred and would benefit from more data and evidence to fully evaluate their relative advantages and disadvantages.

Synthesis table of key social challenges and good social outcomes, 2012-2015¹⁸

Social policy area	Subcategory	EU-28 sum (c)	EU-28 sum (g)	EA sum (c)	EA sum (g)	AT	BE	BG	CZ	CY	DE	DK	EE	EL	ES	FI	FR	HU	HR	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK			
1. Preventing poverty and social exclusion through inclusive labour markets, adequate and sustainable social protection and high quality services	At-risk of poverty and social exclusion for general population (AROPE)	6	1	4	\			c	g	c			c								c							c	c							
	At-risk-of-poverty	2	\	2	\								c																							
	Severe material deprivation	3	\	1	\			c						c					c																	
	(Quasi-)jobless households (TLVH)	11	4	10	4	g	c			c			g	c	c				c	c		c	g	c/g	c					c	c					
	Severe poverty and/or inequality for general population	\	\	\	\																															
	Severe or persistent poverty (gap, persistence)	7	4	5	2			c	g	g	g		g		c		g				c		c	c	c	c			c				c			
	Income inequality (S90/S10)	7	2	5	2	g	c							c	c	c						c		c												
	Housing situation for general population	7	2	6	2										c		g	c	c						c				c			c	c/g			
	Poverty and social exclusion of persons in vulnerable situations	3	\	1	\			c				c																		c						
	Poverty and social exclusion of persons with disabilities	10	7	7	6	g	c	c	g	c	c	c		c	g		g			c	c	g	c	g	c					c			g			
	Poverty and social exclusion of Roma	3	\	\	\			c											c																	
	Poverty and social exclusion of migrants and refugees	2	\	1	\								c									c														
	Poverty and social exclusion of low-skilled and unemployed	2	\	2	\			c																c												
	Regional dimension of poverty and social exclusion	2	\	\	\			c																	c											
2. Breaking the intergenerational transmission of poverty – tackling child poverty	At-risk of poverty and social exclusion for children (AROPE)	5	3	3	1	c				c		g		c	g														c		g					
	At-risk-of-poverty	3	2	3	\																															
	Severe material deprivation	3	\	1	\			c			c								c																	
	(Quasi-)jobless households (TLVH)	6	1	2	\			c	c												c	c											g		c	
	Effectiveness of social protection for children	10	5	9	4	c			c/g	g						c	g				g	c		c	c	c	c/g							c		
	Housing situation for children	2	\	2	\																															

¹⁸ "c" stands for challenge; "g" stands for good social outcome. "c" and "g" in bold italic shows non-JAF based challenges/good social outcomes.

Social policy area	Subcategory	EU-28 sum(c)	EU-28 sum(g)	EA sum(c)	EA sum(g)	AT	BE	BG	CZ	CY	DE	DK	EE	EL	ES	FI	FR	HU	HR	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK		
3. Active inclusion - tackling poverty in working age	At-risk of poverty and social exclusion for working age population	\	2	\	1	B		B																											
	At-risk-of-poverty	2	2	2	2				C							B															C	B			
	Severe material deprivation	\	\	\	\																														
	(Quasi-)jobless households (VIJWI)	1	3	1	2								B		C								B												
	In work poverty	7	8	5	5		B	B	B	C	C	B	B		C	B	C	B	C	B	B	C	C	B		B			C		B				
	Effectiveness of social benefits	9	3	4	2		B	C	B	B	C	C	C		C		B	C	C			C	C	C			C		C						
	Effectiveness of social services	2	\	\	\			C																					C						
	Inclusive labour markets	5	5	4	5			C	C		C	C		C/g		B	B						B	B	B			C					C		
	Housing situation for working age population	1	\	1	\					C																									
	Poverty and social exclusion in old age	5	\	3	\		C		C										C					C					C						
4. Elderly poverty/adequate income and living conditions of the elderly	At-risk-of-poverty	5	3	3	1				B				C					B	C						C								B		
	Severe material deprivation	1	1	\	1			C																B											
	Effectiveness of social protection in old age	\	\	\	\																														
	Poverty prevention	1	6	1	4			B				B				B				B				B	B			C					B		
	Income replacement aspects	16	2	11	2		B	C	C	C	C	C	C	C		C		C	C	C	C	C	B	C	C	C					C	C			
	Equal pension rules	3	\	1	\														C								C						C		
	Housing situation for the elderly	5	\	3	\				C			C	C										C												
	Health status	13	5	8	3		C	C	C	B	C	C/g	C	C		C	B	C	C	C	C	C	C	C	C	B	C	C			B		C		
	Effectiveness of curative or preventive health care	9	6	5	4		B	B	C	B			C	B			C	B	C	C	C	C	B	C	C	C			C						
	Access to health care	10	\	7	\									C	C		C		C		C	C	C	C	C		C								
Cost-effectiveness of health systems	16	\	11	\		C	C	C	C	C			C	C			C	C	C	C	C	C	C	C	C		C	C				C	C		
Long-term care	7	\	6	\					C				C		C												C				C	C			

V. Key policy messages from the SPC thematic in-depth reviews

In the course of September 2016-June 2017, the SPC undertook five in-depth thematic reviews on different policy challenges in the remit of its work. Here below are the findings and policy conclusions from each of the reviews.

Reconciliation between private and public life

- **Challenges highlighted during the review:**
 - Social challenge: inadequate or ill-designed work-life balance policies contribute to women's underrepresentation in the labour market, and in turn women's reduced earnings, lower social security contributions and their higher risk of poverty and social exclusion, especially in old age.
 - Economic challenge: the underutilization of women's skills and competences in the labour market negatively affects Europe's competitiveness and growth.
 - Demographic challenge: Europe's ageing population is likely to have much greater long-term care needs.
 - Changing mindsets: modern families require policy rethink, including the need to encourage sharing of caring responsibilities between men and women, and take-up of occupational rights. While social norms shape policies, policies can also have a role in shaping attitudes.
- **Vision:** Reconciliation policies should target all persons with caring responsibilities and aim at a holistic approach going beyond women in general and young working mothers in particular.
- **Overarching objective for reconciliation policies:** Work towards building a parent and carer-friendly policy framework in which caring responsibilities do not represent a barrier to entering the labour market or advancing in one's career. Such a policy framework would have strong positive externalities for gender equality, reducing poverty and social exclusion and supporting employment and growth.
- **Operationalisation through a reconciliation policy mix:** There is no one-size-fits-all policy solution and Member States use different policy mixes tailored to the specific needs of working parents and carers.

➤ **Key policy parameters identified for reconciliation:**

- Leaves – adequate pay and social security contributions, limited transferability between parents, flexibility (i.e., to take in pieces or part-time), bonuses/incentives for fathers;
- Flexible working arrangements – reduced working hours, flexible working schedules, telework;
- Childcare – availability, affordability, access, quality, sufficient opening hours, broad eligibility criteria;
- Long-term care – availability, provision of home-based care and not just institutional care, respite services, quality;

➤ **Transferability of best practices:** While all Member States have their own policy mix of reconciliation policies, there is a high potential for innovation transfer between national policy frameworks and sharing best practices in this area could have promising impacts on policy development.

Social protection aspects of sickness benefits

Main findings and challenges highlighted during the review:

- Sickness protection for the self-employed and people on short-term contracts varies widely between countries and even within the same country, which can lead to inadequate social protection for these categories of workers, but little comparable information is available.
- There are great differences regarding the need for and take-up of sickness benefits in terms of gender, age, occupation and socio-economic status. Women take sickness leave more often than men. Age influences the frequency and length of sickness absence: for younger workers absence is more frequent but primarily short-term, while for older workers the opposite is the case: rarer absences but more often long-term. The more physically-demanding the occupation and the lower the socio-economic status, the more sickness absence is observed.
- In the case of long-term illness sickness benefit schemes are often closely interwoven with disability and early retirement pensions. An overall assessment of sickness benefit schemes will therefore also have to take account of the complex interrelations between these categories of benefits.
- While 'a quick return to work' presumably would be one of the key short-term goals of social protection in case of absence due to illness, there is often a need for comprehensive rehabilitation and reinsertion programmes which are not common practice, to address long-term goals.

- Sickness benefit schemes have been subject to reforms in almost all Member States over the past two decades. Eligibility criteria for both sickness and disability benefits have been tightened in almost all countries. At the onset of the financial and economic crisis in 2008, some typical effects included (longer) waiting periods and reduced replacement rates, a shift from government administered sickness benefits to sick pay with a view to involving employers more closely in the monitoring of workers, and thereby reducing abuse.
- The fiscal sustainability of sickness benefit schemes depends on how costs are shared between employers and the social security system. Often reforms have adjusted the relative share born by employers. Some times with the aim of lowering non-wage labour cost for companies. Other times to contain public expenditure. Generally, the number of beneficiaries and level of expenditure have steadily decreased over the past two decades as the result of reforms and crisis pressures.
- The long-standing challenge of absenteeism has during the crisis been paralleled by an increasing problem of presenteeism - i.e. the phenomenon of going to work while being in poor health, for fear of losing ones job.
- There are new challenges from stress-related mental disorders (burn-out, difficulties in the transition youth-adulthood, etc.). Their incidence has significantly increased during the past decade and can also impact on general physical health.
- Sick leave and sickness benefit are there to allow people a timely access to treatment and recovery - in the interest also of public health - and a quick return to work – in the interest also of productivity and employment - while ensuring a reasonable measure of income maintenance.
- Sickness benefit programmes often form part of the social protection aspects of health systems. The pressure on sickness benefit also depends on the success of health promotion and illness prevention policies including health and safety at work and in relation both to somatic and mental health. Mental disorders such as burn-out present an increasing challenge.
- Though all employed are exposed to the risk of having to be absent due to illness the access to and quality of social protection may differ between blue and white collar workers, civil servants, categories of self-employed and people employed on non-standard contracts. Often access and quality may be inversely related to the need for protection.
- There is a growing need to re-orient systems from a “passive” to an “active” social protection approach, where policies become focussed on returning people to work and minimising the extent to which long-term sickness absence leads to permanent labour market exit.

Possible areas for further work:

- Developing a common framework and a set of common indicators on sickness benefit policies, which takes into account national systems;
- Organising peer-reviews on good practises in social protection for sickness absence from work, including on issues such as how to deal with the challenges from mental disorders, absenteeism, presenteeism, rehabilitation and re-insertion etc.
- Ensuring that future studies, including in work on health systems by the Commission and the OECD, cover sickness benefit systems.

The role of social protection systems in facilitating the social inclusion of refugees and asylum-seekers

Summary of policy discussion

Europe is facing a significant surge in the inflow of asylum seekers. While the number of refugees is small compared to the overall EU population, there is an uneven distribution between Member States. This inflow is challenging Member States' infrastructure, facilities and communities as well as the capacity of their social protection systems to respond in an appropriate manner and integrate the new arrivals. While in some Member States this is altogether a new challenge, in others it reinforces pre-existing integration challenges. However, assuming the right conditions for swift and successful integration are met, migration brings several opportunities to the hosting societies, notably on the demographic front and in terms of skills.

In 2015 over 1.2 million first time asylum seekers applied for international protection in the EU according to Eurostat data. Syria (29% of the total number of first time applicants) was the main country of citizenship of asylum seekers in the EU Member States, followed by Afghanistan (14%) and Iraq (10%). More than four in five (83 %) of the first time asylum seekers in the EU-28 in 2015 were less than 35 years old, while nearly 3 in 10 (29 %) applicants were minors aged less than 18 years old. This age distribution of asylum applicants was common in almost all of the EU Member States, with the largest share of applicants usually being those aged 18–34. There were 88.7 thousand applications in the EU-28 from unaccompanied minors and 23.1 % of minors were unaccompanied. Among minors who applied for asylum, the share that was unaccompanied was less than half in most EU Member States in 2015, the exceptions being in SE, PT and IT.

The distribution of first time asylum applicants by gender shows that more men than women were seeking asylum. Among the younger age groups, males accounted for 55 % of the total number of applicants in 2015. There was a greater degree of gender difference for asylum applicants who were 14–17 or 18–34 years old, where around 80 % of applicants were male, with this share

dropping to two thirds for the age group 35–64. During the first quarter of 2016 (from January to March 2016), 287 100 first time asylum seekers applied for international protection in the Member States of the EU, down by 33% compared with the fourth quarter of 2015 (when 426 000 first time applicants were registered). During the second quarter of 2016 (from April to June 2016), 305 700 first time asylum seekers applied for international protection in the Member States of the EU, up by 6% compared with the first quarter of 2016. With nearly 90 500 first-time applicants between April and June 2016, Syrians remained the main group of citizens seeking international protection in the EU Member States, ahead of Afghans (50 300 first time applicants) and Iraqis (34 300).

In 2015, there were 593 000 first instance decisions in all EU Member States and more than half (52 %) of these resulted in granting international protection, that is grants of refugee or subsidiary protection status, or an authorisation to stay for humanitarian reasons. For first instance decisions, some 75 % of all positive decisions in the EU-28 in 2015 resulted in grants of refugee status, while for final decisions the share was somewhat lower, at 69 %. In the first half of 2016, there were 475 000 first instance decisions in all EU Member States and more than half (59 %) of EU-28 first instance asylum decisions resulted in granting international protection.

In their discussion, Member States highlighted the need for better coordination between various ministries, national, regional and local authorities as well as with social partners and NGOs. In many countries, municipalities are in charge of refugees' reception and coordination at local level is extremely important. Creating the appropriate incentive systems at local level for effective implementation of agreed policy measures is key.

Some of the other challenges shared by Member States related to acute housing problems, the diversity of the refugee/asylum-seekers' population, the fact that significant number of asylum seekers disappear from the radar, especially if refused asylum, the lack of good data on their health situation, the high incidence of psychological problems.

In terms of delivering social protection to the most vulnerable, a number of Member States shared the important challenge presented by the big numbers of unaccompanied minors. There is a frequent need for treatment of trauma, but also lack of adequate housing options for them, difficulties in ensuring stability and supporting the establishment of an appropriate social network.

Measures identified as effective to reduce the time needed for labour market integration encompass swift action, including in the asylum centres, through counselling on employment, language training, individualised approaches, individualised support by PES, and early screening of skills/qualifications. Language courses are an essential part of integration policies according to all Member States. Language training should start as soon as possible, if possible in the asylum seeking-phase for those asylum seekers who are likely to receive protection. Such trainings are best provided in a flexible way (e.g. in the evenings) and in a targeted manner - for instance by offering language acquisition at the workplace.

As work is one of the most effective means for integration, asylum seekers and refugees need to be provided with the right incentives. Some Member States reported on how engaging refugees and asylum-seekers in voluntary work can be a good instrument in the initial integration phase. Acknowledgement of refugees' skills and qualifications, including non-formal skills is also paramount. A work-oriented approach was shared by some Member States, whereby access to benefits and services is linked to participation in integration programmes, and non-compliance can lead to benefit cuts, if necessary, similarly to the approach applied to natives. Member States shared their vision behind their integration programmes, which is one of support from the side of the host government on the one hand, and integration efforts from the refugees on the other.

Some positive policy initiatives shared include a Tripartite agreement between state, municipalities and social partners in DK which saw a common discussion on the problems and possible ways to solve them as well as common commitment; an Activation agreement determining rights and obligations of public institutions and refugees in BG; newly established mentoring scheme in LV that helps in everyday life – housing, work, contact with authorities; integration through voluntary work in the NL.

The next challenge for Member States will be to move from ad-hoc arrangements, put in place for the first-step reception measures, towards long-term integration measures into society and the labour market. Evidence shows that third country nationals can make a positive fiscal net contribution if they are well integrated in a timely manner, starting with early integration into education and the labour market. But evidence also shows that labour market integration on average takes a long time.

Social integration is a multidimensional issue which requires a cross-cutting approach. It is not just about social protection, but also about education, labour market, healthcare and housing. The scope and suddenness of the recent inflow of third country nationals to Europe, and in particular of refugees, calls for a more coordinated and inclusive policy response to better tackle the challenges posed by migration and reap its full benefits. For some Member States this is a new situation, therefore there is a clear benefit in exchanging experiences and best practices.

Gaps in access to social protection for self-employed and atypical workers

- Main findings and challenges highlighted during the review:
 - A growing share of non-standard work and self-employment is a visible phenomenon in many Member States and this often can lead to problems in social protection coverage.

- The self-employed are a very heterogeneous group, which presents a number of challenges in relation to addressing their social protection needs. Formal coverage may often not be enough.
- The main current challenges highlighted by Member States relate to:
 - ways of bringing the self-employed into the compulsory pension systems while avoiding putting too high a burden on those with low incomes or creating incentives to contribution avoidance and underinsurance;
 - defining minimum contribution levels;
 - the need to combat bogus self-employment;
 - the need to address red tape;
 - the need to consider public support and trust in social protection systems in relation to reforms.
- Some of the consequences due to gaps in access to social protection relate to labour market segmentation, skewed playing fields, less labour market transitions, discouragement to take up self-employment, lower life time productivity, more precariousness, rising inequalities and possible exposure to higher risks of poverty. The impact in terms of the financing of social protection, especially in insurance-based systems, is also an important aspect.
- The challenges for the future relate to the impact of digitalisation on new and increasing forms of employment contracts (e.g. 'cloud' and other digital platform workers) or new forms of work and the implications for alternative forms of financing of social security systems.

➤ Reform options

- To ensure effective access, social protection systems would have to be better tailored to the contribution capacities and the protection needs of the various groups of self-employed.
- Addressing gaps in access to social protection would require a multidimensional approach, looking not just at the design of social protection and taxation systems, but also at labour law, with important consideration given to avoiding unintended incentives for people to choose self-employment over dependent employment or vice versa.
- Enhancing the coverage of social protection benefits for self-employed and atypical workers would involve increasing the accessibility of such benefits, their adequacy and actual take-up.

Make work pay – moving away from benefit dependency

➤ Main conclusions from the discussion:

- The importance of a multidimensional approach and a flexible set of measures, which take into account the socio-economic situation;
- Need for a right balance between adequate income support and activation and between targeted and universal measures;
- The important role of services (e.g. childcare, long-term care services) and attention to the psychological/health/skills/training/empowerment needs of individuals;
- The importance of individualised approaches for sustainable labour market integration;
- The important inter-connected role of taxes and benefits in contributing to 'make work pay';
- Need for closer cooperation between employment and social services and overall coordination among stakeholders;
- The importance of decent wages ;
- Importance of changing the communication narrative around activation vis-à-vis the individual beneficiary and the public at large.

Annex 1. Detailed review of social developments in the EU: SPPM results

Introduction

This annex provides a more detailed review of the latest social developments¹⁹ than in the main body of the Annual SPC report, and is based on a more extensive examination of the trends in the indicators in the Social Protection Performance Monitor (SPPM) dashboard together with supplementary indicators and information. It should be borne in mind that the analysis mainly focuses on the indicators included in the SPPM, which present a summary picture of the social situation in the EU, and that data used in the report can refer to different years for different types of information (e.g. income versus labour market developments), due to the different sources and reference periods of the data collected. It draws upon some additional context information, including the broad macro-economic and labour market situation in the EU and specific administrative data on benefit recipients collected through SPC delegates, in order to provide a comprehensive view on the main developments in social outcomes across Member States.

¹⁹ The figures quoted in this annex are based on data available around 30 May 2017, unless otherwise stated.

Summary of developments in the social situation in the EU

1. It is now around four years since the EU economy started its slow though consistent recovery following a double-dip recession. Increases in employment in the EU have progressed gradually in line with economic growth, and compared to the trough observed in mid-2013 employment has increased by around 8.6 million people. As a result, the employment level in the EU now exceeds the 2008 peak, with an extra 1.3 million people in work, and unemployment, including youth unemployment, continues to recede in the EU (although the impact of this is yet to be fully reflected in all social indicators). Despite the gradual improvements, labour market and social conditions still remain less favourable compared to 2008 in many Member States.
2. The latest update of the Social Protection Performance Monitor points to continued signs of a general improvement in the social situation in the EU, with more indicators flagging up a shift to positive changes. Of particular note are the continuing strong improvements in the situation of youth, with falls in the youth unemployment ratio in around two thirds of countries, and the reduction in long-term unemployment rates in close to half of the Member States, as well as continued rises in the employment rates of older workers. The related improvement in the employment and financial situation of households, with real household disposable income increasing in almost all Member States, has resulted in reductions in the share of the population living in (quasi-)jobless households and in the share experiencing severe material deprivation.
3. Reflecting these developments, the at-risk-of-poverty-or-social-exclusion rate fell in 16 Member States over 2014-2015, driven by declines in the severe material deprivation rate and in the share of the population living in (quasi-)jobless households. Nevertheless, in 2015 there were still around 1.7 million more people at risk of poverty or social exclusion in the EU28 compared to 2008²⁰, and a total of 118.8 million or close to 1 in 4 Europeans.
4. Despite the generally positive developments, for the EU as a whole the following main negative trends, or “trends to watch”, are identified for the most recent period (2014-2015²¹):
 - Continued deterioration with regard to the depth and persistence of poverty risk in many Member States;
 - Rises in the at-risk-of-poverty rates for people residing in (quasi-)jobless households.

²⁰ The reference year, due to data availability, for the target adopted in 2010

²¹ These income and household work intensity trends in fact refer to the data period 2013-2014 with the exception of the UK where income collected via EU-SILC in any one year relates to that year, rather than the previous one.

5. At the same time, there are signs of a decline in the relative income and living conditions of the elderly, with rises in their at-risk-of-poverty-or-social-exclusion rate along with falls in the aggregate replacement ratio (ARR) and median relative income ratio of the elderly in over a third of Member States (although the ARR also improved in the same number of MS). This is a reversal of the general trend observed in previous years, but reflects to a large extent the evolution of the relative income situation of the working age population as the labour market situation and incomes from work have improved.

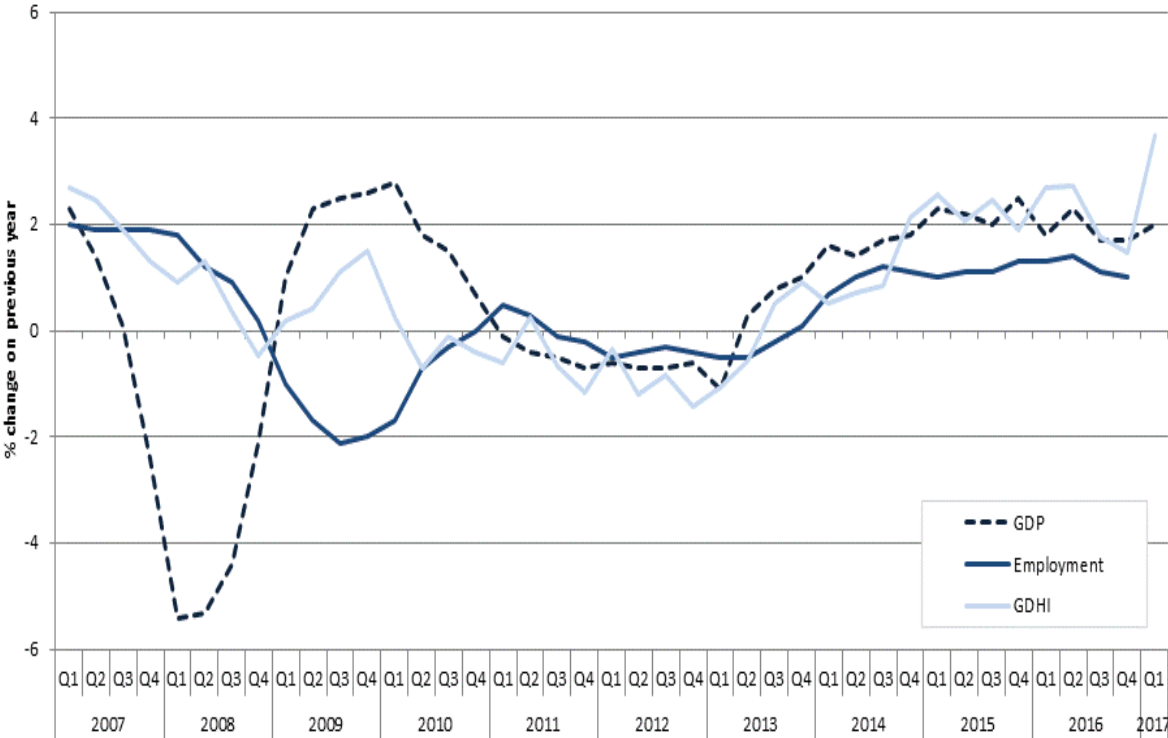
The social situation in the European Union

Positive macro-economic and labour market context

It is now around four years since the EU economy started its slow though consistent recovery following a double-dip recession (Figure 7). Over recent quarters the economy has continued to expand, with nearly all Member States reporting increasing output, although growth remains uneven. Increases in employment in the EU have progressed gradually in line with economic growth, although with employment growth notably strong relative to the pace of GDP growth over the last two years, and compared to the trough observed in early-2013 employment has increased by around 8.6 million people. As a result, the employment level in the EU now exceeds the 2008 peak by around 1.3 million.

The increase in employment has extended to all sub-population groups and unemployment, including youth unemployment, continues to slowly recede in the EU (although the impact of this is yet to be fully reflected in all social indicators). Household incomes and financial conditions of EU households have continued to improve, thanks mainly to higher income from work. Nevertheless, despite the gradual improvements, labour market and social conditions remain challenging in many Member States.

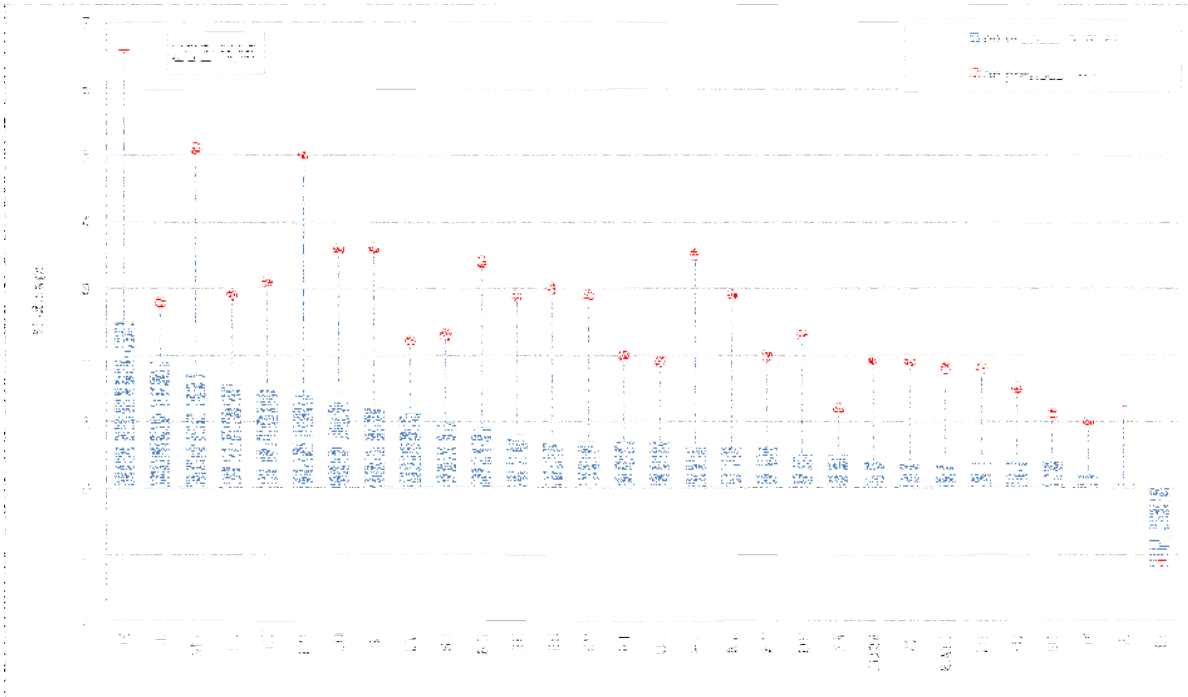
Figure 7: Real GDP, GDHI and employment growth in the EU



Source: Eurostat, National Accounts (DG EMPL calculations for GDHI)
 Note: GDHI EU aggregate for Member States for which data are available, GDP for EU28

In the last quarter of 2016, real GDP was higher than in the last quarter of 2015 in all Member States except for Greece. Among the largest Member States, the year-on-year growth was strongest in Poland and Spain, with their economies expanding by around 3%, while in Germany and UK growth was around 2% and in France and Italy around 1%. Among the remaining Member States, real GDP growth continued to be strongest in Ireland (6.6%), followed by Malta and Romania, both with growth of around 5.0% (Figure 8).

Figure 8: Real GDP growth - EU, EA and Member States, 2016Q4



Source: Eurostat, National Accounts, data seasonally adjusted

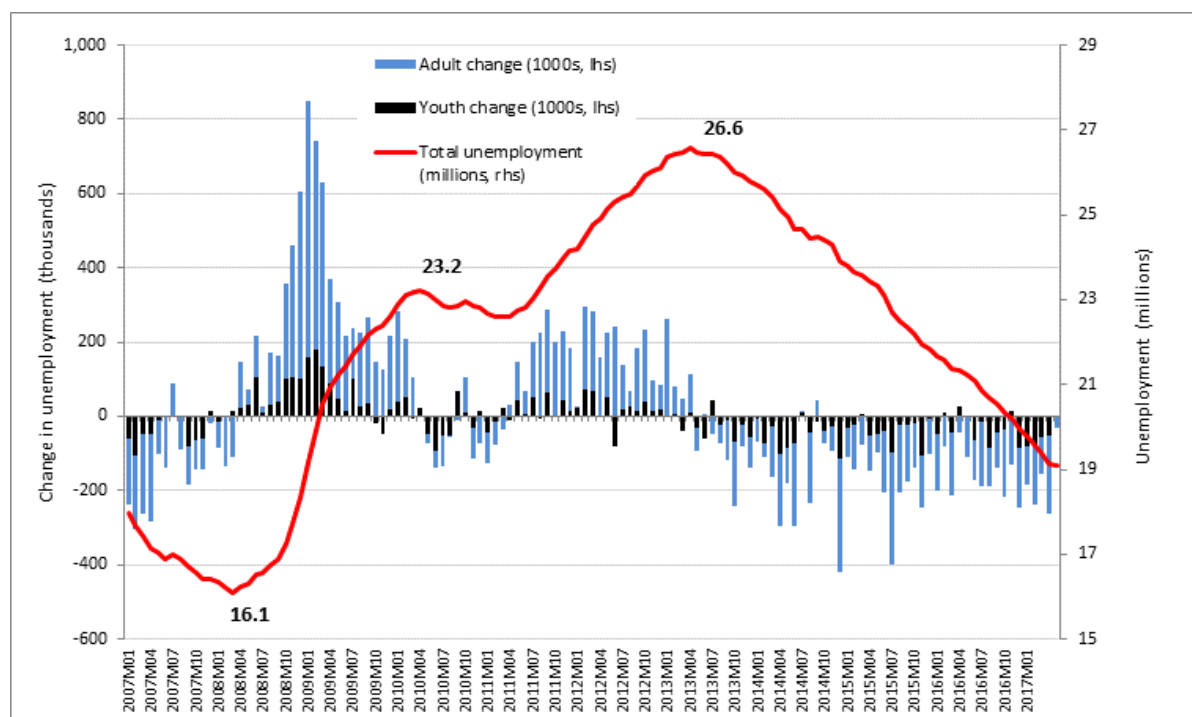
The spring 2017 European Commission Economic Forecast (European Commission (2017a)) suggests that the economic recovery is set to continue in 2017, with recent data showing economic growth continuing at a steady pace, supported by macroeconomic policies, robust job creation, strong confidence, a gradual improvement in world trade, and the euro’s relatively low exchange rate. Real GDP growth for 2017 as a whole is expected to be 1.7% and 1.9% in the euro area and the EU respectively.

The conditions for an acceleration of economic activity are not yet present, as investment and wages are still constrained by the lingering legacy of the crisis. Wage growth remains constrained by the continued presence of slack in the labour market, with healthy net job creation unlikely to fully offset the negative impact of temporarily rising inflation on household purchasing power in many Member States. At the same time, investment is still dampened by the high level of public and private debt and the fact that banks and companies still need to adjust their balance sheets. As a result, GDP in the euro area and EU is forecast to continue growing at modest rates, rather than gather momentum, and is projected to be 1.8% and 1.9% respectively in 2018.

