



Council of the
European Union

038124/EU XXVI. GP
Eingelangt am 11/10/18

Brussels, 10 October 2018
(OR. en)

12921/18

SOC 598
EMPL 461
ECOFIN 890
EDUC 356

COVER NOTE

From: The Social Protection Committee
To: Delegations
Subject: Social Protection Performance Monitor (SPPM) - Report on key social challenges and main messages from SPC

Delegations will find attached the "Report on key social challenges" drawn from the 2018 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 Coreper meeting on 17 October 2018.

The key messages which are drawn from this report are contained in doc. 12920/18.

*2018 SPC Annual Review of the Social Protection
Performance Monitor (SPPM) and developments in social
protection policies*

Report on key social challenges and main messages

TABLE OF CONTENTS

Acknowledgments	5
Main messages	6
I. Introduction	7
II. Progress on the Europe 2020 poverty and social exclusion target	8
III. Overview of developments in the social situation in the European Union	11
SPPM dashboard 2018	18
Latest indications from available 2017 EU-SILC data	21
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	23
Preventing poverty and social exclusion through inclusive labour markets, adequate and sustainable social protection and high quality services	23
Adequate and sustainable pensions	29
Accessible, high-quality and sustainable health care	31
Adequate social protection for long-term care needs	33
V. Special focus on health	49
Annex 1. Detailed review of developments in the social situation in the EU: SPPM dashboard results	57
Introduction	57
Summary of developments in the social situation in the EU	58

<u>The social situation in the European Union</u>	60
<u>Continued positive macro-economic and labour market context</u>	60
<u>Despite recent improvements, still little progress overall towards the Europe 2020 poverty and social exclusion target</u>	67
<u>The relative poverty risk has now broadly stabilised, following the period of rises post 2008</u> ... 70	
<u>Mixed developments in the depth of poverty risk, while more timely data on material deprivation and household income suggest a continuing improvement in living standards in many Member States</u>	76
<u>Strong declines in exclusion from the labour market</u>	79
<u>The rising share of the working poor in several Member States is an increasing concern</u>	84
<u>Clear signs of improving child poverty and youth exclusion, but levels remain high in many Member States</u>	86
<u>Mixed developments in income inequality across Member States between 2015-2016, following longer-term rises</u>	94
<u>Continuing weakening in the effectiveness of income support systems for those furthest away from the labour market</u>	96
<u>Continued widespread improvement in the employment rate of older workers</u>	99
<u>Signs of a decline in the relative income of the elderly, reversing the improving trend following the crisis</u>	101
<u>Health outcomes and access to health services</u>	106
<u>Developments in access to housing and homelessness</u>	109
<u>Trends in social expenditure and the take-up of selected social benefits</u>	114
<u>References</u>	118
<u>SPPM methodology used for the identification of Member States' key social challenges and good social outcomes</u>	122
<u>Definitions and data sources</u>	129
<u>Annex 2. SPPM Country Profiles</u>	134
<u>Annex 3. JAF Health Country Analyses</u>	135

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

Acknowledgments

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 report is prepared by the Secretariats of the Committee and its Indicators' Sub-group. The Directorate-General for Employment, Social Affairs and Inclusion provided the SPPM dashboard calculations used in the report with the extensive assistance and data provision of Eurostat. The principal authors are Paul Minty and Georgi Karaghiozov, with specific support from Bent-Ole Grooss and David Arranz. The members of the SPC and its Indicators Sub-Group contributed extensively to the drafting of the report and its key messages. The report was approved by the SPC on 17 September 2018. The Council of the European Union endorsed the key messages of the report on October 2018.

The list of SPC Members appears on the following link:

<http://ec.europa.eu/social/main.jsp?catId=758&langId=en>

The list of members of the SPC Indicators Subgroup appears on the following link:

<http://ec.europa.eu/social/main.jsp?catId=830&langId=en>

Main messages

1. Delivering on its mandate as per article 160 of the TFEU, the SPC has produced for the Council its annual review of the social situation in the EU and the social policy developments in the Member States, based on the most recent data and information available. On this basis, the SPC highlights the following findings and common priorities for social policy reforms which should guide the preparatory work for the 2019 Annual Growth Survey.

2. The social situation in the EU continues to benefit from the economic recovery and the reform efforts made by Member States in recent years. Of particular note is the continued improvement in the labour market, with further reductions in unemployment, including youth and long-term unemployment, as well as continued improvement in the labour market participation of older workers. The improvement in the employment situation has resulted in rises in real gross household disposable income and reductions in the share of the population in (quasi-)jobless households. There are also reductions in the share of the population suffering from severe material deprivation and in the share of children at risk of poverty or social exclusion in many Member States.

3. The latest edition¹ of the Social Protection Performance Monitor (SPPM) also points to a continued general improvement in the social situation in the EU with around two thirds of the social indicators in the SPPM flagging up a noticeably higher number of Member States with positive changes than negative ones. However, the economic growth and the improvement of the labour market have, so far, had a rather mixed and sometimes limited impact on the other social indicators.

4. Despite the generally positive developments, the EU is far from achieving the Europe 2020 target of lifting at least 20 million people from the risk of poverty and social exclusion. In 2016 there were around 0.8 million more people at such risk in the EU compared to 2008², with a total of 118 million or close to 1 in 4 Europeans. The overall trend masks persistent divergence between Member States. Substantially higher AROPE rates compared to 2008 and persistently high levels of income inequality are still observed in several countries, especially among those most affected by the economic crisis.

5. For the EU as a whole the following main negative trends, or "social trends to watch" are identified for the most recent period.

¹ Indicators based on EU-SILC refer to the latest available data for all Member States, which is generally for the survey year 2016; indicators based on EU-LFS refer to 2017.

² The reference year, due to data availability, for the Europe 2020 social inclusion target adopted in 2010.

- Deterioration with regard to the **depth of poverty** in many Member States, and with regard to **in-work poverty** in several countries, despite improving labour market conditions.
- Rises in the **at-risk-of-poverty rates for people residing in (quasi-)jobless households**, pointing to weaknesses in the adequacy of social benefits in several countries.

6. The **lack of inclusiveness of the economic recovery** is a concern, with income inequality remaining persistently high at EU-level and the poverty gap widening in many countries. Addressing this issue will require further action within a number of different policy areas, such as fostering equal opportunities across all policy domains, improving the design of tax and benefit systems, as well as stepping up the active inclusion approach, which combines adequate income support, integrated active labour market policies and access to quality social services.

7. Although the risk of poverty or social exclusion of the elderly is still significantly lower than for the general population in the majority of the Member States, there are signs of a decline in the relative income of the **elderly**. To a large extent this reflects the reversal of the general trend observed in the period following the crisis years in which their situation relative to the rest of the population improved, while now the relative income situation of the working age population is doing better as the labour market situation and incomes from work have improved.

8. The rising share of the **working poor** in several Member States shows that having a job is not always a guarantee against the risk of poverty. The working poor represent around a third of working-age adults who are at-risk-of-poverty, and the recent trend highlights growing divergence between Member States. Income from employment often needs to be complemented by adequate benefits. Provision of affordable childcare, housing support and access to training can also have an important role to improve the living standards of the in-work poor.

9. New forms of employment, and the associated **gaps in access to social protection** and lower incomes resulting from their spreading, may put growing parts of the population at higher risk of poverty and social exclusion and risk undermining the social and financial sustainability of social protection. Social protection systems need to ensure access to adequate protection for all persons in employment and, in particular, be better tailored to the needs of the various types of self-employed and non-standard workers.

10. While there are clear signs of improving **child poverty and youth exclusion rates**, in 2016 there were around 25 million children in the EU28 living at risk of poverty or social exclusion, some 0.5 million fewer than the previous year and accounting for around 1/5 of all people living in poverty or social exclusion. As highlighted during a dedicated in-depth thematic review, which the SPC undertook in 2018, reducing child poverty and breaking the poverty cycle across generations call for integrated strategies that combine prevention, adequate income support and access to quality services. In particular, access to affordable quality early childhood education and care, along with well-designed work-life balance policies, is key to improve children's life prospects, while at the same time supporting the labour market participation of their parents, notably mothers.

11. People with **disabilities**, with a **migrant background** and **ethnic minorities**, including Roma, often face multiple disadvantages in relation to participation in the labour market and in society, as reflected in the number of Member States having challenges related to the poverty or social exclusion of those persons. Supportive measures to enter the labour market (for those who can work) complemented by improved accessibility, social services and preventive approaches are needed to strengthen all individuals' capacities to participate actively in society and the economy.

12. **Housing** exclusion and **homelessness** are a growing concern across a number of Member States. Policies, such as social housing and affordable rental housing programmes, targeted housing allowances, as well as the energy-efficient renovation of existing housing stocks are required to address the problem. Addressing homelessness needs integrated and sustainable solutions that combine prevention and support.

13. **Pension** systems have been one of the areas with the most reforms in recent years, driven by the need to improve the long-term fiscal sustainability while maintaining retirement income adequacy. The 2018 Pension Adequacy Report (PAR), prepared jointly by the SPC and the European Commission, brings into focus several outstanding issues: it highlights that, while narrowing, the pension gap between men and women, mainly due to the gender pay and employment gaps, remains large and is likely to persist, and that people in non-standard or self-employment often face less favourable conditions for accessing and accruing pension rights. It also shows that inequalities among older people persist and the risk of poverty or social exclusion increases with age. The ongoing economic recovery leaves more fiscal space to address adequacy concerns. Further reform efforts, while taking into account the varying country specificities, should reflect both social and economic concerns, including by ensuring that older people have adequate pensions and access to public or subsidised services. Pension policy reforms and related employment, training, health and safety measures should aim to reconcile long-term sustainability and adequacy of pensions through supporting longer working lives.

14. **Healthcare** systems should seek to provide universal access to healthcare for all, including through increased coverage and greater provision of information on services available. Obstacles to access healthcare faced by the most vulnerable, including high out-of-pocket costs in some Member States, should be addressed. Health inequalities should be reduced. Shifting the focus towards primary care and prevention, as well as promoting healthier life-style habits are needed to ensure both the sustainability of the healthcare systems and positive health outcomes for all.

15. Population ageing increases the demand and need for **long-term care**. The shift to formal care is likely to accelerate due to changes in the family structure and changes in the world of work. Measures to address these challenges could include creating a shift from institutional to community care and home care and improved policies for prevention, rehabilitation and independent living. Special attention should be given to support for informal caregivers.

16. Improving the performance of social protection systems, as well as social investment, will be an important aspect in achieving upward convergence in the EU. Current and future reforms in social protection should seek continuous improvement of social outcomes. In doing so, there is a need

to promote cross-sectoral cooperation and an integrated approach involving all relevant policy areas. Fit-for-purpose social protection systems also contribute to the smooth functioning of the labour market and to inclusive growth. The principles enshrined in the European Pillar of Social Rights provide a strong consensual basis for social protection systems and social inclusion measures which invest effectively and efficiently in people and support them in coping with challenges throughout the life course.

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 2018 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**³, 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.

This year's report also contains a special focus on the results of a recent exercise analysing the area of health from a social protection perspective, on the basis of a Joint Assessment Framework in this area. The main report presents the horizontal results of this exercise, while a dedicated annex provides the country-specific conclusions of the JAF Health analyses together with a short introduction on the type of national healthcare system and recent reforms in each country.

³ The figures quoted in this report are based on data available around mid-June 2018, unless otherwise stated. This means that for EU-SILC based indicators the most recent data generally available for all Member States are for the 2016 survey and that is the reason why this reference year is generally 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 exclusion⁴, 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 scheme⁵. 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 sum to a figure 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 2016, 12 Member States registered significant falls in the share of the population at risk of poverty or social exclusion (most notably IE, HU, LV and MT) and only 2 observed significant rises (IT and RO). Overall figures for the EU population at risk of poverty or social exclusion point to a fall of around a million between 2015 and 2016. Underlying the overall fall are continued strong reductions in the population experiencing severe material deprivation (down around 2.5 million, and with latest estimates suggesting a stronger fall of 4.4 million between 2016 and 2017) and to a lesser extent in the number of people living in (quasi-)jobless households (down 0.7 million). In contrast, the population at risk of poverty remained broadly unchanged, following the noteworthy increases over the preceding years (Figure 1). With regard to the Europe 2020 poverty and social exclusion target, in 2016 there were still around 0.8 million more people living at risk of poverty or social exclusion in the EU compared to 2008⁶, with a total of 118 million or close to 1 in 4 Europeans.

Figure 1 shows time series since 2005 for the EU27 aggregate⁷. The overall trend masks persistent divergence between Member States. Substantially higher AROPE rates compared to 2008 are still observed in several countries, especially among those most affected by the economic crisis (CY, EL, ES and IT). For half of Member States, the AROPE rate in 2016 is not significantly different to the 2008 figure, while in several countries it is substantially lower, most notably in LV, PL and RO (Figure 2).

⁴ 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 income poverty to cover the non-monetary dimension of poverty and labour market exclusion.

⁵ COM (2010) 758 final

⁶ The reference year, due to data availability, for the target adopted in 2010

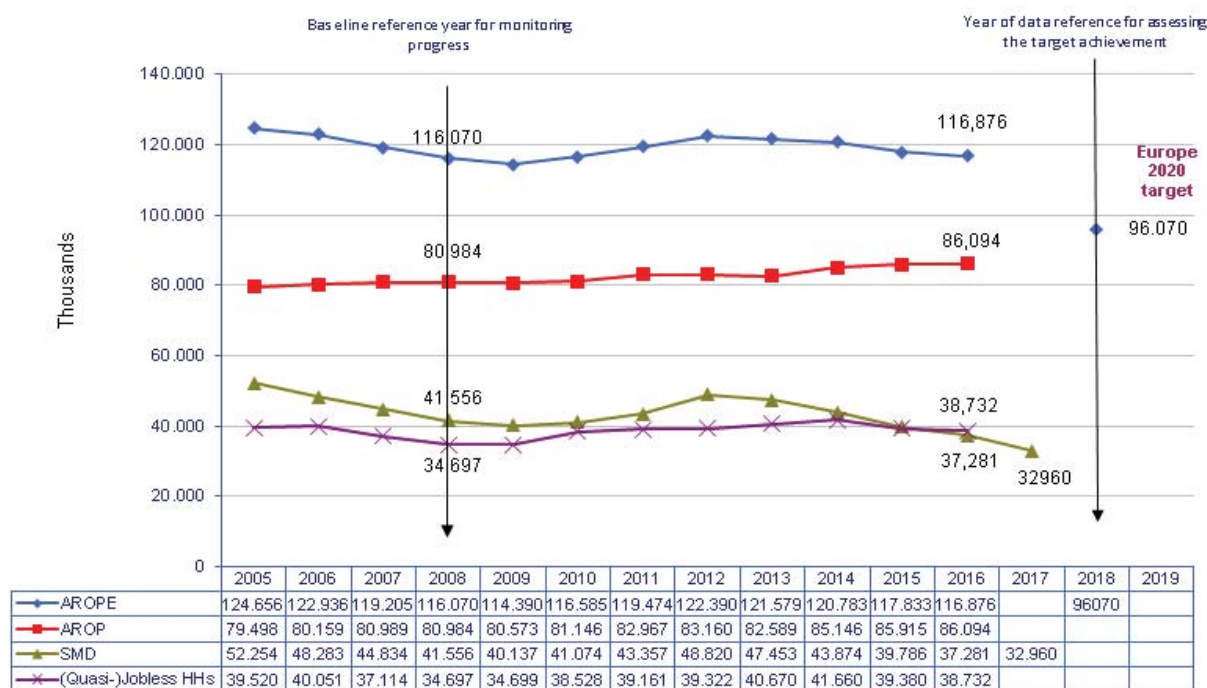
⁷ Note that figures here refer to the EU27 aggregate, since time series for the EU28 aggregate are not available back to 2005.

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	Nine national indicators (2 statutory and 7 non-statutory) underlying measures to track progress in tackling the disadvantages that affect outcomes for children and families*

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, EU27⁸ (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 2017 figure for SMD is provisional.

Figure 2. At-risk-of-poverty-or-social-exclusion rate (in %), evolution (in pp) 2015-2016 and 2008-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	23.5	23.5	23.0	23.1	20.7	40.4	13.3	16.7	19.7	24.4	24.2	35.6	27.9	18.2	27.9	30.0
2015-2016 change in pp	~	~	~	~	~	~	-0.7	~	~	~	-1.8	~	-0.7	~	-1.2	1.3
2008-2016 change in pp	n.a.	~	~	~	~	3.2	-2.0	n.a.	~	~	~	7.5	4.1	~	n.a.	4.5
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	27.7	28.5	30.1	19.8	26.3	20.1	16.7	18.0	21.9	25.1	38.8	18.4	18.1	16.6	18.3	22.2
2015-2016 change in pp	-1.2	-2.4	~	n.a.	-1.9	-2.3	~	~	-1.5	-1.5	1.4	-0.8	~	~	~	-1.3
2008-2016 change in pp	4.4	-5.7	~	3.0	~	~	~	-2.6	-8.6	~	-5.4	~	-2.5	~	~	~

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), "n.a." refers to data not (yet) being available; ii) 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 comparisons of changes are still valid; iii) For DK, breaks in series for the period 2008-2016 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 for these); iv) 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; v) For HR, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC

⁸ Note figures here refer to the EU27 aggregate, since time series for the EU28 aggregate not available back to 2005.

data published by Eurostat before 2010; ix) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); x) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; xiii) 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;

III. Overview of developments in the social situation in the European Union⁹

The EU economy is now showing moderate but solid growth, following the previous period of strong growth over 2017. Employment has now been growing for four and a half years, and over the latest quarters, employment in the EU has reached the highest levels ever recorded with more than 236 million people in jobs, and with permanent jobs and full-time employment being the main contributors to employment expansion over the last year. Even though large differences remain between EU countries, unemployment decreased in all Member States in 2017, and the unemployment rates in the EU and euro area are approaching their pre-crisis levels at a steady pace. Youth unemployment in particular is falling steadily. With employment responding promptly to economic growth, the financial situation of EU households continues to show some moderate improvement overall, mainly driven by an increase in income from work, but in general economic growth and the improvement of the labour market have, so far, had a rather mixed and sometimes limited impact on the other social indicators. Against this background, social conditions generally continue to improve, but challenges remain, especially regarding progress towards the Europe 2020 target to reduce poverty and social exclusion, the increase in in-work poverty risk and the rise in the risk of poverty of people living in (quasi-)jobless households.

