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From: The Social Protection Committee  
To: Permanent Representatives Committee (Part I) / Council (EPSCO)  
Subject: 2015 Report of the Social Protection Committee on recent social policy reforms: contribution to the Annual Growth Survey 2016  
- Endorsement of key messages

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Delegations will find attached the key messages of the report under reference as finalised by the Social Protection Committee on 17 September 2015, with a view to their endorsement by the Council (EPSCO) on 5 October 2015.

The full Report can be found in doc. 12079/15 ADD 1.

# Review of recent social policy reforms

## *2015 Report of the Social Protection Committee*

### Key messages

1. The SPC annual review of social protection reforms in the EU Member States, covering the period 2014-2015, shows the amplitude of reform efforts in Member States.
2. The long-term impact of the crisis in the EU is visible in the high unemployment and long-term unemployment rates, the high levels of poverty and rising inequalities. Overall the share of people at risk of poverty or social exclusion in the EU in 2013 was more than 24% of the total population and Europe is off-track in reaching its 2020 social inclusion target.
3. In this context, Member States continue to pursue ambitious reform agendas in social protection with the aim of modernizing their social protection systems to match the current challenges. These reforms are helping to ensure opportunities for people to go back or remain in the labour market while guaranteeing the necessary levels of protection to citizens against the economic and social risks - such as loss of employment or income, health deterioration - as well as effective support in their transitions between education, inactivity or unemployment, work, or retirement.
4. Ensuring the adequacy of income support and linking benefits with activation measures have been the main features of policy reforms to facilitate individuals' social and labour market inclusion. Reforms should provide for sufficient levels of income support, including unemployment benefits and social assistance, as well as their appropriate take-up and coverage. Working-age benefits should be linked to activation measures and access to quality services in an integrated approach, as part of a comprehensive active inclusion policy response to prevent and reduce the level and depth of poverty and increasing the efficiency and effectiveness of social spending.

5. In view of the impact of the crisis on working age families and the related increase in child poverty, income support measures and access to services for families with children were strengthened in a number of Member States. The importance of early childhood education and care has been increasingly recognised across the EU. This is borne out by the fact that in spite of the severe recession, many Member States have managed to improve and even expand their childcare capacities for children under the age of three. On the other hand, some Member States have transformed some of their universal services into targeted ones, in some cases due to budgetary constraints. Reducing child poverty and breaking the poverty cycle across generations implies investing early in integrated strategies that combine prevention and support. Investment in education, and specifically in early childhood education and care (ECEC), plays a fundamental role in shaping children's cognitive and social skills and their prospects for a better adult life.
  
6. Housing policies need to promote the reduction of homelessness and housing exclusion through targeted housing allowances, social housing and affordable rental housing programmes as well as the energy-efficient renovation of housing stocks. Addressing homelessness needs sustainable solutions which move away from emergency crisis management.
  
7. Persons living with disabilities, people with a migrant background and ethnic minorities, including Roma, face multiple disadvantages as concerns participation in employment and society. As lack of access to employment is a key barrier to social inclusion, supportive measures to enter the labour market, such as vocational rehabilitation and active labour market measures complemented by targeted social services (together with physical rehabilitation and educational services, if needed) should be broadly pursued and supported across Member States' policies.

8. The necessity of better-adjusting entitlement rules and retirement practices to population ageing and the economic crisis have made pensions one of the most reform-intense policy areas in EU Member States in recent years. Increasing the effective retirement age is a priority for all Member States. Significant efforts have been focused on limiting early retirement options, among others through reviewing access to disability pensions and reforming work incapacity schemes in order to facilitate labour market participation and the accumulation of pension rights. While reforms of public pensions are necessary to avoid that the impact of ageing endangers the stability of public finances, there is a growing concern that more needs to be done to ensure the adequacy of future pensions and to reduce the gender pension gap. The 2015 SPC report on Pension Adequacy provides in-depth analysis of the ways to address adequacy concerns in pension policies. In addition, incentives need to be put in place to stimulate employers to hire and retain older workers. Labour markets policies should be more inclusive and deliver higher employment rates for all people of working age, notably young people, women and older workers. EU Member States should consider appropriate measures to extend working lives in quality employment, raise effective retirement ages, and secure adequate pensions in the future.
  
9. Member States should maintain a commitment to providing universal access to quality health care and strive to reduce health inequalities. Obstacles faced by the most vulnerable to meet their care needs, such as cost and lack of information, should be addressed. A more efficient 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, and a stronger focus on prevention, is also necessary. Ensuring the accessibility, quality and sustainability of health systems may require strengthening health promotion and disease prevention in all relevant policy sectors, while also improving integrated health care, enhancing primary health care and early diagnosis, optimising the use of specialists and hospital care and securing an appropriate and skilled health workforce.

10. In the coming decades long-term care will face major challenges in the form of increasing demand, strained budgetary and human resources and rising expectations about the quality of care. Many Member States will only be able to meet the growing demand for effective, responsive and good-quality care if they succeed in reforming their long-term care systems. It is important that reforms don't go against the goal of guaranteeing proper access to adequate, affordable and quality long-term care. Ensuring the quality, responsiveness and patient-centeredness of care makes a real difference to the quality of long-term care for users and protects their dignity.
11. On this basis, the Social Protection Committee highlights the following social protection policy priorities which should guide the preparatory work for the 2016 Annual Growth Survey:
- *Current and future reforms in social protection should seek continuous improvement of social outcomes.*
  - *The modernization of social protection systems should ensure, in line with the active inclusion and social investment principles, adequate levels of social protection across the life course while linking, where appropriate, benefits to activating and enabling services and safeguarding incentives to work. Targeted support measures should be offered to those categories particularly at risk of poverty and social exclusion.*
  - *Policies aiming at fighting poverty and social exclusion require integrated strategies combining financial support to individuals, effective regulation and quality social services such as housing, education, employment, health care and other relevant services.*
  - *Ensuring access to affordable quality early childhood education and care is key for the development of children's cognitive and social skills and will improve their prospects for a better adult life. In addition, alongside access to affordable long-term care, it is essential for removing obstacles to the labour market participation, especially for women.*

- *Pension systems should continue to adjust the adequate proportion between years in work and in retirement and thereby become able to deliver adequate income in old-age in a sustainable way. Pension reforms need to be underpinned by comprehensive active ageing strategies that enable and encourage women and men to remain in the workforce longer in quality employment with appropriate safeguards and accessible social services before they retire.*
- *Reducing youth unemployment, addressing gender inequalities in the labour market and precarious labour conditions as well as discouraging early exit from labour markets today will be crucial for the future sustainability and adequacy of pensions. A comprehensive set of policy measures will lead to closing the gender gap in pensions. Policies promoting cost-effective and safe complementary savings for retirement would in most Member States also be an important part of the necessary mix of measures to ensure future pension adequacy.*
- *Recognizing Member States' national competence in the delivery and organisation of health services and medical care, policy efforts need to ensure universal access to high quality healthcare, i.e. equal access to individual and population level health services, and aim at reducing health inequalities. Health reforms should aim for an optimal use of available resources and innovations to improve the effectiveness of health services, including through addressing risk factors and health determinants. For this purpose, Member States may review both the financing and effectiveness of the system in improving the population health as well as improve the overall performance of health systems.*
- *The direction of reforms aimed at long-term care sustainability should ensure at the same time proper access to adequate, affordable and quality long-term care. To do this Member States may need to move from a primarily reactive to an increasingly proactive policy approach, which seeks both to prevent the loss of autonomy and thus reduce the need for long-term care services, and boost effective and good quality long-term care, integrating the health and social care elements of long-term care provision.*