Over this year and next, employment creation should continue benefitting from growing domestic demand, relatively moderate wage growth, as well as past structural reforms and specific policy measures in certain countries. Overall, employment in the EU is projected to continue to grow, although with some loss of momentum, and average 0.9% this year and next. The unemployment rate in the EU is projected to fall from 8.5% in 2016 to 8.0% this year and 7.7% next year.

Despite the generally positive economic outlook, labour market and social conditions still remain challenging. The euro area (EA19) seasonally-adjusted unemployment rate remains high (at 9.3% in May 2017), although well down from the peak of 12.1% recorded around mid-2013, while the EU28 unemployment rate was 7.8% in May, compared with 8.7% one year earlier. This is the first time since 2001 that unemployment has fallen in all Member States over the 12-monthly reference period. The number of (seasonally adjusted) unemployed in the EU28 reached a high of 26.6 million in April 2013, but subsequently has been declining on a consistent basis to fall to around 19.1 million in May 2017, the lowest since December 2008 (Figure 9). This nevertheless still represents an increase of 3 million on the low of 16.1 million recorded in March 2008.

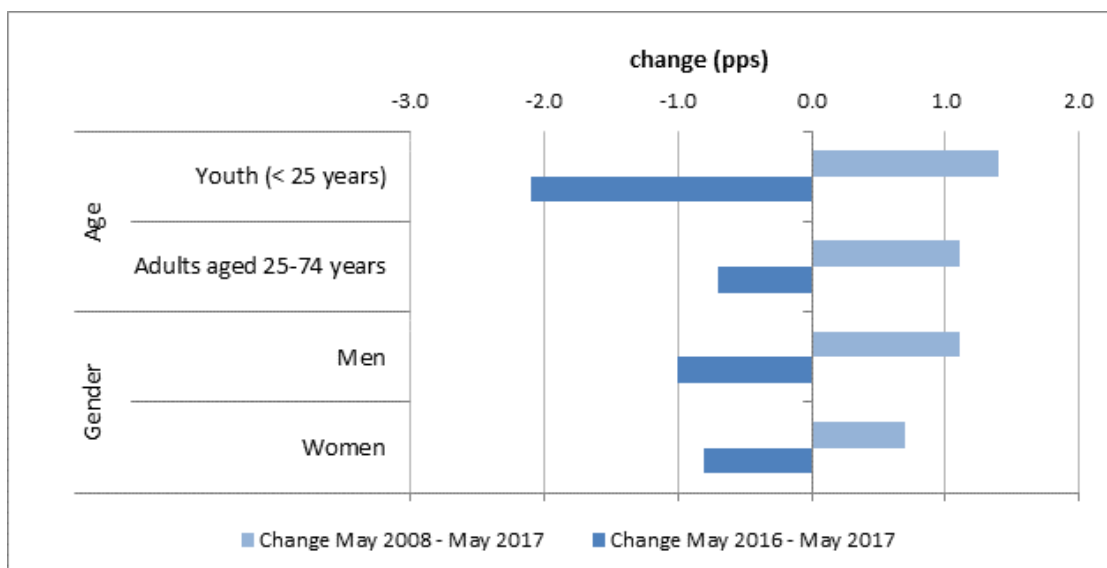
Figure 9: Monthly change in youth and adult unemployment and the total level of unemployment in the EU, January 2007 - May 2017



Source: Eurostat, data seasonally adjusted

In the year to May 2017, the unemployment rate declined in the EU for all age-groups and for both men and women (Figure 10). In that period, it declined slightly more strongly for men than women (by 1.0 pp for men and 0.8 pp women). For those aged 25-74, the unemployment rate in the EU declined by 0.7 pp in the year to May, with a sharper 2.1 pp decrease observed for youth aged 15-24. Nonetheless, these recent changes are not enough to return to the unemployment figures observed in 2008, with the rate remaining especially high for youth and still with around one in six economically active young people being unemployed.

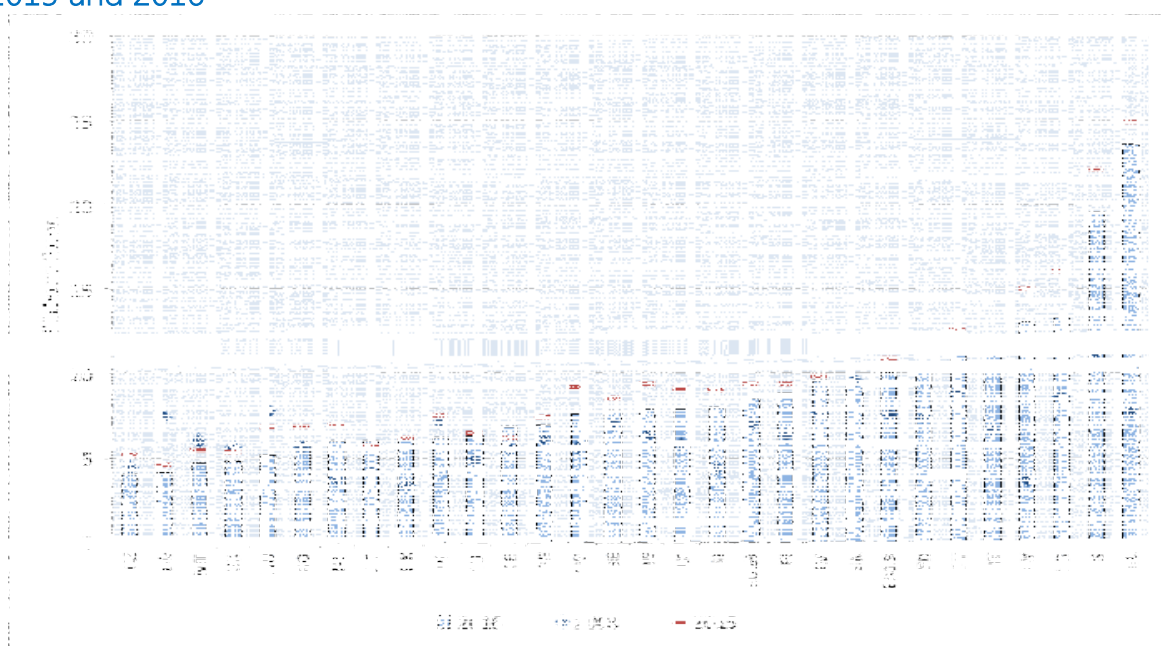
Figure 10: EU unemployment rate by population group - change to May 2017



Source: Eurostat, series on unemployment and LFS

The increased divergence between countries in terms of labour market and social impacts which resulted from the recent crisis (see Box 2) still remains a key feature, especially within the Euro Area. This divergence is clearly evident in the change in unemployment rates compared to 2008 (Figure 11), with huge increases still observed in many southern Member States (HR (up 4.7 pp), IT (5.0 pp), ES (8.3 pp), CY (9.4 pp), and EL (15.8 pp)) compared to rises of under 1 pp in BE, RO and SE, little change in SK, and reductions in CZ, MT, PL and the UK, and especially in HU (down 2.7 pp) and DE (down 3.3 pp).

Figure 11: Unemployment rate developments across EU Member States, 2008, 2015 and 2016



Source: Eurostat (LFS)

Note: For RO, break in series in 2010

Box 2. Convergence and divergence in the EU and the role of employment and social policies (European Commission 2016)

One of the fundamental objectives of the EU is to improve the lives of its citizens by promoting convergence. In its 2016 report on Employment and Social Developments in Europe (European Commission (2016)) the Commission analysed the extent to which employment and social performance converged in the EU and in the Euro area in the period leading up to the economic crisis of 2008 and diverged after it. It also discussed how employment and social policies can foster convergence towards better employment and social outcomes in the EU and the euro area.

The analyses concluded that the 2008 crisis indeed halted the overall convergence of economic and social performance in the EU, with in particular, employment and unemployment rates diverging strongly as a result of the crisis. The divergence largely reflected the adverse impact of the crisis on Southern and Eastern Member States. In addition, following longer term trends, inequality has increased since 2007, while stabilising in the most recent years, but it has also tended to converge at these higher levels. Poverty risk rates have also increased on average, while the dispersion of poverty risk rates has increased. Similarities have emerged in many countries as older people have seen their incomes become better protected and their poverty risk rates fall, while working age adults - in particular the youngest ones - have been hardest hit by the crisis.

Post 2008 divergence patterns reflected the exceptional size of the crisis, but also weaknesses in countries' policy choices and in the underlying architecture of the EMU. Labour markets and social protection policies and institutions across the EU performed very differently in the face of economic shocks. Member States which had well functioning social institutions before the crisis were less affected, absorbed shocks better and recovered more quickly.

The report concludes that over the last decade, the evidence of convergence in policies, inter alia to deliver a stronger national capacity to adjust to shocks, is mixed. On the positive side, skills structures converged, while the proportion of early school leavers both converged and fell since 2009. However, the coverage of Active Labour Market Policies went down after 2009 (and stabilised in 2014) as did the level of expenditure per person wanting to work, while the coverage of life-long learning remained broadly stable. Furthermore, while average family expenditure per child remained stable or increased slightly on average, expenditure levels converged before 2009 and diverged afterwards. In contrast pension expenditure withstood the crisis much better.

Since the beginning of the crisis, the effective coverage of social protection systems has either been declining (in the case of unemployment benefits and ALMPs) or remained constant (in the case of lifelong learning and access to benefit for the jobless poor). These trends had the effect of weakening the contribution social transfers could make to reducing monetary poverty. Fostering reforms in the Member States that bring about upwards convergence of employment and social policies and outcomes is therefore seen by many as a high priority at the European level.

In terms of more recent trends, compared with a year earlier the unemployment rate in 2016 had decreased in the vast majority of Member States and rose appreciably in only 2 (AT and EE). BG, CY, ES, HR, HU and SK experienced decreases of 1.5 pp or more. Despite the recent improvement in the EU labour market, and the relatively stronger falls in the unemployment rates in many of the central and southern Member States, which perhaps signals the return to a period of convergence, the rates in CY, EL, ES and HR (13.1%, 23.6%, 19.6% and 13.3% respectively) remain far above those of the central and northern Member States. In contrast, some of the other Member States hit particularly hard by the crisis, namely the Baltic States (EE, LV and LT) and IE, have seen a very strong recovery in their labour markets over recent years which has led to a substantial fall in unemployment in those countries compared to their post-crisis peaks.

The long-term unemployment rate for the EU continued to reduce over 2016 but remains relatively high. The rate fell 0.5 pp year-on-year to the last quarter of 2016, similar to the drop observed over the previous year. Nevertheless, in the last quarter of 2016, those unemployed for more than a year continued to represent 3.8% of the EU labour force or around 9.3 million people, some 3.2 million more than in 2008. Long-term unemployment rates continue to be particularly high in IT and ES, at around 7% and 9% respectively, and above all in EL, at close to 17%.

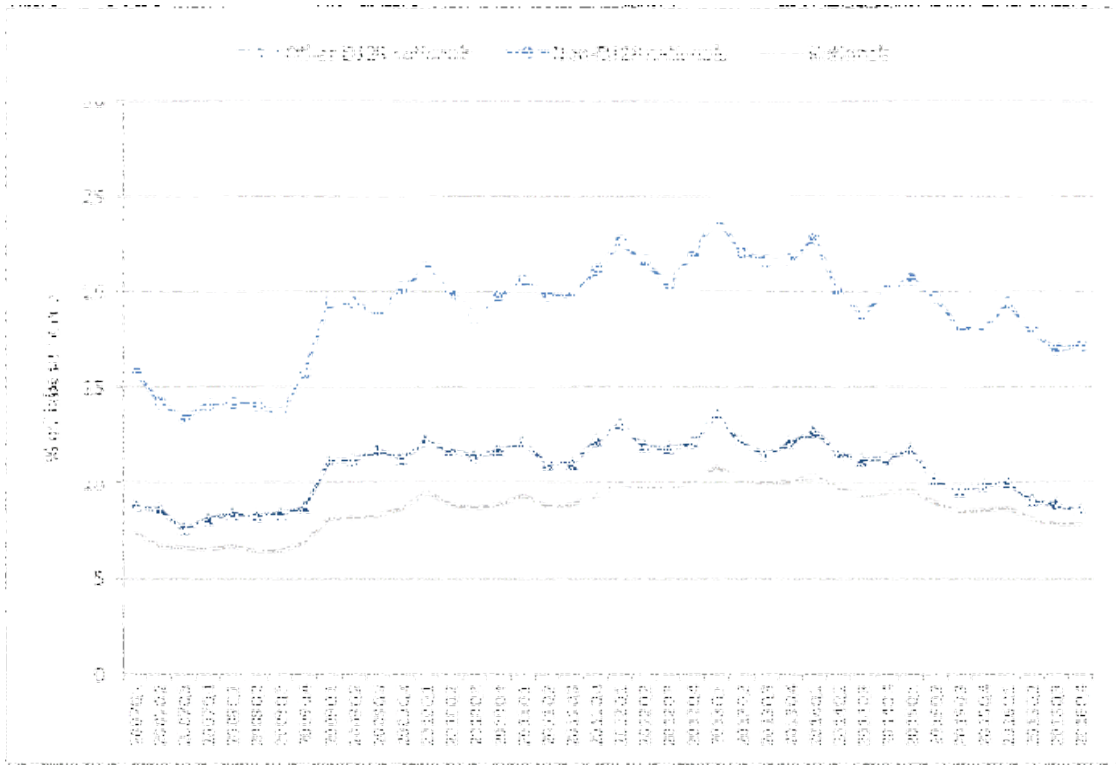
Around 3.8 million young persons (aged 15-24 years) were unemployed in the EU28 in March 2017, representing around one in six young people in the labour market. Nevertheless, driven by strong falls in ES and FR, and to a lesser extent in PL, compared with March 2016 the situation of youth has continued to improve noticeably. Youth unemployment decreased by 0.5 million at EU level, following on to a similar fall the year before. Despite recent progress, in March 2016, the seasonally adjusted youth unemployment rate was still a high 17.0% in the EU28 and 19.1% in the euro area, compared with 19.0% and 21.3% respectively in March 2016. The lowest rate was observed in DE (6.7%), with CZ and NL also recording rates under 10%, while, in contrast, the highest rates were in ES (40.3%) and EL (46.6%) and with HR and IT also reporting rates of the order of 30%.

The proportion of young people (aged 15-24 years) who are neither in employment, education, nor in training (NEET) increased sharply since the start of the crisis but peaked in 2012 at 13.2% and has subsequently been falling. By 2016 the average NEET rate had dropped back to 11.5%, only 0.6 pps above the rate at the start of the crisis in 2008 (10.9%). Most Member States have recorded falls in NEET rates over the last year, the main exceptions being CY and LV where rates rose by more than 0.5 pps. Eleven Member States recorded declines of 1 pp or more, including some of the southern Member States experiencing the highest rates, namely EL, ES and IT, although rates remain above 15% in these countries along with BG, CY, HR and RO. In contrast, rates remain comparatively low in the northern Member States, especially in DE, DK, LU, NL and SE where rates were all under 7%.

Migrants have tended to be more affected by unemployment than the general population (Figure 12), with 17.2% of economically active third-country nationals in the EU without a job in the last quarter of 2016 compared to only 7.8% for nationals. The gap between the unemployment rates of non-EU migrant and native workers already existed before the crisis but increased markedly

since it hit. Although broadly declining over recent years the gap still remains some 2 pps higher than before the crisis. As for intra-EU mobile citizens, even though the gap for their unemployment rates rose to around 3 pps after the crisis, they have generally been much closer to those of nationals, and over 2016 the gap has closed even further to only 0.7 pps at the end of 2016.

Figure 12: Unemployment rate breakdown for native workers, EU27 nationals and third-country workers, 2007-2016



Source: Eurostat (LFS)

One important issue relevant to understanding developments in the social situation, especially regarding the progress towards the target on the reduction of the population living at risk of poverty or social exclusion (see the following section), is the change in the size of the overall population since 2008, which has been quite dramatic in certain Member States. For example, between 2008 and 2016 the total population in LV and LT has declined by around 10%, and in BG and RO by some 4% to 5%, while it has expanded by around 9% in CY and 19% in LU (Table 1). Other Member States with sizeable relative increases in the population include BE (6.0%), IE (6.0%), UK (6.2%), MT (6.5%) and SE (7.3%). For the EU as a whole, the total population increased by 2.0% or 10 million, mainly reflecting net rises of around 800 thousand in ES, 2.8 million in FR, 2.0 million in IT and 3.8 million in the UK.

Table 1: Population change between 2008 and 2016

	2008	2016	% change
EU28	500,297,033	510,284,430	2.0
EU27	495,985,066	506,093,761	2.0
EA19	333,096,775	339,887,302	2.0
EA18	329,884,170	336,998,744	2.2
BE	10,666,866	11,311,117	6.0
BG	7,518,002	7,153,784	-4.8
CZ	10,343,422	10,553,843	2.0
DK	5,475,791	5,707,251	4.2
DE	82,217,837	82,175,684	-0.1
EE	1,338,440	1,315,944	-1.7
IE	4,457,765	4,724,720	6.0
EL	11,060,937	10,783,748	-2.5
ES	45,668,939	46,445,828	1.7
FR	64,007,193	66,759,950	4.3
HR	4,311,967	4,190,669	-2.8
IT	58,652,875	60,665,551	3.4
CY	776,333	848,319	9.3
LV	2,191,810	1,968,957	-10.2
LT	3,212,605	2,888,558	-10.1
LU	483,799	576,249	19.1
HU	10,045,401	9,830,485	-2.1
MT	407,832	434,403	6.5
NL	16,405,399	16,979,120	3.5
AT	8,307,989	8,690,076	4.6
PL	38,115,641	37,967,209	-0.4
PT	10,553,339	10,341,330	-2.0
RO	20,635,460	19,760,314	-4.2
SI	2,010,269	2,064,188	2.7
SK	5,376,064	5,426,252	0.9
FI	5,300,484	5,487,308	3.5
SE	9,182,927	9,851,017	7.3
UK	61,571,647	65,382,556	6.2

Source: Eurostat, population statistics.

Notes: Population figures on 1 January of given year.

Still little progress towards the Europe 2020 poverty and social exclusion target

The commitment made in 2010 by the EU Heads of States and Governments to lift at least 20 million people out of being at risk of poverty or social exclusion, in the context of the Europe 2020 strategy, was a significant step forward. It stressed the equal importance of inclusive growth alongside economic objectives for the future of Europe, and it introduced a new monitoring and accountability scheme²². Within the framework of the Europe 2020 target, Member States set national poverty and social exclusion targets (Table 2), although the individual poverty-reduction ambitions of the Member States sums to a figure much lower than the EU level commitment. In June 2016 the Council invited the Commission, in the Council Conclusions of the meeting, to keep the prevention of, and fight against, poverty high on the political agenda and to support Member States in delivering on their national EU2020 targets. These Council Conclusions were accompanied by an addendum, which contains a collection of innovative best practices from all over Europe for integrated approaches to combat poverty and social exclusion. The recent adoption by the Commission of the European Pillar of Social Rights (Box 3) aims to strengthen the social dimension of Europe through a renewed process of upward convergence towards better working and living conditions.

Table 2: Europe 2020 poverty and social exclusion target - national targets

	National 2020 target for the reduction of poverty or social exclusion (in number of persons)
EU28	20,000,000
BE	380,000
BG	260,000 persons living in monetary poverty*
CZ	100,000
DK	Reduction of the number of persons living in households with very low work intensity by 22,000 by 2020*
DE	Reduce the number of long-term unemployed by 320,000 by 2020*
EE	Reduction of the at risk of poverty rate after social transfers to 15%, equivalent to an absolute decrease by 36,248 persons*
IE	Reduce the number of person in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation) by at least 200,000*
EL	450,000
ES	1,400,000-1,500,000
FR	1,900,000
HR	Reduction of the number of persons at risk of poverty or social exclusion to 1,220,000 by 2020
IT	2,200,000
CY	27,000 (or decrease the percentage from 23.3% in 2008 to 19.3% by 2020)
LV	Reduce the number of persons at the risk of poverty and/or of those living in households with low work intensity by 121 thousand or 21 % until 2020*
LT	170,000 (and the total number of people at risk of poverty or social exclusion must not exceed 814,000 by 2020)
LU	6,000
HU	450,000
MT	6,560
NL	Reduce the number of people aged 0-64 living in a jobless household by 100,000 by 2020*
AT	235,000
PL	1,500,000
PT	200,000
RO	580,000
SI	40,000
SK	170,000
FI	140,000 (Reduce to 770,000 by 2020 the number of persons living at risk of poverty or social exclusion)
SE	Reduction of the % of women and men aged 20-64 who are not in the labour force (except full-time students), the long-term unemployed or those on long-term sick leave to well under 14%*
UK	New statutory and non-statutory Life Chances measures*

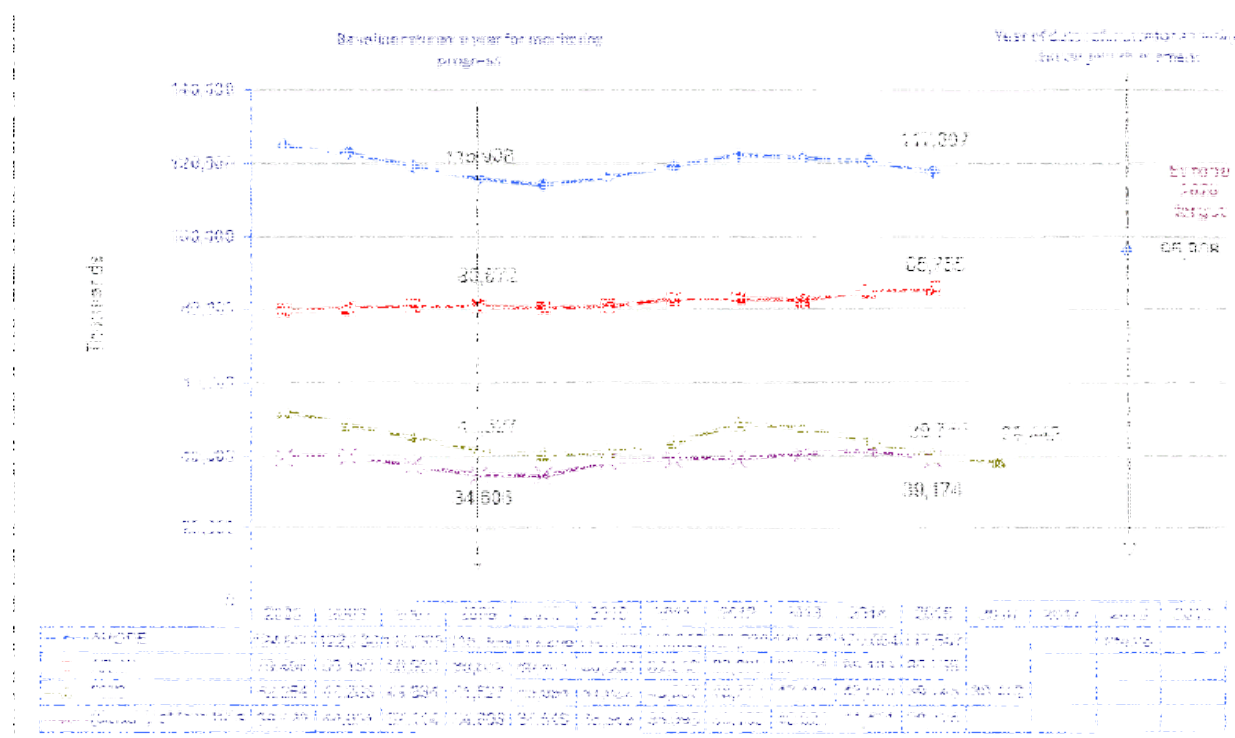
²² COM (2010) 758 final

Source: National Reform Programmes. Notes: * denotes countries that have expressed their national target in relation to an indicator different to the EU headline target indicator (AROPE). For some of these Member States (BG, DK, EE, LV) it is expressed in terms of one or more of the components of AROPE, but for the others (DE, IE, NL (age range differs), SE and UK (not yet defined)) it is neither in terms of AROPE nor the standard definition of one or more of its components.

The EU poverty and social exclusion target is based on a combination of three indicators – the at-risk-of-poverty rate, the severe material deprivation rate, and the share of people living in (quasi-) jobless (i.e. very low work intensity) households. It considers people who find themselves in any of these three categories and, while very broad, it reflects the multiple facets of poverty and social exclusion across Europe. This definition extends the customary concept of relative income poverty to cover the non-monetary dimension of poverty and labour market exclusion.

In 2015, 16 Member States registered significant falls in the share of the population at risk of poverty and social exclusion and only 3 observed significant rises, with overall figures for the EU pointing to a substantial fall of 3.1 million between 2014 and 2015. Nevertheless, in 2015 there were still around 1.7 million more people living at risk of poverty or social exclusion in the EU compared to 2008²³ and a total of 118.8 million or close to 1 in 4 Europeans, indicating that the EU has not made any significant progress towards achieving its Europe 2020 poverty and social exclusion target (Figure 13, which shows time series since 2005 for the EU27 aggregate²⁴).

Figure 13: Evolution of the Europe 2020 poverty and social exclusion target in the EU27 (figures in 1000s)



Source: Eurostat (EU-SILC)

²³ The reference year, due to data availability, for the target adopted in 2010

²⁴ Note figures here refer to the EU27 aggregate, since time series for the EU28 aggregate not available back to 2005.

Note: AROPE - at-risk-of poverty-or-social-exclusion rate; AROP - at-risk-of-poverty rate; (Quasi-)jobless HHs - share of population living in (quasi-)jobless households (i.e. very low work intensity (VLWI) households); SMD - severe material deprivation rate. For the at-risk-of-poverty rate, the income reference year is the calendar year prior to the survey year except for the UK (survey year) and Ireland (12 months preceding the survey). Similarly, the (quasi-) jobless households rate refers to the previous calendar year while for the severe material deprivation rate it is the current survey year.

Underlying the overall change in the AROPE rate were more substantial changes in its components, with a noticeable reduction in severe material deprivation (down 4.1 million) and in people living in (quasi-)jobless households (down 2.3 million) although the population at risk of poverty continued to rise by 0.7 million. This suggests that while improvements in economic activity and labour markets have led to reductions in the number of (quasi-)jobless households and improvements in living standards leading to reductions in severe material deprivation, the benefits of growth under the recovery have not been distributed so as to bring down the risk of poverty among the overall population at EU level. On the positive side, the most recent figures for SMD point to a further reduction in the EU over 2015-2016, with a drop of around 1.4 million.

The overall trend masks persisting divergence between Member States. Substantially higher AROPE rates in 2015 compared to 2008 are still observed mainly in the countries most affected by the economic crisis (CY, EL, ES and IT), but have more recently been observed also in countries such as BG, LU and MT (although the latter two remain below the EU average). For half of Member States the AROPE rate in 2015 is close to the 2008 figure, while in six countries it is considerably lower, most notably in PL and RO (Figure 14). Many Member States registered significant improvements over the latest year for which data is available (between 2014 and 2015), most notably EE, IE, HU, LV and RO.

Figure 14: At risk of poverty or social exclusion rate (in %), evolution (in pp) 2014-2015 and 2008-2015

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015	23.7	23.7	23.0	23.1	21.1	41.3	14.0	17.7	20.0	24.2	26.0	35.7	28.6	17.7	29.1	28.7
2014-2015 change in pp	-0.7	-0.7	~	~	~	1.2	-0.8	~	-0.6	-1.8	-1.7	~	-0.6	-0.8	~	~
2008-2015 change in pp	n.a.	~	1.4	1.4	~	3.2	~	n.a.	~	~	~	7.6	4.8	~	-2.0	3.2
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015	28.9	30.9	29.3	18.5	28.2	22.4	16.4	18.3	23.4	26.6	37.4	19.2	18.4	16.8	16.0	23.5
2014-2015 change in pp	1.5	-1.8	2.0	~	-3.6	-1.4	~	-0.9	-1.3	-0.9	-2.9	-1.2	~	~	-0.9	-0.6
2008-2015 change in pp	5.6	-3.3	~	3.0	~	2.3	~	-2.3	-7.1	~	-6.8	~	-2.2	~	~	~

Source: Eurostat (EU-SILC)

Notes: i) Only significant changes have been highlighted in green/red (positive/negative changes). "~" refers to stable performance (i.e. insignificant change). Eurostat calculations on statistical significance of net change have been used where available, combined with checks for substantive significance. ii) For the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the (quasi-)jobless households rate refers to the previous calendar year while for the severe material deprivation rate, the reference is the current year. iii) For BG, major break in the time series in 2014 for the material deprivation indicators, so for AROPE the change 2008-2013 is used for the longer period compared to 2008; iv) For DK, breaks in series for the period 2008-2015 which mainly affect indicators related to incomes and to a lesser degree variables highly correlated with incomes ("n.a." shown for the period compared to 2008); v) For EE, major break in series in 2014 for variables in EU-SILC. Hence change 2008-2013 used for the longer period compared to 2008; vi) For HR, the long-term comparison for EU-SILC-based indicators is relative to 2010 as no EU-SILC data published by Eurostat before then. vii) For UK, changes in the EU-SILC survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer-term trend must therefore be particularly cautious.

Box 3. The European Pillar of Social Rights

On 26 April 2017 the Commission adopted a Communication²⁵ on the European Pillar of Social Rights²⁶, reflecting its priority to build a fairer Europe and strengthen its social dimension. The Pillar is designed as a compass for a renewed process of upward convergence towards better working and living conditions in Europe, and sets out 20 key principles and rights to support fair and well-functioning labour markets and welfare systems.

The Pillar reaffirms rights that are already present in the EU and international legal acquis and complements them to take account of new realities. The principles and rights enshrined in the Pillar are structured around three categories: "equal opportunities and access to the labour market", "fair working conditions" and "social protection and inclusion". They place the focus on how to tackle new developments in the world of work and society at large so as to deliver on the promise of the Treaties of a highly competitive social market economy, aiming at full employment and social progress.

The European Commission flanks the European Pillar of Social Rights with a number of further concrete legislative and non-legislative initiatives such as on the work-life balance of parents and carers, on the information of workers, and on access to social protection and on working time. These initiatives illustrate both the nature of the issues covered by the Pillar as well as the way in which its principles and rights can be implemented.

A social scoreboard has been proposed to track trends and performances across EU countries in 12 areas and to assess progress towards a social "triple A" for the EU as a whole. This analysis will feed into the European Semester of economic policy coordination.

Delivering on the Pillar's principles and rights is a dynamic process. The Pillar will inspire the work done in the context of the European Semester and on the completion of the Economic and Monetary Union. In particular, the Pillar should serve to re-start the process of convergence within the EMU and some of the principles and rights could act as guidance towards more binding standards for the euro area. Further EU legislative or non-legislative initiatives may follow in the future as part of the annual Commission Work Programmes. The European funds, in particularly the European Social Fund, will also provide financial support to implement many key aspects of the Pillar.

The Pillar has been presented under two legal forms with identical content: as a Commission Recommendation, and as a proposal for a joint proclamation by the Parliament, the Council and the Commission. On this basis, the Commission is in discussion with the European Parliament and the Council to work towards broad political support and high-level endorsement of the Pillar.