The latest 2018 update of the Social Protection Performance Monitor dashboard¹⁰, which is mainly based on 2016 EU-SILC data¹¹ and 2017 LFS data, points to a continued general improvement in the social situation. 12 Member States registered significant falls in the share of the population at risk of poverty or social exclusion in 2016 and only 2 significant rises, with overall figures for the EU population at risk of poverty or social exclusion pointing to a fall of around a million between 2015 and 2016.

Main recent trends

Changes over the latest annual reference period¹² provide continued signs of a general improvement in the social situation, with most indicators mainly flagging up positive changes

⁹ 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.

¹⁰ 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")

¹¹ For preliminary analysis of the partially available EU-SILC 2017 data see the later section entitled "*Latest indications from available 2017 EU-SILC data*".

¹² Generally 2015-2016, but for the SMD rate, LTU rate, early school leavers, youth unemployment ratio, NEETs, and ER (55-64) the change refers to the period 2016-2017.

across Member States (Figure 3). In particular, positive developments in the social situation can be observed in the following areas:

- rises in **real gross household disposable income** in 19 MS along with significant reductions in the **severe material deprivation rate** in 12 MS, the **material and social deprivation rate**¹³ in 14 MS, and in the **housing cost overburden rate** in 11 MS. This reflects that, in aggregate, household incomes and financial conditions of EU households have further improved, benefitting from stronger economic activity and improved labour markets;
- a reduction in **the risk of poverty or social exclusion for the overall population** in 12 MS, driven mainly by falls in **severe material deprivation** and in the share of the population living in **(quasi-)jobless households**. There are also reductions in the share of **children at risk of poverty or social exclusion** in many Member States (13);
- further **reductions in long term unemployment** (in 16 MS) and in **youth exclusion**, with significant falls the share of young people who are neither in employment nor in education or training (NEET) in 10 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 21 MS).

Nevertheless, across the EU 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 period¹⁴:

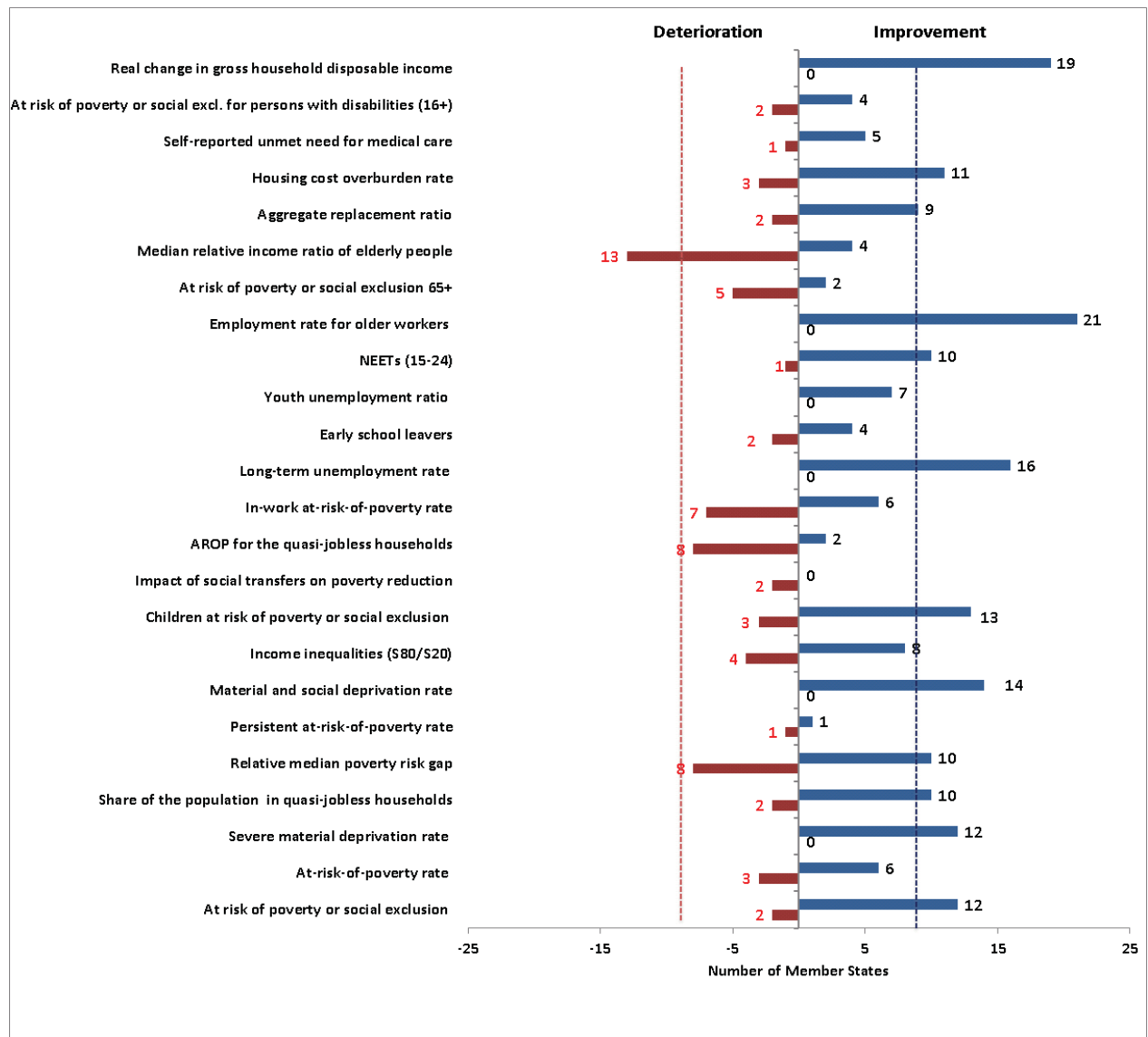
- Deterioration with regard to the **depth of poverty risk** (as measured by the poverty gap, i.e. how poor the poor are) in 8 MS, and with regard to **in-work poverty risk** in several (7) countries;
- Rises in the **at-risk-of-poverty rates for people residing in (quasi-)jobless households** in 8 MS, pointing to a continued deterioration in the adequacy of social benefits in several countries.

At the same time, there are signs of a decline in the relative income of the elderly, with significant falls in the median relative income ratio of the elderly in 13 countries (although in contrast, the aggregate replacement ratio improved in some 9 MS). This decline in the income situation of the elderly is a reversal of the general trend observed in the years following the crisis, and 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.

13 The new Material and Social Deprivation indicator updates the previous list of deprivation items and adds new, more relevant items to the list. For a full discussion, see the SPC Annual Report of 2017, page 69.

14 Note that these trends generally refer to EU-SILC 2015-2016, i.e. *income data for the period 2014-2015*.

Figure 3: Areas of deterioration (social trends to watch) and improvement for the period 2015-2016*



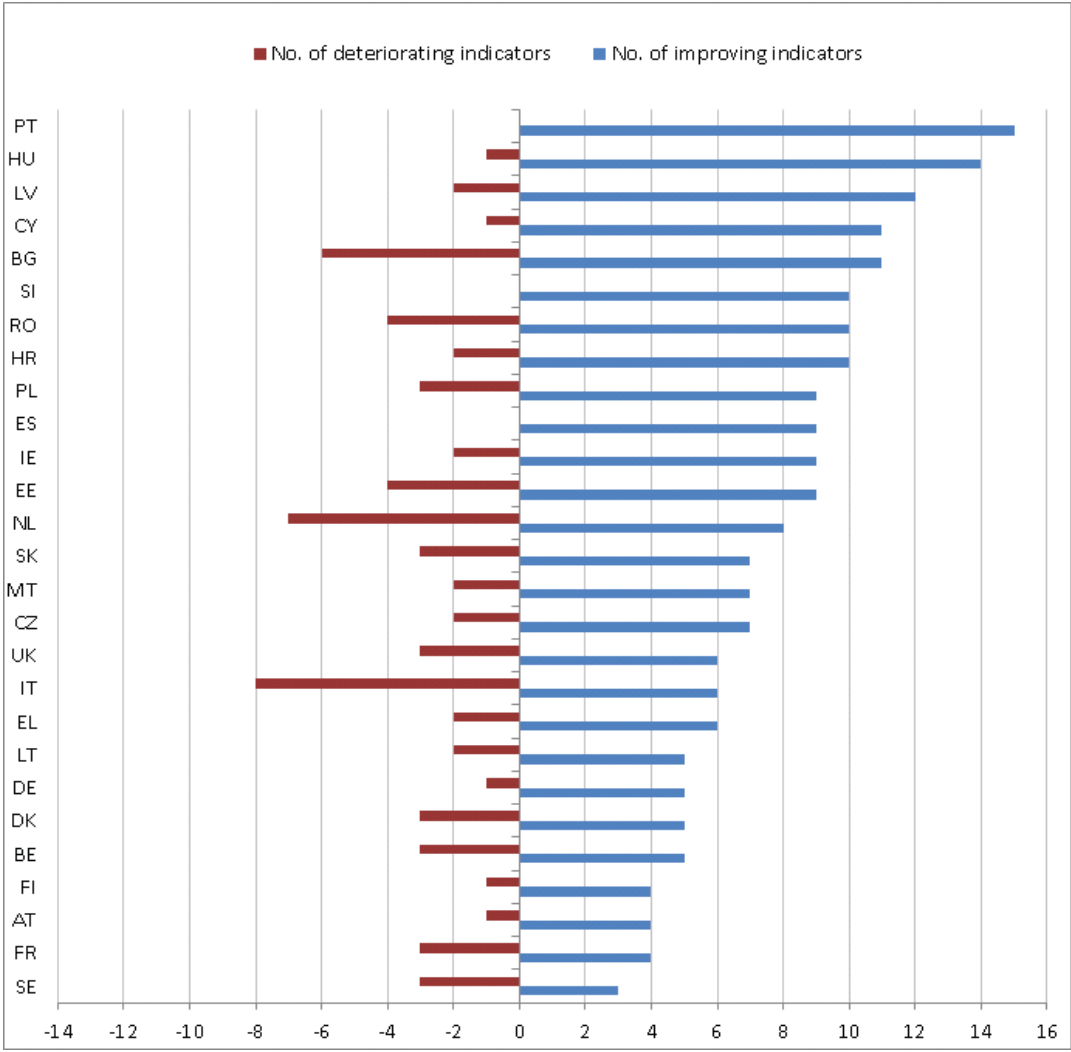
Source: Social Protection Performance Monitor

* For EU-SILC based indicators the changes generally actually refer to 2014-2015 for income and household work intensity indicators. For LFS-based indicators (LTU rate, early school leavers, youth unemployment ratio, NEETs (15-24), ER (55-64)) and SMD figures (not yet final for 2017 for several MS) the changes refer to the period 2016-2017.

Figure 4 highlights the countries where 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 significant positive recent changes are Bulgaria, Cyprus, Hungary, Latvia, and Portugal, all recording improvements on more than 10 indicators and (except for BG) with very few indicators showing a deterioration. In contrast, improvements in Austria, Finland, France, and Sweden were much more limited, with significant improvements only registered on 4 indicators or less. Almost all Member States recorded a larger number of indicators showing a significant improvement than a deterioration, although Italy and

the Netherlands stand out as having a larger number of indicators showing a deterioration (with significant declines on 8 indicators in Italy). 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).

Figure 4. Number of SPPM key social indicators per Member State with a statistically significant improvement or deterioration from 2015 to 2016*



*Note: Bars refer to the number of SPPM indicators which have registered a statistically and substantively significant deterioration or improvement between 2015 and 2016. * For EU-SILC based indicators changes actually refer to 2014-2015 for income and household work intensity indicators. For some indicators (SMD rate, LTU rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64)) the changes refer to the period 2016-2017. There are a total of 25 dashboard indicators relevant for this reference period. Figures not shown for LU due to significant break in series for EU-SILC based indicators in 2016.*

Main longer-term trends

Looking at the longer-term developments since 2008 and the beginning of the Europe 2020 strategy, for some social indicators 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:

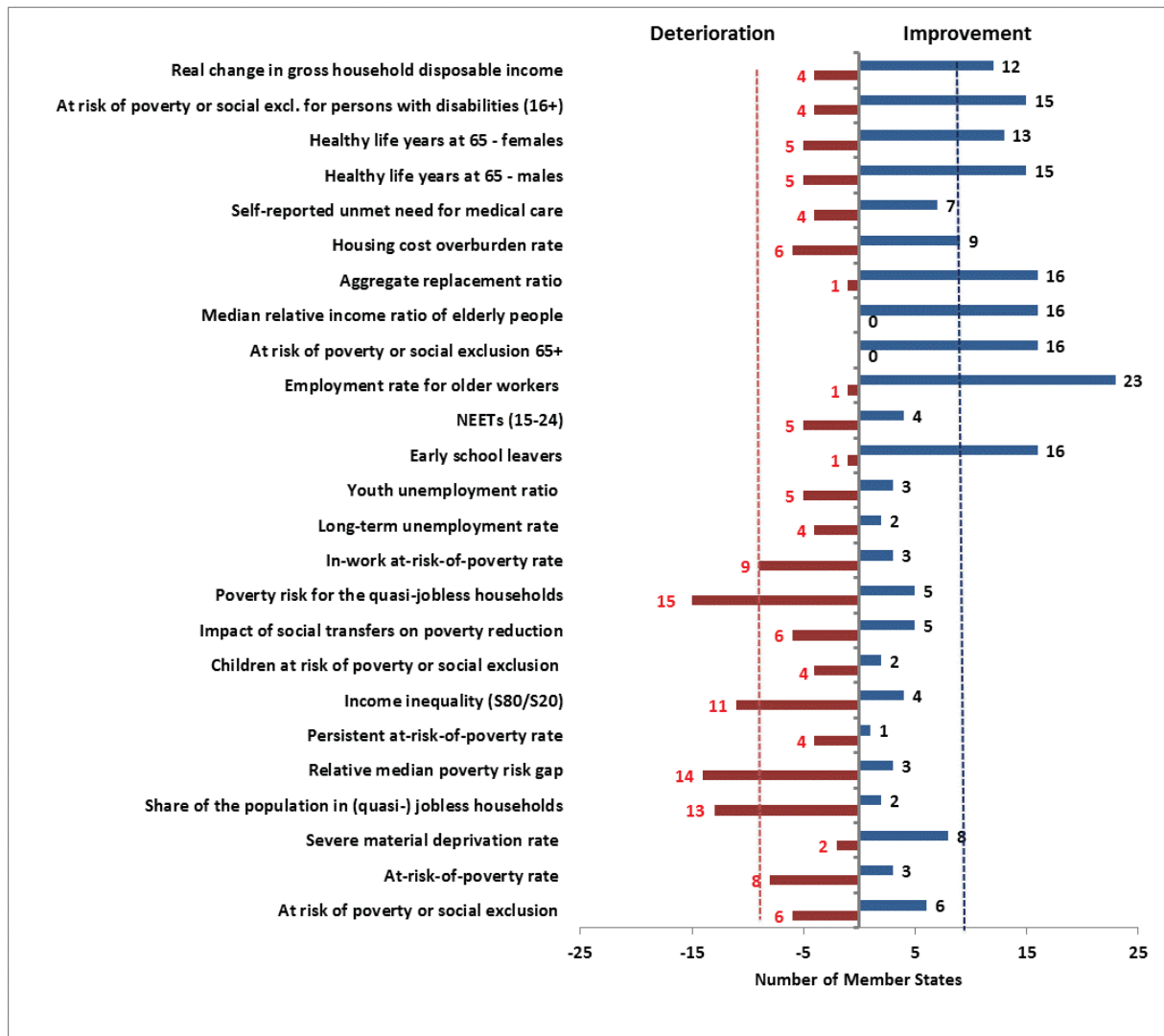
- an increased **share of the population living in (quasi-)jobless households** in around half of MS, together with rises in the **poverty risk for people living in (quasi-)jobless households** in 15 MS;
- **increased income inequality** (in 11 MS) and a rise in the **depth of poverty risk** (with the poverty risk gap up in 14 MS) and also in the risk of **in-work poverty** (in 9 MS);

However, the dashboard indicators show there have also been a number of improvements, notably in the employment of older workers and in the relative situation of the elderly. 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. At the same time, compared to 2008, the relative income situation of the elderly (aged 65 and over) shows clear signs of improvement in around two-thirds of Member States, with decreases in the number of elderly living at risk of poverty or social exclusion in 16 MS 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 16 MS, and the median relative income ratio of elderly people in 16). However, this trend should be interpreted with caution, 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, and decreases in benefit levels), the relative, but not necessarily the absolute, position of the elderly has improved, highlighting the important role of pension systems.