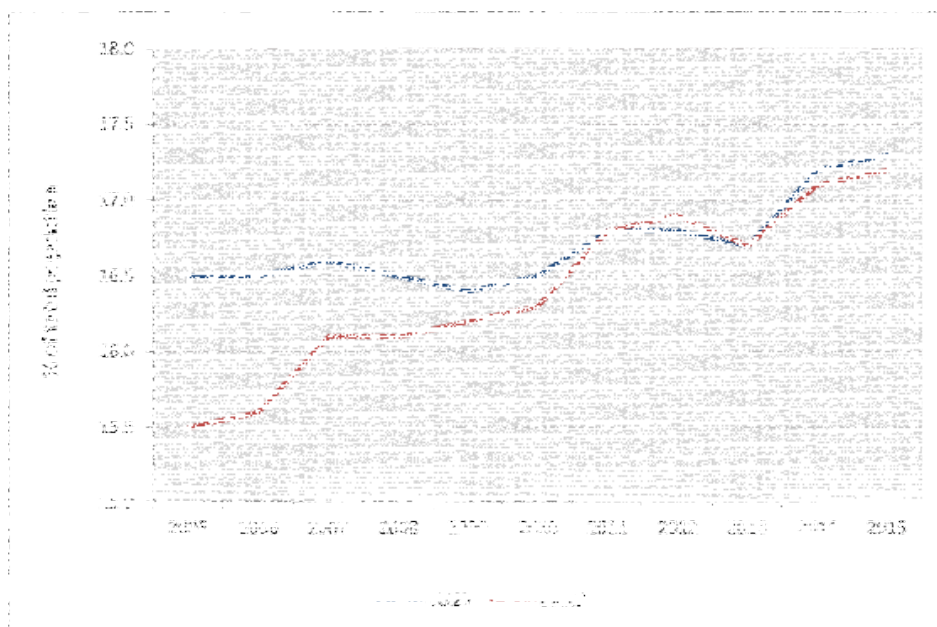
²⁵ <http://ec.europa.eu/social/BlobServlet?docId=17624&langId=en>

²⁶ http://europa.eu/rapid/press-release_IP-17-1007_en.htm

Relative poverty risk still edging up and its persistence is an increasing problem

Looking at the evolution in the at-risk-of-poverty rate over the past 10 years, we can see that the EU27 rate was generally quite stable at around 16.5% up until 2010, when it started to increase noticeably. Although it broadly stabilised in 2012 and 2013, there was again a notable increase in the rate from 2013 onwards²⁷ and by 2015 it had increased to 17.3%. Increases in the at-risk-of-poverty rate have been more marked for the Euro area, where it has increased almost continuously over the last decade, from a level of 15.5% in 2005, 1 pp below the EU average, to 17.2% in 2015 and very close to the EU average (Figure 15).

Figure 15: At-risk-of-poverty rate (EU27, EA19), 2005-2015



Source: Eurostat (EU-SILC)

However, only 3 Member States (CY, LV and LT) experienced statistically significant increases in at-risk-of-poverty rates between 2014 and 2015 (actually reflecting changes in the income situation between 2013 and 2014), while a similar number recorded decreases (BE, EL, LU and SE). In the large majority of Member States, the poverty risk rate remained broadly stable during this period (Figure 16). In the longer term, 5 Member States still had substantially worse relative poverty rates compared to the start of the crisis in 2008, with the highest increases of around 2.5 pps in ES, HU and SE. However, the changes in the at-risk-of-poverty rate must be assessed in parallel with the underlying developments in the poverty risk threshold. In this regard, for the vast majority of Member States there was no significant change in the threshold between 2014 and 2015, while for those few that did record a substantial change (EE, EI, HR, LV, LT and RO) these were all related to an improvement (i.e. a rise) in the threshold.

²⁷ Income data actually generally refer to the year before that quoted, which is the EU-SILC survey reference year.

Figure 16: Evolution (in pp) of the at-risk-of-poverty rate and associated threshold (in %, as real change in national currency terms), 2014-2015 and 2008-2015

AROP

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015	17.3	17.3	17.2	17.2	14.9	22.0	9.7	12.2	16.7	21.6	16.3	21.4	22.1	13.6	20.0	19.9
2014-2015 change in pp	~	~	~	~	-0.6	~	~	~	~	~	~	-0.7	~	~	~	~
2008-2015 change in pp	n.a.	~	1.2	1.1	~	~	~	n.a.	1.5	~	~	~	2.3	~	~	~
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015	16.2	22.5	22.2	15.3	14.9	16.3	11.6	13.9	17.6	19.5	25.4	14.3	12.3	12.4	14.5	16.7
2014-2015 change in pp	1.8	1.3	3.1	-1.1	~	~	~	~	~	~	~	~	~	~	-0.6	~
2008-2015 change in pp	~	-3.4	~	~	2.5	~	~	~	~	~	~	2.0	~	-1.2	2.3	-2.0

AROP threshold (real change in national currency)

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015	n.a.	n.a.	n.a.	n.a.	11953	4129	6991	12231	12219	6259	10622	5281	8678	11931	4952	9237
2014-2015 change in %	n.a.	n.a.	n.a.	n.a.	~	~	~	~	~	9.2	7.5	~	~	~	5.4	~
2008-2015 change in %	n.a.	n.a.	n.a.	n.a.	8.4	40.5	10.4	n.a.	~	~	-6.2	-34.9	-11.6	~	-9.6	-8.4
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015	9188	4855	4951	17571	4751	10009	11632	13189	5970	6190	2614	9061	6132	11658	12730	10627
2014-2015 change in %	~	11.8	8.1	~	~	~	~	~	~	~	8.5	~	~	~	~	~
2008-2015 change in %	-20.3	12.1	10.5	~	~	19.1	~	5.8	28.4	~	23.8	~	30.5	5.5	18.2	-5.1

Source: Eurostat (EU-SILC)

Note: i) Only significant changes have been highlighted in green/red (positive/negative changes). "~" refers to stable performance (i.e. insignificant change). Eurostat calculations on statistical significance of net change have been used where available, combined with checks for substantive significance. ii) For the at-risk-of-poverty rate, the income reference year is the calendar year prior to the survey year except for the United Kingdom (survey year) and Ireland (12 months preceding the survey); iii) For DK, breaks in series for the period 2008-2015 which mainly affect indicators related to incomes ("n.a." shown for the period compared to 2008 for these); iv) For 2014 EE registered a major break in series for EU-SILC variables, so longer-term changes for these are presented for the period 2008-2013 only; v) For HR, the long-term comparison for EU-SILC-based indicators is relative to 2010 as no EU-SILC data published by Eurostat before then; vi) For UK, changes in the EU-SILC survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer-term trend must therefore be particularly cautious.

Focusing on the longer term changes since 2008 in the above tables highlights the especially worrying developments in CY and EL where there have been substantial falls in the poverty risk threshold of 20% and 35% respectively (real change in national currency terms). In addition, ES, HR and IT have also seen marked real falls of the order of 10% in real terms based on national currency series, which in ES is also combined with a marked rise in the at-risk-of-poverty rate.

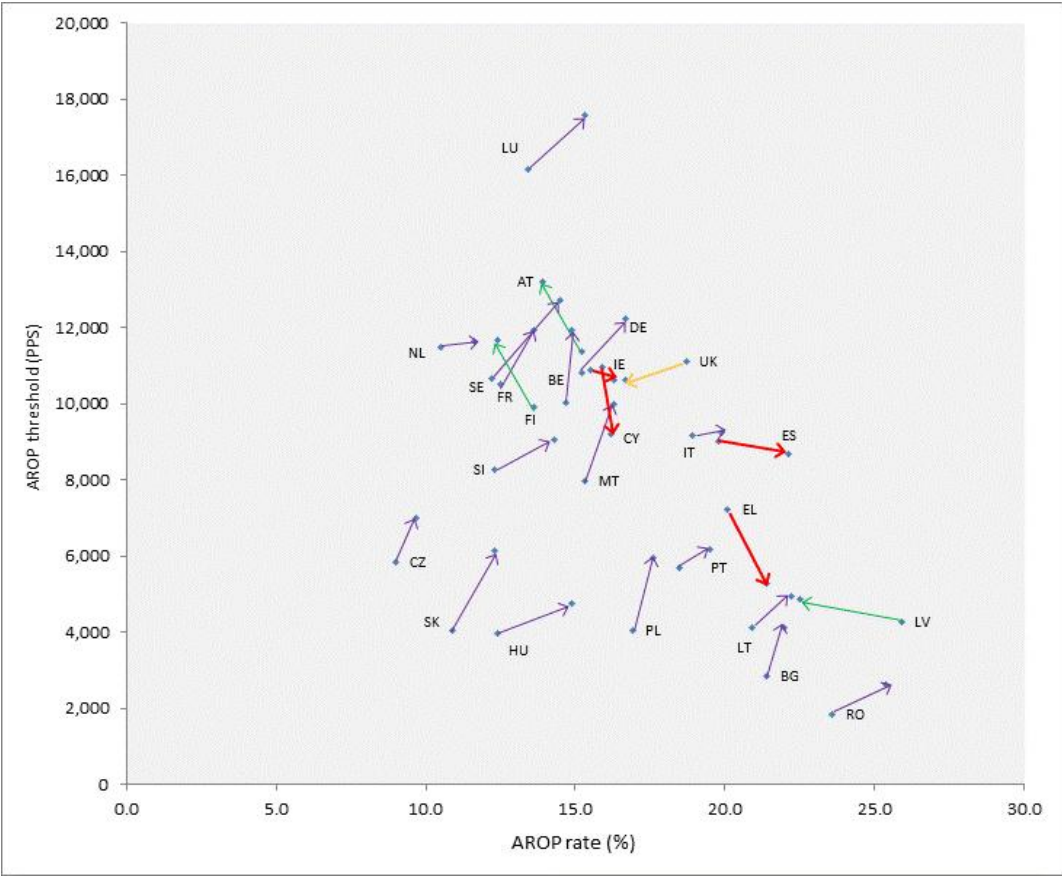
Taking a slightly different perspective in terms of looking at combined changes in the at-risk-of-poverty rate and the poverty risk threshold in terms of purchasing power parities²⁸ (Figure 17), confirms the marked differences in patterns of developments across Member States since 2008. Making reference to the threshold in purchasing power parities (and not in national currency), developments of the threshold in an EU comparative perspective are measured. The graph shows

²⁸ Purchasing power parities (PPPs) are used as currency conversion rates to convert income or expenditures expressed in national currencies into an artificial common currency (the Purchasing Power Standard, PPS), thus eliminating the effect of price level differences across countries.

the combined evolution in the at-risk-of-poverty rate and the associated at-risk-of-poverty threshold over the period 2008-2015, although with no indication of the statistical significance of the changes. The arrows depict how Member States have moved on the two indicators over the full period since the start of the crisis. Arrows pointing to the top left corner (in green) point to improvement on both indicators, while arrows pointing to the bottom right corner (in red) point to a negative development on both indicators. This visual representation can contribute to a better understanding of the development of the risk of poverty at Member State level. It also helps in assessing the situation at the level of the EU, e.g. by showing whether trends are converging or diverging between the Member States.

An increase in the threshold with a decreasing poverty risk rate points to stronger increases among the lowest incomes compared to the median income, while increasing poverty risk rates with a decreasing poverty risk threshold points to incomes (just) above the threshold dropping faster than the median. Increases in both the threshold and the rate points to increasing median income, while the lowest incomes remain stable or are increasing more slowly than the median. Finally, a situation of both a decreasing rate and threshold points to a drop in median income, while incomes (just) below the threshold remain stable (or increase).

Figure 17: Combined evolution in the at-risk-of-poverty rate (in %) and associated threshold (in PPS), 2008-2015



Source: Eurostat (EU-SILC)

*Notes: i) Major break in series in 2014 in EE for income variables in EU-SILC, so change 2008-2015 not shown. ii) For DK, breaks in series for the period 2008-2015 which mainly affect indicators related to incomes, so no figures shown; iii) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious; iv) The income reference year is the calendar year prior to the survey year except for the UK (survey year) and Ireland (12 months preceding the survey); v) Line colours reflect the combined movement of the threshold and AROP rate: **Green** = threshold up and rate down, **purple** = both threshold and rate up, **orange** = threshold down and rate down, **red** = threshold down and rate up); vi) In this chart all changes are shown without regard to the statistical significance of the change.*

The results again highlight the especially worrying developments in EL where a significant rise in the risk of poverty is combined with a substantial fall in the poverty risk threshold of close to 27% in purchasing power parity (PPP) terms. Similarly, in ES a significant increase in the poverty risk rate occurs simultaneously with a fall of around 4% in the threshold. Although CY and IE have not seen a significant rise in the risk of poverty, this is nevertheless associated with a fall of around 16% and 3% respectively in the poverty risk threshold in PPPs. Many Member States have experienced a combined significant rise in both the poverty risk and the threshold, but a few (AT, FI and LV) have registered a significant fall in the poverty risk combined with a rise in the threshold. Finally, the UK has seen a fall in the poverty risk together with a drop (in PPP terms) in the threshold.

In periods of sudden changes in the median income of the population, as has been the case in a number of Member States during the economic crisis, the poverty risk threshold can move quite substantially. As highlighted in the above results, a full understanding of the situation thus requires a simultaneous assessment of both the poverty risk rate and threshold. An additional way to account for this is to keep the threshold fixed in real terms over a longer period of time, therefore controlling for the effects of a moving threshold, and reflect the evolution of the real income of the poor and the effectiveness of social inclusion policies. In the current context this method reflects better the deterioration of the real income of the poor and the lack of effectiveness of social inclusion policies.

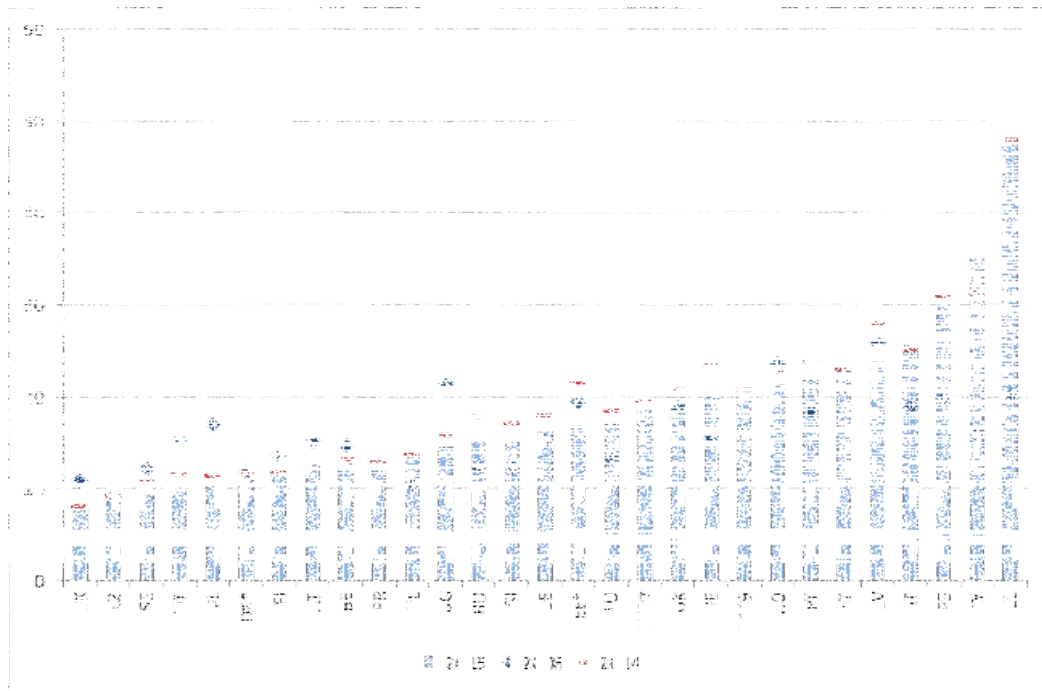
Figure 18 shows the evolution of the at-risk-of-poverty rates anchored in 2008 poverty risk threshold levels. Results suggest that between 2014 and 2015 the vast majority of countries saw the rate decline, with the most notable falls in HU and PT (both down around 2 pps) and especially IE and LV where the rates fell by around 4 pps. As a result, the EU average decreased from 19.4% in 2014 to 18.5% in 2015. Only CY recorded a significant rise, of around 4 pps. Looking at the longer timeframe 2008-2015, EL has clearly seen the most dramatic increase in its anchored poverty risk rate (up 27.9 pps), followed by CY (19.2 pps), ES (10.1 pps) and IT (6.7 pps). The biggest improvements were observed in BG and PL, both with decreases of close to 7 pps, while MT also saw a decline of 5.6 pps. In absolute terms, 18.5 % of the population in the EU were at-risk-of-poverty in 2015, anchored at 2008 poverty risk threshold levels, which is 1.2 pp higher than the ordinary rate of 17.3 %.

Another issue of concern, and which has been highlighted as a trend to watch, is the continuing rise in the share of the population suffering from persistent poverty risk (Figure 19). In 2015, the persistent at-risk-of-poverty rate²⁹ in the EU was 10.9%, up from 8.7% in 2008, and having

²⁹ The indicator shows the percentage of the population whose equivalised disposable income was below the 'at-risk-of-poverty threshold' for the current year and at least 2 out of the preceding 3 years

increased a further 0.6 pp on the year before. Significant rises in the persistent poverty risk rate for the latest year of data available can be seen in 9 Member States, with the most notable increase being in LU (3.3 pp), but also in DE, EE and MT, all with rises of around 2 pps. Significant longer term developments since 2008 are apparent in ES and MT (both up around 5 pp) and to a slightly lesser extent in DE, LU and SE (all up around 4 pp).

Figure 18: At-risk-of-poverty rate anchored in 2008 for 2008, 2014 and 2015



Source: Eurostat (EU-SILC)

Note: i) Sorted on the anchored-AROP rate for 2015; ii) break in series in 2014 for EE and over 2008-2015 in DK iii) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious; iv) for the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year (i.e. 2013) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey).

Figure 19: Persistent at-risk-of-poverty rate (in %), evolution (in pp) 2014-2015 and 2008-2015

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015	10.9	10.9	11.5	11.5	9.8	16.2	4.5	4.3	11.3	13.1	9.4	13.3	15.8	8.5	14.7	14.3
2014-2015 change in pp	~	~	~	~	~	~	1.1	~	1.8	1.9	-1.3	-1.2	1.5	~	n.a.	1.4
2008-2015 change in pp	n.a.	2.2	2.5	2.5	~	n.a.	~	n.a.	4.1	-4.3	n.a.	~	4.8	n.a.	n.a.	1.6
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015	7.3	10.1	14.3	12.0	7.2	12.7	7.3	8.8	10.1	13.6	19.3	8.1	7.4	8.3	7.0	7.3
2014-2015 change in pp	~	~	-1.7	3.3	-1.4	2.1	~	~	~	1.6	~	-1.4	-2.4	1.3	~	~
2008-2015 change in pp	-2.6	-2.5	3.4	3.6	~	5.0	~	n.a.	~	~	n.a.	~	2.5	1.5	4.4	-1.2

Source: Eurostat (EU-SILC)

Note: i) For AT, break in series in 2011 for persistent poverty risk ("n.a." shown for the period compared to 2008); ii) Major break in series in 2014 in EE for income variables in EU-SILC, so changes are presented for the period 2008-2013 only; iii) For DK, breaks in series for the period 2008-2014 which mainly affect indicators related to incomes ("n.a." shown for the period compared to 2008); iv) Data missing for early years of the time series around 2008 for IE, FR, HR and RO.

Negative developments still observed in the depth of poverty risk in several countries, while more timely data on material deprivation and household income suggest a continuing improvement in living standards in many Member States

The poverty risk gap shows what is happening in terms of the depth of income poverty, indicating the extent to which the incomes of those at risk of poverty fall below the poverty risk threshold on average. In policy terms, it indicates the scale of transfers which would be necessary to bring the incomes of those concerned up to the threshold. The poverty risk gap in the EU in 2015 was 24.8% of the at-risk-of-poverty threshold, and has expanded by almost 3 pp since 2008. In 2015, the poverty risk gap in EU countries varied between 13.2% (in FI) to over 30% in BG, EL, ES and RO. It is especially concerning that the poverty risk gap has increased in half of Member States since 2008, and in some countries quite substantially so (by 5 pp or more in EL, ES, IT, PT, RO and SK) (Figure 20). Also of concern is the fact that the gap widened considerably in several Member States over 2014-2015, with particularly marked jumps in DK, ES, LT, LV and RO, with the result that the depth of income poverty remains identified as a trend to watch.

Figure 20: Relative median at-risk-of-poverty gap, evolution in pp, 2014-2015 and 2008-2015

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015	24.8	24.8	24.9	24.9	17.4	30.3	19.2	22.0	22.0	21.0	18.5	30.6	33.8	15.7	26.4	29.3
2014-2015 change in pp	~	~	~	~	-1.4	-2.9	1.2	3.5	-1.2	~	~	~	2.2	~	-1.5	1.1
2008-2015 change in pp	n.a.	2.9	3.5	3.5	~	3.3	~	n.a.	~	1.2	~	5.9	8.2	1.2	-1.2	6.1
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015	19.8	25.5	26.0	17.4	21.8	17.3	16.8	20.5	22.3	29.0	38.2	20.3	28.9	13.2	20.0	20.2
2014-2015 change in pp	1.3	1.9	3.3	1.1	~	~	~	~	~	-1.3	3.6	-1.7	~	~	~	~
2008-2015 change in pp	4.5	-3.1	~	~	4.5	-3.0	1.9	~	1.7	5.8	5.9	~	10.8	-2.5	2.0	~

Source: Eurostat (EU-SILC)

Notes: i) For DK, breaks in series for the period 2008-2015 which mainly affect indicators related to incomes "n.a." shown for the period compared to 2008); ii) For 2014 EE registered a major break in series for EU-SILC variables, so longer-term changes for these are presented for the period 2008-2013 only; iii) For HR, the long-term comparison for EU-SILC-based indicators is relative to 2010 as no EU-SILC data published by Eurostat before then; iv) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious; v) For the at-risk-of-poverty rate, the income reference year is the calendar year prior to the survey year except for the United Kingdom (survey year) and Ireland (12 months preceding the survey).

In the period 2015-2016³⁰, almost half (13) of Member States recorded statistically significant reductions in severe material deprivation (Figure 21) linked to improving living standards, with particularly notable improvements in Bulgaria (down 2.3 pp), LV (down 3.6 pp), HU (down 3.2 pp) and MT (down 3.7 pp), while only RO registered a deterioration. As a result the longer term trend is broadly balanced, with the rate of severe material deprivation having increased since 2008 in 8

³⁰ Member States have provided early delivery severe material deprivation figures to Eurostat. As a result, for many countries more recent figures or estimates for SMD are already available for the changes between 2015 and 2016. It should be noted, however, that these are not yet final figures.

Member States but having reduced in 10. The countries still experiencing the worst longer-term increases were EL (up 11.0 pp), CY (4.6 pp) and IT (4.4 pp). In comparison, LV and LT – among those most affected by the economic crisis and previously showing strong increases in severe material deprivation – have experienced a very sharp improvement in the situation over the last few years to the extent that the situation is now similar to, or even better than, in 2008. Among the countries having seen a clear improvement compared to 2008, PL and RO have recorded considerable reductions in SMD rates of around 11 and 9 pps respectively, reflecting strong improvements in living standards.

Figure 21: Severe material deprivation rate, evolution in pp, 2015-2016 & 2008-16

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	7.8	7.7	6.7	6.8	5.5	31.9	4.8	2.6	3.9	4.8	7.5	22.2	5.8	4.4	12.5	11.9
2015-2016 change in pp	~	~	~	~	~	-2.3	-0.8	-1.1	~	~	~	~	-0.6	~	-1.2	~
2008-2016 change in pp	n.a.	~	~	~	~	~	-2.0	~	-1.6	2.7	2.0	11.0	2.2	~	-1.8	4.4
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	13.7	12.8	13.5	2.0	16.2	4.4	2.7	3.0	6.7	8.4	23.8	5.4	9.0	2.2	0.7	5.2
2015-2016 change in pp	-1.7	-3.6	~	~	-3.2	-3.7	~	-0.6	-1.4	-1.2	1.1	~	~	~	~	-0.9
2008-2016 change in pp	4.6	-6.5	~	1.3	~	~	1.2	-2.9	-11.0	~	-8.9	-1.3	-2.8	-1.3	~	~

Source: Eurostat (EU-SILC)

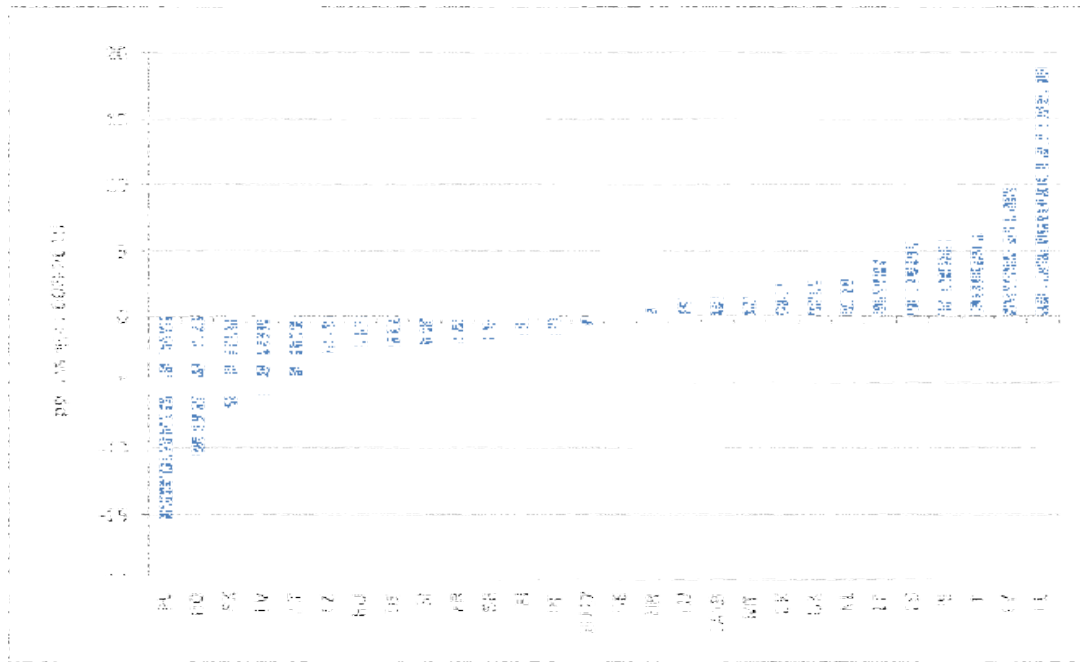
Notes: i) For BG, major break in the time series in 2014 for the material deprivation indicator (SMD), so change 2008-2013 is used for the longer period compared to 2008. Also a break in 2016 for EU-SILC based indicators, but comparison of changes are still valid; ii) For EE, major break in series in 2014 for variables in EU-SILC. Hence change 2008-2013 used for the longer period; iii) For HR, the long-term comparison for EU-SILC-based indicators is relative to 2010 as no EU-SILC data published by Eurostat before then; iv) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious; v) Only significant changes have been marked in green/red (positive/negative changes). "~" refers to stable performance (i.e. insignificant change); vi) SMD figures for CY, DE, EE, FR, IT, LT, MT, PL and UK are provisional, and for IE and LU are estimates.

If one looks at the "standard" material deprivation rate (defined as the percentage of the population with an enforced lack of at least three out of nine material deprivation items in the 'economic strain and durables' dimension), the general pattern of longer term changes across Member States since 2008 is broadly similar to that for the severe material deprivation rate (Figure 22). The largest rises in "standard" material deprivation since 2008 are observed in the southern Member States of CY, EL, ES and IT as well as IE, all with increases in excess of 5 pp. The increases in CY (up 9.8 pp) and EL (up 18.9 pp) are particularly marked. In contrast, countries such as PL, RO and SK have seen significant declines ranging from around 7 to 15 pp. Turning to more recent developments, figures for the latest changes (2014-2015) point to noticeable falls in material deprivation in the vast majority of Member States, with notable increases only observed in BG and EL. Recent efforts to improve on the existing measurement of deprivation have led to the establishment of a new indicator on "material and social deprivation" (Box 4) which will be fully integrated in future SPC monitoring work.

The indications of a recent general improvement in living standards are supported by the latest figures on the real change in gross household disposable income (GHDİ) across the EU between 2014 and 2015 (Figure 23). Among those Member States for which figures are available, 23 have

seen a significant rise in real household incomes, while it has only decreased in 2 countries (CY and EL). In a longer term perspective, however, in 10 countries, including especially the southern Member States, real incomes are still markedly below those just before the crisis hit, with strong falls still in evidence in ES (-7.1%), IT (-8.6%), LV (-13.7%) and PT (-7.7%), and above all in CY (-17.3%) and EL (-33.3%). However, in contrast positive developments in GHDl in comparison to 2008 are now observed in 13 Member States.

Figure 22: Changes in the “standard” (enforced lack of at least 3 items) material deprivation rate, 2008-2015



Source: Eurostat (EU-SILC)

Notes: i) For BG and EE breaks in time series over 2008-2015, so changes not shown. ii) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious; iii) The “standard” material deprivation rate is defined as the percentage of the population with an enforced lack of at least 3 out of 9 material deprivation items in the ‘economic strain and durables’ dimension.

Figure 23: Real change in gross household disposable income 2014-2015 and 2008-2015

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2014-2015 change in %	2.2	n.a.	n.a.	1.8	0.7	2.5	3.2	3.0	2.5	4.3	4.7	-3.0	2.1	1.7	2.5	0.8
2008-2015 change in %	4.9	n.a.	n.a.	~	~	7.3	5.0	10.9	7.0	2.7	~	-33.3	-7.1	4.5	-5.5	-8.6
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2014-2015 change in %	-0.8	4.8	2.8	n.a.	2.0	n.a.	3.2	~	3.3	1.8	7.2	2.1	4.0	1.0	2.4	3.6
2008-2015 change in %	-17.3	-13.7	-2.8	n.a.	1.3	n.a.	~	-1.6	18.1	-7.7	28.3	-2.5	6.1	5.4	19.7	8.5

Source: DG EMPL estimates based on Eurostat (National Accounts)

Notes: i) Growth for the EU28 in real terms is estimated from existing Member States’ data which must cover at least 85% of the EU nominal GDHI, iii) Year-on-year changes of magnitude greater than 0.5% and changes since 2008 of magnitude greater than 1% are highlighted as significant.

Box 4. A new EU indicator of material and social deprivation

A new indicator of material and social deprivation has recently been adopted by the Indicators Sub-Group of the Social Protection Committee. It is an improvement on the existing material deprivation indicators, which have some limitations, the most important ones being the small number of items on which they rely and the saturation of some deprivation items that are no longer relevant.

The existing "standard" material deprivation indicator was defined as the proportion of people living in households confronted with at least three out of nine deprivations. These deprivations are the inability for a household to: face unexpected expenses; afford one week annual holiday away from home; avoid arrears (in mortgage rent, utility bills and/or hire purchase instalments); afford a meal with meat, chicken, fish or vegetarian equivalent every second day; afford keeping their home adequately warm; have access to a car/van for personal use; afford a washing machine; afford a colour TV; and afford a telephone.

The new deprivation indicator is based on 13 items whose selection results from a systematic item by item robustness analysis (see Guio et al, 2012, 2016 and 2017; as well as Chapters 10 and 21 in Atkinson et al, 2017³¹). In this set the original 3 items relating to the ability to afford a washing machine, a colour TV and a telephone have been dropped (because they failed to pass the statistical robustness checks), and 7 new items added. Out of these 7 new items, one concerns the household as a whole (the ability to replace worn-out furniture) and 6 concern the individual household members aged 16 or more (replace worn-out clothes with some new ones; have two pairs of properly fitting shoes; spend a small amount of money each week on oneself ("pocket money"); have regular leisure activities; get together with friends/family for a drink/meal at least once a month; and have an internet connection. Since 2016 the 7 new items are collected each year in EU-SILC whereas the 3 items with robustness problems (washing machine; colour TV; telephone) are no longer part of the core EU-SILC questionnaire (the choice to collect these items is left to countries). An important feature of the new indicator is that it is gender and age sensitive for adults living in the same household thanks to the 6 personal items it includes.

Compared with the standard 9-item indicator of *material deprivation* adopted in 2009, the new deprivation indicator also includes items related to social activities (leisure, internet, get together with friends/family, pocket money). It is therefore a measure of "*material and social deprivation*", whose composition is different from that of the "*severe material deprivation*" (based on the 9-item list) used in the Europe 2020 Social Inclusion target. In the new indicator, a person is considered as

³¹ Guio, A.-C., Gordon, D. and Marlier, E. (2012), "Measuring material deprivation in the EU: Indicators for the whole population and child-specific indicators", Eurostat Methodologies and Working Papers, Publications office of the European Union, Luxembourg.

Guio, A.-C., Gordon, D. and Marlier, E. (2016), "Improving the measurement of material deprivation at the European Union level", *Journal of European Social Policy*, 26(3), pp. 219-333.

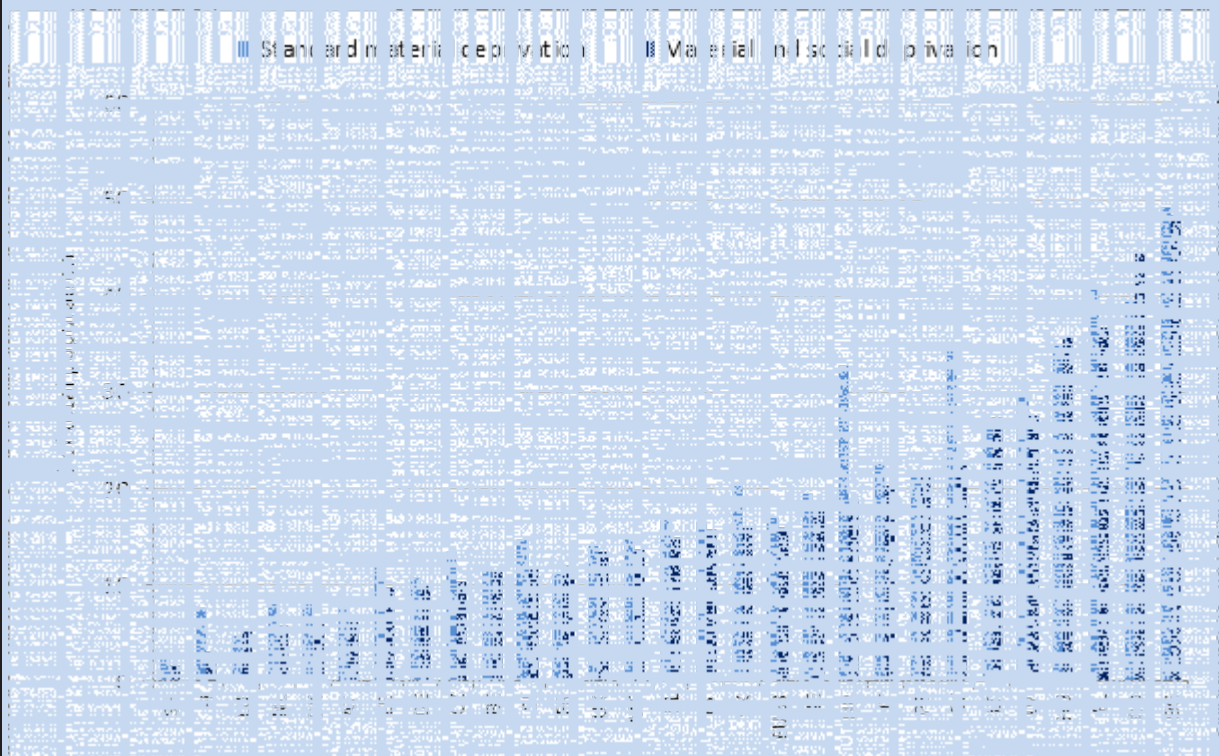
Guio, A.-C., Gordon, D., Najera, H. and Pomati, M. (2017), "Revising the EU material deprivation variables, Eurostat Statistical Working Papers, Publications office of the European Union, Luxembourg.

Atkinson, A.B., Guio, A.-C. and Marlier, E. (2017), "Monitoring social inclusion in Europe", Publications Office of the European Union, Luxembourg.

materially and socially deprived when he/she experiences an enforced lack of 5 or more of the 13 deprivation items in the new list.

A comparison of the 2015 figures for the "standard" material deprivation and new material and social deprivation indicators is shown in the following chart (Figure 24). In general the figures for the new indicator are slightly below those for the existing "standard" material deprivation indicator, but markedly lower for several Member States and especially CY and HR. In contrast the level is noticeably higher in RO.

Figure 24: Comparison of 2015 levels for the standard 9-item indicator of material deprivation and the new 13 item indicator of material and social deprivation.

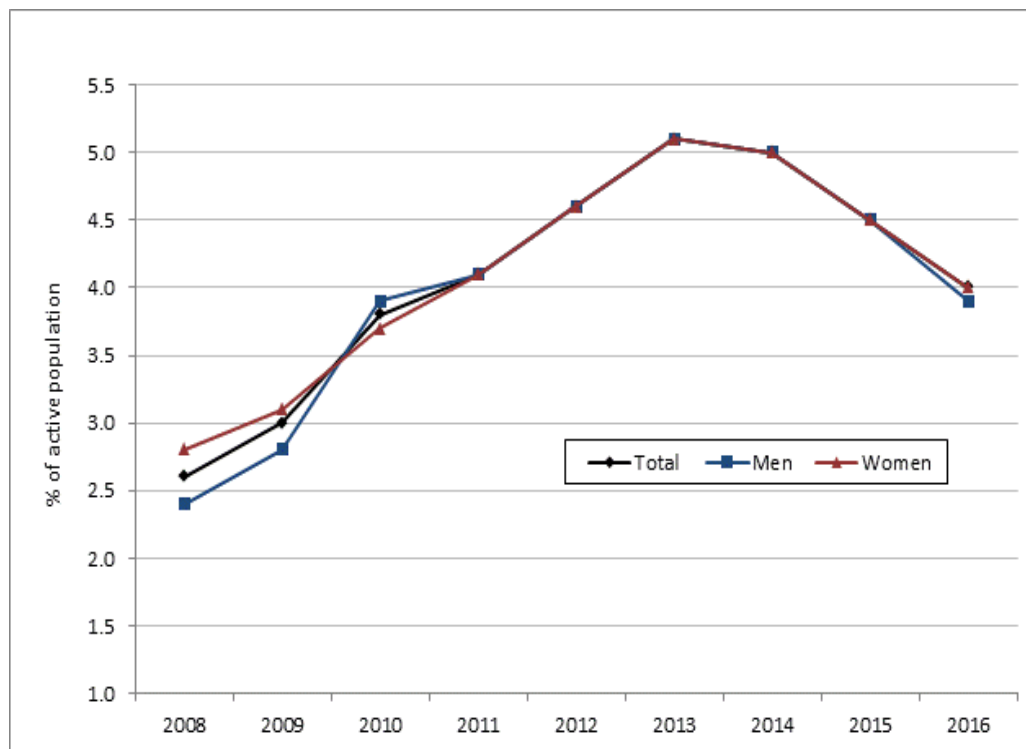


Source: Eurostat.

Strong declines in long-term exclusion from the labour market but it remains a continuing challenge

Rises in unemployment and long-term unemployment were some of the more immediate and tangible impacts of the economic crisis, and the consequences still remain a challenge today. The long-term unemployment rate rose sharply from 2008 onwards, and by 2013 had doubled to 5.1% of the active population before reducing over 2014-2016. The rates for men and women converged following the crisis and since 2011 have been essentially the same. Both peaked at just over 5% in 2013 and have declined subsequently towards 4% in 2016 (Figure 25).

Figure 25: EU long-term unemployment rate by gender, 2008-2016



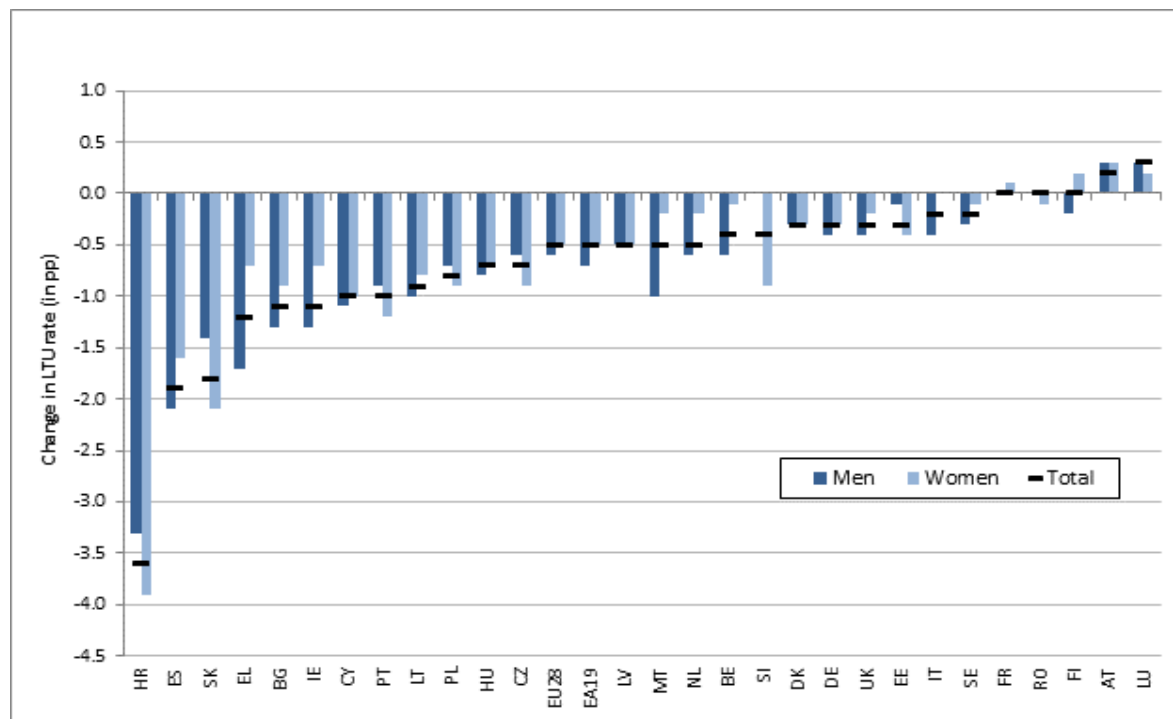
Source: Eurostat (LFS)

Over the latest year, falls in the LTU rate have been among the strongest in some of the Member States hit hardest by the crisis, including EL, ES, CY and IE. In all these the fall was larger for men than for women. Likewise, in general the fall was more pronounced for men than women in most countries, although there are several cases where the reverse is true, most notably in HR, SI and SK (Figure 26). Overall, at EU level the LTU rate decreased by 0.6 pp for men and 0.5 pp for women.

Long-term unemployment has implications for society as a whole, with dire social consequences for the persons concerned and a negative impact on growth and public finances. For example, long-term unemployment is one of the causes of persistent poverty risk, one of the main trends to watch identified in this year's report. Other related social costs include greater probabilities of lower life-satisfaction, poorer health, a greater sense of disillusionment with society and a far more pessimistic assessment of labour market prospects. The important point about all these is that, once established, they become increasingly difficult to eradicate.

Addressing long-term unemployment is therefore recognised as a key employment challenge in the Commission's jobs and growth strategy, and in order to address the situation the Council recently adopted a Recommendation with practical steps to better support the integration of the long-term unemployed into the labour market (Box 5).

Figure 26: Changes in LTU rates across Member States 2015-2016, by gender



Source: Eurostat (LFS)

The most recent data available show that the share of (quasi-)jobless households fell in 12 countries (the data actually refer to the change 2013-2014), reflecting the widespread improvement in labour markets. The biggest improvements were observed in ES, IE, HU and LV. Only 3 countries (CY, FI and RO) registered a significant rise in that period (Figure 27). With reference to 2008, half of Member States still recorded statistically significant increases in their share, and for 4 of these (CY, IE, EL and ES) the increase is of the order of 5-10 pp.

Figure 27: Evolution of the share of people living in (quasi-) jobless households, 2014-2015 and 2008-2015

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015	10.6	10.6	11.2	11.2	14.9	11.6	6.8	11.6	9.8	6.6	19.2	16.8	15.4	8.6	14.4	11.7
2014-2015 change in pp	-0.6	-0.6	-0.7	-0.6	~	~	-0.8	~	~	-1.0	-1.8	~	-1.7	-1.0	~	~
2008-2015 change in pp	n.a.	1.4	1.9	1.9	3.2	3.5	~	3.1	-1.9	3.1	5.5	9.3	8.8	~	~	1.3
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015	10.9	7.8	9.2	5.7	9.4	9.2	10.2	8.2	6.9	10.9	7.9	7.4	7.1	10.8	5.8	11.9
2014-2015 change in pp	1.2	-1.8	~	~	-3.4	-0.6	~	-0.9	~	-1.3	0.7	-1.3	~	0.8	-0.6	~
2008-2015 change in pp	6.4	2.4	3.1	~	-2.6	~	2.0	~	-1.1	4.6	~	~	1.9	3.3	~	~

Source: Eurostat (EU-SILC)

Notes: i) For EE, major break in series in 2014, so change 2008-2013 used for the longer period compared to 2008; ii) For HR, the long-term comparison for EU-SILC-based indicators is relative to 2010 as no EU-SILC data published by Eurostat before 2010; iii) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious; iv) Only significant changes have been marked in green/red (positive/negative changes) while "~" refers to stable performance (i.e. insignificant change).

Box 5. Council Recommendation on the integration of the long-term unemployed into the labour market³²

In early 2016 the Council adopted the Commission's Proposal for a Recommendation on the integration of the long-term unemployed in the labour market. The Council Recommendation puts forward three key steps:

- encouraging the registration of long-term unemployed with an employment service;
- providing each registered long-term unemployed with an individual in-depth assessment to identify their needs and potential at the very latest at 18 months of unemployment;
- offering a job integration agreement to all registered long-term unemployed at the very latest at 18 months.

This will lead to simplified and better access to support for those out of work for long periods.

The job integration agreement should consist of a tailor-made plan to bring the long-term unemployed back to work. It can include, depending on the existing services in each Member State:

- mentoring
- help with the job search
- further education and training
- support for housing, transport, child and care services or rehabilitation.

Each long-term unemployed will have a single point of contact for accessing this support.

Member States have committed to an active involvement and partnership with employers, who should be more involved in finding a pathway back to work for the long-term unemployed.

In October 2016 the employment ministers of all EU Member States endorsed a framework to monitor the implementation of the Council Recommendation, with the first data collection taking place in mid-2017. This monitoring framework was created with the support of the Employment Committee, in close cooperation with the Social Protection Committee with regard to social services and income provision.

The share of the working poor is a concern

Having a job is not always a guarantee against the risk of poverty, as the working poor represent around a third of working-age adults who are at-risk-of-poverty. In 2015, 9.5% of people aged 18-64 in employment in the EU were living under the poverty risk threshold, little changed from the previous year. Compared to rates in 2008, the risk of in work poverty has increased significantly in 8 Member States, most notably in CY, DE, HU, IT and LU where rates have all risen by over 2 pp

³² Council Recommendation 2016/C 67/01 of 15 February 2016

(Figure 28). Over 2014-2015, the risk increased in 6 Member States, most notably in HU (up 2.6 pp) and LT (1.8 pp), while, in contrast, improvements were recorded in 5 Member States. The highest rates of in work poverty risk are now observed in RO (18.6%), EL (13.4%) and ES (13.2%), but rates also exceed 10% in EE, IT, LT, LU, PL and PT. It is also interesting to note that as a result of substantial rises in recent years, the rate in DE (9.6%) is now above the EU average.

Figure 28: Evolution of the share of working poor, 2014-2015 and 2008-2015

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015	9.5	9.5	9.4	9.4	4.5	7.8	4.0	5.1	9.6	10.3	4.8	13.4	13.2	7.5	5.8	11.6
2014-2015 change in pp	~	~	~	~	~	-1.5	~	~	~	-1.5	-0.6	~	0.6	~	~	~
2008-2015 change in pp	n.a.	~	1.3	1.3	~	~	~	n.a.	2.5	~	-1.5	~	1.9	~	~	2.5
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015	9.2	9.4	10.2	11.6	9.3	5.3	5.1	7.8	11.3	10.9	18.6	6.7	6.1	3.5	7.2	8.3
2014-2015 change in pp	1.4	1.1	1.8	~	2.6	~	~	0.6	~	~	-1.1	~	~	~	-0.6	~
2008-2015 change in pp	2.9	-1.3	~	2.2	3.5	~	~	~	~	~	1.7	1.6	~	-1.6	~	~

Source: Eurostat (EU-SILC)

Notes: i) For DK, breaks in series 2008-2015 mainly affecting indicators related to incomes ("n.a." shown for period compared to 2008); ii) For EE, major break in series in 2014, so change 2008-2013 used for the longer period compared to 2008; iii) For HR, the long-term comparison for EU-SILC-based indicators is relative to 2010 as no EU-SILC data published by Eurostat before 2010; iv) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious; v) Only significant changes have been marked in green/red (positive/negative changes). "~" refers to stable performance (i.e. insignificant change). vi) For the at-risk-of-poverty rate, the income reference year is the calendar year prior to the survey year except for the UK (survey year) and Ireland (12 months preceding the survey).

Recent Commission analysis (European Commission 2016) highlights the important impact of developments in the intensity and type of work on the risk of poverty, in particular the fact that average working hours in the EU have declined since the crisis hit in 2008, though they have remained broadly stable since 2013. It reports that in absolute terms, part-time employment has grown and continues to grow, while full-time employment declined until 2013, and that while EU full-time workers are relatively well protected against income poverty, part-time workers face a significantly higher risk. The increasing number of Europeans working part-time may be a positive development if it means that people can choose more freely the balance between work and other pursuits. But part-time work also has a downside if it is involuntary, or if it is the only available option because of the difficulty of reconciling a 'standard' job with one's private life and family responsibilities.

Overall, wages represent about half of household income at the bottom of the income distribution, and poverty risks are highly related to work situation. However, employment is not always enough to lift individuals out of the risk of poverty. The self-employed can be highly exposed to the risk of poverty, even when working full-time. Overall in the EU, one in six low-wage earners, one in ten workers and one in five full-time self-employed are at risk of poverty – compared with only one in twenty full-time employees. Moreover, a fairly high work intensity and decent pay level will not keep everyone out of the risk of poverty. For example, while minimum wages may ensure that single people working full-time are not at risk of poverty, this may not be the case for people living in larger households with children. Thus income from employment often needs to be complemented by family benefits and in-kind benefits such as affordable child care.

Earlier analysis reported in European Commission 2014 also highlighted that transitions to employment do not necessarily result in exits from risk of poverty. Only half of individuals switching from non-employment to employment also get out of being at risk of poverty at the same time. This can be attributed to various factors that remain difficult to explore with existing data. These factors include household composition and its changes, work characteristics that are not observed in the current data and interactions with income-support schemes. There might also be some chronological effects, with exits from poverty occurring later.

Addressing child poverty and youth exclusion remain priorities

As highlighted in the previous sections, long-term exclusion from the labour market alongside rising levels of in-work poverty risk are key challenges to address in order to raise income and living standards. This is particularly important when discussing the situation of children as unemployment, low work intensity of parents and low earnings, in some countries coupled with low access to services and the weak impact of income support measures, are among the main factors leading to child poverty and social exclusion.

There were over 25 million children in the EU28 living at risk of poverty or social exclusion in 2015, some 0.7 million fewer than the previous year and accounting for around 1/5 of all people living in poverty or social exclusion. The situation of children had been improving up until the crisis but worsened subsequently, adding around another million children to the total at risk by 2012, and mainly reflecting rises in severe material deprivation among children and in the number of children living in (quasi)jobless households (Figure 29). However, the overall risk of poverty or social exclusion for children has declined gradually since 2012, although picking up pace in 2015, and mainly reflecting declines in severe material deprivation among the child population. The trend of reducing severe material deprivation is estimated to have continued into 2016 figures.

In 2015, 12 Member States registering statistically significant reductions in the poverty or social exclusion rate for children compared to the year before, most notably HU (-5.7 pp), LV (-4.0 pp), LU (-3.4 pp), MT (-3.1 pp) and RO (-3.9 pp). Only 2 Member States (CY and IT) recorded a clear worsening in the situation for children. The situation with respect to the longer term trend is still alarming in some Member States, which have seen significant increases in the rate of child poverty or social exclusion between 2008 and 2015. Rates remain considerably higher compared to 2008 in BG, CY, EL, ES and IT, while only one Member State (PL) has recorded a substantial decrease in the child poverty or social exclusion rate (Figure 30). Rates above 30% are observed in 9 Member States, and among these rates of over 40% in BG and RO are of particular concern.

A recent report by the European Social Policy Network (Frazer and Marlier (2017)) examines the extent to which 35 European countries (including the EU Member States) have strengthened or further developed their policies/approaches and programmes for children since 2013 in ways that are consistent with the EU Recommendation on *Investing in children: breaking the cycle of disadvantage*³³. The overall finding is that the modest progress made in the direction outlined in the Recommendation is insufficient to the scale of the problem in many countries.

³³ Commission Recommendation available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:059:0005:0016:EN:PDF>.

While the worrisome levels of child poverty risk pose an important question for the longer-term future of European countries, the disproportionate ways in which the recent economic crisis has affected youth has more immediate consequences, including risks of long-term unemployment and lasting inactivity, while remaining outside the labour market has far reaching consequences – not solely economic. These include a loss of confidence, an undermining of trust and expectations, and an increasing risk of social exclusion and disengagement from society. Younger people are not only affected by unemployment more often, but precarious work has increased strongly among this group with a high share of temporary work contracts. As reported in the Commission's latest Employment and Social Developments in Europe Review (European Commission 2017b), there is a growing perception that the impact of the crisis, as well as structural changes in the labour market including technological progress, are changing the world of work and may be putting younger generations in the EU today and in the future at a disadvantage relative to older people who are less exposed to these developments.

The labour market situation of young people and their exclusion from social security is therefore a matter of utmost priority and is being addressed partly through EU initiatives such as the Youth Guarantee³⁴ adopted by the Council in April 2013³⁵. This is a new approach to tackling youth unemployment which ensures that all young people under 25 – whether registered with employment services or not – get a good-quality, concrete offer within 4 months of them leaving formal education or becoming unemployed. The good-quality offer should be for a job, apprenticeship, traineeship, or continued education and be adapted to each individual need and situation. Another EU initiative has been the Youth Employment Initiative³⁶ (2013), which aims to support particularly young people not in education, employment or training in regions with a youth unemployment rate above 25%.

As a result of such initiatives and the general improvement in EU labour markets in recent years, in 2016 the youth unemployment ratio³⁷ showed significant declines across the vast majority of Member States, with 18 countries registering falls and only one (DK) an increase. Of particular note were falls of the order of 2 pp in CY, ES and HR. Nevertheless, compared to before the crisis, in many countries the overall picture is still one of strong deterioration in the labour market situation of young people, with a significant increase in the youth unemployment ratio still evident in around half of Member States and still with rises of around 3pp or more in ES, HR, IT and NL, and in excess of 5pp in CY and EL. Improvements over the longer term reference period have only been registered in DE, RO and the UK (Figure 31).

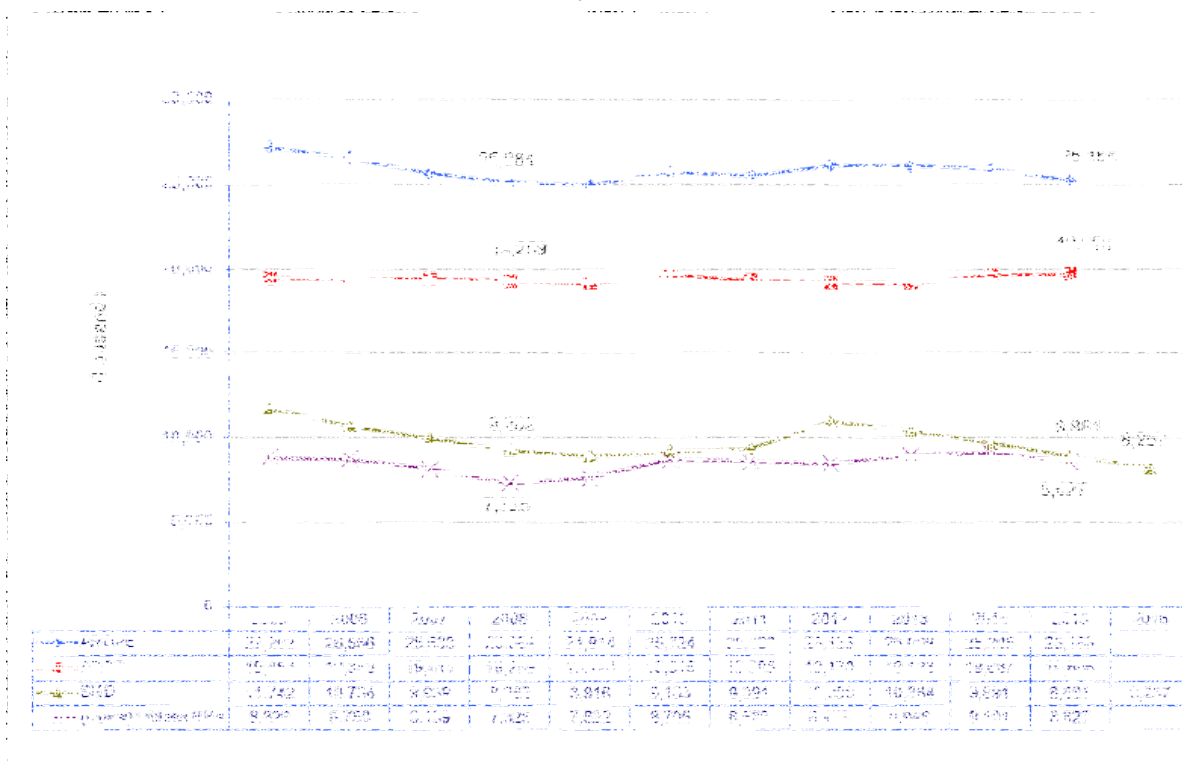
³⁴ <http://ec.europa.eu/social/main.jsp?catId=1079&langId=en>.

³⁵ [http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32013H0426\(01\)](http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32013H0426(01)).

³⁶ <http://ec.europa.eu/social/main.jsp?catId=1176&langId=en>.

³⁷ The reason for looking at both youth unemployment rates and ratios is that a use of only the unemployment rate can produce a distorted picture when comparing the youth labour markets of different countries. One difficulty with using the unemployment rate as an indicator for the labour market performance, especially of young people, is that it shows the number of unemployed youth as a percentage of the youth labour force. Using the youth labour force as a denominator can lead to distortions when comparing countries with great differences in youth activity rates or when activity rates change significantly over time. For instance, youth unemployment rates for two countries with identical numbers of youth and unemployed youth will differ if one country has a higher share of youth not available for the labour market because of, for example, a higher number of youth in education. More concretely, the country with a higher share of youth in education (or otherwise inactive) will display a higher youth unemployment rate.

Figure 29: Evolution in child poverty risk and social exclusion and its components in the EU-27, 2005 to 2015



Source: Eurostat (EU-SILC)

Note: i) Figures are in 1000s; ii) AROPE – at risk of poverty or social exclusion rate; AROP - at-risk-of-poverty rate; (quasi-)Jobless households - share of population living in (quasi-)jobless (i.e. very low work intensity) households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the (quasi-)jobless household (i.e. very low work intensity) rate refers to the previous calendar year while for the severe material deprivation rate, the reference is the current survey year.

Figure 30: Evolution of the share of children (0-17) at risk of poverty or social exclusion, 2014-2015 and 2008-2015

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015	26.9	26.9	25.3	25.4	23.3	43.7	18.5	15.7	18.5	22.5	28.8	37.8	34.4	21.2	28.2	33.5
2014-2015 change in pp	-0.8	-0.8	~	~	~	~	~	~	~	~	-1.6	~	-1.4	~	~	1.4
2008-2015 change in pp	n.a.	~	1.7	1.7	~	7.3	~	n.a.	~	~	~	9.1	4.3	~	-1.2	5.1
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015	28.9	31.3	32.7	23.0	36.1	28.2	16.8	22.3	26.6	29.6	46.8	16.6	24.9	14.9	14.0	30.3
2014-2015 change in pp	4.2	-4.0	~	-3.4	-5.7	-3.1	~	~	-1.6	-1.8	-3.9	-1.1	~	~	-2.7	-0.9
2008-2015 change in pp	7.4	~	~	~	~	~	~	~	-6.3	~	~	~	~	~	~	~

Source: Eurostat (EU-SILC);

Notes: i) For DK, breaks in series for the period 2008-2014 which mainly affect indicators related to incomes ("n.a." shown for the period compared to 2008); ii) For EE, major break in series in 2014 for variables in EU-SILC, so change 2008-2013 used for the longer period compared to 2008; iii) For HR, the long-term comparison for EU-SILC-based indicators is relative to 2010 as no EU-SILC data published by Eurostat before 2010; iv) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious; v) Only significant changes have been marked in green/red (positive/negative changes). "~" refers to stable performance (i.e. insignificant change). vi) For the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the (quasi-)jobless households (i.e. very low work intensity) rate refers to the previous calendar year while for the severe material deprivation rate, the reference is the current survey year.

Figure 31: Evolution of youth unemployment ratio (15-24), 2015-2016 and 2008-2016

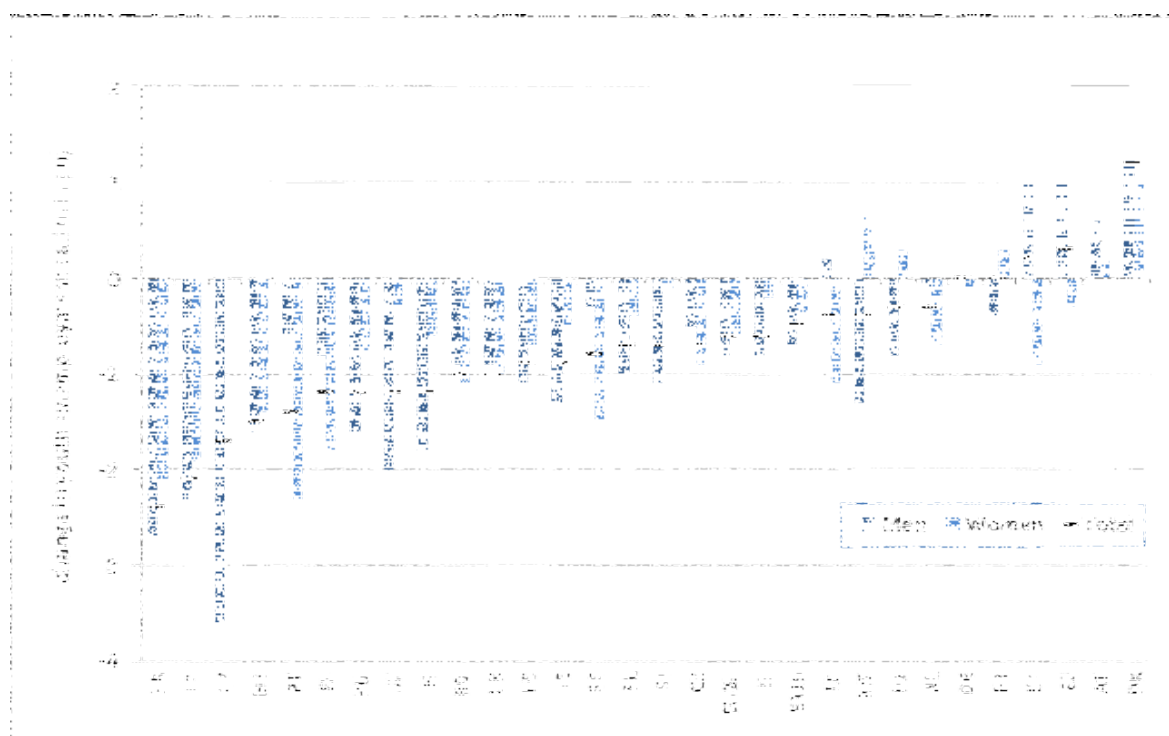
	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	7.8	7.7	8.3	8.3	5.7	4.1	3.4	7.9	3.5	5.8	6.7	11.7	14.7	9.1	11.6	10.0
2015-2016 change in pp	-0.6	-0.7	-0.6	~	-0.9	-1.5	-0.7	1.2	~	~	-0.9	-1.2	-2.1	~	-2.4	-0.6
2008-2016 change in pp	~	~	1.4	1.4	~	~	~	2.1	-2.0	~	~	5.1	3.0	2.0	2.9	3.5
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	10.7	6.9	5.1	5.8	4.2	5.7	7.4	6.5	6.1	9.3	5.8	5.1	7.2	10.5	10.4	7.6
2015-2016 change in pp	-1.7	~	~	~	-1.2	~	~	~	-0.7	-1.4	-1.0	-0.7	-1.2	-1.2	-0.8	-1.0
2008-2016 change in pp	6.9	1.1	1.1	~	~	~	3.5	1.4	~	2.5	-1.1	~	~	1.7	~	-1.6

Source: Eurostat (LFS)

Notes: i) For FR, there is a break in series in 2014; ii) For RO, breaks in series in 2010 for LFS-based indicators, so change relative to 2010 shown for the period 2008-2016; ii) For LFS-based indicators the check for substantive significance in the latest annual change is based on an analysis of the volatility of the time series, and for changes since 2008 only changes of magnitude greater than 1pp are highlighted as significant.