Other areas which have seen an improvement include an increasing number of healthy life years among the population aged over 65 in many Member States, a reduction in the at-risk-of-poverty-or-social-exclusion rate of persons aged 16+ with disabilities, and significant decreases in the number of early school leavers in Europe (with reductions in 16 MS). Overall, there are now significant improvements compared to 2008 in gross household disposable income in many Member States.

Figure 6 shows the number of indicators in the SPPM dashboard for which a given country has registered a significant deterioration or improvement over the period 2008 to 2016/17. The Member States with the most worrisome developments remain Cyprus, Greece, Italy and Spain, with deterioration still on 10 or more indicators compared to 2008, and with relatively few indicators showing an improvement. In contrast, Austria, the Czech Republic, France, Malta and the UK have only registered significant deterioration on 2 or fewer indicators along with improvement generally on a larger number of indicators. Around half of Member States now show a higher number of improvements than declines, most notably Latvia, Poland and the UK. Note that these results mainly refer to the period 2008 to 2016 for EU-SILC based indicators and that the 2017 data available for some countries (see the later section on “Latest indications from available 2017 EU-SILC data”) indicate positive trends that might impact on the assessment based on Figure 6.

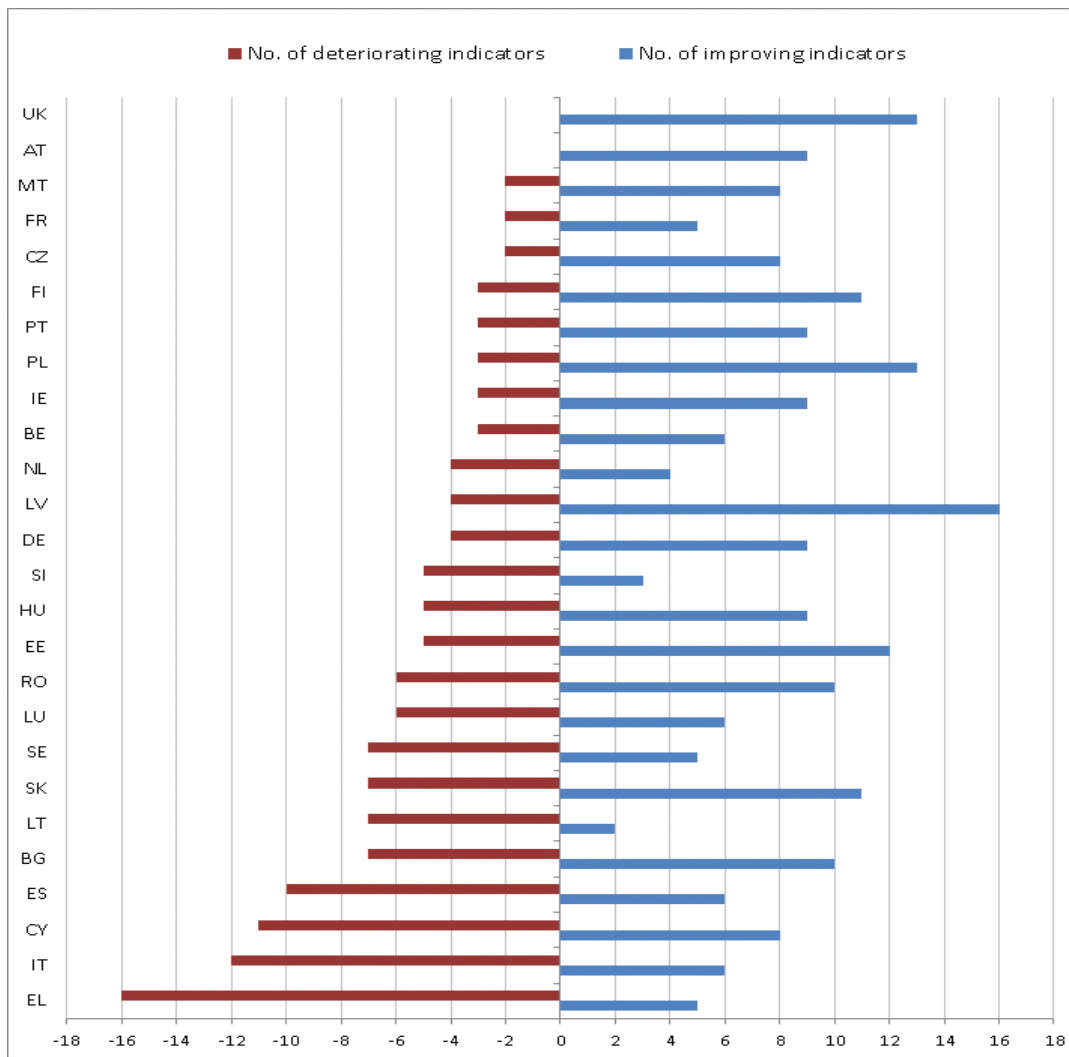
Figure 5. Areas of deterioration (Social trends to watch) and improvement for the period 2008-2016*



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 2008-2015 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, no EU-SILC data published by Eurostat before 2010; vii) For LU, major break in series in 2016 for EU-SILC based indicators, so long-term comparison is for the period 2008-2015); viii) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; ix) For RO, breaks in series in 2010 for LFS-based indicators, so changes 2010-2016 used for longer term change; x) 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; xi) * For some indicators (SMD rate, LTU rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64)) the changes generally refer to the period 2016-2017.

Figure 6. Number of SPPM social indicators per Member State with a significant deterioration or improvement between 2008 and 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 2008-2015 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, no EU-SILC data published by Eurostat before 2010; vii) For LU, major break in series in 2016 for EU-SILC based indicators, so long-term comparison is for the period 2008-2015); viii) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; ix) For RO, breaks in series in 2010 for LFS-based indicators, so changes 2010-2016 shown for longer term change; x) 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; xi) The bars refer to the number of SPPM indicators which have registered a statistically and substantively significant deterioration or improvement between 2008 and 2016/2017; xii) * For some indicators (SMD rate, LTU rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64)) the changes generally refer to the period 2008-2017; ix) There are a total number of 25 SPPM dashboard indicators for this reference period.

2018 SPPM Results

Dimensions	EU26	EU27	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		
Europe 2020	At risk of poverty or social exclusion (in %)																																	
	2016	23.5	23.5	23.0	23.1	20.7	40.4	13.3	16.7	19.7	24.4	24.2	36.6	27.9	16.2	27.9	30.0	27.7	30.1	19.8	26.3	20.1	16.7	18.0	21.9	25.1	30.0	10.4	10.1	16.6	18.3	22.2		
	2015-2016 change in pp	-	-	-	-	-	-0.7	-	-	-	-1.8	-	-	-0.7	-	-1.2	1.3	-1.2	-2.4	n.a.	-1.9	-2.3	-	-	-1.5	-1.5	1.4	-0.8	-	-	-	-1.3		
	2008-2016 change in pp	n.a.	-	-	-	3.2	-2.0	n.a.	-	-	-	7.5	4.1	-	n.a.	4.5	4.4	-8.7	-	3.0	-	-	-	-2.6	-8.6	-	-5.4	-	-2.5	-	-	-		
	2016	17.3	17.3	17.4	17.4	15.5	22.9	3.7	11.9	16.5	21.7	18.6	21.2	22.3	13.6	19.5	20.6	18.1	21.8	16.5	14.5	16.5	12.7	14.1	17.3	19.0	25.3	13.9	12.7	11.6	16.2	15.9		
	2015-2016 change in pp	-	-	-	-	0.9	-	-	-	-	-	-	-	-	-0.5	0.7	-	-	-	n.a.	-0.4	-	1.1	-	-	-0.5	-	-0.4	-	-0.8	-	-	-0.7	
	2008-2016 change in pp	n.a.	-	3.4	3.9	-	-	-	n.a.	1.3	-	-	-	2.5	-	n.a.	1.7	-	-4.1	-	2.1	-	2.2	-	-	-	-	1.6	1.8	-2.0	-2.7	-2.6		
	At-risk-of-poverty rate (in %)																																	
	2016	n.a.	n.a.	n.a.	n.a.	12492	4046	7508	12672	12726	7116	10895	5297	9105	12450	5297	9291	9554	9567	16843	5032	10355	12566	13514	6510	6429	2077	9900	6504	18859	12454	10512		
	2015-2016 change in %	n.a.	n.a.	n.a.	n.a.	-	-	-	-	-	9.5	-	-	-	-	-	9.0	9.7	n.a.	5.0	-	6.5	-	6.6	-	6.2	-	6.2	-	-	-	-	-	
2008-2016 change in %	n.a.	n.a.	n.a.	n.a.	18.7	-	-	n.a.	20.4	-	-37.7	-13.1	-	-	n.a.	-22.4	-	-	-	14.4	-	-	30.5	-	21.3	-	25.9	-	-	-	13.1	-		
Severe material deprivation rate (in %)																																		
2016	6.7	6.6	6.7	6.8	5.2	30.0	3.7	3.1	3.6	4.1	6.5	21.1	5.1	4.1	10.3	9.2	11.7	11.3	12.4	1.6	14.5	3.3	2.6	3.0	6.7	6.9	19.4	4.5	8.2	2.1	0.8	4.9		
2015-2016 change in pp	-	-0.9	-0.9	-	-	-1.9	-1.1	-	-	-	n.a.	-1.9	-	-	-2.2	-2.9	-1.9	-1.5	-	n.a.	-1.7	-1.1	-	0.8	0.8	-1.5	-4.4	-0.9	0.8	-	0.8	-		
2008-2016 change in pp	n.a.	-	-	-	-	-	-3.1	-	-	2.7	-	9.9	-	-	n.a.	-	-0.0	-	-	-3.4	-	-3.4	-	-2.9	-11.0	-2.0	-13.3	-	-3.6	-	-	-		
2016	10.5	10.5	11.1	11.1	14.6	11.9	6.7	10.6	9.6	5.8	18.2	17.2	24.9	8.4	13.0	12.8	10.8	7.2	20.2	6.6	8.2	7.3	9.7	8.1	6.4	9.1	8.2	7.4	6.5	11.4	8.5	11.3		
2015-2016 change in pp	-	-	-	-	-	-1.0	-	-	-0.8	-1.0	-	-	-	-	-1.4	1.1	-	-0.6	-	n.a.	-1.2	-1.9	-	-	-1.6	-	-	-0.6	0.6	-	-0.6	-		
2008-2016 change in pp	n.a.	-	1.0	3.0	2.9	3.8	-	2.1	-2.1	3.1	4.5	9.7	8.9	-	n.a.	2.4	6.1	1.8	4.1	-	-3.8	-	-	-	-	2.8	-	-	3.9	-	-	-		
Relative median at-risk-of-poverty gap (in %)																																		
2016	25.0	25.0	24.8	24.8	19.4	30.4	19.5	20.8	20.7	20.5	18.1	31.9	31.4	16.6	20.2	31.6	17.9	24.0	28.0	23.2	18.8	15.9	17.9	19.8	24.4	26.7	86.2	20.2	26.1	13.9	21.1	22.4		
2015-2016 change in pp	-	-	-	-	2.0	-	-	-1.2	-1.3	-	1.3	-2.4	-	-	1.0	2.3	-2.5	-1.5	2.0	n.a.	-3.0	-1.4	-	-	2.1	-2.3	-2.0	-	-2.8	-	1.2	2.0		
2008-2016 change in pp	n.a.	3.1	3.4	3.4	2.2	3.4	-	n.a.	-	-	7.2	5.6	2.1	n.a.	0.4	2.0	-4.6	2.4	-	-	-4.4	2.4	-	-	3.8	3.5	3.9	-	8.0	-1.8	9.1	-		
2016	31.0	10.9	11.2	11.2	10.0	16.3	4.3	7.2	10.5	13.5	9.4	15.2	14.8	8.0	14.5	7.6	15.2	13.5	9.7	7.9	11.3	7.2	8.1	9.7	11.5	20.2	8.5	7.7	6.0	6.1	9.4			
2015-2016 change in pp	-	-	-	-	-	-	-	-	-	n.a.	-	n.a.	-	-	-	-	-	-	5.1	-	-	-	-	-	-	-	-	-	-	-	-	-		
2008-2016 change in pp	n.a.	2.2	2.2	2.2	-	n.a.	-	n.a.	3.3	-4.3	n.a.	-	3.8	n.a.	n.a.	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-	-	-	3.5	-	
Material and social deprivation rate (in %)																																		
2016	15.7	15.7	13.9	14.0	13.5	47.9	8.9	6.1	9.4	7.7	19.3	35.6	17.1	12.7	16.1	17.2	21.0	24.8	28.9	4.0	31.9	10.5	6.5	7.0	12.0	16.9	49.7	10.0	15.3	4.2	2.9	13.0		
2015-2016 change in pp	-1.5	-1.5	-	-	-	-2.7	-1.7	-	-1.5	-2.2	n.a.	-2.1	-	-	-3.1	-4.4	-1.8	-3.9	-	n.a.	-5.2	-4.8	-	-	-4.0	-3.2	-	-2.0	-	-	-	-		
2016	5.2	5.2	5.1	5.2	3.0	7.9	3.5	4.1	4.6	5.6	4.4	6.6	6.6	4.3	5.0	6.3	4.9	6.2	7.1	5.0	4.3	4.2	3.9	4.1	4.8	5.9	7.2	3.6	3.6	3.6	4.3	5.1		
2015-2016 change in %	-	-	-	-	-	11.3	-	-	-4.2	-9.7	-	-	-4.3	-	-3.8	0.6	-5.8	-4.6	-8.3	n.a.	-	-	-	-	-	-	-13.3	-	2.9	-	4.9	-		
2008-2016 change in %	n.a.	-	-	-	6.1	-7.3	21.5	-	n.a.	10.0	-	31.9	17.9	-	n.a.	21.2	14.0	-15.1	16.4	-	-	-	-	-	-8.9	-	-	5.9	5.9	-	16.2	-	-8.9	
Impact of social transfers (excl. pensions) on poverty reduction (%)																																		
2016	26.4	26.4	25.2	25.3	21.6	45.6	17.4	13.8	19.3	21.2	27.9	37.5	32.9	22.6	26.6	33.2	29.6	24.7	32.1	22.7	33.6	24.0	17.6	20.0	24.2	27.0	49.2	14.9	24.4	14.7	19.9	27.2		
2015-2016 change in pp	-	-	-	-	-1.7	1.9	-	-	-	-1.3	-1.5	-	-	-1.5	1.4	-1.6	-	-	-	-	-	-6.6	-	-	-	-2.3	-2.4	-2.6	2.4	-1.7	-	-	-	-3.1
2008-2016 change in pp	n.a.	-	-	-	-	7.9	-	n.a.	-	-	8.8	-	-	n.a.	4.8	8.1	-7.7	-	-	-	-	-	-	-	-8.7	-	-	-	-	-	-	-	-	
At-risk-of-poverty rate for the population living in (quasi-) jobless households																																		
2016	60.0	59.9	60.8	60.9	65.5	71.6	70.6	48.5	66.8	78.1	61.6	52.2	48.6	54.0	66.9	59.6	51.4	78.7	77.0	48.2	53.6	68.3	56.4	51.9	64.4	55.6	65.2	63.5	75.4	51.5	71.2	50.4		
2015-2016 change in pp	-	-	-	-	7.0	-3.0	5.0	-	-	7.5	-	-	-	-0.4	-	2.4	-	-	-	n.a.	-	-	-	-	8.4	-	9.0	-	-	-	-	2.5		
2008-2016 change in pp	n.a.	-	5.6	5.6	10.8	-6.2	15.2	n.a.	-	15.0	11.9	12.2	-	-	-6.9	-	-	-	-	n.a.	-	-	-	-	15.2	-	16.5	8.5	22.3	-4.8	10.6	-42.7		
In-work at-risk-of-poverty rate (in %)																																		
2016	9.6	9.6	9.5	9.5	4.7	11.6	3.8	5.3	9.5	9.9	4.8	14.0	13.1	8.0	5.5	11.8	8.4	8.5	8.7	12.0	9.7	5.7	5.6	8.3	10.9	10.8	10.6	6.1	6.5	3.1	6.8	8.6		
2015-2016 change in pp	-	-	-	-	-	3.8	-	-	-	-	0.6	-	-	0.5	-	-0.8	-0.9	-1.5	n.a.	0.4	0.5	-	-	0.5	-	-	-	-	-0.6	0.4	-0.4	-1.3	0.4	
2008-2016 change in pp	n.a.	1.1	1.4	1.4	-	4.0	-	n.a.	2.4	-	-1.5	-	1.8	1.5	n.a.	2.7	2.1	-2.2	-	2.2	3.9	-	-	-	-	-	1.7	-	-	-2.0	-	-		
Long-term unemployment rate (in %)																																		
2016	3.4	3.4	3.4	4.4	3.5	3.4	1.0	1.3	1.6	1.9	3.0	15.6	7.7	4.2	4.6	6.5	4.5	3.3	2.7	2.1	1.7	1.0	1.9	1.8	1.5	4.5	2.0	3.1	5.1	2.1	1.2	1.1		
2015-2016 change in pp	-0.6	-0.5	-0.6	-0.6	-	-	-	-	-	-1.2	-1.4	-1.0	-	-	-2.0	-	-	-	-	-	-0.7	-	-	-	-0.7	-1.7	-1.0	-1.2	-0.7	-	-	-		
2008-2016 change in pp	-	-	-	-	-	-	-	-	-2.3	-	-	11.9	8.7	-	-	3.5	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