At EU level the 0.6 pp fall in the youth unemployment ratio over the latest year reflects very similar changes for male and female youth. However, the situation varies strongly across individual Member States, LV with improvements in the ratio for male youth noticeably more pronounced in CY, FI, HU, SK but for young females in EL, PT and SE (Figure 32). For the few countries where overall rates rose, this was due to strong rises for young males, although DK stands out as having seen significant rises for both male and female youth between 2015 and 2016.

Figure 32: Changes in the youth unemployment ratio 2015-2016, by gender



Source: Eurostat (LFS)

Low economic activity of youth as such should not be the main concern, given the high proportion of students among the young generation, but rather the proportion of young people who are neither in employment nor in education and training (NEET). The share of NEETs in the EU in the age group 15-24 had been shrinking up until 2008 (when the share was 10.9%), but then grew substantially through to 2012 when it reached 13.2%. However, since then there has been a steady reduction in the rate, so that by 2016 it had fallen to 11.5%. Over the latest year, 2015-2016, developments have been clearly positive, with the NEET rate falling in 12 Member States, and rising in none, and with especially strong declines in BE, EE and MT (Figure 33). As a result, in 2016 a much reduced number (11) of Member States still showed significant increases in their NEET rates compared to 2008, with the largest rises in CY, EL, HR and IT. Only DE, IE, SE and UK had lower NEET rates than were recorded in 2008. While generally coming down, NEET rates in 2016 were still around 15% or more in BG, CY, EL, ES, HR and RO, and close to 20% in IT. In contrast, rates were 7% or below in CZ, DE, DK, LU, NL and SE.

Figure 33: Evolution in NEET (not in employment, education or training) rates (15-24), 2015-2016 and 2008-2016

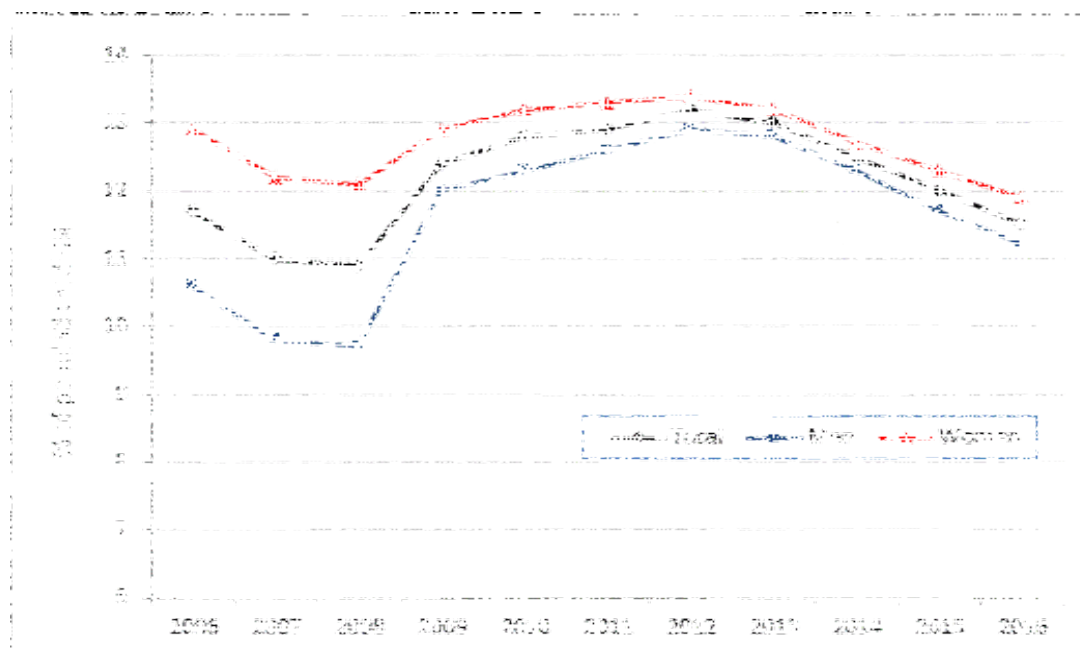
	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	11.5	11.5	11.7	11.7	9.9	18.2	7.0	5.8	6.6	9.1	13.0	15.8	14.6	11.9	16.9	19.9
2015-2016 change in pp	~	~	~	~	-2.3	-1.1	~	~	~	-1.7	-1.3	-1.4	-1.0	~	-1.2	-1.5
2008-2016 change in pp	~	~	~	~	~	~	~	1.5	-1.8	~	-2.0	4.4	~	1.4	5.3	3.3
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	15.9	11.2	9.4	5.4	11.0	8.6	4.6	7.7	10.5	10.6	17.4	8.0	12.3	9.9	6.5	10.9
2015-2016 change in pp	~	~	~	-0.8	~	-1.8	~	~	~	~	~	-1.5	-1.4	~	~	~
2008-2016 change in pp	6.2	~	~	~	~	~	1.2	~	1.5	~	~	1.5	1.2	2.1	-1.3	-1.2

Source: Eurostat (LFS)

Notes: i) For FR, there is a break in series in 2013 and 2014; ii) For RO, breaks in series in 2010 for LFS-based indicators, so change relative to 2010 shown for the period 2008-2015 not shown; iii) For LFS-based indicators the check for substantive significance in the latest annual change is based on an analysis of the volatility of the time series, and for changes since 2008 only changes of magnitude greater than 1pp are highlighted as significant.

At EU level NEET rates have converged between young males and young females aged 15-24 following the 2008 crisis, which saw rates for both rise but more so for young males (Figure 34). Rates for both peaked in 2012 and have been falling at a similar rate since. By 2016 the rate had fallen to 11.9% for women (below the pre-crisis level) and 11.2% for men (still well above the pre-crisis level).

Figure 34: EU NEETs rate by gender, 2006-2016



Source: Eurostat (LFS)

A recent Eurofound report (Eurofound 2016) explores the diversity of NEETs and suggests seven subgroups into which the NEET population can be disaggregated using data routinely collected for the EU Labour Force Survey. The report shows that the largest category of NEETs aged 15–24 in Europe were the short-term unemployed (29.8%), followed by the long-term unemployed (22%). Re-entrants accounted for 7.8%; those NEET due to family responsibilities, 15.4%; those unavailable due illness or disability, 6.8% while around 5.8% of NEETs are discouraged workers. However, the report also finds that the composition of the NEET population varies greatly among European Member States.

Early school leaving increases the likelihood of young people entering the labour market without adequate skills, who then may face unemployment or the risk of in-work poverty. Across Europe, rates of early leavers from education and training range from as low as around 3-6% in HR, LT, LU, PL and SI to as high as around 18-20% in ES, MT and RO. Developments since 2008 have been widely positive across the EU, with significant reductions in early school leavers rates in 20 Member States, most notably in the southern Member States of CY, EL, ES, IT, MT, and especially PT. In the latest year for which data is available, 7 Member States recorded still further improvements, but 2 (CY and HU) showed signs of the rate picking up again (Figure 35).

For those countries where there has been a strong decrease in the early school leavers rate, it has generally been stronger for male youths, although EE is a clear exception with all the fall due to the decrease for young women. In countries where the early school leavers' rate has risen over the latest year, it has mainly been due to sharper rises among male youths (Figure 36).

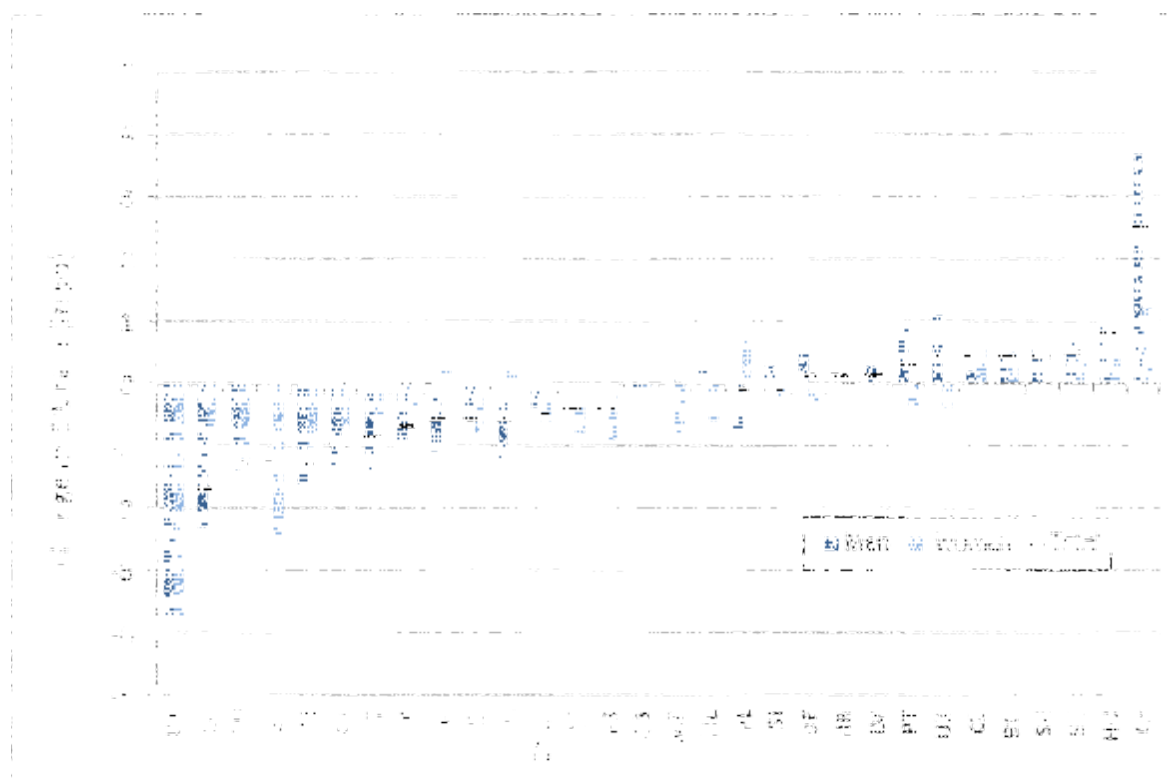
Figure 35: Evolution in early school leavers' rates (in %) from education and training (18-24), 2015-2016 and 2008-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	10.7	10.8	11.2	11.1	8.8	13.8	6.6	7.2	10.2	10.9	6.3	6.2	19.0	8.8	2.8	13.8
2015-2016 change in pp	~	~	~	~	-1.3	~	~	~	~	-1.3	~	-1.7	-1.0	~	~	-0.9
2008-2016 change in pp	-4.0	-4.0	-5.2	-5.2	-3.2	~	~	-5.3	-1.6	-3.1	-5.1	-8.2	-12.7	-3.0	-1.6	-5.8
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	7.7	10.0	4.8	5.5	12.4	19.6	8.0	6.9	5.2	14.0	18.5	4.9	7.4	7.9	7.4	11.2
2015-2016 change in pp	2.5	~	~	-3.8	0.8	~	~	~	~	~	~	~	~	-1.3	~	~
2008-2016 change in pp	-6.0	-5.5	-2.7	-7.9	~	-7.6	-3.4	-3.3	~	-20.9	~	~	1.4	-1.9	~	-5.7

Source: Eurostat (LFS)

Notes: i) For RO, breaks in series in 2010 for LFS-based indicators, so change relative to 2010 shown for the period 2008-2016; ii) For LFS-based indicators the check for substantive significance in the latest annual change is based on an analysis of the volatility of the time series, and for changes since 2008 only changes of magnitude greater than 1pp are highlighted as significant.

Figure 36: Change in early school leavers' rate 2015-2016 by gender



Source: Eurostat (LFS)

The 2012 SPC Advisory Report on “Tackling and Preventing Child Poverty, Promoting Child Well-being”³⁸ and the European Commission Social Investment Package³⁹ highlighted the importance of following a comprehensive approach to tackle early school-leaving. This means integrated multi-level responses linking the home, the child, the school, adult education, community and relevant services. Schools, social and employment services and parents should combine their efforts and work together to prevent early school leaving. Offering a greater variety of education and training possibilities, both formal and informal as well as after school programmes, creating permeable and flexible education pathways, forming smaller classes and preparing individualised education plans, may help reduce early school-leaving. Providing quality vocational training options, educational experimental frameworks aimed at boosting the attractiveness of schools and enhancing motivation of pupils as well as special programmes for children with specific needs are vital to combat disadvantages. Improving availability of alternative or non-formal education, raising the compulsory schooling age or making secondary schools universally accessible will improve the flexibility of education systems.

Income inequality has grown within Member States

As analysed extensively in the Employment and Social Developments in Europe 2013 report (European Commission (2013)), the crisis has substantially altered the dynamics of inequality and affected different sections of the population in different ways. Income inequality is growing across and within many Member States, particularly in most of the Southern Member States and in several non-Central European countries. In many countries, the crisis has intensified the long-term trends of wage polarisation and labour market segmentation, which together with less redistributive tax and benefit systems have fuelled rising inequalities. High levels of unemployment, and in some cases the impact of fiscal consolidation, also explain the significant increases in inequalities observed in the countries most affected by the crisis.

With regard to income inequality, the income quintile ratio (S80/S20) shows that while on average inequality has remained broadly stable between 2008 and 2015 at EU level, there is a wide dispersion and growing divergence in inequality between Member States. The S80/S20 inequality ratio has increased significantly in 11 Member States compared to 2008, especially in most of the Southern Member States (CY, EL, ES and IT), in several central and eastern European Member States (BG, EE, HU, LT, RO and SI) and also in SE (Figure 37 and Figure 38). In contrast, significant reductions have been registered in some countries, namely BE, FI, HR, LV and the UK over the same period. Over the most recent period 2014-2015, inequality has risen sharply in LT, but reduced substantially in DE, EE, IE and SK. The highest income inequalities are currently found in BG, EE, EL, ES, LV, LT, PT and RO, where the equivalised income of the richest 20% of the population is more than 6 times that of the poorest 20%.

³⁸ <http://ec.europa.eu/social/BlobServlet?docId=7849&langId=en>

³⁹ <http://ec.europa.eu/social/main.jsp?catId=89&langId=en&newsId=1807&moreDocuments=yes&tableName=news>

Continuing weakening in the effectiveness of income support systems for those furthest away from the labour market

Member States differ substantially in terms of the adequacy of the income benefits they provide to jobless or (quasi-)jobless households. In 2015 the poverty risk for people living in (quasi-)jobless households ranged between as much as over 75% in BG and the three Baltic States of EE, LV and LT, to under 50% in AT, DK, LU, NL and the UK. Between 2014 and 2015, 10 Member States experienced a significant worsening of the poverty risk for people in (quasi-)jobless households, with particularly strong increases in BG, EE, FR⁴⁰ (Figure 39), with the result that this has been identified again as a trend to watch. In contrast, reductions were recorded in 8 Member States, which were most notable in HU, LU and SK, suggesting an improved effectiveness of safety nets in terms of income support in these countries. The longer term trend since the beginning of the crisis (2008) has, however, mainly been one of worsening income poverty among (quasi-)jobless households, with 18 Member States seeing an increased poverty risk for people in such households. Marked increases of around 8-10 pp have been recorded in CZ, ES, HU, NL and SI, of 11-13 pp in EL, FR, PL and RO, and around 18-19 pp in SE and SK. When looked at in parallel with the evolution of the share of the population in (quasi-)jobless households, it is evident that in some Member States income support levels of last resort schemes worsened significantly at the same time as the number of people counting on them increased.

Figure 39: At-risk-of-poverty rate for the population living in (quasi-) jobless households (in %), evolutions 2014-2015 and 2008-2015

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015	59.0	58.9	60.6	60.7	58.5	75.4	65.6	44.6	68.9	77.2	54.1	51.6	61.6	62.4	67.5	57.2
2014-2015 change in pp	0.9	0.9	1.2	1.2	-3.7	7.7	~	~	3.9	6.3	~	~	-1.5	10.1	4.2	-2.5
2008-2015 change in pp	n.a.	3.2	5.4	5.4	3.8	-2.4	10.2	n.a.	4.7	-3.9	7.5	11.3	10.2	12.6	-1.6	2.3
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015	50.9	76.9	75.5	41.3	56.6	69.1	47.9	49.1	61.0	57.5	60.2	63.7	72.4	52.8	69.6	47.7
2014-2015 change in pp	~	3.9	4.6	-17.0	-6.6	5.0	~	~	5.1	-2.0	~	2.3	-6.9	~	~	-2.2
2008-2015 change in pp	~	-6.4	5.2	-8.1	8.1	7.5	8.2	~	11.8	4.3	11.5	8.7	19.3	-3.5	18.2	-15.4

Source: Eurostat (EU-SILC)

Notes: i) For DK, breaks in series for the period 2008-2015 which mainly affect indicators related to incomes ("n.a." shown for the period compared to 2008); ii) For EE, major break in series in 2014 for variables in EU-SILC, so change 2008-2013 used for the longer period compared to 2008; iii) For HR, the long-term comparison for EU-SILC-based indicators is relative to 2010 as no EU-SILC data published by Eurostat before 2010; iv) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious; v) Only significant changes have been marked in green/red (positive/negative changes). "~" refers to stable performance (i.e. insignificant change). vi) For the at-risk-of-poverty rate, the income reference year is the calendar year prior to the survey year except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, (quasi-)jobless households (i.e. very low work intensity) refers to the household situation in the previous calendar year.

⁴⁰ The figures for FR for 2014 and 2015, which show a decrease by the order of 10 percentage points between 2013 and 2014 followed by an increase by 10 points between 2014 and 2015, are currently being verified.

To support the needs of people at risk of poverty, governments provide social security in the form of social transfers. The effectiveness of social provision can be examined by comparing the at-risk-of-poverty rate before and after social transfers. The impact of social transfers on income poverty reduction varies greatly across Member States. In 2015, it ranged from under 20% in EL, LV and RO to over 50% in DK, FI and IE (Figure 40). These large differences highlight the potential for improvement in some Member States in the size and effectiveness of social protection expenditure. Between 2014 and 2015, however, there were no countries with significant improvements in the capacity of social transfers to reduce income poverty, and in fact in 2 Member States (CY and LT) the impact was significantly reduced. In the longer term (2008-2015) only 3 countries (CY, EE and the UK) have significantly strengthened the impact of social transfers in reducing income poverty as opposed to 6 countries (CZ, HU, PL, RO, SK and SE) where the impact has decreased.

Figure 40: Impact of social transfers (excluding pensions) on at-risk-of-poverty reduction, evolutions 2014-2015 and 2008-2015⁴¹

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015	33.5	33.5	33.1	33.1	44.2	22.5	42.3	52.7	33.5	22.3	55.0	16.1	26.6	43.1	35.5	21.6
2014-2015 change in pp	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~
2008-2015 change in pp	n.a.	~	~	~	~	~	-12.7	n.a.	~	5.7	~	~	~	~	~	~
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015	36.2	17.6	22.4	43.8	42.0	31.2	48.0	45.7	23.1	26.1	13.3	42.3	35.3	53.7	46.1	42.8
2014-2015 change in pp	-5.2	~	-8.2	~	~	~	~	~	~	~	~	~	~	~	~	~
2008-2015 change in pp	5.6	~	~	~	-17.2	~	~	~	-9.5	~	-10.1	~	-5.5	~	-11.1	7.5

Source: Eurostat (EU-SILC)

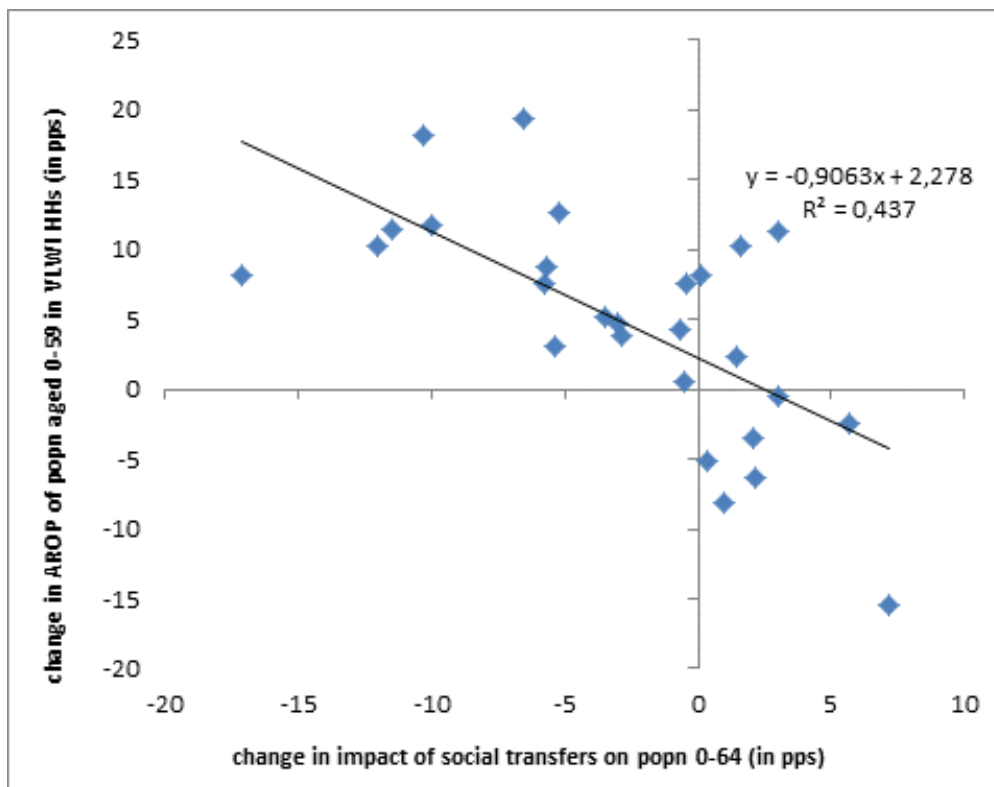
Notes: i) For DK, breaks in series for the period 2008-2015 which mainly affect indicators related to incomes ("n.a." shown for the period compared to 2008); ii) For EE, major break in series in 2014 for variables in EU-SILC, so change 2008-2013 used for the longer period compared to 2008; iii) For HR, the long-term comparison for EU-SILC-based indicators is relative to 2010 as no EU-SILC data published by Eurostat before 2010; iv) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious; v) The income reference year is the calendar year prior to the survey year except for the United Kingdom (survey year) and Ireland (12 months preceding the survey).

The above table on the trends in the impact of social transfers seems not to be entirely consistent with the trends in the risk of poverty of people living in (quasi-)jobless households. This reflects to a large extent the different significance thresholds used for each indicator, which are much larger for the impact indicator (5%) and leads to less flagging up of the impact indicator, as well as the fact that they focus on different age groups (0-59 for the AROP indicator and the whole population for the impact indicator). Figure 41 shows that a much stronger longer term relation exists when one focuses on the age group 0-64 for the impact indicator, highlighting that the

⁴¹ The impact of social transfers is a theoretical indicator which is calculated using a fixed income poverty line and ignores the influence of social transfers on median income. This should be taken into account when interpreting the figures.

evolution of the impact of social transfers is different for different age categories. The strength of the link reflects also the effectiveness in targeting the population living in (quasi-)jobless households. The 2008-2015 changes chart show a sizeable group of countries where the impact of social transfers has reduced and the poverty risk of (quasi-)jobless households has risen.

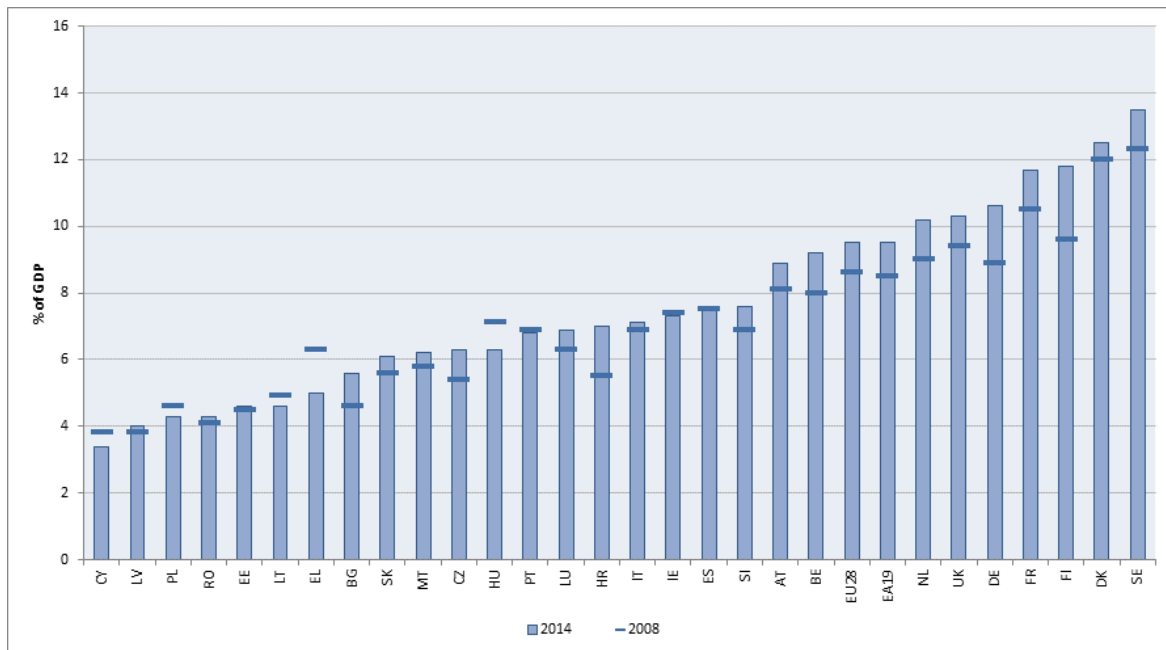
Figure 41: Change in the at-risk-of-poverty rate of the population aged 0-59 living in (quasi-)jobless households (in pp) versus the change in impact of social transfers (in pp) on the population aged 0-64 years, between 2008 and 2015



The above assessment of the impact of social transfers does not take into account non-cash benefits such as transfers in kind. A number of Member States provide public services to those furthest away from the labour market which contribute to general welfare and are not reflected in purely income-based measures.

High-quality welfare services in the form of healthcare, education, long-term care services for the elderly and childcare, etc., can contribute strongly to a more equitable distribution of welfare. Such support averages 9.5% of GDP in the EU, and ranges from 3.4% of GDP in CY to 13.5% in SE. However, if we look into the expenditure on such in-kind services (Figure 42), we can see that in general the countries which achieve a low impact of social transfers on income poverty reduction tend also to be those that spend less on in-kind services. In most countries the spending on in-kind benefits has increased since 2008, with an average rise of 0.9 pp of GDP at EU level and with more substantial rises of over 1.5 pp recorded in DE, FI and HR.

Figure 42: Social benefits in-kind, as % of GDP, 2008 and 2014



Source: Eurostat (Esspros)

Continued and widespread improvement in the employment rate of older workers

A notable feature of trends in the labour market since 2008 has been the significant rise in the employment rate for older workers (i.e. people aged 55-64). These currently range from 36.3% in EL to 75.5% in SE, and average 55.3% at EU level. Considerable effort has been made over the last decade or so to improve older people's labour market participation, and as can be seen in Figure 43, this is an area where substantial positive strides have been made, even during the period of the crisis. The employment rate of older workers aged between 55 and 64 years increased to 55.3% in the EU in 2016, a rise of close to 10 pp since the beginning of the crisis in 2008. The increases have been highest in DE (up 14.9 pp), HU (18.9 pp), IT (16.0 pp) and PL (14.6 pp), but also substantial (over 10 pp) in BE, CZ, FR, LT, MT, and NL, in some of which the financial incentives to continue work at older ages have improved strongly in recent years. Overall, since 2008, 25 Member States have significantly improved their employment rates for older workers, and the widespread positive impetus is continuing as significant rises were also recorded between 2015 and 2016 in 26 Member States. Only in the southern Member States of CY and EL were older workers' employment rates in 2016 significantly below those observed in 2008 (down around 3 pp and 7 pp respectively).

Figure 43: Employment rate of older workers (55-64), evolution 2015-2016 and 2008-2016

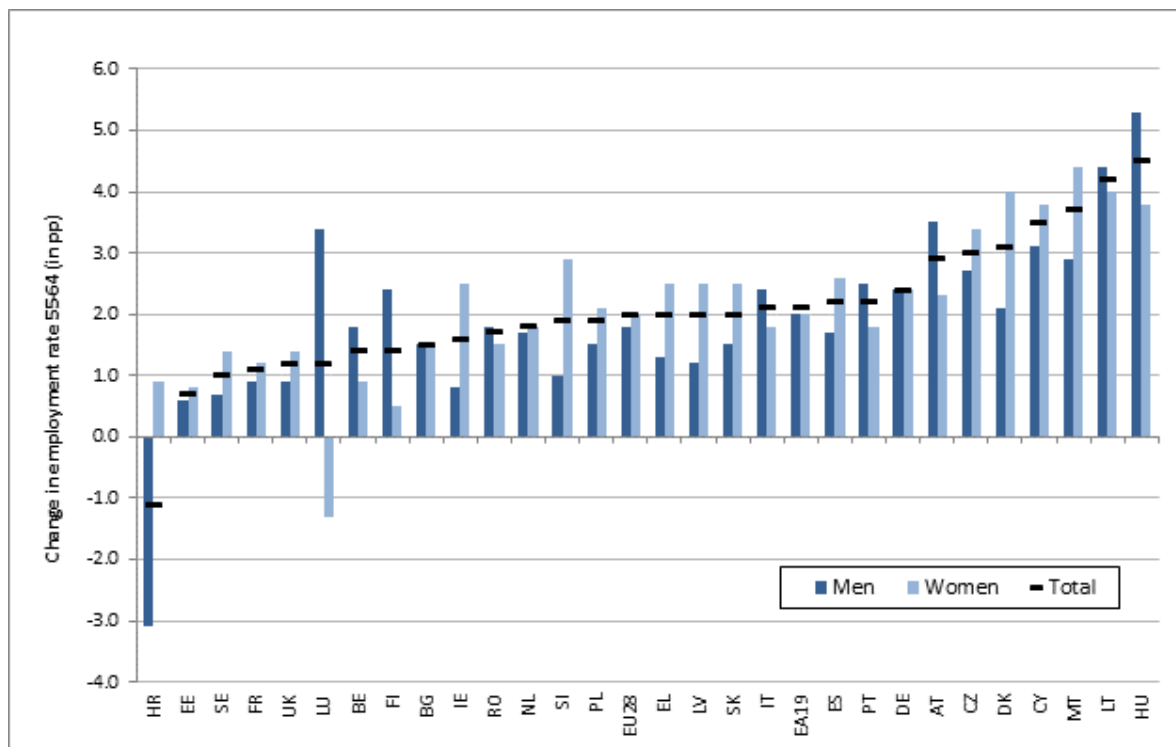
	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	55.3	55.4	55.3	55.4	45.4	54.5	58.5	67.8	68.6	65.2	57.2	36.3	49.1	49.8	38.1	50.3
2015-2016 change in pp	2.0	2.0	2.0	2.1	1.4	1.5	3.0	3.1	2.4	~	1.6	2.0	2.2	1.1	-1.1	2.1
2008-2016 change in pp	9.8	9.9	11.0	11.0	10.9	8.5	10.9	9.4	14.9	2.9	3.3	-6.7	3.6	11.6	~	16.0
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	52.0	61.4	64.6	39.6	49.8	44.0	63.5	49.2	46.2	52.1	42.8	38.5	49.0	61.4	75.5	63.4
2015-2016 change in pp	3.5	2.0	4.2	1.2	4.5	3.7	1.8	2.9	1.9	2.2	1.7	1.9	2.0	1.4	1.0	1.2
2008-2016 change in pp	-2.8	2.3	11.6	5.5	18.9	13.9	10.5	10.4	14.6	1.4	2.1	5.7	9.8	4.9	5.4	5.4

Source: Eurostat (LFS)

Notes: i) For RO, breaks in series in 2010 for LFS-based indicators, so change relative to 2010 for the period 2008-2015 is shown; ii) For LFS-based indicators the check for substantive significance in the latest annual change is based on an analysis of the volatility of the time series, and for changes since 2008 only changes of magnitude greater than 1pp are highlighted as significant. (in green/red (positive/negative changes)). "~" refers to stable performance (i.e. insignificant change).

At EU level, the increase in the employment rate of older workers in the latest year was slightly stronger for women (up 2 pp) than for men (up 1.8 pp). A stronger increase for female older workers was also observed in around two-thirds of Member States, the rate only rising noticeably more strongly for men in AT, BE, FI, HU, IT, LU and PT (Figure 44). Only in HR did the employment rate for older workers decline, driven by a strong decline in the rate for men.

Figure 44: Change in employment rates of older workers (aged 55-64) 2015-2016 by gender



Reasons for the overall positive trend, which was already on-going before the crisis, include a continuing upward shift across later cohorts in educational achievement levels and participation of female workers aged 55-64, along with the impact of tax/benefit reforms restricting access to early retirement and early exits from the labour market, hence encouraging longer working lives, and some changes in age management in work places. All this has contributed to extending the effective retirement age.

Active ageing measures are of growing importance as recent pension reforms require longer contributory periods to ensure an adequate pension, and hence longer working lives given increases in longevity and changes in demography and labour market patterns. Working more and longer ensures the accumulation of pension rights, and hence supports the adequacy of pension benefits, and contributes to the financial sustainability of the pension system. However, pension systems still need to guarantee adequate pension levels in order to combat poverty and social exclusion in old age. This is of particular importance for women. The move towards gender equality in the employment rate of older workers is not mirrored in a broader move towards more equal work patterns. Women, generally, have a lower labour force participation rate, experience a gender pay gap, and more often interrupt their working lives due to child rearing. Female pensioners have a higher risk of poverty than men as a consequence of these gender inequalities, although recognising that current pensioners are affected by historically older developments in employment rates and wage conditions dating from up to several decades ago. Therefore, first and foremost, active ageing measures and labour market integration policies that ensure equal outcomes for men and women are needed.

Social protection systems which effectively contribute to maintaining the health of the population and provide adequate long-term care play a key role in enabling participation in society and the labour market and ensuring independent living by older people. Beyond health services, working and living environments should also be better adapted to the needs of older people, including adapted housing and transport services, local libraries, and home support, which enable the elderly to live independently for longer.

Pensions continue to avert income poverty for many

Pensions constitute by far the main source of income for older Europeans, who represent a large and growing share of the EU population. They are also the largest element in social protection systems, affecting the primary incomes of more people than any other component. The adequacy of pension benefits is measured by, among other things, their ability to prevent the risk of income poverty, the degree to which they replace income before retirement and how they compare to the average incomes of people below pensionable age.

Regarding the ability of pensions to prevent the risk of income poverty in old age, the trend since the beginning of the crisis in the income situation of the elderly has been better than for other age groups in many Member States, mainly due to the stability of pension income. In terms of actual levels of the share of the elderly living in poverty or social exclusion there remain wide disparities

across Member States. In 2015 the share was close to 52% in BG and above 30% in EE, LT, LV, HR and RO, while being below 10% in DK, FR, LU and NL. In total, 20 Member States have seen the share of the elderly at risk of poverty or social exclusion decrease significantly between 2008 and 2015, and only in DE and SE did the share increase over the same period (Figure 45). In addition, 10 Member States saw a continued improvement between 2014 and 2015, although the same number recorded a deterioration in the situation of the elderly.

Figure 45: At risk of poverty or social exclusion rate for the elderly (65+), evolution 2014-2015 and 2008-2015

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015	17.4	17.3	15.8	15.9	16.2	51.8	10.9	9.9	17.2	37.0	16.5	22.8	13.7	9.3	31.8	19.9
2014-2015 change in pp	~	~	~	~	-1.1	4.0	~	-0.9	~	2.0	2.6	~	0.8	-0.8	2.1	~
2008-2015 change in pp	n.a.	-6.0	-4.4	-4.5	-6.7	-7.9	~	n.a.	1.7	-12.9	-6.0	-5.3	-12.5	-4.8	-5.7	-4.5
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015	20.8	42.1	36.0	8.2	17.1	23.7	6.1	14.0	17.0	21.7	33.3	20.2	12.8	14.5	18.3	17.7
2014-2015 change in pp	-6.4	2.8	4.1	1.8	-1.9	~	~	-1.7	-1.2	0.6	-1.7	~	~	-2.5	1.8	-1.3
2008-2015 change in pp	-28.5	-16.7	~	~	~	~	-3.6	-7.2	-9.9	-6.0	-16.1	-4.2	-9.1	-9.4	2.8	-10.8

Source: Eurostat (EU-SILC)

Notes: i) For DK, breaks in series for the period 2008-2014 which mainly affect indicators related to incomes ("n.a." shown for the period compared to 2008 for these); ii) For EE, major break in series in 2014 for variables in EU-SILC, so change 2008-2013 used for the longer period compared to 2008; iii) For HR, the long-term comparison for EU-SILC-based indicators is relative to 2010 as no EU-SILC data published by Eurostat before 2010; iv) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious; v) Only significant changes have been marked in green/red (positive/negative changes). "~" refers to stable performance (i.e. insignificant change). vi) For the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the quasi-jobless households (i.e. very low work intensity) rate refers to the previous calendar year while for the severe material deprivation rate, the reference is the current year.

Pensions play a key role in allowing people to maintain their living standards in old age. At EU level the relative median income ratio of older people (i.e. the ratio of the median equivalised disposable income of people aged above 65 to the median equivalised disposable income of those aged below 65) was 93% in 2015, but underlying this are substantial differences across countries. The ratio was 62% in EE and 65% in LV, and between 70% and 80% in BE, BG, DK, LT and MT. At the other end of the spectrum, EL, ES, FR, HU, LU and RO recorded a relative median equivalised income for people over 65 that was equal to or greater than that for the younger cohort, highlighting the relative importance of financial allocations to pension systems in these Member States.

Although the median relative income remained stable at EU level between 2014 and 2015, it has shown rather more volatility across individual Member States in the latest period and when compared to the relative stability of previous years. Significant declines in the ratio were recorded in 11 Member States and significant improvements in 5.

Looking at how the relative median income of the elderly has developed over the course of the crisis shows that there have been significant increases in the vast majority of countries (it has risen in 20 Member States) and with no country recording a decline (Figure 46). Since 2008 the ratio has increased by more than 20% in 4 countries (CY, EL, ES and LV), and for the EU as a whole has risen by 9.4%. The only countries which did not show a significant increase (i.e. of above 5%) were CZ, DE, HU, LT, MT, PL and SE.

Figure 46: Median relative income ratio for the elderly, evolution 2014-2015 and 2008-2015

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015	0.93	0.93	0.95	0.95	0.79	0.71	0.81	0.77	0.87	0.62	0.87	1.04	1.01	1.04	0.85	0.99
2014-2015 change in %	~	~	~	~	2.6	-13.4	-3.6	~	-3.3	~	~	4.0	~	~	-3.4	~
2008-2015 change in %	n.a.	9.4	9.2	10.5	6.8	7.6	~	n.a.	~	11.3	17.6	20.9	21.7	9.5	9.0	12.5
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015	0.80	0.65	0.73	1.08	1.01	0.75	0.89	0.98	0.99	0.92	1.00	0.90	0.91	0.81	0.79	0.88
2014-2015 change in %	6.7	-8.5	~	-2.7	-3.8	-3.8	~	3.2	~	-2.1	-3.8	~	~	2.5	-4.8	~
2008-2015 change in %	35.6	22.6	~	11.3	~	~	6.0	11.4	~	10.8	17.6	7.1	15.2	12.5	~	18.9

Source: Eurostat (EU-SILC)

Notes: i) For DK, breaks in series for the period 2008-2015 which mainly affect indicators related to incomes ("n.a." shown for the period compared to 2008 for these); ii) For EE, major break in series in 2014 for variables in EU-SILC, so change 2008-2013 used for the longer period compared to 2008; iii) For HR, the long-term comparison for EU-SILC-based indicators is relative to 2010 as no EU-SILC data published by Eurostat before 2010; iv) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious; v) Only significant changes have been marked in green/red (positive/negative changes). "~" refers to stable performance (i.e. insignificant change). For year-on-year change, Eurostat estimates of statistical significance are used, while for change since 2008 a 5% threshold has been used; vi) The income reference year is the calendar year prior to the survey year except for the United Kingdom (survey year) and Ireland (12 months preceding the survey).

When analysing fluctuations of this income ratio indicator, one has to be aware that it is a relative measure and its value is influenced by changes in the income of both the elderly (numerator) and the working age population (denominator). A decrease in the income of the working age population when the income position of people age 65+ remains stable might give the impression that the actual position (i.e. income level) of the elderly has improved. The indicator thus needs to be assessed together with some absolute variables, such as the evolution in per capita incomes.

To assess the extent to which pensions fulfil their role of replacing income after retirement, it is important to consider how many people are covered by pension systems and how large a proportion of their income is derived from pensions. The aggregate replacement ratio measures the median individual gross pension (including old-age and other pension benefits) of people aged 65-74 relative to median individual gross earnings of people aged 50-59. At EU level the ratio was 57% in 2015, although there are substantial variations across countries (see Figure 47). In general, the aggregate replacement ratios show that current median pension levels are low compared to current median earnings of people aged 50-59 in BG, CY, EE, HR, IE and LV (all below 45%). This can be due to low income replacement from statutory pension schemes (e.g. BG), but it can also reflect the immaturity of supplementary pension schemes (e.g. CY), past labour force participation rates and incomplete careers.

As for its evolution, the value of the ratio for the EU-27 increased by 16%, from 49% in 2008 to 57% in 2015. This upward trend reflects significant rises in around two-thirds of Member States, although primarily the result of the crisis-related decline in wage incomes of people aged 50-59, while only IE and SE recorded drops in the ratio. Significant rises were also recorded across many (11) Member States in the most recent year, although the same number of countries also showed significant falls.

Figure 47: Aggregate replacement ratio, evolution 2014-2015 and 2008-2015

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015	0.57	0.57	0.58	0.58	0.47	0.41	0.51	0.45	0.46	0.43	0.38	0.61	0.66	0.69	0.40	0.66
2014-2015 change in %	~	~	~	~	~	-6.8	-7.3	~	2.2	-8.5	~	1.7	10.0	~	~	3.1
2008-2015 change in %	n.a.	16.3	18.4	18.4	~	20.6	~	n.a.	~	11.1	-22.4	48.8	57.1	6.2	25.0	29.4
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015	0.43	0.42	0.46	0.80	0.65	0.54	0.52	0.62	0.62	0.61	0.63	0.46	0.62	0.52	0.58	0.50
2014-2015 change in %	10.3	-4.5	2.2	-5.9	4.8	-3.6	4.0	3.3	-1.6	-3.2	-3.1	2.2	~	2.0	-3.3	-2.0
2008-2015 change in %	30.3	40.0	7.0	37.9	6.6	31.7	20.9	~	10.7	19.6	26.0	~	14.8	6.1	-6.5	16.3

Source: Eurostat (EU-SILC)

Notes: i) For DK, breaks in series for the period 2008-2014 which mainly affect indicators related to incomes ("n.a." shown for the period compared to 2008 for these); ii) For EE, major break in series in 2014 for variables in EU-SILC, so change 2008-2013 used for the longer period compared to 2008; iii) For HR, the long-term comparison for EU-SILC-based indicators is relative to 2010 as no EU-SILC data published by Eurostat before 2010; iv) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious; v) Only significant changes have been marked in green/red (positive/negative changes). "~" refers to stable performance (i.e. insignificant change). For year-on-year change, Eurostat estimates of statistical significance are used, while for change since 2008 a 5% threshold has been used; vi) The income reference year is the calendar year prior to the survey year except for the United Kingdom (survey year) and Ireland (12 months preceding the survey).

The gender gap in pensions is an important issue to address, as highlighted in the Conclusions adopted by the Council the 18th of June 2015 on "Equal income opportunities for women and men: Closing the gender gap in pensions". These reflect that the Commission has recognised that an important dimension of the pension adequacy challenge is gender-specific, and calls to ensure that closing the gender gap in pensions remains high on the political agenda at both Union and Member State levels. Included in the latter was a specific call for developing an indicator within the framework of the Social Protection Committee, to be used together with other relevant indicators, including the gender pay gap, for regularly measuring and monitoring the gender gap in pensions, and also for continuing to involve all relevant actors in monitoring the gender gap in pensions, using all available tools and resources such as the Open Method of Coordination and making full use of national and EU statistical offices and the European Institute for Gender Equality (EIGE).

In the longer term, European Commission (2017b) reports that demographic ageing will bring higher economic dependency of the older on the younger generations in almost all EU countries,

and with fewer contributors paying in to redistributive systems on which more pensioners will depend. In addition, since the 1970s, the number of years spent in retirement has increased considerably and stabilised only recently. The intergenerational contract and its central principle of intergenerational fairness is therefore being challenged by higher demographic dependency - declining numbers of workers have to feed and care for growing numbers of inactive pensioners.

For pension systems the last 20 years have seen substantial reform activity in the EU that should prevent expenditure levels relative to GDP in 2060 from rising above today's, despite steeply increasing demographic dependency. These reforms could decrease pension entitlements, thus reducing the adequacy of pensions for future pensioners, unless individuals prolong their working lives. In parallel, much of the reform activity targets better labour market prospects for older workers, combined with higher statutory retirement ages. These reforms have already contributed to some success: the employment rate of older workers (55-64s) today is 55 %, 20 percentage points higher than 20 years ago.

In 2015 the SPC adopted its latest report on the adequacy of pensions (*The 2015 Pension Adequacy Report: current and future income adequacy in old age in the European Union*)⁴² which analyses the current and future adequacy of pensions. It reports that current pensioners' living standards have largely been maintained over the crisis, yet poverty problems persist in some countries and pension outcomes are generally marked by large gender differences. It also reports that in the context of large budget deficits and a reinforced economic governance framework at EU level, Member States have adopted many pension reforms to control the increase in spending on public pensions. These include a stronger emphasis on postponing retirement from the labour market, by restricting access to early retirement and by starting or continuing a process of raising the pensionable age, including bringing women's pensionable ages up to those of men's and in some countries linked to increases in life expectancy.

However, the full effect of many reforms, and thus a large part of the planned savings to pension systems, will only materialise fully after 2040. Indeed, as mentioned earlier, EU average spending on public pensions, as a percentage of GDP, is no longer expected to be higher in 2060 than at present, although this reflects lower average pension benefits compared to wages in the future which could imply significant risks for future adequacy of incomes in old age. Theoretical replacement rates from public pension schemes are projected to decrease in the majority of Member States over the next 40 years, with a decline by more than five percentage points in 16 countries and by fifteen or more percentage points in six. Postponing retirement in line with the increases in pensionable ages could, amongst other measures, mitigate the reduction in replacement rates in most countries, as longer careers result in higher pension entitlements.

Reforms that improve employment prospects for all will help to improve intergenerational fairness. The recently proposed European Pillar of Social Rights provides a particularly relevant framework for guiding future action by the participating Member States. For pensioners, it establishes the principle of a right for women and men to receive a pension commensurate with the contributions paid and to have an adequate income in retirement, thus ensuring a decent life. For working age

⁴² <http://ec.europa.eu/social/BlobServlet?docId=14529&langId=en>

people, it puts forward a number of principles relating to equal opportunities, access to the labour market and fair working conditions that support the full realisation of their potential in active life. The Pillar calls for an adequate pension for both workers and the self-employed and for equal opportunities for both women and men to acquire old-age pension rights. The implementation of these principles would contribute to reducing the burden of demographic change and improving employment prospects for all, and would help to secure good living standards in retirement, now and for future generations.

Health outcomes and access to health services

Health status is a key determinant of the well-being and labour market participation of the individual. A healthy population is associated with better educational attainment, better earnings and wages, higher labour market participation and a higher number of hours worked in adulthood. The health of the general population is also shown to be positively associated with economic growth and social welfare.

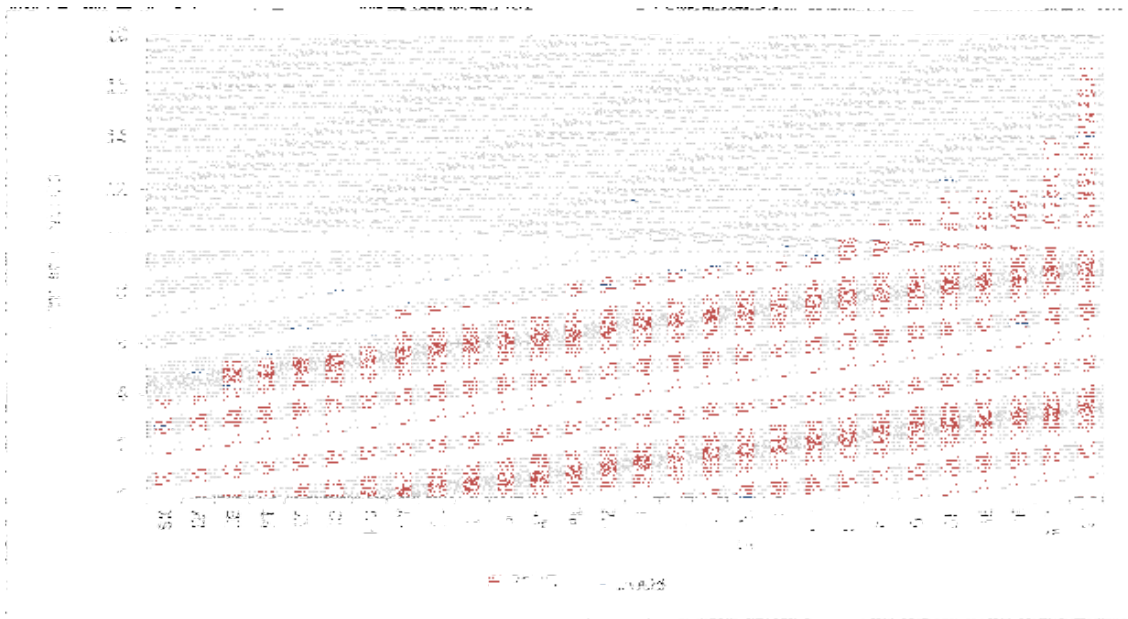
Despite these benefits, a recent Eurofound study (Eurofound (2014)) reports that in the wake of the crisis, many European governments have cut spending on healthcare services. However, in the face of rising unemployment and financial strain, there is an increased need for some healthcare services, while decreased disposable income has made access to healthcare more difficult for many households in the EU.

Looking at both objective and subjective measures of health can provide a snapshot of the health status of society as a whole. At EU level the number of remaining healthy life years (HLY) at 65 is similar for both women and men, with the EU average for both being 9.4 years in 2015. For men it ranges from 4.1 years in LV and SK to 15.7 years in SE, while for women it ranges from 3.8 years in SK and 4 years in LV to 16.8 years in SE. Over the period 2008-2015, there was a significant increase in the remaining healthy life expectancy for women in 10 Member States (Figure 48). There were nevertheless 8 countries where HLY at 65 for women decreased significantly, most notably LV, LT, LU, RO and SI⁴³. The change in HLY at 65 for men in the years 2008 – 2015 (Figure 49) has generally been even more positive than that for women, with 14 Member States recording rises for men, although there were significant falls in 7 (CY, DK, EL, LV, LT, RO and SI).

Regarding access to health services, on average 3.2 % of Europeans reported an unmet need for medical care in 2015 (i.e. they had to join a waiting list, or the care available was too expensive or too far away), slightly down from the previous year (Figure 50). There are significant differences among Member States, with the rate as high as 12.7% in EE and 12.3% in EL, while in AT, CZ, DE, ES, LU, MT, NL and SI the reported rate is below 1%. There is a clear income gradient as those in the lowest income quintiles more often report an unmet need for medical care (Figure 51), with the gap between the lowest and highest quintiles rising during the crisis years.

⁴³ For SI, break in time series in Healthy Life Years indicator (change of question in 2010) which affects the comparison of change since 2008.

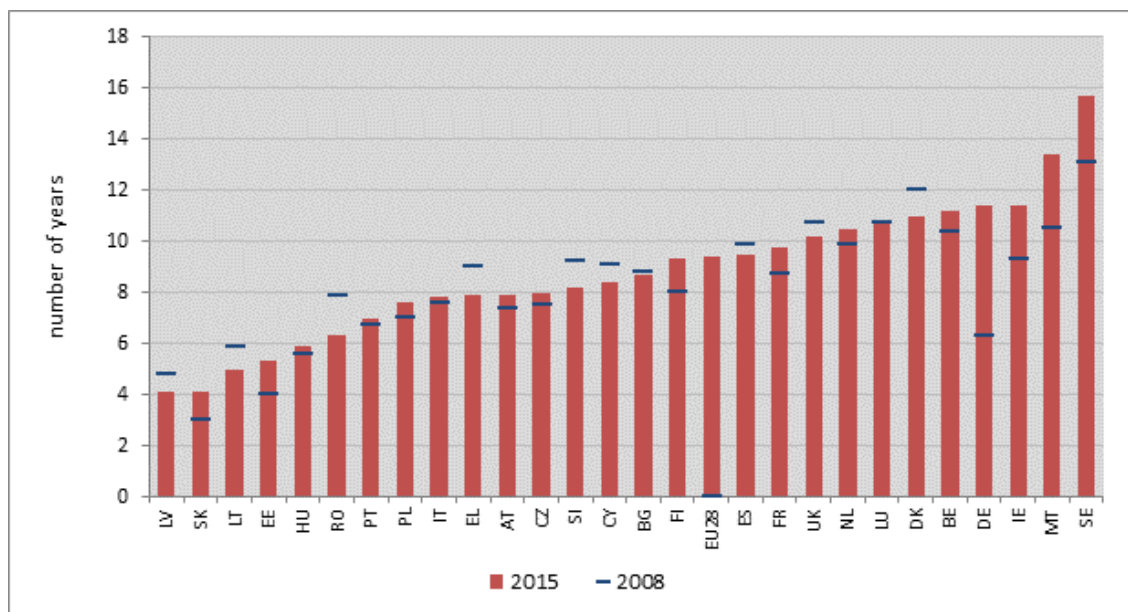
Figure 48: Healthy life years at 65 for females, 2008 and 2015



Source: Eurostat

Note: For SI, break in time series in Healthy Life Years indicator (change of question in 2010) which affects the comparison of change since 2008.

Figure 49: Healthy life years at 65 for males, 2008 and 2015



Source: Eurostat

Note: For SI, break in time series in Healthy Life Years indicator (change of question in 2010) which affects the comparison of change since 2008.

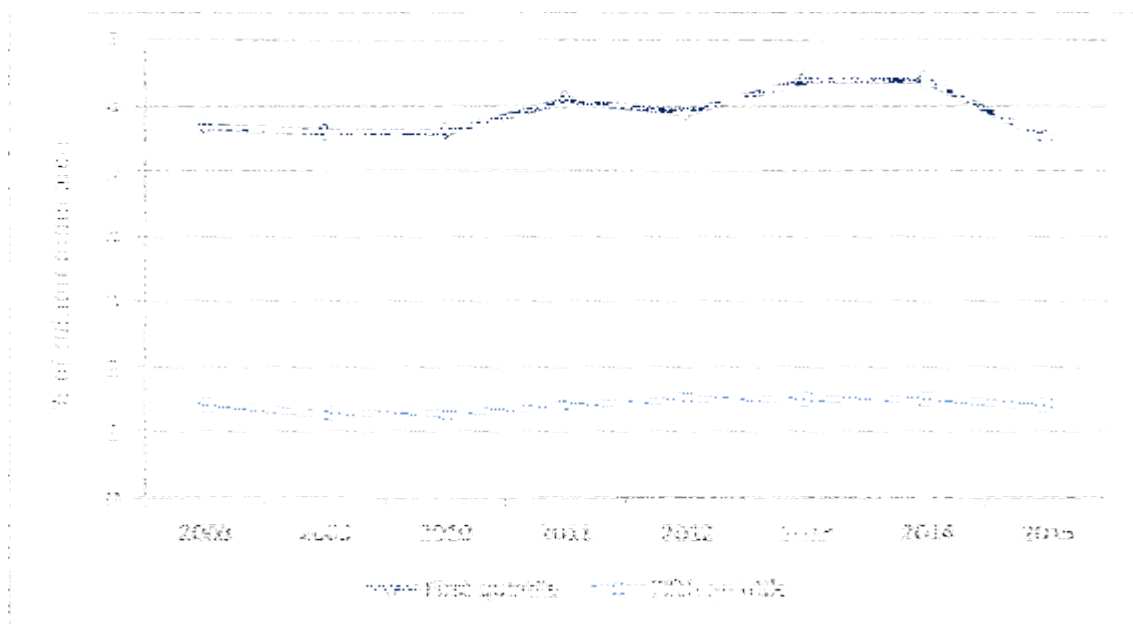
Figure 50: Self-reported unmet need for medical care⁴⁴, in %, and changes (in pp) 2014-2015 and 2008-2015

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015	3.2	3.2	n.a.	n.a.	2.4	4.7	0.8	1.3	0.5	12.7	2.8	12.3	0.6	1.2	1.9	7.2
2014-2015 change in pp	~	~	n.a.	n.a.	~	~	~	~	-1.1	1.4	~	1.4	~	-1.6	-1.4	~
2008-2015 change in pp	n.a.	~	n.a.	n.a.	n.a.	-10.6	~	~	-1.7	5.4	~	6.9	~	~	n.a.	2.0
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015	1.5	8.4	2.9	0.9	2.6	0.8	0.1	0.1	7.3	3.0	9.4	0.2	2.1	4.3	1.0	2.8
2014-2015 change in pp	-3.2	-4.1	~	~	~	~	~	~	~	~	~	~	~	~	~	~
2008-2015 change in pp	-1.3	-1.5	-2.6	~	~	~	~	~	1.3	1.9	-1.4	~	~	3.5	-1.4	1.8

Source: Eurostat (EU-SILC)

Note: i) Break in series in BE in 2011 means that evolutions between years before 2011 and years from 2011 on cannot be interpreted; ii) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious; iii) Only statistically significant changes have been marked in green/red (positive/negative changes) with a 1pp threshold. "~" stands for stable performance (i.e. statistically insignificant change).

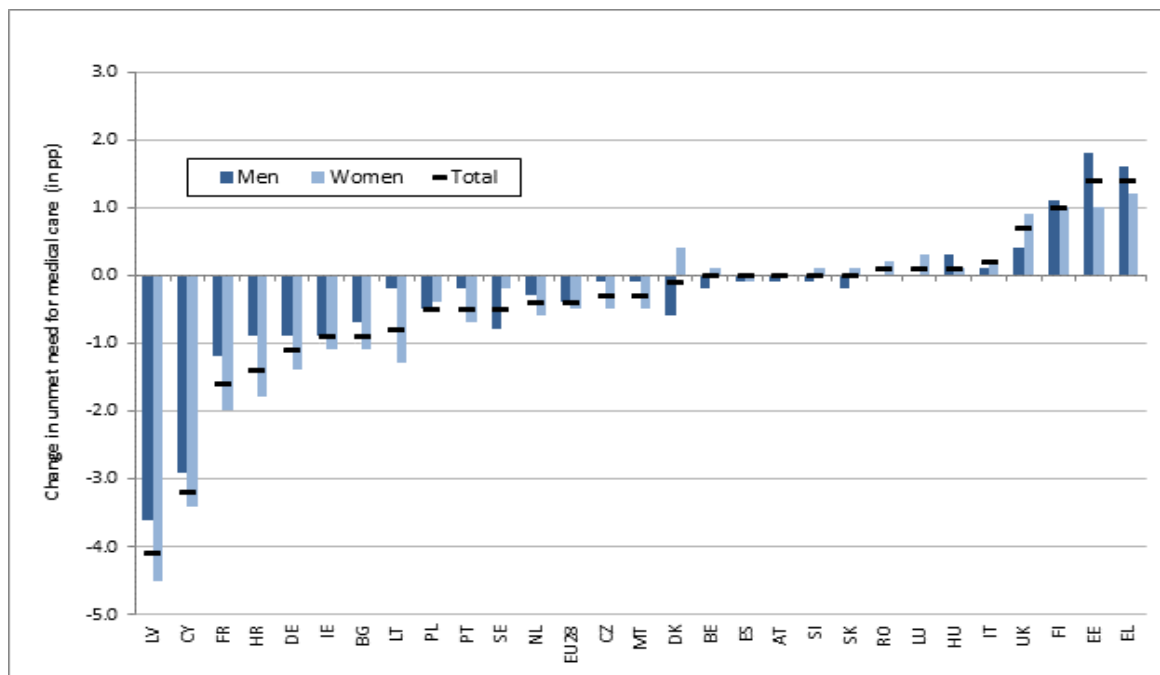
Figure 51: Changes in unmet need medical care 2014-2015, for population in first and fifth income quintiles



In the period 2008–2015, 7 countries recorded a significant increase in the share of the population reporting unmet needs for medical care, with particularly strong rises in EE and EL. In contrast, 7 countries registered significant improvements in access, most notably BG. In terms of the most recent changes for the period 2014-2015, there were only 2 countries that noted a significant increase in unmet need (EE and EL), while 5 (CY, DE, FR, HR and LV) showed a significant reduction, which mainly reflects strong falls in unmet need for women (Figure 52).

⁴⁴ This indicator is defined on the basis of self-reported unmet need related to three reasons – too far to travel, waiting list, too expensive

Figure 52: Changes in unmet need medical care 2014-2015, by gender



Source: Eurostat (EU-SILC)

Developments in access to housing and homelessness

Housing costs represent an important share of a household's income, especially for lower income groups. An increasing burden of housing costs on a household's income as well as the over-indebtedness of many households might result in the inability of households to pay mortgages, rent or utility bills, increasing vulnerability for repossessions, foreclosures and evictions and in some cases, homelessness. There is a growing need for locally available affordable housing, including social housing and affordable private rentals, as well as a sufficient level of housing and heating allowances⁴⁵

In 2015, the housing cost overburden rate⁴⁶ varied among Member States, between a minimum of 1.1% in MT to a maximum of 40.9% in EL, with the average for the EU28 at 11.3%. Other countries with a relatively high share of around 15% were BG, DE, DK, NL and RO (Figure 53).

Significant increases in the average share of housing costs in disposable household income have been recorded in 12 Member States between 2008 and 2015. Of particular note is the sharp rise in EL, where the rate has risen by 18.7 pp over this period. For the change over the latest year, only 3 Member States recorded significant rises (BG, FR and LT) while a larger group of 8 countries saw the share of housing costs in income decline.

In many countries the increase since 2008 has been much more prominent for people living below the at-risk-of-poverty threshold than for those living above it (Figure 54), with increases of around

⁴⁵ Commission Staff Working Document (2013)42 final on Confronting homelessness in the European Union

⁴⁶ The percentage of the population living in a household where the total housing costs (net of housing allowances) represent more than 40% of the total disposable household income (net of housing allowances).

10 pp or more for the former group in BG, DE, EE, LT and PT, and as high as over 30 pp in EL. For individuals with higher incomes, the housing cost overburden rate has remained relatively stable with the exception of EL, where it also increased substantially (by close to 15 pp). It is interesting to note that in some countries such as AT, BE, HR, HU, MT, SE and the UK where the housing cost overburden rate has declined overall, it has fallen more strongly for those living below the income poverty threshold than for those above it.