	EU20	EU27	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	
Youth exclusion																																	
Early school leavers (in %)																																	
2017	10.6	10.6	11.0	8.9	12.7	6.7	8.0	10.1	10.8	5.1	6.0	10.3	8.9	3.1	14.0	8.6	8.6	8.6	5.4	7.3	12.5	10.6	7.1	7.4	5.0	12.6	10.1	4.3	9.3	8.2	7.7	10.6	
2016-2017 change in pp	-	-	-	-	-	-	1.6	-	-	-4.1	-	-	-	-	-	-	-	-	-	-	-	-1.1	-0.9	-	-	-	-4.4	-	-	1.9	-	-	
2008-2017 change in pp	-4.1	-4.2	-6.4	-3.1	-	-	-3.7	-	-3.2	-6.6	-0.4	-13.4	-2.9	-	-5.6	-5.1	-6.9	-	-6.4	-	-	-0.6	-4.3	-2.8	-	-22.3	-	-	3.3	-	-	-6.3	
Youth unemployment ratio (15-24)																																	
2017	7.0	7.0	7.5	6.4	3.4	2.5	7.0	3.4	6.6	6.2	10.9	12.9	8.2	9.8	9.1	9.0	6.8	4.6	4.7	3.5	5.5	6.1	5.5	6.2	8.1	5.5	4.4	6.3	10.7	9.8	7.0		
2016-2017 change in pp	-	-	-	-	-	-	-	-	-	-1.0	-	-1.0	-	-1.8	-	-1.0	-	-	-1.1	-	-	-	-1.3	-	-	-1.2	-	-	-	-	-	-	
2008-2017 change in pp	-	-	-	-	-	-	-	-2.1	-	-2.2	4.3	-	-	-	-2.6	5.2	-	-	-	-	-	2.2	-	-	-	-	-	-	1.9	-	-	-2.2	
NEETs (15-24)																																	
2017	10.9	10.9	11.2	9.3	15.3	6.3	7.0	6.3	9.4	10.9	15.3	13.3	11.5	15.4	20.1	16.1	10.3	9.1	5.9	11.0	8.0	4.0	6.5	9.5	9.3	15.2	6.5	12.1	9.4	6.2	10.3		
2016-2017 change in pp	-0.7	-0.6	-	-0.6	-2.9	-	1.2	-	-	-4.7	-	-1.3	-	-	-	-	-	-	-	-	-	-0.6	-1.2	-1.0	-1.3	-2.2	-1.5	-	-	-	-	-	
2008-2017 change in pp	-	-	-	-	-2.1	-	2.7	-2.1	-	-3.0	3.9	-	-	5.0	3.5	6.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-1.0	
Active ageing																																	
Employment rate of older workers (55-64) in %																																	
2017	87.1	87.2	87.1	88.2	88.2	82.1	88.9	70.1	68.1	88.4	88.3	80.5	81.3	80.3	82.2	85.3	82.3	86.1	80.8	81.7	85.1	85.1	85.7	81.3	88.3	86.2	84.5	82.7	83.0	80.5	76.4	84.1	
2016-2017 change in pp	1.0	1.0	1.9	2.9	3.7	3.6	1.1	1.5	2.9	1.6	2.0	1.4	1.5	-	1.9	3.1	-	-	-	1.9	-	2.2	2.1	2.1	4.1	1.7	4.2	4.0	-	0.9	-	-	
2008-2017 change in pp	11.6	11.7	12.8	13.8	12.2	14.5	10.5	16.4	5.6	4.6	4.7	5.0	13.1	-	17.9	-	-	13.1	5.7	20.8	15.0	12.7	12.5	16.7	5.5	-	9.9	13.8	6.0	6.3	6.1	-	
At risk of poverty or social exclusion for the elderly (65+) in %																																	
2016	18.2	18.1	17.1	18.4	18.9	10.1	9.2	18.9	41.4	17.4	22.0	14.4	18.0	22.2	22.9	48.1	37.4	9.1	15.1	26.1	10.0	13.7	16.1	21.8	34.0	18.9	12.3	13.6	17.0	18.0	-	-	
2015-2016 change in pp	-	-	1.3	1.4	-	-	-	-	4.4	-	-	-	-	9.3	2.1	-	-	n.a.	-2.0	2.4	3.9	-	-	-	-	-	-	-	-	-	-	-	
2008-2016 change in pp	n.a.	-5.2	-	-6.5	-7.9	-	n.a.	-	-12.9	-5.1	-6.1	-11.8	-	n.a.	-	-26.4	-15.7	-	-	-	-	-7.5	-10.8	-5.9	-15.4	-4.5	-9.6	-10.3	-	-	-10.5	-	
Pension adequacy																																	
Median relative income of elderly people																																	
2016	0.99	0.99	0.94	0.94	0.76	0.80	0.79	0.75	0.84	0.60	1.07	1.01	1.02	0.84	1.01	0.79	0.83	0.71	1.22	1.01	0.72	0.82	0.87	0.97	0.97	0.91	0.97	0.89	0.93	0.89	0.77	0.89	
2015-2016 change in %	-	-	-	-	-3.8	12.7	-2.5	-2.6	-3.4	-3.2	-	2.9	-	-1.9	-	2.0	-	-3.1	-2.7	n.a.	-	-4.0	-7.9	-	-2.0	-	-3.0	-	2.5	-2.5	-	-	
2008-2016 change in %	n.a.	9.4	8.0	9.3	-	21.2	-	n.a.	-	11.3	16.2	24.4	21.7	7.4	n.a.	14.8	33.9	18.9	-	11.3	-	-	-	-	-	9.6	14.1	-	15.2	15.3	-	20.3	
Aggregate replacement ratio																																	
2016	0.50	0.50	0.50	0.40	0.45	0.50	0.47	0.46	0.45	0.35	0.63	0.66	0.68	0.39	0.69	0.44	0.42	0.45	0.68	0.67	0.54	0.50	0.62	0.62	0.64	0.66	0.47	0.62	0.53	0.57	0.53		
2015-2016 change in %	-	-	-	-	9.0	-	4.4	-	4.7	-7.9	3.3	-	-	4.5	-	-	-	-	n.a.	3.1	-	-3.0	-	-	3.2	4.8	-	-	-	-	-	6.0	
2008-2016 change in %	n.a.	18.4	18.4	18.4	-	32.4	-	n.a.	-	11.1	-20.6	53.7	57.1	-	n.a.	95.3	33.3	40.0	-	37.9	9.8	31.7	16.3	-	10.7	25.5	32.0	-	14.8	-	-	22.3	
Self-reported unmet need for medical care																																	
2016	2.5	2.5	2.3	2.4	2.8	0.7	1.3	0.3	15.3	2.6	13.1	0.5	1.3	1.7	5.5	0.6	8.2	3.1	0.4	1.3	1.0	0.2	0.2	4.6	2.4	6.5	0.4	2.3	4.1	1.6	1.0		
2015-2016 change in pp	-	-	-	-	-1.9	-	-	-	2.6	-	-	-	-	-	-1.7	-	-	-	-	-1.3	-	-	-	-	-	-	-2.9	-	-	-	-1.0		
2008-2016 change in pp	n.a.	-	-	-	n.a.	-12.5	-	-1.9	0.0	-	7.7	-	-	n.a.	-	-2.2	-1.7	-2.6	-	-2.1	-	-	-	-	-	1.3	-4.6	-	3.3	-	-		
Health																																	
Healthy life years at 65+ males																																	
2016	9.8	n.a.	n.a.	10.3	9.2	8.4	11.5	11.5	5.5	17.0	8.0	10.4	9.5	5.2	10.4	11.2	4.4	5.6	9.5	6.7	12.8	10.3	8.2	8.2	7.7	6.2	8.4	4.5	9.4	15.1	10.4		
2015-2016 change in %	n.a.	n.a.	n.a.	n.a.	-	-	12.0	-	82.5	37.5	-29.0	-11.1	-	9.2	n.a.	36.0	23.1	-0.3	-	-11.2	19.6	21.9	-	10.8	17.1	14.9	-21.5	-0.7	50.0	17.5	15.9	-	
2008-2016 change in %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Healthy life years at 65+ females																																	
2016	10.1	n.a.	n.a.	11.4	10.1	8.9	11.9	12.4	7.0	13.2	7.8	10.4	10.6	4.9	10.1	10.3	4.5	5.6	8.0	6.4	12.9	9.9	7.4	8.9	6.4	5.6	8.2	4.2	8.9	16.6	11.1		
2015-2016 change in %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
2008-2016 change in %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
At risk of poverty or social exclusion for persons with disabilities (% of people with disabilities above 16 years)																																	
2016	29.9	29.8	n.a.	33.0	55.9	21.1	24.2	32.7	39.4	40.3	35.6	30.9	21.1	39.3	29.6	35.7	42.5	44.4	22.3	32.2	32.4	24.3	22.1	29.1	31.9	39.4	24.6	19.3	28.5	32.2	32.2		
2015-2016 change in pp	-	-	n.a.	-2.2	1.8	-	-	-	2.7	n.a.	-	-	-1.7	n.a.	-	-	n.a.	-2.3	-	n.a.	-2.3	-	-	-	-	-	-	-	-	-1.7	-	-	
2008-2016 change in pp	n.a.	-	n.a.	-7.6	-2.6	-	6.7	-4.5	-	-3.3	-	-	-3.0	n.a.	-	-9.3	-10.2	3.2	4.5	-4.3	-	-	-5.5	-9.3	-8.9	-13.1	-5.2	-6.7	-3.0	8.8	-	-	
Housing cost overburden rate																																	
2016	11.1	11.1	11.0	9.5	20.7	9.5	15.0	15.8	4.9	4.6	40.5	10.2	5.2	6.4	9.6	3.1	7.0	7.8	9.5	8.8	1.4	10.7	7.2	7.7	7.5	14.4	5.7	7.7	4.4	8.5	12.3		
2015-2016 change in pp	-	-	-	-	9.9	-0.9	-	-	-1.9	-	-	-	-	-0.8	4.0	-0.8	-1.1	-1.3	n.a.	-	-	-4.2	0.8	-1.0	-4.6	-1.5	-	-1.4	-	-	-	-	
2008-2016 change in pp	n.a.	-	2.8	-3.0	7.4	-3.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Real change in gross household disposable income (in %)																																	
2015-2016 change in %	n.a.	n.a.	n.a.	1.6	-	10.4	2.8	4.1	2.3	5.9	3.0	-	2.0	1.9	n.a.	-	5.9	3.7	4.4	2.9	n.a.	n.a.	2.2	2.6	6.0	2.7	n.a.	4.6	3.2	-	3.3	-	
2008-2016 change in %	n.a.	n.a.	n.a.	-	-	24.5	9.0	15.7	8.9	9.1	-	-33.2	-	-	n.a.	-7.1	-11.5	-7.3	-	21.4	-	n.a.	-	-	25.6	-	30.6	-	9.7	6.9	24.3	9.2	-

Note: i) Only significant changes have been highlighted in green/red (positive/negative changes). "~" refers to stable performance (i.e. insignificant change), "n.a." refers to data not (yet) being available. See table at end of document for full details of significance tests; 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 AT, break in series in 2011 for persistent poverty risk ("n.a." shown for the period compared to 2008); iv) For BE, major break in 2011 in the self-reported unmet need for medical examination ("n.a." shown for the period compared to 2008); v) For BG, major break 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 comparisons of changes are still valid; vi) For DK, breaks in series for the period 2008-2016 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 for these); vii) 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; viii) For HR, no long-term comparison for EU-SILC data published by Eurostat before 2010; ix) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); x) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; xi) For RO, breaks in series in 2010 for LFS-based indicators, so changes 2010-2016 shown for longer term change; xii) For SI, break in time series in Healthy Life Years indicator (change of question in 2010) which affects the comparison of change since 2008; xiii) 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; xiii) For some indicators (SMD rate, LTU rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64)) the changes generally refer to the periods 2016-2017 and 2008-2017. xiv) SMD figures for CY, DE, EE, FR, HR, IT, LT, NL, PT, RO and the UK are provisional.

Latest indications from available 2017 EU-SILC data

Some 14 Member States have already reported the results of the 2017 EU-SILC survey¹⁵, while all Member States except IE, LU, PL, SK and SE have provided early estimates on the severe material deprivation (SMD) indicator. This section presents the findings, albeit rather patchy, from this most recently available data. The table below (Table 2) shows figures available for the changes in the EU-SILC based SPPM indicators between 2016 and 2017 surveys, highlighting where changes are significant¹⁶.

With a few exceptions (mainly concerning the income situation of the elderly), the picture from the available figures is one of continuing improvement in the social situation. As discussed earlier, results for the severe material deprivation (SMD) indicator improved strongly over the very latest period. The severe material deprivation rate has declined significantly over 2016-2017 in 12 Member States, and has not risen significantly in any. Among the 14 countries having reported already data on the at-risk-of-poverty rate, 7 recorded a significant improvement between 2016 and 2017. Moreover, 10 Member States report declines in the share of the population living in (quasi-)jobless households. A result of these trends in the components of the overall at-risk-of-poverty-or-social-exclusion rate (AROPE) are significant reductions in the AROPE indicator, with 10 countries already reporting significant reductions in the share of the population at risk of poverty or social exclusion over the latest year. The risk of poverty among children also shows improvements among 7 of the countries which have so far reported their data.

In contrast to the positive developments overall, there are signs of further deterioration in the poverty risk for people living in (quasi-)jobless households in several (5) countries, and of a continuing decline in the relative income of the elderly, with significant falls in the median relative income ratio of the elderly already reported in 7 countries. As emphasised previously, the latter reflects to a large extent the rebalancing of the income distribution as the labour market situation and incomes of the working age population have improved.

¹⁵ This refers to the situation on the 24th July 2018, at which time some 14 Member States (AT, BE, BG, CZ, DK, EE, EL, ES, FI, LV, HU, MT, RO and SI) had reported data for the SILC-based indicators included in the SPPM. For the SMD indicator, all Member States except 5 had provided early data or estimates.

¹⁶ The estimates of significance used are the ones employed to investigate the changes 2015-2016.