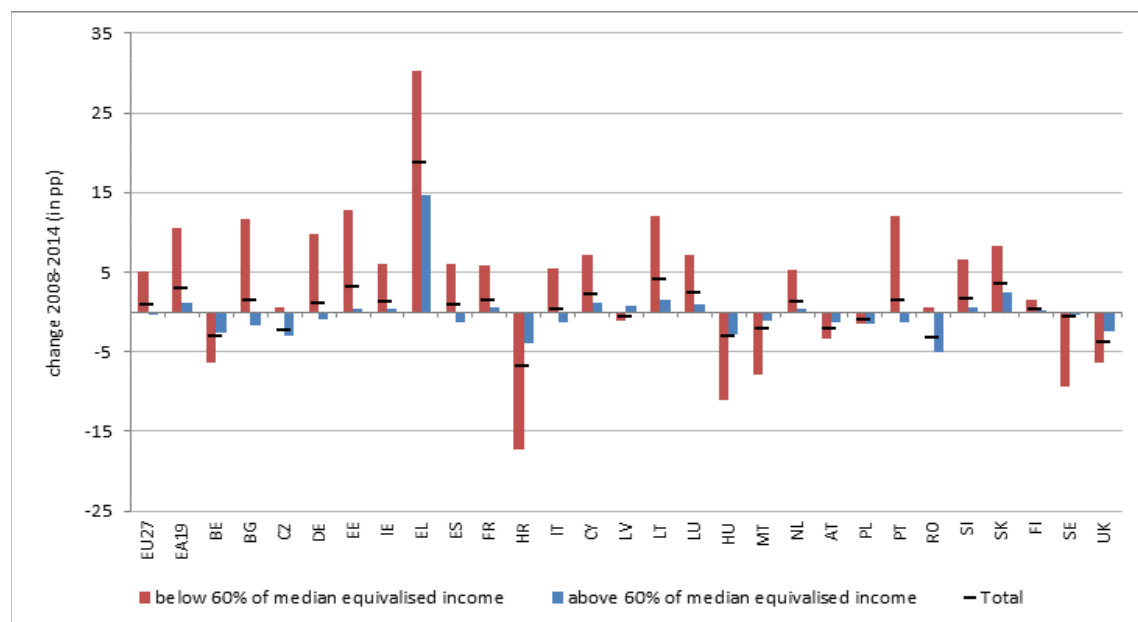
Figure 53: Housing cost overburden rate, in %, and changes (in pp) 2014-2015 and 2008-2015

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015	11.3	11.3	11.2	11.2	9.4	14.8	10.4	15.1	15.6	6.8	4.6	40.9	10.3	5.7	7.2	8.6
2014-2015 change in pp	~	~	~	~	-1.0	1.9	~	~	~	-1.5	-1.6	~	-0.6	0.6	~	~
2008-2015 change in pp	n.a.	~	2.9	2.9	-3.1	1.5	-2.4	n.a.	n.a.	3.6	1.3	18.7	~	1.5	-6.9	~
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015	3.9	8.1	9.1	6.0	8.5	1.1	14.9	6.4	8.7	9.1	15.9	6.1	9.1	4.9	7.5	12.5
2014-2015 change in pp	~	-1.5	2.0	-0.8	-4.3	~	~	~	-0.9	~	~	~	~	~	~	~
2008-2015 change in pp	2.1	~	4.1	2.3	-3.1	-2.2	1.2	-2.1	~	1.5	-3.2	1.7	3.5	~	~	-3.8

Source: Eurostat

Notes: i) For DK, breaks in series for the period 2008-2015 which mainly affect indicators related to incomes ("n.a." shown for the period compared to 2008 for these); ii) For EE, major break in series in 2014 for variables in EU-SILC, so change 2008-2013 used for the longer period compared to 2008; iii) Evolutions for the period 2008-2015 for EU28 and DE are not available, while for HR the reference is to 2010; iv) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious; v) Only significant changes have been marked in green/red (positive/negative changes). "~" refers to stable performance (i.e. insignificant change); vi) The income reference year is the calendar year prior to the survey year (except for the United Kingdom (survey year) and Ireland (12 months preceding the survey)).

Figure 54: Evolution of the housing cost overburden rate by income poverty status, 2008-2015 (in pp)



Source: Eurostat (EU-SILC)

Notes: i) For DK, breaks in series for the period 2008-2015 which mainly affect indicators related to incomes, so figures not shown; ii) For EE, major break in series in 2014 for variables in EU-SILC, so change 2008-2013 shown; iii) Evolutions for DE and HR refer to the period 2010-2014; iv) For UK, changes in the survey vehicle and institution in 2012 might have affected the results on trends since 2008 and interpretation of data on the longer term trend must therefore be particularly cautious.

Some further information on recent developments in relation to housing and homelessness is included in the following box (Box 6), which contains information and analysis provided by the European Federation of National Organisations Working with the Homeless (FEANTSA) using a range of data sources.

Box 6. Homelessness and Housing Exclusion in Europe – An alarming picture: A summary of the latest FEANTSA report on homelessness & housing exclusion in Europe⁴⁷

According to the latest report by the European Federation of National Organisations Working with the Homeless (FEANTSA), homelessness is on the increase in Europe, reaching record numbers across almost all Member States. FEANTSA reports that, even if no harmonized and comparable data are available, the depth of the situation is substantiated by the analysis of official data from individual Member States. **In almost all European countries - except in Finland - increases in the number of homeless people are observed both over the short and long term.** The trends are clear despite data collection that is often considered partial by sector professionals.

In France, the number of homeless people increased by 50% between 2001 and 2012 (141,500 people), according to the National Institute of Statistics. In Denmark, the number of homeless people is counted in a more comprehensive way with the definition being broader, and this number has increased by 23% between 2009 (4,998 people) and 2015 (6,138 people), according to the Danish National Centre for Social Research. In the Netherlands, where the definition also includes a wide variety of housing deprivation and exclusion situations, the number of homeless people has increased by 24% between 2013 (25,000 people) and 2016 (31,000 people). The study carried out by Italy's National Institute for Statistics shows an increase of 6% in the number of homeless people between 2011 (47,648 people) and 2014 (50,724 people). In Lithuania, official statistics found an increase of 27% homeless people living rough or in reception centres between 2007 and 2015. In Sweden, according to the national survey carried out every five years, the number of people living rough, in shelters, in accommodation centres, in institutions, and with no place to go has increased by 29% between 2005 (6,600 people) and 2011 (8,500 people). The number of people staying with friends or family increased by 55% between 2005 (4,400 people) and 2011 (6,800 people). In England, the Department for Communities and Local Government counted a 133% increase in people sleeping rough between autumn 2010 (1,768 people) and autumn 2016 (4,134 people). People who approach local authorities for homelessness assistance in England are entitled to an assessment to see if they are eligible for homelessness support. These assessments are to establish whether someone is 'statutory homeless': 58,000 households were accepted as homeless in 2015/16, a 34% increase since 2009/10 (assessed as unintentionally homeless and in priority need).

⁴⁷ <http://www.feantsa.org/en/report/2017/03/21/the-second-overview-of-housing-exclusion-in-europe-2017?bcParent=27>

Finland is the only European country where official statistics show a 10% decrease in homeless single people between 2013 (7,500 single people) and 2016 (6,700 single people), resulting from long-term programmes for reducing homelessness (ongoing for 20 years) that have proven their value by focusing on the provision of permanent affordable housing and providing specialized support for the most vulnerable people. This new functioning housing system values housing as homes for people as opposed to an investment opportunity.

Studies carried out in certain European capitals also show alarming increases in homelessness including Brussels (increase of 30% homeless people between 2014 and 2016), Paris (increase of 84% of French-speaking homeless people between 2001 and 2012), London (increase of 50% of families in temporary accommodation between 2010 and 2016), Dublin (increase of 25% of homeless people from May 2016 to May 2017), Vienna (increase of 19% of homeless people between 2010 and 2013) and Barcelona (8% increase between 2014 and 2016). Even if these trends are not comparable due to differences in definitions, periods of time and methodologies, this information shows how alarming the situation is in most countries⁴⁸.

These last 15 years, housing prices have been rising faster than incomes. The at-risk-of-poverty rate in the EU slightly increased between 2010 and 2015: 17% of European households have incomes below 60% of the national median equivalised disposable income (after social transfers). These households at risk of poverty are more and more exposed to the private rental market and face increased and prohibitive housing costs that threaten their security and well-being. Inequalities are rising between poor and non-poor households regarding housing quality and living conditions. In order to analyze the extent of these inequalities, FEANTSA and Foundation Abbé Pierre regularly produces a European Housing Exclusion Index⁴⁹, using the Eurostat EU-SILC dataset – the following information is the most recent available, from year 2015.

European countries do not all face the same kind of challenges when it comes to housing exclusion. Excessive costs are particularly problematic in Western and Northern Europe, where unfit housing is less an endemic problem. On the contrary, some Eastern and Southern European countries are very much concerned by housing conditions and unfit housing. In IT, RO, BG, EL, SK, PT and HU, both housing costs and housing conditions are worsening or at least alarming. The situation in EL is particularly dramatic, with a significant worsening of the housing situation since the crisis.

In the EU28 in 2015, average expenditure of households at risk of poverty on housing represented 42% of their disposable income. This is above the threshold for housing cost overburden, i.e. more than 40% of the household's disposable income being spent in housing expenses. The situation is particularly severe in EL (77%), DK (56%), DE (51%), NL (52%), and in general inequalities between poor and non-poor households regarding housing cost burden increased between 2009 and 2015 (particularly in EL, IE, EE, PT, DE, DK). The housing cost overburden rate amongst total population in the EU stayed at 11% in 2015. Amongst poor households, this rate reached 39%. In NL and DK,

⁴⁸ All sources and explanations about these data are available in FEANTSA and Foundation Abbé Pierre, *Second Overview of Housing Exclusion in Europe*, 2017, pp. 10-21. <http://www.feantsa.org/en/report/2017/03/21/the-second-overview-of-housing-exclusion-in-europe-2017?bcParent=27>

⁴⁹ Op. Cit., pp. 22 to 64.

more than one out of two poor households see their security and well-being put at risk by excessive housing expenses - almost all in EL (96%). In the EU, **10% of households at risk of poverty are in rent or mortgage arrears, 4 times more than non-poor households.** This situation is particularly acute in EL (23%), ES (16%) and FR (16%).

In the EU28, **17% of the total population lived in an overcrowded dwelling in 2015.** The phenomenon is particularly severe in RO (50%), PL (43%), HR (42%), BG (41%), LV (41%) and HU (41%). Being in severe housing deprivation means living in a dwelling which is considered as overcrowded, while also exhibiting at least one of the housing deprivation measures - a leaking roof, no bath/shower and no indoor toilet, or a dwelling considered as too dark. **12% of households at risk of poverty in the EU are in severe housing deprivation.** Severe housing deprivation rates are particularly high in RO (45%), HU (35%), LV (23%), LT (19%), PL (20%), IT (19%).

Fuel poverty in Europe is still a very acute challenge. In EU28, **9% of total population and 23% of households at risk of poverty are unable to keep their home adequately warm.** The proportion of households at risk of poverty in this situation is particularly high in BG (67%), EL (51%), CY (49%), PT (43%), IT (36%). The EU-average proportion of poor households unable to keep their home adequately warm increased by 1,6 percentage points between 2010 and 2015. It increased by 12,5 percentage points in EL, 8 percentage points in IT, 6,5 percentage points in the UK, 7,7 percentage points in ES, 9,1 percentage points in CY. **In the EU28, 15% of the total population live in a damp dwelling,** compared to 24% of poor households. Only two European countries have less than 10% of households at risk of poverty that are living in damp housing: FI and SE.

Young people and non-EU nationals are particularly exposed to unfit housing and housing affordability problems. In all EU countries, young people are more vulnerable to unaffordable housing costs, overcrowding and severe housing deprivation than the rest of the population. **In EU28, almost one out of two young people at risk of poverty⁵⁰ (47%) see their stability and well-being put at risk by housing expenses.** Young people living in income poverty are four times more likely to face housing cost overburden than the rest of population. The housing cost overburden situation for young poor people is particularly severe in DK (82%), NL (75%), DE (64%), UK (57%). Sharp rises in youth homelessness have occurred in DK (+86% young homeless 18-24 between 2009 and 2015) and in NL (+50% young homeless 18-30 between 2015 and 2016). **In ES, PT, IT, SK, LT, HU and IE, single persons with dependent children are more faced with housing cost overburden than single persons.** This is reflected in the sharp rise in family homelessness in Ireland (+59% of families in emergency accommodation in Dublin between September 2015 and September 2016). In all EU countries, non-EU(28) nationals are far more likely to face housing cost overburden and overcrowding than EU countries nationals – **in EU28 an estimated 33% non-EU(28) nationals live in an overcrowded dwelling.** 64% of non-EU(28) nationals face a housing cost overburden in EL, 45% in ES, 39% in PT, 38% in UK, 31% in BE. Profiles of people hit by homelessness and housing exclusion have been changing in recent years. Being young, having dependent family members, or being a migrant make you more susceptible to difficulties in accessing housing.

⁵⁰ Young between 20 and 29 years old with income under 60% of national median income.

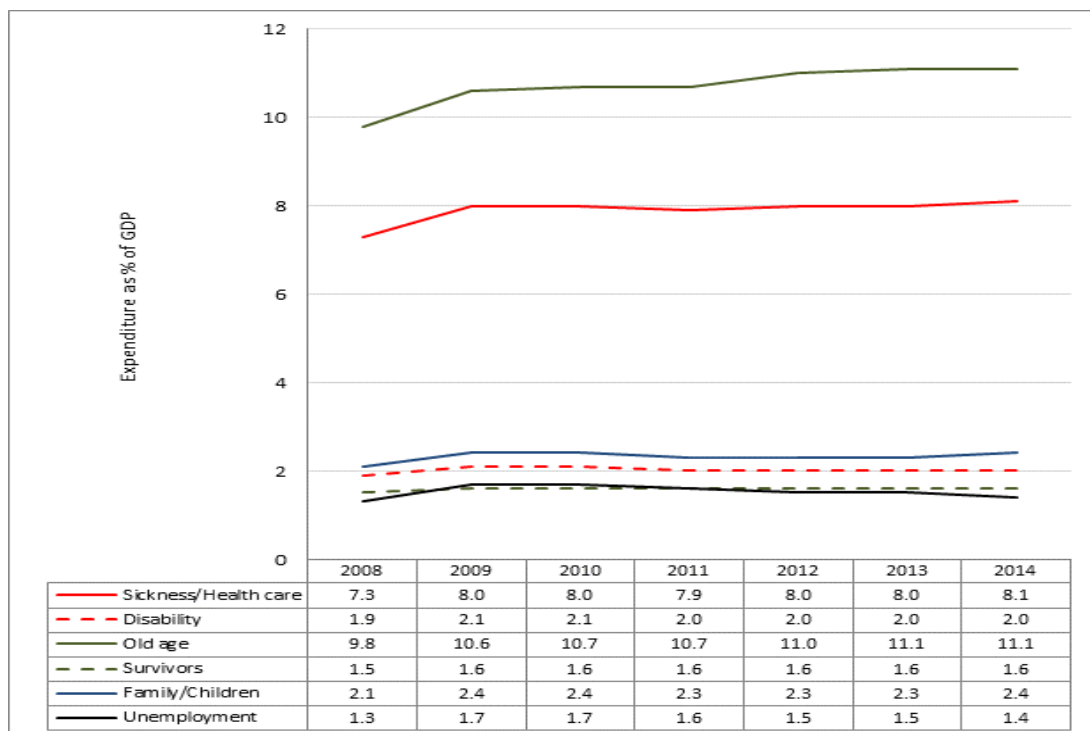
Homelessness data from local and national level indicate worrying increases in homelessness all over Europe, while analysis on the EU-SILC dataset shows that a growing proportion of Europe's population is struggling to find adequate and affordable housing.

Trends in social expenditure and the take-up of selected social benefits

At EU level, social expenditure on old age pensions and healthcare is growing as a percentage of GDP, while the expenditure devoted to family and unemployment benefits, which benefit younger age groups more, has tended to either remain static or decrease after the initial increase between 2008 and 2009 (Figure 55).

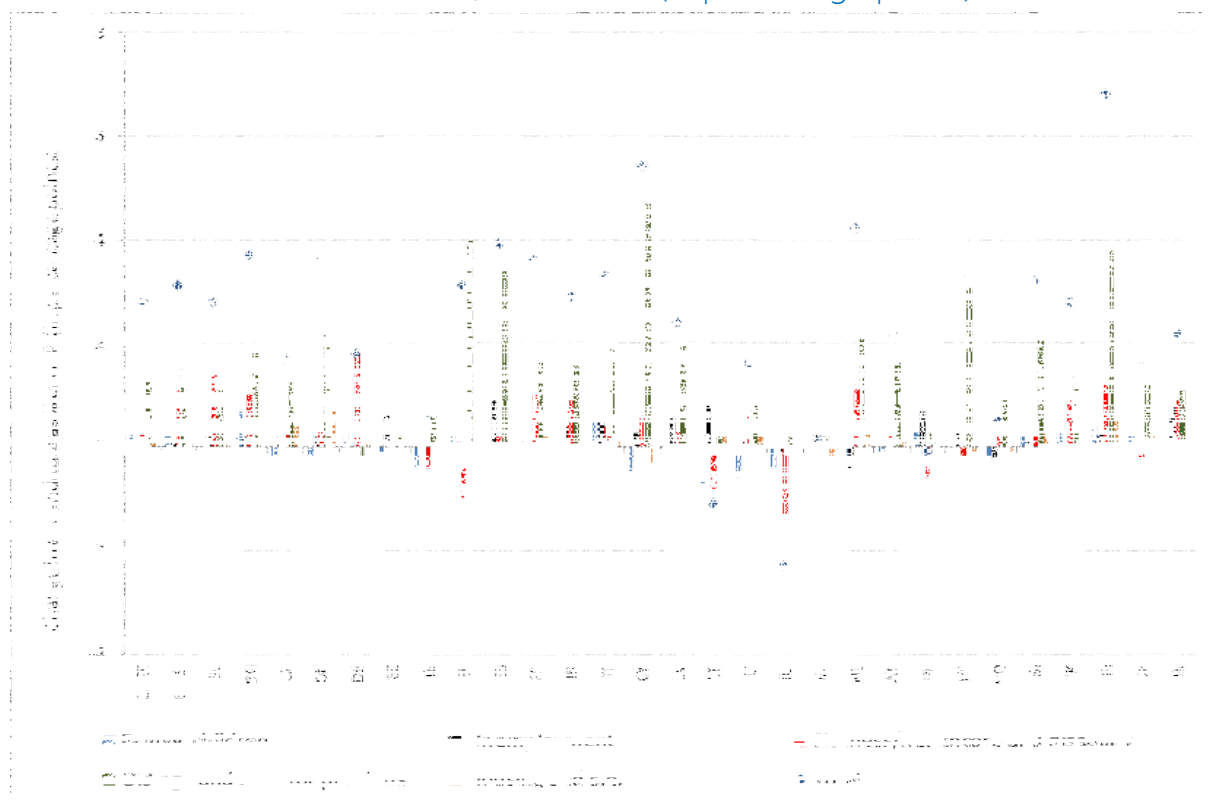
This trend is also evident within many Member States (Figure 56), with rises over 2008 to 2014 in the percentage of GDP allocated to old age and survivors pensions being much stronger than the changes in social benefits expenditure on other functions (especially on family, unemployment, and housing benefits) in the vast majority of countries, most notably in CY, EL, ES, PT and FI. At the same time, many countries have seen rises in expenditure on sickness, health and disability, although some including EL, HU and LT have recorded sizeable decreases in the share of GDP allocated to this area. In contrast most Member States have seen much more limited increases in expenditure on unemployment benefits and on family/child benefits, which have even declined as a share of GDP in several countries.

Figure 55: Trends in social expenditure by function at EU level, 2008-2014 (in % of GDP)



Source: Eurostat (Esspros)

Figure 56: Trends in social expenditure as a % of GDP by function across EU Member States, 2008-2014 (in percentage points)



Source: Eurostat (Esspros)

The prolonged crisis led to an increased dependence on social transfers in some Member States. The SPC started an ad-hoc collection of administrative data on benefit recipients for different social schemes (unemployment, social assistance, early retirement and disability) in order to get timelier information on the pressure on social protection systems in the context of the economic crisis. In 2016 the SPC continued with this data collection which is very valuable for its timeliness, but needs to be assessed with due caution as it does not offer cross-country comparability due to the diversity of concepts and underlying definitions used.

The following sections analyse the major trends registered in the year 2016 and early 2017 comparing to the year before and also the general developments since the beginning of the crisis (2008). (Individual country trends regarding the number of benefit recipients can be found in the country profiles produced as a separate annex to the SPC annual report.) The latest figures, although only indicative, suggest that the pressure on social security systems has eased somewhat in 2016 and early 2017 across many EU Member States, with a decline in unemployment benefit recipient numbers in around two-thirds on Member States and in social assistance recipients in around half.

Generally declining trend in the number of unemployment benefit recipients

With the continued gradual improvement in the labour market situation in the EU and declines in unemployment levels in the vast majority of Member States over the last year or so, there has been an easing in the pressure on unemployment benefit schemes across much of the EU. Over the year to spring 2017 around 2/3 of Member States recorded a general decreasing trend in the number of unemployment benefit recipients, generally mirroring the positive developments in the unemployment rate. Persistent increases were only registered in one country (FR) and more mixed developments in 6 (DE, EE, EL, FI, HU and SK).

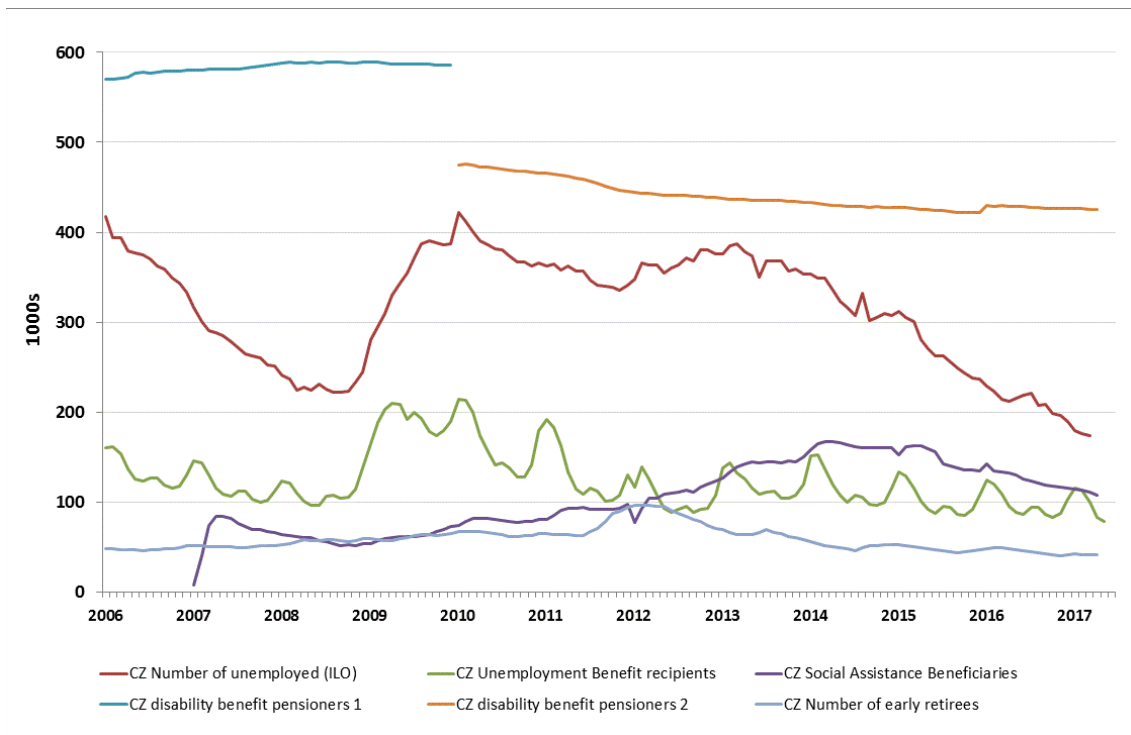
Some countries with downward trends in both unemployment benefit recipients and social assistance benefit recipients

Overall, around a third of Member States reported decreasing numbers of beneficiaries on both unemployment benefit and social assistance schemes over the latest year. These included CZ and MT (Figure 57 and Figure 58). Other countries with similar recent trends were AT, DK, ES, HR, LV, LT and SE.

Potential continued gaps in social benefits' coverage in some Member States

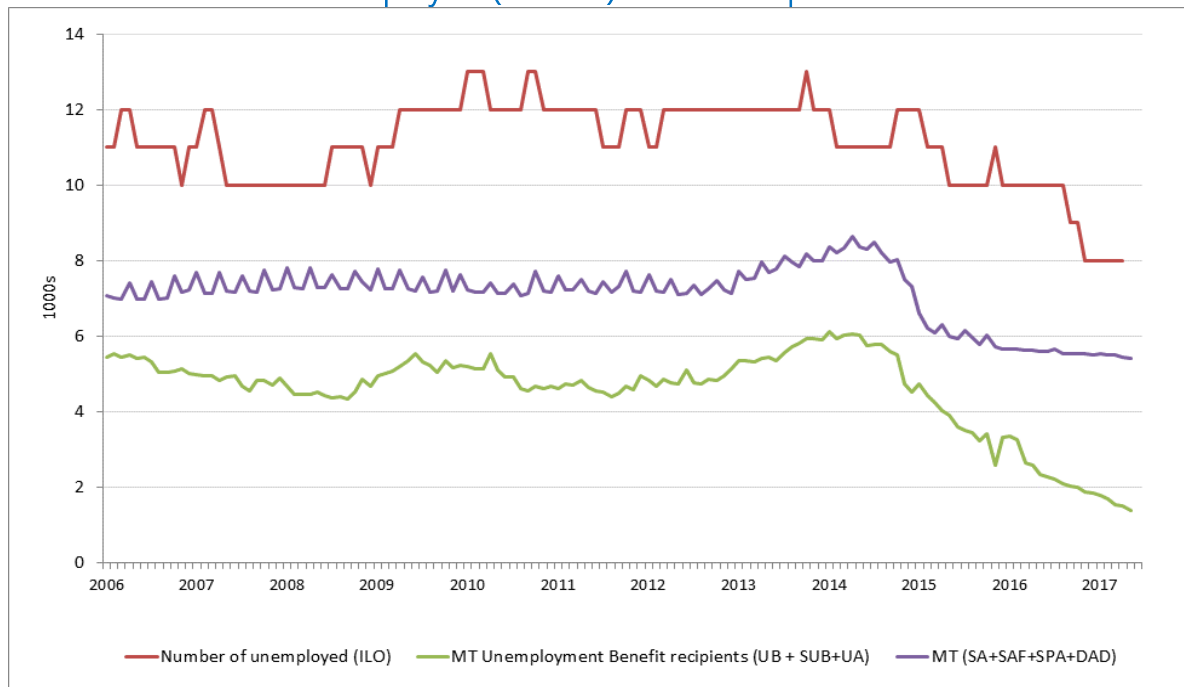
Notwithstanding the very latest developments, the deterioration in the employment situation in many Member States in the years after the crisis hit, and the growing number of unemployed and their longer stay in unemployment, resulted in more people being in need of social transfers. In some Member States, the growth in unemployment was not always matched by similar trends in benefit recipients which led to a potential lack of social benefits coverage. This has especially been the case in countries such as EL (Figure 59) and HR (Figure 60), and the mis-match remains substantial despite the recent easing in unemployment levels.

Figure 57: Evolution of the number of benefit recipients and number of unemployed (in 1000) – the example of the CZ



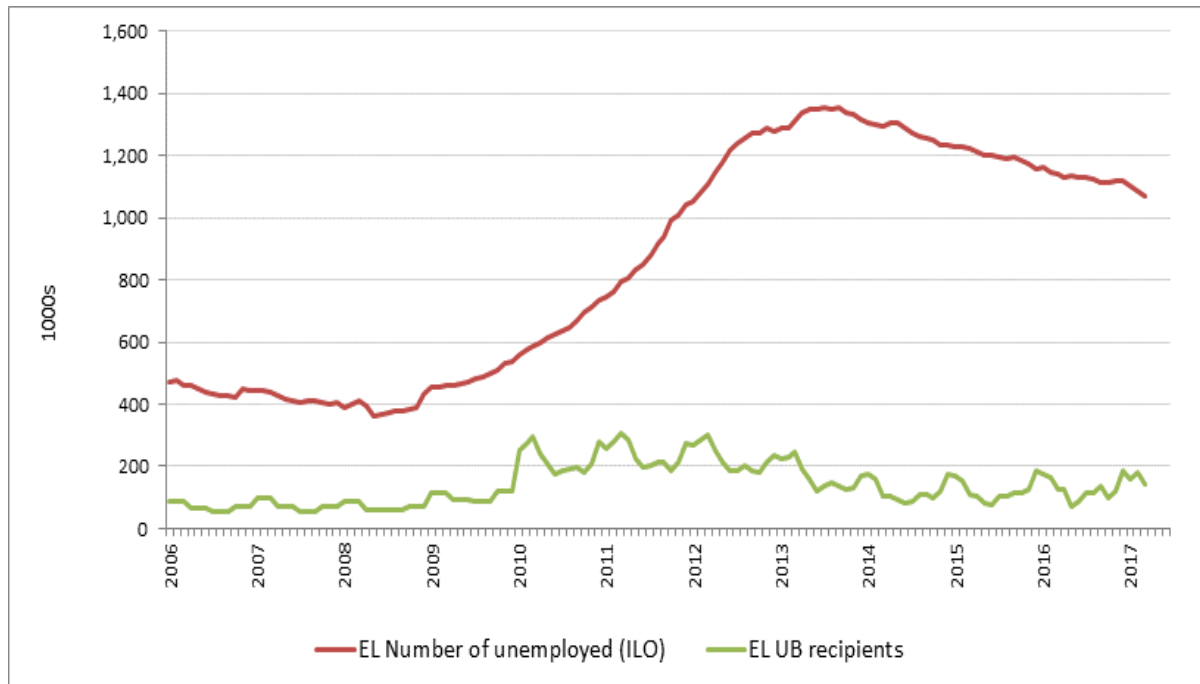
Source: Data collected from Member States through the SPC delegates

Figure 58: Evolution of the number of benefit recipients and number of unemployed (in 1000) – the example of MT



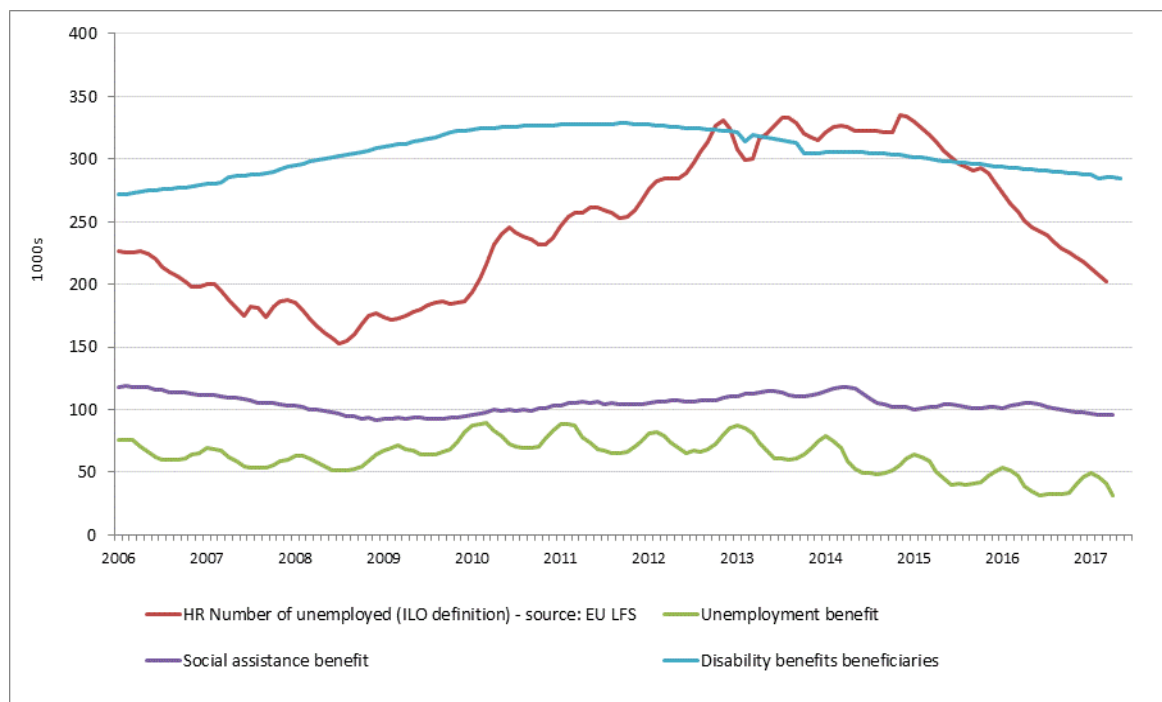
Source: Data collected from Member States through the SPC delegates

Figure 59: Evolution of the number of benefit recipients and number of unemployed (in 1000) – the example of EL



Source: Data collected from Member States through the SPC delegates

Figure 60: Evolution of the number of benefit recipients and number of unemployed (in 1000) – the example of HR

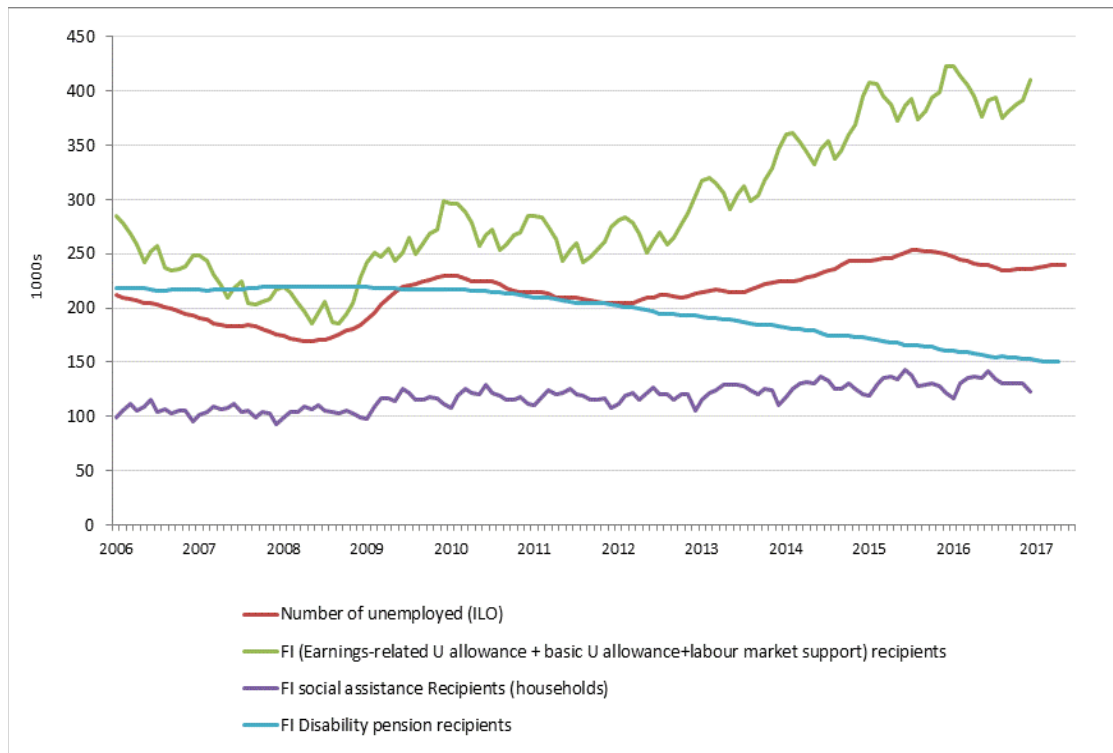


Source: Data collected from Member States through the SPC delegates

Some countries with upward trends in both unemployment benefit recipients and social assistance benefit recipients

Some countries report generally increasing numbers of beneficiaries on both unemployment benefit and social assistance schemes over the latest years, such as FI (Figure 61) and FR, although with some edging down over late 2016 and early 2017 in social benefits recipients in FR.