Table 2: Dashboard of changes 2016-2017 for available EU-SILC based figures

	EU28	EU27	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 %)																															
2016-2017 change in pp	n.a.	n.a.	n.a.	n.a.	-0.4	-1.5	-1.1	0.4	n.a.	-1.0	n.a.	-0.8	-1.3	n.a.	n.a.	n.a.	n.a.	-0.3	n.a.	n.a.	-0.7	-0.9	n.a.	0.1	n.a.	n.a.	-3.3	-1.3	n.a.	-0.9	n.a.	n.a.
	At-risk-of-poverty rate (in %)																															
2016-2017 change in pp	n.a.	n.a.	n.a.	n.a.	0.4	0.5	-0.6	0.5	n.a.	-0.7	n.a.	-1.0	-0.7	n.a.	n.a.	n.a.	n.a.	0.3	n.a.	n.a.	-1.1	0.3	n.a.	0.3	n.a.	n.a.	-1.8	-0.6	n.a.	-0.1	n.a.	n.a.
	At-risk-of-poverty threshold for a single person household (levels in pps, changes as real change in national currency in %)																															
2016-2017 change in %	n.a.	n.a.	n.a.	n.a.	-0.0	12.6	2.3	1.2	n.a.	4.7	n.a.	0.2	1.7	n.a.	n.a.	n.a.	n.a.	0.9	n.a.	n.a.	2.7	5.5	n.a.	2.2	n.a.	n.a.	11.6	1.6	n.a.	0.6	n.a.	n.a.
	Severe material deprivation rate (in %)																															
2016-2017 change in pp	-0.8	-0.9	-0.9	-0.8	-0.4	-1.9	-1.1	0.5	-0.1	-0.6	n.a.	-1.3	-0.7	-0.3	-2.2	-2.9	-1.9	-1.5	-1.1	n.a.	-1.7	-1.1	0.0	0.7	n.a.	-1.5	-4.4	-0.9	n.a.	-0.1	n.a.	-0.3
	Population living in (quasi-) jobless households (in %)																															
2016-2017 change in pp	n.a.	n.a.	n.a.	n.a.	-1.1	-0.8	-1.2	-0.7	n.a.	0.0	n.a.	-1.6	-2.1	n.a.	n.a.	n.a.	n.a.	0.6	n.a.	n.a.	-1.5	-0.6	n.a.	0.2	n.a.	n.a.	-1.3	-1.2	n.a.	-0.7	n.a.	n.a.
	Relative median at-risk-of-poverty gap (in %)																															
2016-2017 change in pp	n.a.	n.a.	n.a.	n.a.	-1.7	0.1	-2.9	0.9	n.a.	0.2	n.a.	-1.6	1.0	n.a.	n.a.	n.a.	n.a.	1.3	n.a.	n.a.	-2.1	0.8	n.a.	2.6	n.a.	n.a.	-1.8	-0.6	n.a.	-0.2	n.a.	n.a.
	Persistent at-risk-of-poverty rate (in %)																															
2016-2017 change in pp	n.a.	n.a.	n.a.	n.a.	0.8	0.6	0.1	-1.7	n.a.	2.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-0.3	n.a.	n.a.	-2.1	n.a.	n.a.	1.0	n.a.	n.a.	n.a.	-0.3	n.a.	0.0	n.a.	n.a.
	Material and social deprivation rate (in %)																															
2016-2017 change in pp	n.a.	n.a.	n.a.	n.a.	-1.6	n.a.	-1.1	1.2	n.a.	2.3	n.a.	-0.5	-2.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-2.0	n.a.	-0.3	n.a.	n.a.	0.5	n.a.	n.a.	n.a.	n.a.
	Income quintile ratio (S80/S20)																															
2016-2017 change in %	n.a.	n.a.	n.a.	n.a.	0.0	6.5	-2.9	0.0	n.a.	-3.6	n.a.	-7.6	0.0	n.a.	n.a.	n.a.	n.a.	1.6	n.a.	n.a.	0.0	0.0	n.a.	4.9	n.a.	n.a.	-2.8	-5.6	n.a.	-2.8	n.a.	n.a.
	At-risk-of-poverty or social exclusion rate of children (% of people aged 0-17)																															
2016-2017 change in pp	n.a.	n.a.	n.a.	n.a.	0.4	-4.0	-3.2	0.6	n.a.	-2.4	n.a.	-1.3	-1.6	n.a.	n.a.	n.a.	n.a.	-0.8	n.a.	n.a.	-2.0	-1.2	n.a.	3.0	n.a.	n.a.	-8.0	0.2	n.a.	0.4	n.a.	n.a.
	Impact of social transfers (excl. pensions) on poverty reduction (%)																															
2016-2017 change in pp	n.a.	n.a.	n.a.	n.a.	-1.5	1.9	1.9	-1.2	n.a.	2.4	n.a.	-0.0	-0.5	n.a.	n.a.	n.a.	n.a.	0.3	n.a.	n.a.	2.6	-1.6	n.a.	-4.2	n.a.	n.a.	1.8	1.8	n.a.	-0.1	n.a.	n.a.
	At-risk-of-poverty rate for the population living in (quasi-) jobless households																															
2016-2017 change in pp	n.a.	n.a.	n.a.	n.a.	4.9	4.2	-5.8	2.4	n.a.	-6.2	n.a.	-0.6	2.1	n.a.	n.a.	n.a.	n.a.	2.1	n.a.	n.a.	-10.5	4.4	n.a.	9.1	n.a.	n.a.	-0.8	1.1	n.a.	3.7	n.a.	n.a.
	In-work at-risk of poverty rate (in %)																															
2016-2017 change in pp	n.a.	n.a.	n.a.	n.a.	0.3	-1.6	-0.2	0.1	n.a.	-0.2	n.a.	-1.2	0.0	n.a.	n.a.	n.a.	n.a.	0.5	n.a.	n.a.	0.5	0.2	n.a.	-0.6	n.a.	n.a.	-1.7	0.5	n.a.	-0.4	n.a.	n.a.
	At risk of poverty or social exclusion for the elderly (65+) in %																															
2016-2017 change in pp	n.a.	n.a.	n.a.	n.a.	0.7	3.0	2.5	0.3	n.a.	0.6	n.a.	0.8	2.0	n.a.	n.a.	n.a.	n.a.	0.8	n.a.	n.a.	1.7	0.3	n.a.	-0.3	n.a.	n.a.	-0.7	-1.6	n.a.	-0.4	n.a.	n.a.
	Median relative income of elderly people																															
2016-2017 change in %	n.a.	n.a.	n.a.	n.a.	3.9	-11.3	-3.8	2.7	n.a.	-1.7	n.a.	-2.8	-3.0	n.a.	n.a.	n.a.	n.a.	-3.2	n.a.	n.a.	-3.0	0.0	n.a.	0.0	n.a.	n.a.	-3.1	-1.1	n.a.	1.2	n.a.	n.a.
	Aggregate replacement ratio																															
2016-2017 change in %	n.a.	n.a.	n.a.	n.a.	4.2	-17.8	2.0	2.1	n.a.	0.0	n.a.	-3.1	4.5	n.a.	n.a.	n.a.	n.a.	2.4	n.a.	n.a.	-4.5	3.7	n.a.	3.2	n.a.	n.a.	-6.1	-2.1	n.a.	0.0	n.a.	n.a.
	Housing cost overburden rate																															
2016-2017 change in pp	n.a.	n.a.	n.a.	n.a.	-0.4	-1.8	-0.8	0.6	n.a.	-0.1	n.a.	-0.9	-0.4	n.a.	n.a.	n.a.	n.a.	-0.1	n.a.	n.a.	1.9	0.0	n.a.	-0.1	n.a.	n.a.	-1.9	-0.5	n.a.	-0.1	n.a.	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 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, HR, IT, LT, NL, PT, RO and UK are provisional;

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 assessed¹⁷, and an overview is provided of the more recent reforms of social protection policies across MS, notably concerning social inclusion, pensions, health and long-term care. 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 tool¹⁸. This analysis is complemented, where relevant, by policy messages from the thematic and peer reviews undertaken during the year and results of the on-going benchmarking work.

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

The social situation in the EU continues to benefit from the economic recovery and the improving labour market situation, with significant reductions in the at-risk-of-poverty-or-social-exclusion rate observed in several countries. Nevertheless, Europe remains far from reaching the Europe 2020 poverty and social exclusion target, even if some countries (e.g. Poland, Romania) have already achieved their individual targets.

While the economic, employment and social circumstances vary widely across the EU, common social challenges remain. A continued deterioration in the depth of poverty risk, high inequality, and continued falls in the adequacy of social benefits pose challenges to the social safety nets in a few Member States. At the same time, improvements in unemployment and labour market participation have not been fully reflected in the social situation, as evidenced by a steady rise in rates of in-work poverty risk in a number of Member States.

General trends

This year's SPPM analysis of the structural challenges of Member States¹⁹ shows that for the general population across the EU28, the at-risk-of-poverty-or-social-exclusion rate (AROPE) remains a key challenge in 5 Member States (BG, EE, EL, IT, RO), with good outcomes registered in 2 Member State (CZ, IE) (Table 3). An analysis of the subcomponents of this indicator shows that (relative) poverty is a key challenge in 3 Member States (EE, ES, RO), while severe material deprivation is a key challenge in 4 Member States (BG, CY, EL, HU), and (quasi-)jobless households

¹⁷ 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".

¹⁸ <http://ec.europa.eu/social/BlobServlet?docId=14727&langId=en>

¹⁹ For further details on the classification for the specific member states, see the appendix "SPPM country profiles"

in 15 Member States (BE, CZ, CY, DE, EE, EL, ES, FI, HR, IE, LT, LV, MT, SE, SK), but with good outcomes on the latter in 4 Member States (CY, EE, LV and LT). For the EU28, severe or persistent income poverty represents a key challenge in 7 Member States (ES, HR, IT, LV, MT, RO, UK). Good social outcomes with regards to severe or persistent income poverty are registered in 7 Member States (AT, CZ, CY, DK, FR, HU, MT). Income inequality appears as a key challenge in 7 Member States (EL, ES, IT, LT, LV, RO, UK), while good social outcomes are registered in 2 MS (CZ, FR). The effectiveness of social protection, measured by impact of social transfers in reducing income poverty is flagged as a challenge in 7 Member States (CZ, LT, LU, LV, PL, PT, SK), while 5 Member states (AT, DE, FI, SE, SI) display good social outcomes in this regard. The housing situation, as reflected by either housing cost overburden or housing deprivation, is a key challenge in 11 Member States (BE, BG, CY, EL, FR, HU, LU, PT, SI, SK, UK), with 3 Member States (FI, MT, SK) registering good social outcomes. The analysis also shows that the risk of poverty and social exclusion situation of persons with disabilities appears to be a key social challenge in 12 Member States (BE, BG, CY, DE, EE, HR, IE, LT, LV, MT, RO, UK) and good outcomes are registered in 2 Member States (ES, FR). The risk of poverty or social exclusion of migrants is flagged as a challenge in 8 Member States (AT, DE, DK, FI, FR, LU, MT, and NL).

Table 3. 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 (VLW)	Severe or persistent poverty risk (gap, persistence)	Income inequality (S80/S20)	Effectiveness of social protection for the general population	Housing situation for general population ¹
Key social challenge ²	EE, EL, IT, RO	EE, ES, RO	BG, CY, EL, HU	BE, CZ, CY , DE, EE , EL, ES, FI, HR, IE, LT, LV, MT, SE, SK	ES, HR, IT, LV, MT , RO, UK	EL, ES, IT, LT, LV, RO, UK	CZ, LT, LU, LV, PL, PT, SK	BE, BG, CY, EL, FR, HU, LU, PT, SI, SK , UK
Good social outcome	CZ, IE	AT, DK, SI	\	CY , EE , LV, SK	AT, CZ, CY, DK, FR, HU, MT	CZ, FR	AT, DE, FI, SE, SI	FI, MT, 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. 3 Member states showing both KSC and GSO in a certain category are shown in bold. For further details on the classification for the specific member states, see the appendix "SPPM country profiles".

Child poverty

For children, the at-risk-of-poverty-or-social-exclusion rate is a key challenge in 3 Member States (CY, FR, RO); with DK and SI displaying particularly good social outcomes in this regard (Table 4). An analysis of the subcomponents of this indicator shows that the risk of poverty for children is a key challenge in EL, while good social outcomes are registered in 3 (DK, FI and SI), severe material

deprivation of children is a key challenge in 4 MS (BG, CY, HU, LT) and a good social outcome in SE. The share of children living in (quasi-)jobless households appears to be a key social challenge in 4 Member States (BE, BG, DE and FI), while good social outcomes are registered in EE, LU, LV and 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 (CZ, DK, ES, IE, IT, LT, MT, PT, SE, SK) with good outcomes reported in AT, BE, DK, FI, HU, HR, IE, NL. The housing situation for children appears as a challenge in LT, while a positive outcome is reported in FI. The well-being of children has been the focus of two recent peer reviews (see Box 1) and an in-depth Thematic Review on Early Childhood Development (see Box 2).

Table 4. 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	CY, FR, RO	EL	BG, CY, HU, LT	BE, BG, DE, FI	CZ, DK , ES, IE , IT, LT, MT, PT, SE, SK	LT
Good social outcome	DK, SI	DK, FI, SI	SE	EE, LU, LV, SI	AT, BE, DK , FI, HU, HR, IE , NL	FI

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. 3 Member states showing both KSC and GSO in a certain category are shown in bold. For further details on the classification for the specific member states, see the appendix "SPPM country profiles".

To prevent and combat child poverty, break the circle of intergenerational poverty and improve the well-being of children, a number of Member States are pursuing social protection measures focused on families with children. Measures include ensuring better financial support through introducing (LT) or increasing the amount of the universal child benefit (BG, DE, LV, PT); benefits for single parents (BE, DE), low income (BE, LT) or large families (EE, LV, LT, ES, SE); increased support for foster families and adoptees (LV); enhanced support for families with children suffering from a serious illness (ES); birth grants (IT) or provision of basic material assistance for new-born babies of deprived families, combined with social inclusion services. Other measures to improve the disposable income available to families with children include income tax amendments (ES, DE, LT, LU, LV); provisions to exclude part of the work income and child benefits when establishing the right to social assistance (e.g. LT, LV); increased childcare cost deduction for low income families (BE, IE, FI) and targeted benefits to parents for more affordable and accessible childcare (AT, IT).

The *Miriam* project in Belgium, providing conditions for sustainable social and labour market integration to a target group of women in single parenthood has been the focus of a recent SPC peer review (see Box 1).

The availability, accessibility and affordability of early childhood education and care are also being addressed with a view of improving the well-being of children and improving the labour market outcomes for women. Measures include: initiatives to extend the provision of existing pre-school programmes (e.g. AT, IE) and to improve their quality (e.g. DK, IE); increased provision of free childcare (UK), efforts to increase the capacity of and access to early childhood education and care through the construction of facilities (EE, DE, SK, AT, PL, RO) and strengthening the legislative framework (SK, ES). In addition to the usual types of childcare facilities, the establishment of more flexible childcare schemes is also an important development in several Member States (FR). The provision of micro-crèches, offering childcare in small groups up to 4 children, set up by municipality, non-profit organization or parents on parental leave is an interesting concept, operating since 2016 in the Czech Republic.

Poverty among the working age population

For the working age population (Table 5), the share of people at-risk-of-poverty-or-social-exclusion appears to be a challenge in BE, while MT displays a good social outcome in that respect. The risk of poverty is a challenge in IT while 4 Member States (FI, MT, SE, SK) show particularly good outcomes. The share of adults living in (quasi-)jobless households is a challenge in CY and ES with good social outcomes in 5 MS (CZ, HU, LV, PL, SK). The risk of in-work poverty presents a challenge in 5 Member States (EE, EL, HU, IT and RO), with another 9 displaying good social outcomes (BE, CZ, DK, FI, HR, IE, MT, SE, SI)²⁰. The effectiveness of social protection is assessed in the SPPM methodology through the indicator 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, DK, EE, EL, ES, HU, IT, PT, RO) and 4 Member states with particularly good outcomes (AT, CZ, CY 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 risk gap, appears to be a key challenge in 3 Member States (CZ, IE, SE). At the same time, good social outcomes are found in 5 Member States (BE, CY, FI, FR, IE). The housing situation of the working age population appears as a challenge in EE.

²⁰ However, based purely on a reading of the indicators, 7 Member States have shown a year-on-year increase in in-work poverty risk, while only 5 have shown an improvement. When compared to the 2008 levels, the situation appears even worse. See Figure 30 below.

Table 5. 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 risk	Effectiveness of social protection for working age population	Effectiveness of social services	Inclusive labour markets	Housing situation for working age population ¹
Key social challenge	BE,	IT	CY, ES	EE, EL, HU, IT, RO	<i>BG, DK, EE, EL, ES, HU, IT, PT, RO</i>	<i>AT, BG, EL, ES, FI, IT, RO</i>	CZ, IE , SE	\
Good social outcome	MT	FI, MT, SE, SK	CZ, HU, LV, PL, SK	BE, CZ, DK, FI, HR, IE, MT, SE, SI	AT, CZ, <i>CY</i> , FR		BE, CY, FI, FR, IE	EE

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. 3 Member states showing both KSC and GSO in a certain category are shown in bold. For further details on the classification for the specific member states, see the appendix "SPPM country profiles".

The multilateral reviews of CSRs' implementation and the social reporting in the context of the National Reform Programmes show that a number of Member States are implementing active inclusion policy reforms in the areas of income support, access to services and activation measures. Several Member States are pursuing policy reforms to improve the coverage and adequacy of their social safety nets (e.g. BE, BG, EE, HR, IT, LV, LT, SI). These reforms include measures to improve the adequacy of social assistance, increasing the coverage and targeting of minimum income schemes while ensuring an effective link with labour market (re-)integration and social participation; the revision of existing or the introduction of new benefits for persons in vulnerable situations; measures to address the fragmentation of social assistance systems, also by harmonizing and simplifying the provision of benefits.

Gaps in access to social protection for non-standard workers and the self-employed

The increasing share of non-standard workers and addressing their more limited access to social protection, in comparison with other workers, is also an area of increased policy focus (see Box 3). Several Member States have adopted reforms or are carrying out national debates on the subject. Denmark has recently adopted a new unemployment insurance scheme for the self-employed and persons in non-standard jobs. Measures to increase the social protection of the self-employed and legislation to address bogus self-employment are being discussed in the Netherlands. The Spanish social dialogue roundtables are currently discussing a reform of labour market regulations for the self-employed. The Portuguese government has proposed to reform the contributory scheme for the self-employed covering all social risks with a view to improving their social protection.

People in vulnerable situations

A number of Member States are also reporting on measures targeting the poverty and social exclusion situation of persons with disabilities. Some (e.g. BE, FR, PT, SK) are improving the income replacement allowances for disabled persons. Many are taking steps to support the increased labour force participation among the recipients of disability payments (BG, CZ, EE, DE, FR, HU, IE, LT, LU, MT, NL, PL, RO, SE, SK). The reported measures include wage support, mobility assistance, employer quotas and incentives, as well as work-oriented rehabilitation, personalized activation services and vocational training. Measures to improve the inclusiveness of education, such as financial support and measures for pupils with disabilities, are being pursued in several Member States (CZ, FR, HR, IE, IT, LT, PL, PT, SK). Efforts are also being made to improve the living environment and conditions for independent living through investing in and providing-special purpose welfare and support services for the elderly and people with disabilities. (e.g. BE, DE, IE, MT, PT). These efforts help to improve the quality of life of people with increased need for care, and, together with the development of community-based care solutions, support the process of deinstitutionalization, taking place in several Member States (e.g. BE, EE, HR, HU, IE, LT, LV, RO).

Despite the reported measures, efforts to combat poverty and social exclusion of persons with disabilities will need to be sustained in the future, as this is flagged as a key social challenge in 12 Member States (BE, BG, CY, DE, EE, HR, IE, LT, LU, MT, RO, UK) with good social outcomes recorded in ES and FR. The SPC recently held a peer review on the promotion of social enterprises that support people with mental health problems to enter the labour market (see Box 4).

Several member states are taking measures for improved integration of people with migrant background. Additional resources have been made available for the integration of refugees in the society and labour market through activities such as language teaching (e.g. AT, CY, DK, LU), vocational education and training, career guidance and counselling and support in finding traineeships and jobs (FI, DK, DE, SE). In addition, measures encouraging the social participation of young children and the involvement of parents are being extended (e.g. CY, BE). Despite those efforts, the poverty and social exclusion situation of migrants is flagged as a key social challenge in AT, DE, DK, FI, FR, LU, MT, and NL.

Several Member States are pursuing measures to address the rising levels of homelessness and housing exclusion. These include strengthening the preventive measures to protect people and families to fall into homelessness (i.e. DK, IE), increased funding, targeted subsidies and social housing support through the private sector (IE, LT, SE), measures to improve the stock of available social housing (BE, CZ, IE, MT, PL, PT, RO, UK) and increased funding to deal with homelessness (e.g. IE). A comprehensive action plan on fighting homelessness has been initiated in DK in 2017. Some further information and analysis on recent developments in relation to housing and homelessness is provided by the European Federation of National Organizations Working with the Homeless in Box 13.

Adequate and sustainable pensions

In 2018, the [Social Protection Committee](#) and the European Commission released the third Pensions Adequacy Report (PAR). The report examines the adequacy of current and future pensions and aims to support Member States in designing pension systems that are adequate while remaining financially sustainable. The PAR is therefore complementary with the Ageing Report, produced by the [Economic Policy Committee](#) and the European Commission, which focuses on the financial sustainability of the pension systems.

The 2018 Pension Adequacy Report brings into focus several key issues: it shows that inequalities among older people persist and the risk of poverty or social exclusion increases with age, even though compared to 2008, there are now almost 2 million older people less at risk of poverty or social exclusion. It also highlights that, while narrowing, the pension gap between men and women remains large and is likely to persist, and that people in non-standard or self-employment often face less favourable conditions for accessing and accruing pension rights. Key highlights of the Report are included in Box 5.

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 6) is a key social challenge in 4 Member States (BG, HR, LT, LV) and a good social outcome in one (CY). Three Member States have an explicit challenge in relation to the risk of poverty - LT, LV and MT. Severe material deprivation of the elderly appears to be a challenge in EL, LT and RO, while MT and PL have a good social outcome in this regard. The highest number of Member States with key social challenges for the elderly, 11 (BE, CZ, CY, DK, EE, HR, IE, LT, LV, SI, MT) is registered on income replacement aspects, measured by the aggregate replacement ratio (excluding other benefits) and the median relative income of the elderly (65+). HU, IT and LU register particularly good outcomes with regard to these indicators. Housing is another area where several Member States (BG, CY, DE, LU, PT, RO) register key social challenges. Only one Member State (AT) shows a good social outcome. The impact of social transfers in reducing old age risk of poverty and the poverty risk gap are indicative of how effective pensions systems and social protection are 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 (4 – DK, FI, IE, MT), although MT registers a challenge, linked to the poverty risk rate for the population living in (quasi-)jobless households, as well as some negative developments in the persistent at-risk-of-poverty rate. One Member State (RO) has a challenge regarding equalising pension rules.

Table 6. Summary of Member States' SPPM key social challenges and good social outcomes in the area of poverty risk 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	BG, <i>HR</i> , LT, LV	LT, LV, MT	EL, LT, RO	BG, EE, <i>HR</i> , LV, MT, PT	BE, CZ, CY, , DK, EE, <i>HR</i> , IE, LT, LV, SI, MT	RO	BG, CY, DE, LU, PT, RO
Good social outcome	CY	\	MT, PL	DK, FI, IE, MT	HU, IT, LU	\	AT

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. 3 Member states showing both KSC and GSO in a certain category are shown in bold. For further details on the classification for the specific member states, see the appendix "SPPM country profiles".

Pensions systems have been one of the areas with the most reforms in recent years across the EU. These reforms have been driven by the need to improve the long-term fiscal sustainability of the pension systems, whilst maintaining retirement income adequacy.

Sustainability enhancing pension reforms have been in the spotlight during the crisis years (see table 7 below). In recent years, the pension reform dynamic started to shift and to reflect adequacy concerns more prominently. As indicated in the 2018 Pension Adequacy Report, this change in the reform dynamic reflects the fact that most Member States have already adopted and are implementing pensionable age increases in response to the ageing of their population. At the same time, the economic recovery leaves more fiscal space of adequacy-focused reforms, such as reinforcing minimum guarantees and (re-) introducing favourable mechanisms²¹.

The multilateral reviews of CSRs' implementation and the social reporting in the context of the National Reform Programmes show that a number of Member States are pursuing reforms in their pension policy in the context of a multiannual cycle. These reforms include continued efforts to harmonize the effective and statutory retirement age, as well as the retirement age between men and women (e.g. AT, EE, HR, LU); promoting longer working lives through tax incentives and measures to create working conditions attuned to an ageing workforce (e.g. AT); limiting early retirement options and abolishing special pension regimes (e.g. BE, DK, MT). Some recent reforms however go against the trend of increasing pensionable age. Most notably, Poland has reversed earlier reforms by reintroducing lower pensionable age for men and women²².

²¹ 2018 PAR, p 103

²² 2018 PAR, p 101

Table 7. Pension reforms adopted in Member States (July 2014 to July 2017)

Reform Area	Member State
Increases in pensionable age	BE, BG, EL, FI, NL, UK
Increases in contributory period requirements	BE, BG, CZ, FR, LT, MT, ES, UK
Reducing early retirement opportunities	AT, BE, BG, DK, FI, LU, PT
Promoting flexible retirement pathways	AT, FI, DE, SI
Facilitating deferred retirement	AT, HR, DK, FI, FR
Protecting low-income pensioners – increasing low-end pensions	AT, BE, BG, CY, ES, IE, MT, PL, RO, SI, SK
Protecting low-income pensioners – targeted additional benefits	BG, CZ, EE, IT, SE
Protecting low-income pensioners – indexation mechanism reforms	BG, CY, CZ, LV, LT, PT, RO, SI, SK
Improving access to old-age protection for specific categories of workers	EL, FI, FR, IT, LT, PL, RO
Reinforcing the role of supplementary pension schemes	BE, DK, EE, FR, DE, IE, SI

Note: Source, 2018 Pension Adequacy Report (p 101 – 110), Member States' National Reform Programmes, SPC Multilateral Surveillance

Several Member States focus on protecting low-income pensioners by improving the minimum pensions, providing targeted benefits or by unfreezing existing or introducing new indexation mechanisms. Other Member States are stepping up efforts to incentivise supplementary pension schemes (e.g. BE, DK, IT, MT, but overall reform efforts in this area remain limited).

Accessible, high-quality and sustainable health 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 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 8), assessed in terms of life expectancy at birth and at 65; healthy life years at birth and at 65 and child mortality (1-14), proves to be a key challenge for 9 Member States (AT, BG, FI, HR, LT, LV, NL, PL, PT). Good social outcomes are registered in FI and MT. The former simultaneously registers a challenge related to the Healthy life years at birth for women and a good social outcome with regard to infant mortality. 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 8

Member States (AT, BG, CZ, FR, HR, MT, RO, SK), and with 4 (EL, HU, LU, LV) 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 (CZ, EE, EL, FI, HU, IE, IT, LT, LV, PL).

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 (BE, BG, CY, DE, EE, EL, FR, HU, HR, LT, PL, PT, RO, SI, SK, UK) register key challenges in this array of areas.

Table 8. 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, FI , HR, LT, LV, NL, PL, PT	AT, BG, CZ, FR, HR, MT, RO, SK	<i>CZ, EE, EL, FI, HU, IE, IT, LT, LV, PL</i>	<i>BE, BG, CY, DE, EE, EL, FR, HU, HR, LT, PL, PT, RO, SI, SK, UK</i>
Good social outcome	FI , MT	EL, HU, LU, LV	\	\

Note: 1. Challenges based on Non-JAF indicators are shown in italics. 2 Member states showing both KSC and GSO in a certain category are shown in bold. 3. For further details on the classification for the specific member states, see the appendix "SPPM country profiles".

The multilateral reviews of CSRs' implementation and the social reporting in the context of the National Reform Programmes show that a number of Member States are taking measures to address cost-effectiveness and sustainability challenges, as well as issues related to the accessibility and quality of health care. These measures are often part of ambitious multi-annual National Health Strategies and projects to improve the health outcomes of the population and improve the cost-effectiveness of the healthcare systems (e.g. RO, LT, AT, SK, SI).

A number of Member States are reporting on measures to address the sustainability and cost-effectiveness of their healthcare systems. The reduction in hospital care and the shift towards primary care and prevention is particularly important in that respect and many efforts have been focused on creating the necessary conditions for a shift from inpatient to outpatient care (e.g. AT, BG, CY, HR, PT, LT). Other measures include the joint provision and centralized procurement of pharmaceuticals, medical devices and healthcare services (e.g. AT, CY, HR, PT, SI), as well as the increased use of generic medicines (e.g. PT). A few Member States are also addressing specific challenges related to the number or the composition of the health workforce (e.g. BG, HU, LV, PL).

Healthcare systems should also seek to provide universal access to healthcare for all, addressing obstacles faced by the most vulnerable, such as cost, lack of information and access, while reducing health inequalities. Increasing the universal and equal access to health care, including through the improvement of health insurance coverage, emerges as a particularly important reform, as it affects the accessibility of healthcare for people with low income (e.g. BG, CY). Other efforts aimed at improving the accessibility and affordability of health care include reducing out-of-pocket payments, including expanding the range of services and medicines covered by the state budget (LV, LT, BG) or efforts to curb informal payments (RO, LT). Many Member States are also making efforts to improve the availability and dissemination of information to encourage healthier living habits (e.g. AT, EE, HU, FR, PT, PL, LT, LV) and are taking steps to improve the transparency of the procedures to ensure more equal access to healthcare. The development and rollout of E-Health services has also been a priority in several Member States (e.g. CY, CZ, EE, LV, SK) as it has potential to improve the functioning of the healthcare system by facilitating a better flow of information about patients in real time or by providing opportunities to monitor and analyse the performance of the systems in a more productive manner.

Further details on the Healthcare systems in Europe are contained in the special focus section of this year’s report (section V: Special Focus on health) and detailed country-level analyses are contained in Annex 3 of the report.

Adequate social protection for long-term care needs

Policy measures in the area of long-term care focus mainly on improving cost-effectiveness, 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, NL, PL, SI, SK) and as a good social outcome in one Member State (BG), as shown in Table 9. Relevant reforms have been the focus of a recent SPC peer review (see Box 6).

Table 9. 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, NL, PL, SI, SK</i>
Good social outcome	<i>BG</i>

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

Population ageing will increase the need for long-term care. The EU public expenditure on long-term care is projected to increase from 1.6% to 2.7% of GDP between 2016-2070, with marked variations across the EU²³. The projections however do not show the full scale of the challenge, as

²³ Ageing Report 2018, European Commission

they do not consider the extent to which Member States rely on informal care (usually by other family members, most often women). As the supply of informal carers decreases due to changes in family structure (smaller families, children living further apart from their parents, etc.) and changes in the world of work (rising retirement age and female employment), the shift to formal care is likely to accelerate.

The measures adopted by some Member States aim at addressing these challenges through structural reforms, such as creating the conditions for a shift from institutional to community-based care, providing strengthened support to informal carers and improved policies for prevention, rehabilitation and independent living.

Malta, for example is taking measures to support caregivers and help relieve pressure on the formal long-term care in institutions. Slovakia is testing solutions for integrated delivery of long-term care in home environment. Germany recently passed legislation to provide better training conditions and raise the attractiveness of the care professions to tackle the overall shortage of care professionals.

Several Member States are also taking measures to strengthen the coordination of Health and Social service delivery. Slovenia, for example is advancing with the preparation of legislation to facilitate and ensure the implementation of long-term care services, in conjunction with other aspects of the social security system – health care, social care and pensions. Finland is preparing a wide-scale health and social services reform aimed to provide better integration between health and social services on the one hand, and between basic and specialised services on the other. Bulgaria has adopted an Action plan for period 2018-2021 for the implementation of the National Strategy for Long-Term Care which includes measures and services to support people with disabilities and elderly people dependent on care including through building up the necessary infrastructure to provide social and integrated health and social services. The Czech Republic is also revising its long-term health and social care system of assistance.

Given the demographic challenges in Europe, continuing and expanding those efforts are necessary to ensure the sustainability of long-term care systems and to facilitate the access to adequate, affordable and quality long-term care.

Box 1: Recent peer reviews related to the well-being of children

'Single mothers facing poverty: Providing adequate financial, material and social support for sustainable social integration'²⁴

Genk (Belgium), 5-6 October 2017

In all EU Member States, the single-parent families' poverty risk rate is substantially higher than among two-parent families, according to the at-risk-of-poverty (AROP) indicator. In Belgium, this risk is particularly high, as one in two single parent families was at risk of poverty in 2016, a ratio 2.6 times higher than for the total population.

Single parenthood is also strongly gendered, as approximately 85% of single-parent families are headed by women. Single parents often experience multiple disadvantages, and in Belgium, single mothers represent close to 17% of all minimum income beneficiaries, compared to 2.1% men in the same sub-category (PPS Social integration statistics, 2015 data). Poverty risk appears to be more long-term phenomenon in this social group, with high relative rates of persistent poverty risk, and also high occurrence of material deprivation.

To address this issue, a pilot project named MIRIAM was launched in September 2015 in five Public Social Welfare Centres (PSWC) in Belgium targeting single mothers that benefit from support of the PSWC. The project provided intensive and tailored case management, both at individual and at collective level, and aimed to increase the empowerment of women and, as a consequence, durable social integration.

-Key learning messages-

- Single parents disproportionately face a 'triple bind', including the combination of inadequate resources, inadequate employment and inadequate policies to secure well-being. However, although there are clearly challenges that are unique to single-parent families, much of their needs are common to other types of families as well. Thus, policies and institutions that support families with children and those in the labour force were also found to be of particular importance to prevent the poverty risk faced by single parents.
- Measures targeting (poor) single parents result in the most effective poverty reduction as long as adequate levels of redistribution are ensured. Targeted (means-tested) benefits need to address the issue of inadequate take-up, and avoid stigma/shame around accessing benefits/support.

²⁴ <http://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=9005&furtherNews=yes>

- Social inclusion of mothers beyond monetary support is essential, including employment and social connections. However, employment does not protect single mothers from poverty, as there are a number of risk factors related to precarious employment, low wages and less favourable employment conditions that may affect them. Thus, employment policies and policies that ensure work-life balance, are an inherent part of a desirable policy mix.
- A holistic approach with respect to the social integration of mothers with cumulative disadvantage requires coordination in both the design and implementation of policies among different institutions. In addition to individual support measures, the use of collective/group-level support was found effective in helping single mothers overcome their isolation through sharing of experiences with others who face similar problems and find support within the group.

The event was hosted by the Belgian Federal Public Service Social Security (FPS Social Security) and presented the opportunity to exchange lessons learned, good and innovative practices with participants from government representatives and peer country representatives from Belgium, the Czech Republic, France, Germany, Greece, Ireland, Luxembourg, Malta, Norway, Portugal, and Romania

Peer review on 'Homelessness from a child's perspective'²⁵

Brussels (Belgium), 27-28 June 2018

This peer review sought to highlight the key elements of an effective child homelessness strategy to ensure the well-being and rights of children currently without a home.

The peer review showcased the host country approaches to tackle children's homelessness and allowed the participating Member States to present their experiences, as well as to exchange national/regional and local policy practices in group discussions.

The Office of the Flemish Child's Rights Commissioner hosted the event and exchanged lessons learned, good and innovative practices with participants from Czech Republic, Denmark, Lithuania, Portugal and Romania.

Building on the findings of a 2016 Flemish report called "With(out) a home: Homelessness from a child's perspective" the Peer Review focused on five key themes for which the conclusions are presented below:

²⁵ <http://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=9103&furtherNews=yes>

1. Preventing homelessness among children;

It is mainly primary prevention measures such as basic minimum income schemes, housing and social assistance benefits that need to be strengthened. But also secondary prevention measures, such as early warning detection and debt counselling to prevent evictions, and adequate alternative housing provision can ensure that eviction does not result in children and their families being rendered homeless. Stronger cooperation between different policy areas such as social housing, family support, child protection and youth care, and joint approaches from youth and family services, judicial systems, social housing services, local governments and other specialized support services are also required.

2. Developing and managing child-friendly shelters and services that are adapted to homeless children's needs;

Shelters can only be a last resort and provide at best a temporary solution. There was general agreement that they should be as adapted to children's needs as much possible, in order to mitigate the adverse effects. This includes ensuring a safe, protective and supporting environment that also offers some form of continuity of lifestyle (i.e. children of school age can remain in their school, able to retain relationships with their peers etc.).

3. Developing and widening access to sustainable housing solutions for homeless children and their families through housing allocation and social support systems;

Insufficient supply of social housing results in long waiting lists and the financial constraints of families were identified as key obstacles when it comes to accessing affordable housing. The peer review discussed a number of interesting and innovative housing-led initiatives and alternative housing solutions (e.g. Housing First for youth in Denmark; social rental agencies in Belgium) aimed at overcoming these challenges. At the same time, a more structural housing market policy is needed to guarantee housing affordability.

4. Strengthening local governance capacity and cooperation among stakeholders in delivery of services for homeless children;

Strengthening local governance and devoting sufficient resources are essential to address homelessness among families and children in an effective way. Especially for children a local governance solution can guarantee continuity in their development, education, integration and social inclusion. The role and importance of integrated support services was emphasised. This is a challenge because different organisational cultures must be brought together and the knowledge among social workers has to be streamlined

5. Increasing the visibility of homeless children in policy through improved data collection and statistics.

A lack of systematic and regular data collection and underreporting of statistics, were cited as the main difficulties with regard to ensuring visibility through data collection. Additional attention was asked for hidden homelessness, referring to persons and families staying with friends or family because of a lack of other housing options, since this is a typical survival strategy of families but not visible in statistics. The use of a harmonised definition of homelessness, such as that presented by ETHOS Light²⁶ can help measuring family homelessness and make children more visible in statistics. More specifically, in each data collection exercise on homelessness one must try to capture the age of each child, which makes statements possible not only on the level of the adult but also on the level of the child.