Figure 61: Evolution of the number of benefit recipients and number of unemployed (in 1000) – the example of FI

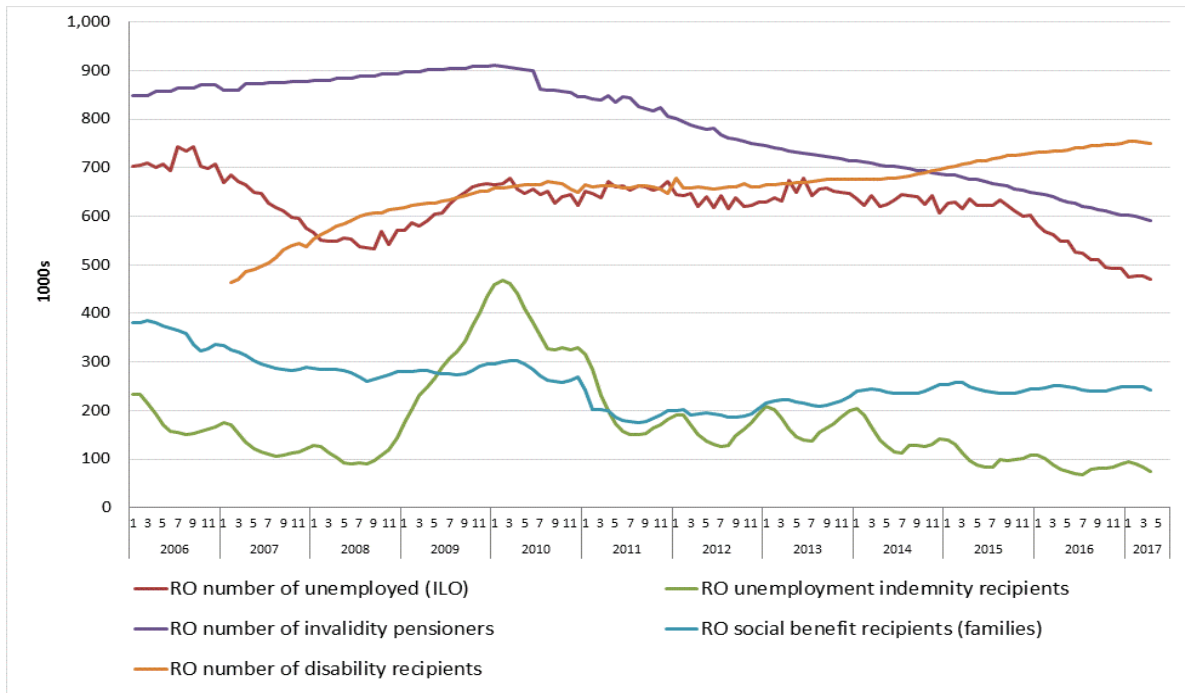


Source: Data collected from Member States through the SPC delegates

More mixed developments in terms of the number of benefit recipients from social assistance schemes for other Member States

While a large majority of Member States recorded a persistent decrease in the number of unemployment benefit recipients as compared to 2015, the picture with regard to the number of recipients of social assistance was more mixed. In 2016 and early 2017 around half of Member States recorded a persistent decrease in the number of social assistance benefit recipients as compared to a year earlier, while around a quarter recorded persistent increases. Among the latter, some countries show a shift from the use of unemployment benefit towards increasing social assistance. For example, RO saw a decrease in unemployment beneficiaries together with an increase in social assistance recipients (Figure 62). This could suggest there is movement from unemployment benefits to social assistance schemes perhaps due to rising long-term unemployment or shortened lengths of unemployment benefit receipt. This movement increases pressure on social protection systems. Similar recent trends can be observed in NL, PT and SI.

Figure 62: Evolution of the number of benefit recipients and number of unemployed (in 1000) – the example of RO



Source: Data collected from Member States through the SPC delegates

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SPPM dashboard methodology

The Council endorsed on 4 October 2012 the main features of a new instrument, proposed by the Social Protection Committee (SPC), called the "Social Protection Performance Monitor" (SPPM) aimed at contributing to strengthening the monitoring of the social situation and the development of social protection policies in the EU, according to the Treaty mandate (art. 160 of TFEU) of the SPC to work in this area. One key element of this is a dashboard of key social indicators.

What is the objective?

The objective of the SPPM dashboard is to identify annual "social trends to watch" and "positive recent social trends" in the EU, common to several Member States, which can stimulate in-depth review and targeted multilateral surveillance. Given the objective of the dashboard, the focus is on both most recent changes and changes in comparison to 2008, as the base year for monitoring progress for the social aspects of the European 2020 Strategy.

What is the basis of the SPPM dashboard?

The SPPM makes use of the EU portfolio of social indicators, recognizing effectively the importance of the overarching portfolio as a summary set/first tier of indicators to be used for monitoring the major social trends in EU countries across the relevant social policy areas.

How are trends identified?

The indicators are monitored on the basis of levels and evolutions. In order to assess the statistical significance of the year-to-year changes and the changes in comparison to the reference year 2008, use is made of accuracy estimates, developed by Eurostat in cooperation with the Second Network for the analysis of EU-SILC (Net-SILC 2, an EU funded network consisting of a group of institutions and researchers conducting analysis using EU-SILC). For certain of the indicators in the dashboard further work to produce estimates of the significance of net changes is ongoing. Similarly, further work on the LFS-based indicators is underway. Where such estimates are not yet available, specific tentative criteria have been agreed, awaiting further statistical developments. For those indicators where statistical estimates are available, a second criterion of substantive significance is applied in most cases to avoid flagging up very small changes in the indicator. The current situation regarding the statistical and substantive significance rules applied for each SPPM indicator is summarised in the following table.

A trend needs to be evident in a certain number of Member States in order to qualify as a "social trend to watch" or a "positive recent social trend." The general criterion of at least 1/3 of Member States is used in order to ensure that there is a significant basis for conclusions. However, a certain level of flexibility is kept and if a strong trend is evident in a smaller number of countries or this is the case for a specific group of countries, it could still be considered as a "trend to watch" or a "positive trend."

How are the SPPM results used?

The SPPM results are presented in the SPC annual report and are endorsed by the EPSCO Council. On the basis of the identified social trends to watch, the SPC undertakes thematic in-depth reviews where drivers and policy solutions for the identified challenges are discussed among Member States.

Summary table of the current statistical and substantive significance rules applied for the SPPM indicators

Indicator	Significance thresholds used			
	change 2014-2015		change 2008-2015	
	Statistical	Substantive	Statistical	Substantive
At risk of poverty or social exclusion (in %)	Estat estimates	>+0.5pp	Estat estimates	>+1pp
At-risk-of-poverty rate (in %)	Estat estimates	>+0.5pp	Estat estimates	>+1pp
At-risk-of-poverty threshold for a single person household (in national currency, adjusted for HICP)	>+5%	-	>+5%	-
Severe material deprivation rate (in %)	Estat estimates	>+0.5pp	Estat estimates	>+1pp
Population living in (quasi-)jobless (i.e. very low work intensity) households (in %)	Estat estimates	>+0.5pp	Estat estimates	>+1pp
Relative median at-risk-of-poverty gap (in %)	>+1pp	-	>+1pp	-
Persistent at-risk-of-poverty rate (in %)	>+1pp	-	>+1pp	-
Income quantile ratio (S80/S20)	Estat estimates	-	>+5%	-
Children at risk of poverty or social exclusion (in %)	Estat estimates	>+0.5pp	Estat estimates	>+1pp
Impact of social transfers (excluding pensions) on poverty reduction (in %)	>+5%	-	>+5%	-
At-risk-of-poverty rate for the population living in (quasi-) jobless households (in %)	Estat estimates	>+0.5pp	>+1pp	-
In-work at-risk-of-poverty rate (in %)	Estat estimates	>+0.5pp	>+1pp	-
Long-term unemployment rate (in %)	-	EMPL estimates based on variability of series	-	>+1pp
Early school leavers (in %)	-	EMPL estimates based on variability of series	-	>+1pp
Youth unemployment ratio (15-24)	-	EMPL estimates based on variability of series	-	>+1pp
NEET (15-24)	-	EMPL estimates based on variability of series	-	>+1pp
Employment rate for older workers (55-64), in %	-	EMPL estimates based on variability of series	-	>+1pp
At risk of poverty or social exclusion rate for the elderly (65+), in %	Estat estimates	>+0.5pp	Estat estimates	>+1pp
Median relative income ratio of elderly people	Estat estimates ¹	-	>+5%	-
Aggregate replacement ratio	Estat estimates ²	-	>+5%	-
Self-reported unmet need for medical care	>+1pp	-	>+1pp	-
Healthy life years at 65 - males	n.a.	n.a.	>+5%	-
Healthy life years at 65 - females	n.a.	n.a.	>+5%	-
Housing cost overburden rate	Estat estimates	>+0.5pp	>+1pp	-
Real change in gross household disposable income (in %)	-	>+0.5%	-	>+1%

Notes:

- i) For SMD, LTU rate, ESL, youth unemployment ratio, NEET rate and ER (55-64) the reference periods are 2015-2016 and 2008-2016
- ii) The method used to estimate the statistical significance of the net changes, based on regression and developed by Net-SILC2 (an EU funded network consisting of a group of institutions and researchers conducting analysis using EU-SILC) is still under improvement;
- iii) For LFS-based indicators the check for substantive significance in the latest annual change is based on an analysis of the volatility of the time series.

SPPM methodology used for the identification of Member States' key social challenges and good social outcomes

Introduction

SPPM Country Profiles are presented as an annex to the SPC Annual Report. For all Member States, Country Profiles provide, among other elements of analysis, a summary table giving an overview of the key social challenges (KSCs) and good social outcomes (GSOs) identified for each country.

This appendix describes the methodology established by the SPC Indicators' sub-group (ISG) to identify each Member States' KSCs and GSOs. The results of this process are compiled at the end of each Country Profile in the form of summary tables. As they constitute part of the Country Profile, their content will contribute to shape the Key Messages of the SPC for the October EPSCO as concerns the social policy priorities for the Annual Growth Survey.

Scope of the exercise

The assessment of KSCs and GSOs included in the SPPM Country Profiles broadly reflects the structure of the Joint Assessment Framework (JAF) Policy Area 11 – *Poverty and Social Exclusion*, to which selected indicators from the JAF module on Health have been added to make the indicators' framework more exhaustive.

The summary table is therefore divided in six policy areas:

1. Preventing poverty and social exclusion through inclusive labour markets, adequate and sustainable social protection and high quality services
2. Breaking the intergenerational transmission of poverty – tackling child poverty
3. Active inclusion – tackling poverty in working age
4. Elderly poverty/adequate income and living conditions of the elderly
5. Health and long-term care
6. Other key issues

Each policy area is further broken down into sub-categories which cluster a number of more granular metrics and specific areas which have been agreed with the SPC-ISG, as indicated in the table at the end of this appendix.

Methodology

The identification of the key social challenges and good social outcomes follows a "two-step" methodology which foresees the use of both quantitative and qualitative sources of information, in this order⁵¹.

- The quantitative step of the exercise is based on an assessment of levels⁵² and three-year changes⁵³ in relation to the EU average for selected JAF indicators. In the JAF methodology, the values of each indicator are standardised, in order to put different indicators on the same scale and compare them to the EU28 average.

The standardised scores for levels (1) and changes (2) are calculated as follows:

(1) *Standardised score indicator x =*

*[(value of indicator x – EU average of x)/standard deviation across EU MS of x] * 10*

(2) *Standardised 3-year change score indicator x =*

*[(3-year change value of indicator x – 3-year change of EU average of x)/standard deviation of 3-year changes across EU MS of x] * 10*

Standardised scores for changes should be interpreted as relative changes with respect to the EU average⁵⁴.

The SPC-ISG agreed to develop a scale that sets five performance bands based on the following standardised scores' intervals/thresholds:

- a. (-7; +7): the performance of an indicator is classified as *around the EU average (0) for levels and constant (0) for changes*;

⁵¹ The methodology is analogous to the one set in place for the identification of key employment challenges (KECs) and good labour market outcomes (GLMOs) in the context of the Employment Performance Monitor (EPM) by the EMCO Committee.

⁵² The latest year available for EU28 – e.g. the SPC Annual Report 2017 looks at 2015 data for levels.

⁵³ From [latest year available for EU28 – 3 years] to [latest year available for EU28] - e.g. the SPC Annual Report 2017 looks at 2012-2015 data for changes.

⁵⁴ E.g. there may be cases in which a 3-year positive change in absolute values can correspond to a relative negative change of the standardised score.

- b. (-7; -13 or +7; +13): the performance of an indicator is classified as *better (+) / worse (-) than the EU average for levels*, and *registering a positive (+) / negative (-) development for changes*, depending on the polarity of the indicator;
- c. (< -13 or > +13): the performance of an indicator is classified as *significantly better (++) / significantly worse (--)* than the EU average *for levels*, and *registering a significantly positive (++) / significantly negative (--) development for changes*, always depending on the polarity of the indicator.

The identification of KSCs and GSOs takes into account both levels and changes as reflected in the following 5 x 5 two-way table below:

		Changes				
		"--"	"-"	"0"	"+"	"++"
Levels	"--"	KSC	KSC	KSC	KSC	KSC
	"-"	KSC	KSC	KSC	KSC	KSC
	"0"	KSC	KSC			
	"+"	KSC				GSO
	"++"			GSO	GSO	GSO

When a break in the time series of an indicator is flagged for a country, the assessment of changes over the three-year time span might not be reliable. In this case, the identification of KSCs and GSOs is based on the identification of levels of performance only - changes over the three-year time span affected by the break in the time series are therefore assumed to be constant (0) as per the reading of the two-way table above.

The JAF-based challenges stemming from the results of the analysis' first step are then checked with SPC-ISG delegates via written procedure and bilateral exchanges with SPC delegates.

- The second, qualitative step of the assessment is based on a wider set of (*non-JAF based*) information, taking into account expert knowledge from country analysts and the findings of the relevant literature. This step aims at qualifying the findings and deepening the understanding of the challenges identified by the first-step quantitative screening. Qualitative data available from verified sources (e.g. OECD Reports, European Commission Country Reports) are used by country analysts to complement the identification of KSCs and GSOs with additional country-specific evidence and to prioritise the key issues based on their impact and relevance in the national context.

The non-JAF based challenges stemming from the results of the second-step analysis are identified in a transparent manner and checked with Member States via a second written with SPC delegates; SPC-ISG delegates are also involved in the consultation process, as they are kept in copy of all bilateral exchanges with their SPC counterparts concerning the analysis of the non JAF-based information. Each finding from the qualitative analysis is presented to the SPC delegates during the consultation phase on the basis of a reasoned assessment detailed by the Commission as per the table below:

<i>Description of the challenge</i>
<i>Reasoning, including reference to data (not already included in JAF) when available</i>
<i>Data sources</i>
<i>Additional background information</i>

Subsequently, SPC delegates review and approve of the complete country-specific sets of KSCs and GSOs (both JAF-based and non JAF-based) as a last step in the process of finalisation of the SPC Country Profiles.

Social Policy areas covered by the assessment and subcategories⁵⁵

Social policy area		Subcategory
1. Preventing poverty and social exclusion through inclusive labour markets, adequate and sustainable social protection and high quality services	1.1	At-risk of poverty and social exclusion for general population (AROPE)
	1.1.1	At-risk-of-poverty
	1.1.2	Severe material deprivation
	1.1.3	(Quasi-)jobless households (VLWI) People in low work intensity households (T 0-59, M 0-59, W 0-59)
	1.2	Severe poverty and/or inequality for general population
	1.2.1	Severe or persistent poverty (gap, persistence)
	1.2.2	Income inequality (S80/S20)
	1.3	Housing situation for general population <ul style="list-style-type: none"> • Housing cost overburden • Housing deprivation
	1.4	<i>Poverty and social exclusion of persons in vulnerable situations</i>
	1.4.1	<i>Poverty and social exclusion of persons with disabilities (e.g. gap between the risk of poverty and social exclusion for persons with and without disabilities much higher than EU average)</i>
	1.4.2	<i>Poverty and social exclusion of Roma (e.g. high levels of poverty, lower employment, health, and educational attainment)</i>
	1.4.3	<i>Poverty and social exclusion of migrants and refugees</i>
	1.4.4	<i>Poverty and social exclusion of low-skilled and unemployed</i>
	1.5	<i>Regional dimension of poverty and social exclusion (e.g. geographical or urban/ rural disparities)</i>
	2. Breaking the intergenerational transmission of poverty – tackling child poverty	2.1
2.1.1		At-risk-of-poverty
2.1.2		Severe material deprivation
2.1.3		(Quasi-)jobless households (VLWI)
2.2		Effectiveness of social protection for children <ul style="list-style-type: none"> • Impact of social transfers (excluding pensions) in reducing child poverty • Impact of social transfers (including pensions) in reducing child poverty • At-risk-of poverty rate for children living in household at work

⁵⁵ Elements written in roman are based on an assessment of JAF-based information. Elements written in *italics* are based on an assessment of non-JAF based information.

		0.2<WI<=0.55 and 0.55<WI<=1 • Poverty gap (0-17)
	2.3	Housing situation for children • Housing cost overburden (0-17) • Housing deprivation (0-17)
3. Active inclusion - tackling poverty in working age	3.1	At-risk of poverty and social exclusion for working age population (AROPE) T(18-64)
	3.1.1	At-risk-of-poverty (T 18-64, M 18-64, W 18-64)
	3.1.2	Severe material deprivation (T 18-64)
	3.1.3	(Quasi-)jobless households (VLWI) Adults in low work intensity households (T 18-59)
	3.2	In work poverty (T 18-64, M 18-64, W 18-64)
	3.3	Effectiveness of social benefits • Impact of social transfers (excluding pensions) in reducing working age poverty • Impact of social transfers (including pensions) in reducing working age poverty • <i>Adequacy, coverage and take-up of social assistance or unemployment benefits</i>
		Effectiveness of social services (e.g. access, quality, or co-operation with the employment services)
	3.5	Inclusive labour markets • At-risk of poverty rate for population living in (quasi-)jobless households (18-59) • Poverty gap (18-64)
	3.6	Housing situation for working age population • Housing cost overburden (18-64) • Housing deprivation (18-64)
4. Elderly poverty/adequate income and living conditions of the elderly	4.1	Poverty and social exclusion in old age (AROPE) T 65+
	4.1.1	At-risk-of-poverty (AROP 65+ T, AROP 65+ M, AROP 65+ W)
	4.1.2	Severe material deprivation (SMD 65+ T, SMD 65+ M, SMD 65+ W)
	4.2	Effectiveness of social protection in old age
	4.2.1	Poverty prevention • Impact of social transfers (including pensions) on reducing old-age poverty

		<ul style="list-style-type: none"> • Poverty gap 65+
	4.2.2	Income replacement aspects <ul style="list-style-type: none"> • Aggregate replacement ratio (excluding other social benefits) • Median relative income 65+
	4.3	<i>Equal pension rules</i>
	4.4	Housing situation for the elderly <ul style="list-style-type: none"> • Housing deprivation (65+)
5. Health and long-term care	5.1	Health status <ul style="list-style-type: none"> • Life expectancy at birth and 65 (T, M, W) • Healthy life years (HLY) at birth and 65 (M, W) • Child mortality, 1-14
	5.2	Effectiveness of curative or preventive health care <ul style="list-style-type: none"> • Potential years of life lost (T) • Amenable mortality standardized rate per 100.000 population aged (T) • Preventable mortality standardized rate per 100.000 population aged (T) • Vaccination coverage rates for children
	5.3	Access to health care <ul style="list-style-type: none"> • Self-reported unmet need for medical care (total and by reason: cost, waiting time, distance) • Self-reported unmet need for medical care – income quintile gap (q1-q5 by the three reasons: cost + waiting time + distance)
	5.4	<i>Cost-effectiveness of health systems (e.g. balance between in-patient and out-patient care, inefficiencies in the allocation of resources in the hospital sector, issues with pharmaceutical pricing and reimbursement, or insufficient availability and coverage of e-Health services)</i>
	5.5	<i>Long-term care (e.g. insufficient provision of long-term care services or sub-optimal design of the long-term care system)</i>

Definitions and data sources

Indicator	Definition	Data source
At risk of poverty or social exclusion rate	The sum of persons who are: at-risk-of-poverty or severely materially deprived or living in quasi jobless households (i.e. with very low work intensity) as a share of the total population.	Eurostat – EU SILC
At-risk-of-poverty rate	Share of persons aged 0+ with an equivalised disposable income below 60% of the national equivalised median income. Equivalised median income is defined as the household's total disposable income divided by its "equivalent size", to take account of the size and composition of the household, and is attributed to each household member. Equivalisation is made on the basis of the OECD modified scale.	Eurostat – EU SILC
Severe material deprivation rate	Share of population living in households lacking at least 4 items out of the following 9 items: i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, or could not afford (even if wanted to) vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone.	Eurostat – EU SILC
Material deprivation rate	Share of population living in households lacking at least 3 items out of the following 9 items: i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, or could not afford (even if wanted to) vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone.	Eurostat – EU SILC
Share of population(0-59) in (quasi-) jobless, i.e. very low work intensity (VLWI), households	People aged 0-59, living in households, where working-age adults (18-59) work 20% or less of their total work potential during the past year.	Eurostat – EU SILC
Relative poverty risk gap rate	Difference between the median equivalised income of persons aged 0+ below the at-risk-of poverty threshold and the threshold itself, expressed as a percentage of the at-risk-of poverty threshold.	Eurostat – EU SILC

Persistent at-risk-of-poverty rate	Share of persons aged 0+ with an equivalised disposable income below the at-risk-of-poverty threshold in the current year and in at least two of the preceding three years.	Eurostat – EU SILC
Income quintile ratio S80/S20	The ratio of total income received by the 20% of the country's population with the highest income (top quintile) to that received by the 20% of the country's population with the lowest income (lowest quintile). Income must be understood as equivalised disposable income.	Eurostat – EU SILC
At risk of poverty or social exclusion rate of children	The sum of children (0-17) who are: at-risk-of-poverty or severely materially deprived or living in (quasi-)jobless households (i.e. households with very low work intensity (below 20%) as a share of the total population aged 0-17.	Eurostat – EU SILC
Impact of social transfers (excluding pensions) on poverty reduction	Reduction in the at-risk-of-poverty rate in % due to social transfers, calculated as the percentage difference between the at-risk-of-poverty rate before and after social transfers	Eurostat – EU SILC
At-risk-of-poverty rate for the population living in (quasi-)jobless (i.e. very low work intensity) households	Share of persons aged (0-59) with an equivalised disposable income below 60% of the national equivalised median income who live in households where working-age adults (18-59) worked 20% or less of their total work potential during the past year.	Eurostat – EU SILC
In-work at-risk-of-poverty rate	Individuals (18-64) who are classified as employed according to their most frequent activity status and are at risk of poverty. The distinction is made between “wage and salary employment plus self-employment” and “wage and salary employment” only.	Eurostat – EU SILC
Long-term unemployment rate (active population, 15+)	Total long-term unemployed population (≥ 12 months' unemployment; ILO definition) as a proportion of total active population.	Eurostat – LFS
Youth unemployment ratio	Total unemployed young people (ILO definition), 15-24 years, as a share of total population in the same age group (i.e. persons aged 15-24 who were without work during the reference week, were currently available for work and were either actively seeking work in the past four weeks or had already found a job to start within the next three months as a percentage of the total population in the same age group).	Eurostat - LFS
Early leavers from education and training	Share of persons aged 18 to 24 who have only lower secondary education (their highest level of education or	Eurostat – LFS

	training attained is 0, 1 or 2 according to the 1997 International Standard Classification of Education – ISCED 97) and have not received education or training in the four weeks preceding the survey.	
NEETs (15-24)	Share of young people aged 15-24 not in employment, education or training	Eurostat - LFS
Employment rate of older workers	Persons in employment in age group 55-64, as a proportion of total population in the same age group.	Eurostat – LFS
At risk of poverty or social exclusion rate of the elderly	The sum of elderly (65+) who are: at-risk-of-poverty or severely materially deprived or living in (quasi-)jobless households (i.e. with very low work intensity) as a share of the total population in the same age group.	Eurostat – EU SILC
Median relative income ratio of elderly people	Median equivalised disposable income of people aged 65+ as a ratio of income of people aged 0-64.	Eurostat – EU SILC
Aggregate replacement ratio	Median individual gross pension income of 65-74 relative to median individual gross earnings of 50-59, excluding other social benefits ⁵⁶	Eurostat – EU SILC
Housing cost overburden rate	Percentage of the population living in a household where total housing costs (net of housing allowances) represent more than 40% of the total disposable household income (net of housing allowances).	Eurostat – EU SILC
Share of the population with self-reported unmet need for medical care	Total self-reported unmet need for medical examination for the following three reasons: financial barriers + waiting times + too far to travel.	Eurostat – EU SILC
Healthy life years at 65	Number of years that a person at 65 is still expected to live in a healthy condition. To be interpreted jointly with life expectancy (included in the SPPM contextual information).	Eurostat
Change in real gross household disposable income (GHDI)	Real growth in gross household disposable income (GHDI). Real GDHI is calculated as nominal GDHI divided by the deflator of household final consumption expenditure.	Eurostat - National accounts
GDP growth/ GDP per capita (in PPS)	Gross domestic product (GDP) is a measure of the economic activity, defined as the value of all goods and services produced less the value of any goods or services used in their creation. The calculation of the annual growth rate of GDP at constant prices is intended to allow comparisons of the dynamics of	Eurostat

⁵⁶ Pension income covers pensions from basic (first pillar) schemes, means-tested welfare schemes; early retirement widow's (first pillar) and other old age-related schemes. Other social benefits includes: unemployment-related benefits; family-related benefits; benefits relating to sickness or invalidity; education-related allowances; any other personal social benefits. Work income includes income from wage and salary employment and income from self-employment.

	economic development both over time and between economies of different sizes, irrespective of price levels.	
Public debt	General government consolidated gross debt as a percentage of GDP.	Eurostat - General Government data
Employment rate	Persons in employment in age group 15 to 64 as a proportion of total population in the same age group.	Eurostat-LFS
Unemployment rate	Unemployed population as a proportion of total active population aged 15 years or more.	Eurostat-LFS
Social protection expenditure (by types of risk)	The annual percentage of gross domestic product spent on social protection. Social protection encompasses "all interventions from public or private bodies intended to relieve households and individuals of the burden of a defined set of risks or needs, provided that there is neither a simultaneous reciprocal nor an individual arrangement involved".	Eurostat - Esspros
Old age dependency ratio	Ratio between the total number of people aged 65 and over and the number of persons of working age (aged 15 to 64).	Eurostat

Definition of the in-work at-risk-of-poverty rate

Individuals who are classified as employed, defined here as being in work for over half of the year and who are at risk of poverty, i.e. live with an equivalised disposable income after social transfers below 60% of the national median equivalised disposable income.

In defining in-work (monetary) poverty, the income for people who are employed is calculated for households, but the poverty status is assigned to the individual. This means that in-work poverty, when measured, is influenced by both the total disposable income (including non-wage income) and the household composition. The assumption of equal sharing of resources within households (giving the so-called equivalised income) that underlies the definition of monetary income poverty means that the economic well-being of individuals depends on the total resources contributed by all members of the households. In this respect some income can move from one household member to the other without affecting the actual income of the individual. Hence, measuring attachment to the labour market at the level of households provides a better indicator of the welfare implications associated with labour market status than individual employment rates.

Income/disposable income

Household income comes from different sources. Employment is generally the main source of income but it is not the only one. Individuals may receive transfers from the state (e.g. unemployment benefits, pensions, etc.); property income (e.g. dividends from financial assets, etc.); and income from other sources (e.g. rental income from property or from the sale of property or goods, etc.).

Employed

In EU SILC, people are defined as employed based on the self-declared economic status.

Working full year/less than full year

Working full year corresponds to working during the total number of months for which information on the activity status has been provided. Less than full year corresponds to working for more than half, but less than all, the numbers of the months for which information on activity status is provided.

Full-time/part-time working

This variable refers to the main job with the designation of full-time and part-time work as self-reported by the respondent.

Annex 2. SPPM Country Profiles

The attached Country Profiles sheets provide for all Member States a detailed snapshot of the main social indicators for each country, the progress towards the national 2020 poverty and social exclusion target, the most recent evolutions in a selected number of benefit schemes, and the main, priority social challenges and good social outcomes identified for each country.

Notes:

1. Definitions of variables are provided in the "Definitions and data sources" section at the end of the Annex 1 of the report.