²⁶ ETHOS Light is a simplified version of the harmonised definition of homelessness - the European Typology of Homelessness and Housing Exclusion (ETHOS) – developed by FEANTSA in the context of a 2007 European Commission study: Measurement of Homelessness at European Union Level. It is a pragmatic tool for the development of homelessness data collection, rather than a conceptual and operational definition to be used for a range of policy and practice purposes. It aimed at improving understanding and measurement of homelessness in Europe. Further info on ETHOS available at: <https://www.feantsa.org/en/toolkit/2005/04/01/ethos-typology-on-homelessness-and-housing-exclusion>

Box 2: In-depth thematic review: "Integrated early childhood development policies as a tool for reducing poverty and promoting social inclusion"

Sofia (Bulgaria), 21 March 2018

Building on the policy priorities of the Bulgarian presidency, the SPC held a thematic discussion on "Integrated early childhood development policies as a tool for reducing poverty and promoting social inclusion" in March 2018. The discussion has been structured around the following questions for discussion: i) how to improve access to quality early childhood education and care (ECEC) for the disadvantaged children and how to better reach parents and families from disadvantaged backgrounds? ii) how to improve the integrated delivery of early childhood development and protection services? and iii) how to deliver on the European Pillar of Social Rights (EPSR) principle 11 at EU level and what role should the social Open Method of Coordination (OMC) play in this respect.

Despite the large diversity of the social and educational systems across Europe, a number of common findings and challenges were highlighted during the review, supporting the importance of exchange of best practices and the value of peer learning:

1. Improving Access to Early Childhood Education and Care (ECEC), especially for children from disadvantaged backgrounds

- Participation in early childhood education and care programmes is beneficial to all children. It is especially important for children from disadvantaged backgrounds and with special needs. Their early involvement is key in preventing the development of competence gaps which can hamper a good start already in primary education.
- An effective ECEC system is one where activities are child-centred and dedicated to the well-being and development of the child. It should offer equal access to quality services to children from disadvantaged backgrounds, with migration background, or with special needs. Experience from several countries shows that those children stand to profit most from ECEC, yet they are less well represented in ECEC.
- Policies and services need to be family-centred, as the first years are the most important and formative for all children to grow and develop. Complementing the key role of the family and supporting parents with ECEC is important, as it can lay the essential foundations for successful lifelong learning, social integration and employability.
- Affordable, accessible and high-quality early education and care, along with appropriate tax and benefit incentives is a major factor in enabling parents (especially mothers) to work. This is particularly important, as the labour market situation of parents has been identified as one of the key drivers for child poverty, (alongside with limited access to social services and low-income support).
- Well-designed work-life balance policies, such as family-related leaves and flexible working arrangements, can also support parent's participation in the labour market. Several countries have reformed their schemes to support a more gender-balanced take-up, highlighting the

importance of fathers' involvement for children's well-being, health and development.

- Pre-school education is also a key priority in laying the foundation for further education that would ensure that children acquire the skills which will enable them to access skilled, well-paid jobs, enabling them to build their own way out of poverty.

2. Improving the integrated delivery of Early Childhood development and protection services

- Well-designed and well-coordinated interventions - integrating health, education, care, social protection, finance and other sectors - can achieve concrete results for children from disadvantaged background and their families, particularly those from the most marginalised and segregated communities.
- Practices that deepen the partnership between parents and early childhood education centres and schools have been found to have an especially positive impact for children in disadvantaged families. ECEC can be used to establish personal contact with the parents of such children. Through follow-up house visits and the use of designated family case worker(s) it is possible to coordinate and integrate the various types of support (housing, debt relief, counselling for better parent skills).
- The combination of universal policies promoting the well-being of all children and targeted policies directed at, but not stigmatizing, the most vulnerable families is a key element in the development of effective strategies.
- The availability of trained service providers and experts and their more equal geographical distribution and regional accessibility is important to ensure equal access to the integrated delivery of services.

3. Delivering on principle 11 of the European Pillar of Social Rights

- While the centre of gravity of social policies is with the Member States at national and local level, the implementation of the European Pillar of Social Rights is a joint responsibility of the Member States, EU institutions, social partners and other stakeholders. This implementation can be supported through a variety of processes, such as the European Semester and various EU-level policy initiatives, such as the Work Life Balance Initiative or the upcoming Council Recommendation on high quality early childhood education and care systems.
- Mutual learning and sharing of good policy practices are key social OMC tools to deliver on these principles.
- The importance of monitoring the implementation of the Pillar principles has been highlighted. The new child-specific material and social deprivation indicator, approved by the SPC, provides a broader complementary vision of children's well-being and living conditions that can be used alongside other existing monitoring frameworks.
- Many family-oriented policies qualify for financial support from the European Structural Investment Funds (ESIF), mainly the European Social Fund (ESF) and the European Regional Development Fund (ERDF). European Funding can serve as a catalyst for reforms, which can be later sustained through national budgets. It is therefore important to maintain and even strengthen the existing funding possibilities for children in the upcoming post-2020 *programming period*.

Box 3: Gaps in access to social protection for non-standard workers and the self-employed

Non-standard workers and the self-employed, who represent close to 40% of persons in employment in the EU, have more limited access to social protection, in comparison with other workers. European Commission's analysis (2018d) shows that the self-employed generally have no formal coverage concerning unemployment benefits in nine Member States, in three regarding sickness benefits and in eleven regarding accident and occupational injuries insurance. Non-standard workers are usually formally covered by social security in the same way as standard workers. However, in some countries specific categories of non-standard employees are not mandatorily covered for some or all branches of social security. The main groups for whom this is the case in a significant number of countries are casual and seasonal workers, as well as trainees and apprentices. Furthermore, there are a number of national categories to which restrictions apply in the concerned Member State, including 'marginal part-timers' and 'marginal freelancers' in Austria, 'mini-jobbers' in Germany and 'civil law contracts for a specific task' in Poland. In many countries, the self-employed and non-standard workers may be granted access without de facto being able to build and take up entitlements to benefits. In particular, eligibility conditions and thresholds in some of our social security schemes may constitute an unduly high obstacle for some groups of non-standard workers and for self-employed.

In addition, rights are not always preserved and transferred when people move between different labour market statuses, for instance going from employment to self-employment, combining salaried employment and self-employment, starting or closing down a business. Benefits may also be inadequate, meaning that are insufficient or untimely to uphold the standard of living, to live with dignity and prevent individuals from falling into poverty. At the same time, the lack of information about social protection might hinder individuals' ability to exercise their rights. Generic information about social security schemes is available in most Member States, whereas personalised information is not provided to individuals in about half of the Member States.

Addressing these gaps is an area of increased policy focus. The European Commission has adopted a proposal for a Council Recommendation, encouraging Member States to provide and improve access to social protection for workers and the self-employed (European Commission (2018d)).

Box 4: Peer Review on 'Social business for people with mental health difficulties' ²⁷

Nicosia (Cyprus), 19-20 June 2018

This Peer Review aimed to provide guidance on how to promote social enterprises that support people with mental health problems to enter the labour market.

These social economy activities help people with mental health problems to develop and maintain their skills, ideally leading to integration on the open labour market.

The Peer Review built on the experience of the Mental Health Services of the Vocational Rehabilitation Unit in Cyprus. It drew on relevant experience and outcomes from other European countries, in particular, on the development and assessment of social entrepreneurship to integrate people with mental issues into the labour market.

The Peer Review discussed cooperation between social enterprises and mental health professionals and good examples of social enterprises being developed with and for people with mental health problems.

The Vocational Rehabilitation Unit from the Ministry of Health in Cyprus hosted the event and exchanged lessons learned, good and innovative practices with participants from Bulgaria, Croatia, Czech Republic, Finland, Hungary and Latvia.

The key messages from the Peer Review can be summarised as follows:

Communication and awareness -raising

- Public and self-stigma is still a major barrier in all spheres of life, especially on the labour market. **Stigma** needs to be tackled not only to facilitate employment opportunities, but generally to **improve the quality of life of people with mental health problems**. Communication activities to raise knowledge about mental disorders (also to encourage people to raise their mental health problems more openly) and support in education and employment are ways to address stigma.
- **Sharing experiences and challenges** is important to identify lessons learnt and necessary competences to start and maintain a social enterprise and appropriate support for people with mental health difficulties.
- It is necessary to **raise awareness about social enterprises** and education of all stakeholders with the help of expert research proves to be helpful. A national label which identifies social enterprises as such, helps to raise consumer awareness, and may attract social entrepreneurs.

Support structures and approaches for people with mental health problems

- Social enterprises have the potential to provide more **flexible, innovative and supportive ways to help people with mental health problems**. The combination of their entrepreneurial approach with a social mission and a participatory approach enables a more secure work

²⁷ <http://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=9117&furtherNews=yes>

environment which is often similar to the open labour market.

- The **stepping stone approach** proves to be a promising form of guiding people with disabilities/mental health issues into the open labour market. This has been tried in Cyprus with work trails and Alternative Employment Programmes, and in Finland local NGOs or social enterprise offer a more secure work environment, but with the same tasks and work conditions as on the open labour market. Obviously, sufficient support for both employee and employer remains necessary.
- **Continuous and personal contact with employers** is needed to address stigma, but also to support people once in employment, to promote an inclusive culture and workplace settings suitable for people with mental health problems, and to detect future mental health problems early enough.
- When trying to find job opportunities for people with mental health problems, it is important to adopt a **personal approach that addresses personal needs, but also user choice and participation**. The personalised approach focuses on peoples' ability (rather than on disability) and their interests. By doing so, there is a higher chance on finding the right place on the labour market. Social enterprises with their inclusive, participatory and flexible working culture are well placed to support this approach.
- In order to address the various needs of people with mental health problems, **support and collaboration from various public actors** is needed. Here the Cypriot approach of multi-disciplinary teams and the idea to establish cooperation between mental health professionals and social enterprises helps to provide personal support and to prevent serious relapses. Other examples include the involvement of job coaches and occupational therapists.
- Employment of people with mental health problems requires **community-based care and services**, so the provision of health and social services at home, rather than in an institution. Especially community mental health services play a vital role to address various needs and to support job integration.

Governance and processes

- **Legislation on social enterprise** is important to create an environment in which social enterprise can develop, but it often needs to consider a variety of organisational forms of social enterprise.
- **Various ways of funding**, often a mixture of private (SROI3, Social Impact Bonds, loans) and public (grants to set up the enterprise, ESF funding) as well as entrepreneurial training are a way to aim for financial sustainability of social enterprises. Tax incentives and an increased use of environmental and social clauses of the EU Public Procurement Directive may also be a way to develop social enterprises.
- A **governmental incubator for social enterprise** can help to share knowledge, including business and entrepreneurship advice, especially with regards to helping and involving people with mental health problems.
- **Data collection concerning people with mental health problems** is necessary to fully scale the number of people with mental health problems, and therefore the need for help, and to evaluate and monitor effective ways of labour market integration.
- A **multifaceted approach** tackling mental ill-health by focusing on health care, employment, education and inclusion of people with mental conditions at all policy levels is necessary.

Box 5: Highlights from the 2018 Pension Adequacy Report, adopted by EPSCO

The 2018 Pension Adequacy Report (PAR) prepared jointly by the Social Protection Committee and the European Commission analyses the adequacy of current and future pensions, that is: how they help maintain the income of men and women for the duration of their retirement and prevent old-age poverty. It supports Member States in designing pension systems that are adequate while remaining financially sustainable, being mutually complementary with the Ageing Report.

The PAR report conclusions highlight the following:

1. Despite improvements, there is no room for complacency.

Compared to 2008 there are now almost 2 million older people less at risk of poverty or social exclusion, but some 17.3 million are still at risk today.

2. Inequalities remain and some groups require specific policy attention

Across Member States, inequalities among older people persist and the risk of poverty or social exclusion increases with age. Pension outcomes are marked by persistent gender differences. People in non-standard or self-employment often face less favourable conditions for accessing and accruing pension rights.

3. Pension systems and labour markets continue to evolve

Pensions systems have been one of the areas with the most reforms in recent years across the EU. At the same time, technological advancements and the changing world of work are bringing new challenges, which need to be addressed. While financial sustainability has been in focus during the crisis years, adequacy concerns are starting to be reflected more prominently in recent years.

4. Maintaining the adequacy of future pensions will require further improvements

Gains in life expectancy require that future generations work longer and retire later. While narrowing, the pension gap between men and women is likely to persist. Pension systems also need to adapt and extend to cover people in non-standard or self-employment. Finally, the living standards of older people are influenced by wealth and access to services – especially health and long-term care.

5. Joint efforts at the EU level need to be pursued

The constantly evolving pension policies, the demographic situation and changing labour markets mean that pension adequacy would require continuous monitoring and on-going analysis, to provide Member State and other stakeholders with the information required to anticipate and act on adequacy, alongside financial sustainability challenges.

Box 6: Peer Review on "Germany's latest reforms of the long-term care system"²⁸

Berlin (Germany), 11-12 January 2018

This Peer Review provided an occasion to compare the German reforms to other Member States' policies in the area of long-term care. German stakeholders presented an overview of the latest reforms and good practices to other Member States, while these presented their responses to similar challenges. The event focused on the following key areas:

- How to define long-term care needs and how to assess individual care needs;
- How to strengthen long-term care at home and in the community via local counselling and support structures;
- New types of (semi-)residential arrangements;
- A better coordination between health and social care services.

The German Federal Ministry of Health hosted this event and exchanged lessons learned, good and innovative practices with participants from Austria, Bulgaria, Cyprus, the Czech Republic, France, Ireland, Latvia, Lithuania, Malta, Portugal, Slovenia and Spain.

- Summary Conclusions -

- In a society undergoing major demographic changes Member States face common challenges. Long-term care becomes more and more important in times of longevity.
- The participating Member States all have LTC policies that focus on care at home. Therefore, all guests were very interested in the host country's report on the latest reforms in Germany on the LTC system. It was recognised that not only the question of how do we care for people in need of care, but also the question of how do we support the carers will be essential in the coming years.
- With regard of the lack of professional care staff, especially in the long run, unconventional solutions like new and semi-residential care options will play a stronger role and a new mix of skills of trained staff will be unavoidable.

²⁸ <http://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=9008&furtherNews=yes>

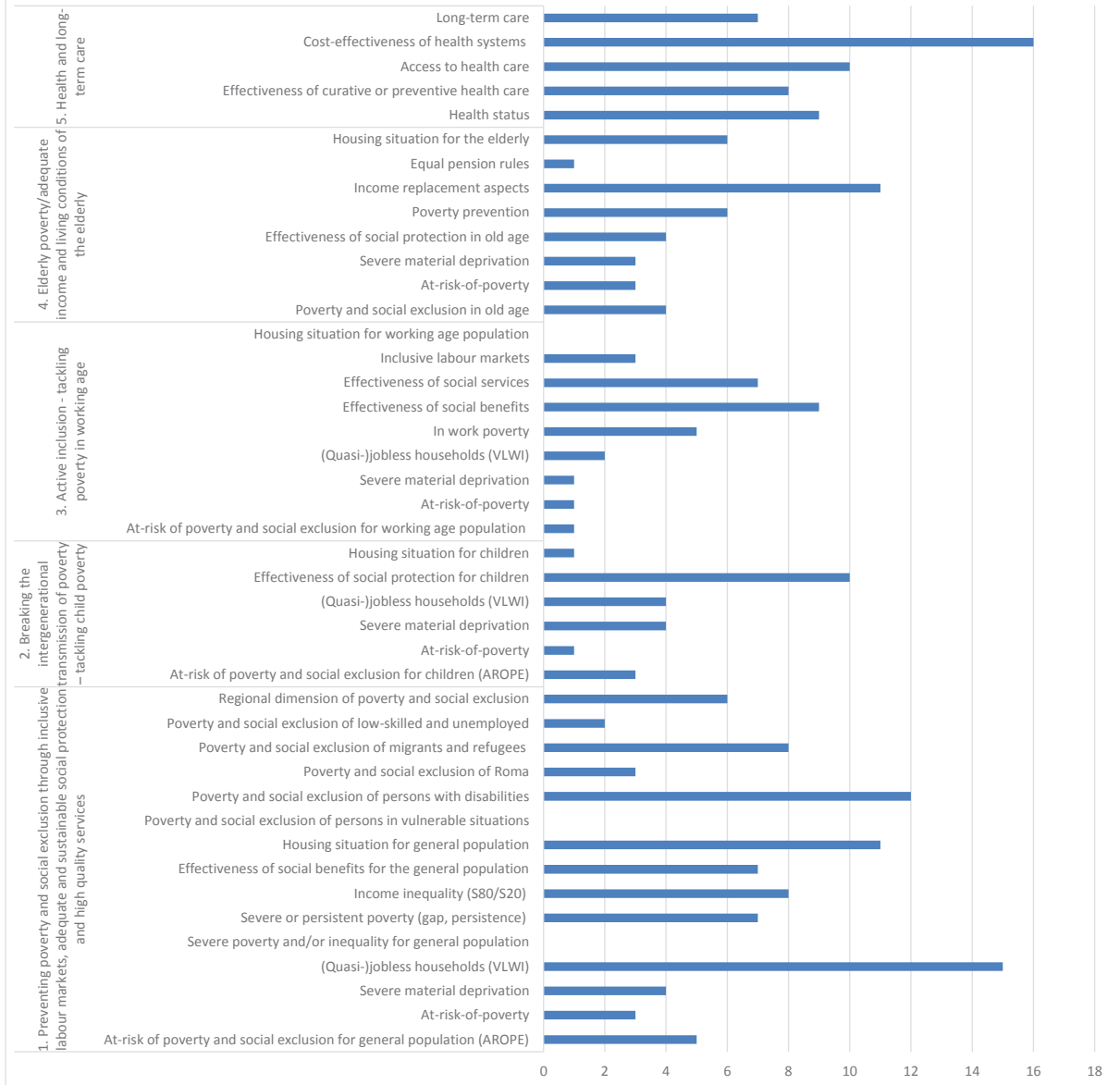
Table 10: Synthesis table of key social challenges and good social outcomes, 2013-2016²⁹

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)	5	2	3	1			c	g				c	c						g	c																	
	At-risk-of-poverty	3	3	2	2	g					g			c	c																							
	Severe material deprivation	4		2				c						c	c			c																				
	(Quasi-)jobless households (VLW)	15	4	12	4			c	c	c/g	c			c/g	c	c				c	c	c		c/g	c											c/g		
	Severe poverty and/or inequality for general population																																					
	Severe or persistent poverty (gap, persistence)	7	7	4	4	g			g	g	g					c		g	g	c		c		c	c/g											c		
	Income inequality (S80/S20)	8	2	5	1			c	g						c	c		g			c	c														c		
	Effectiveness of social benefits for the general population	7	5	5	4	g			c		g						g						c	c	c	c											g	
	Housing situation for general population	11	3	8	3			c	c	c	c						g	c	c				c		g												c	
	Poverty and social exclusion of persons in vulnerable situations																																					
	Poverty and social exclusion of persons with disabilities	12	2	8	2			c	c	c	c					g					c	c															c	
	Poverty and social exclusion of Roma	3							c										c																			
	Poverty and social exclusion of migrants and refugees	8		7				c									c	c																				
	Poverty and social exclusion of low-skilled and unemployed	2		1					c	c																												
	Regional dimension of poverty and social exclusion	6		3					c	c																												c
2. Breaking the intergenerational transmission of poverty - tackling child poverty	At-risk of poverty and social exclusion for children (AROPE)	3	2	2	1					c			g				c																				c	
	At-risk-of-poverty	1	3	1	2								g			c																						g
	Severe material deprivation	4	1	2						c									c																			g
	(Quasi-)jobless households (VLW)	4	4	3	4			c	c		c			g			c																					g
	Effectiveness of social protection for children	10	8	7	6	g		g	g	c	g					c	g	g	g	c/g	c																	c
	Housing situation for children	1	1	1	1												g																					c

²⁹ "c" stands for challenge; "g" stands for good social outcome. "c" and "g" in blue cells show 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	1	1	1	1		c																													
	At-risk-of-poverty	1	4	1	3											g					c				g									g		
	Severe material deprivation	1																																		
	(Quasi-)jobless households (VLWI)	2	5	2	2																															
	In work poverty	5	9	3	5		g	g				g	c	c	c	g								g												
	Effectiveness of social benefits	9	4	5	3	g		c	g	g		c	c	c	c																					
	Effectiveness of social services	7		5		c		c																												
	Inclusive labour markets	3	5	1	5		g																													
	Housing situation for working age population																																			
	Poverty and social exclusion in old age	4	1	2	1			c	g																											
4. Elderly poverty/adequate income and living conditions of the elderly	At-risk-of-poverty	3		3																																
	Severe material deprivation	3	2	2																																
	Effectiveness of social protection in old age	4		3																																
	Poverty prevention	6	4	4	3			c					g	c																						
	Income replacement aspects	11	3	9	2			c																												
	Equal pension rules	1																																		
	Housing situation for the elderly	6	1	4	1	g																														
	Health status	9	2	6	2	c																														
	Effectiveness of curative or preventive health care	8	2	6	3	c																														
	Access to health care	10																																		
5. Health and long-term care	Cost-effectiveness of health systems	16																																		
	Long-term care	7	1	6																																

Number of Member States with key social challenges per sub-category



V. Special focus on health

The European Pillar of Social Rights (EPSR), jointly proclaimed by the European Commission, the European Parliament and the Council of the European Union in 2017, affirms that "Everyone has the right to timely access to affordable, preventive and curative health care of good quality", reiterating the three main common objectives agreed by the Social Open Method of Coordination (OMC)³⁰ of accessibility, quality, sustainability/affordability and the Common Values and principles in EU health systems³¹ of universality, access to good quality care, equity and solidarity.

"Accessibility" refers to the possibility for everyone to access healthcare whenever it is needed. "Affordable health care" means that people should not be prevented from using needed care due to high costs and should not be exposed to extreme financial shocks in case of care needs. Healthcare of "good quality" means that it should be relevant, safe and effective for all. Finally, countries must be in a sound financial position in financing the health care system ("sustainability")

However, rapid population ageing across Member States is increasingly posing a challenge to the accessibility and financial sustainability of the healthcare systems. As reported by the 2018 Ageing Report, the share of elderly (65+) in the total population will increase by 10 percentage points in the next 50 years, challenging even further the ability of Member states to provide good and accessible health care to all and calling for more efficient and effective policies.

In this context, the Joint Assessment Framework in the area of health (hereafter JAF Health) has been developed under the guidance of the Indicators Sub-Group of the **Social Protection Committee**, to constitute an analytical tool to monitor policies within the area of healthcare from a social protection perspective. This tool is used to identify key challenges experienced by the Member States and help to establish their priorities in policy-making. Moreover, the JAF is particularly important for its cross-country comparability dimension, which helps the Member States to evaluate their challenges in relation to each other.

In 2017, the **Social Protection Committee** completed the methodological work related to JAF Health to be used in the context of the social open method of coordination and undertook an in-depth analysis of Member States' health care systems using the agreed methodology. Extracts of the country profiles prepared during this in-depth analysis are presented in Annex 3. A selection of a limited number of these indicators is also used in the vertical assessment carried out as part of the SPPM assessment to identify key social challenges and good social outcomes (see section 4 of the present report).

JAF Health indicators and their breakdown into the four dimensions (outcome; access; quality and non-health care) and two context dimensions, as well as further methodological details, are covered in Box 7.

³⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM:em0011>

³¹ Council conclusions 2006/ C 146/01

Box 7: JAF health – the indicators and assessment approach

While acknowledging the challenges relating to finding appropriate indicators reflecting a sufficient description or comparability of the different health care systems, the Social Protection committee agreed on 93 indicators to be included in JAF Health and divided into 71 main indicators (divided into the four dimensions outcome; access; quality and non-health care) and 22 context indicators (divided into the two dimensions (financial and human) resources and socio-economic).

The *main indicators* have to satisfactorily meet the quality criteria agreed at the EU level: they should be relevant for explaining the corresponding policy area, have a clear and accepted normative interpretation, be robust and be statistically validated, provide a sufficient level of cross countries comparability, and, most importantly, should be responsive to policy interventions but not subject to manipulation. The indicators used should include relevant breakdowns by gender, age, and income quintile.

The *context indicators*, on the other hand, provide important information in the qualitative assessment, but are not used in the quantitative assessment exercise.

All indicators are assessed for each Member State and compared to the EU average for both levels and changes over the last three years where available. To have the data reported on the same scale, the JAF indicators are standardised and based on the EU 28 average. The standardised levels of JAF indicators thus present the *deviation* of a Member State with respect to the EU28 average, while standardised changes correspond to the relative change in a Member State compared to the EU28 average.

Like in other policy areas analysed through the JAF methodology, a quantitative assessment has been complemented a qualitative assessment (see Annex 3) to ensure that the organisation of the health care provision and financing in each country is duly taken into account in the analysis

Table 11 below presents an overview of the 93 agreed indicators.

Table 11. Overview of agreed indicators

Dimension 1: Outcome (24 indicators)
Life expectancy at birth (T); Life expectancy at birth (M); Life expectancy at birth (W); Life expectancy at 65 (T); Life expectancy at 65 (M); Life expectancy at 65 (W); Healthy life years at birth (M); Healthy life years at birth (W); Healthy life years at 65 (M); Healthy life years at 65 (W); Well-being: Self-perceived general health (good + very good); Well-being: Self-perceived general health (good + very good) - income quintile gap (q1-q5); Infant mortality rate (total); Child mortality rate, 1-14 (total); Potential years of life lost (T); Potential years of life lost (M); Potential years of life lost (W); Amenable mortality, standardised death rate per 100.000 population aged 0-74 years (total); Preventable mortality, standardised death rate per 100.000 population aged 0-74 years (total); External causes of death excl. transport accidents (total); Well-being: Self-perceived general health (bad + very bad); Well-being: Self-perceived general health (bad + very bad) - income quintile gap (q1-q5); Mental Health: Number of deaths due to intentional self-harm/suicide; Mental Health: Self-reported 12-month depression symptoms

Dimension 2: Access (7 indicators)
Self-reported unmet need for medical care; Self-reported unmet need for medical care - due to cost; Self-reported unmet need for medical care - due to waiting time; Self-reported unmet need for medical care - due to distance; Gap in self-reported unmet need for medical care by income quintile gap (q1-q5); Share of population covered by health insurance; Care utilisation (total, by SES): Number of doctors' consultations per year per inhabitant (generalist and specialist in private practice or as outpatient)
Dimension 3: Quality (14 indicators)
Colorectal cancer survival rates (total); Breast cancer survival rates (total); Cervical cancer survival rates (total); Breast cancer screening (women); Cervical cancer screening (women); Colorectal cancer screening (T); Colorectal cancer screening (M); Colorectal cancer screening (W); Vaccination coverage for children: against diphtheria, pertussis, tetanus (DTP); Vaccination coverage for children: against measles; Influenza vaccination for 65+; Gap in influenza vaccination for 65+ by educational level (ISCED 0-2 and 5-6); In-hospital mortality following AMI; In-hospital mortality following stroke
Dimension 4: Non-health care determinants (26 indicators)
Regular daily smoking (total population); Regular daily smoking (15-24); Regular daily smoking (M); Regular daily smoking (W); Gap in regular daily smoking by income quintile (q1-q5); Obesity (total population); Obesity (18-24); Obesity (M); Obesity(W), Gap in obesity by income quintile (q1-q5); Risky single occasion drinking (total population 15+); Risky single occasion drinking (15-24); Risky single occasion drinking (M); Risky single occasion drinking (W); Gap in risky single occasion drinking by educational level (ISCED 0-2 and 5-6); Fruit consumption (total population 15+); Fruit consumption (15-24); Gap in fruit consumption by educational level (ISCED 0-2 and 5-6); Vegetable consumption (total population 15+); Vegetable consumption (15-24); Gap in vegetable consumption by educational level (ISCED 0-2 and 5-6); Physical activity (total population 15+); Physical activity (15-24); Physical activity (M); Physical activity (W); Gap in physical activity by educational level gap (ISCED 0-2 and 5-6)
Dimension 5: Context - resources (16 indicators)
Current expenditure on health care per capita (in PPS); Current expenditure on health care as % of GDP; Total long-term care expenditure as % of GDP; Expenditure on curative care as % of CHE; Expenditure on rehabilitative care as % of CHE; Expenditure on long-term nursing care as % of CHE; Expenditure on preventive care as a % of CHE; Administrative Expenditure as % of CHE; Practicing and professionally active nurses and midwives per 100K; Health personnel in hospital, FTE per 100K; Government expenditure as % CHE; Compulsory insurance expenditure as % CHE; Voluntary schemes expenditure as % CHE; Household out-of-pocket expenditure as % CHE; Rest of the world expenditure as % CHE
Dimension 6: Context – socio-economic (6 indicators)
Old age dependency ratio; At risk of poverty or social exclusion rate; Share of population 65+; Share of population 80+; Percentage of population 25-64 with low education; GDP per capita (PPS)
<i>Notes: T/M/W refers to total/men/women, respectively</i>

The *outcome area* comprises a total of 24 indicators including on healthy life years, self-perceived health, infant and child mortality, life expectancy, potential year of life lost as well as amenable and preventable mortality. For 18 Member States healthy life years and/or life expectancy (at birth or at age 65) remain a key health challenge (AT, BG, CZ, DK, EE, EL, FI, HR, HU, LT, LU, LV, NL, PL, PT, RO, SI³², SK) with their overall score lower or significantly lower than the EU average despite positive developments in some countries (e. HU) Infant mortality is a major challenge for 4 Member States (SK, MT, BG, RO) and amenable and preventable mortality for 8 Member States (BG, EE, HR, HU, LT, LV, RO, SK), while "potential year of life lost", scored worse than the EU averages only for 8 Member States (BG, EE, LV, LT, HU, PL, RO,SK).

With regard to the *quality area*, the comparisons are conducted through 14 indicators relating to cancer screening and vaccinations coverage for both children and adults. 18 Member States have a key challenge in this area, concerning especially the children's vaccination coverage in which 9 Member States perform worse in one or more vaccines than the average (BG, CY, DK, EE, FR, IT, LT, MT, RO).

The *resource area* intends to evaluate the overall expenditure in the health-care system, taking into account not only the overall per capita expenditure but also the various sources of the expenditure as well as the areas it goes into. For this area, there are 16 indicators including health expenditure per capita, health and LTC expenditure as % of GDP, preventive, curative care expenditure, government expenditure, compulsory insurance expenditure, voluntary scheme, household out-of-pocket expenditure, all as % of total current health expenditure. 22 Member States have at least one indicator performing worse than the EU average, although 7 countries record positive or considerably positive developments in raising the government expenditure or increasing the expenditure in some specific sectors such as rehabilitative care, long-term care or prevention.

Regarding the levels of health expenditure as % of GDP, 9 Member States are above the EU average (AT, BE, DE, DK, FR, IE, LU, NL, SE) with a healthcare 'basket' that is relatively broad in terms of medical goods and services covered. The levels are below the EU average for 10 Member States (BG, CY, EL, HR, HU, LT, LV, PL, RO, SK), but this does not imply necessarily low health outcomes as not for all countries the indicators are worse than the EU average (e.g. CY).

The *area of access* includes 7 indicators, namely health insurance coverage, number of doctor's consultations, and 5 indicators of self-reported unmet medical care needs. Correlated to this area is the number of doctors per inhabitant. The link with the access framework is straightforward, as with a lower number of doctors, challenges may arise in the geographical distribution of healthcare, with shortages of health workers in rural areas and islands, reducing the accessibility to the health-care services and so increasing the unmet needs due to distance.

The value of universal access to healthcare is widely accepted at EU level and supported by the Charter of Fundamental Rights and the Sustainable Development Goals. As mentioned earlier, also the European Pillar of Social Rights, stresses the importance of universal affordability and health

³² Break in time series in 2010

care of good quality. While each Member State is responsible for its own health policy, its organization and financing, the Pillar encourages the Member States to adapt their rules to give effect to this fundamental principle with health systems and to guarantee effective access to a comprehensive basket of (preventive and curative) healthcare services for all population groups.

The various possible ways of organising the healthcare system can lead to different results in terms of accessibility in relation to the key dimensions of coverage, availability, and affordability of care and depth of coverage. Table 12 provides an overview relating the organisation and financing of health care systems to key outcomes.

Table 12. Financing schemes and unmet medical need results in EU countries:

	Government schemes	Compulsory insurance	OOP	Basic principle	Insurance coverage	Unmet need	Gap in unmet need
<i>mainly tax based</i>							
DK	84			14 universal	100	1.3	1.3
SE	84	0		15 universal	100	1	1.5
UK	80	0		15 universal	100	1	1
IT	75	0		23 universal	100	7.2	13.8
IE	70	0		15 universal (not for primary care)	100	2.8	2
ES	66	5		24 universal	99.8	0.5	0.2
PT	65	1		28 universal	100	3	5.8
FI	62	13		19 universal	100	4.1	3
LV	60			39 universal	100*	8.2	14
MT				universal		0.8	2.1
<i>mainly contribution based</i>							
DE	7	78		13 compulsory social insurance	99.8	0.5	0.9
SK	4	76		18 compulsory social insurance	94.2	2.1	1.7
FR	4	75		7 social insurance/universal**	99.9	1.2	2.7
LU	8	74		11 compulsory social insurance	95.9	0.9	1.8
HR	3	73		17 compulsory social insurance		1.9	4.4
CZ	12	72		13 social insurance/universal**	100.2	0.8	0.8
NL	9	71		12 compulsory insurance	99.8	0.1	0.1
SI	3	68		13 social insurance/universal**	100	0.2	0.1
EE	11	65		23 compulsory social insurance	94.3	12.7	4.7
RO	15	64		20 compulsory social insurance	86*	6.5	9.1
PL	9	62		23 compulsory social insurance	91.3	7.3	6.2
BE	18	59		18 compulsory social insurance	99	2.4	7.4
HU	9	58		28 compulsory social insurance	95	1.4	2.7
LT	10	57		32 compulsory social insurance	96-98*	2.9	2.6
AT	31	45		18 compulsory social insurance	99.9	0.2	0.4
<i>mainly based on OOP</i>							
BG	9	42		48 compulsory social insurance	92-93*	2.8	5.3
CY	42	0		44 means-tested		1.5	3
EL	30	29		35 compulsory social insurance	86	12.3	14.8
MT						0.8	

Sources: data in the first three columns giving the shares in total expenditure are from Eurostat based on SHA data [hlth_shall_hf] extracted on 10/10/2017. The classification of the healthcare model is based on information from the MISSOC Comparative Tables (mostly based on the "beneficiary" filed") and JAF Health analyses. Data on unmet need and

on insurance coverage are extracted from the latest available version of the JAF database, based respectively on SILC and OECD data.

Notes: Insurance coverage values with an * means estimated value extracted from the JAF Health country analyses. ** means that all residents are de facto covered. Values worse than the EU average are highlighted in grey. OOP means out-of-pocket payments.

In terms of *basic organising principle*, the different healthcare systems can be classified into three types: universal, insurance-based and "others", which includes atypical systems without a comprehensive organization of healthcare. In terms of *financing* healthcare expenditure, countries can be divided into three groups: mostly tax-financed (around one third of EU countries), mostly financed by insurance contributions (around half of Member States), mostly relying on out-of-pocket payments (3 Member States). Insurance-based systems rely on the payment of (often mandatory) social insurance contributions, and in one Member State (NL) the curative care is financed by the payment of mandatory insurance premium. Social insurance contributions, then, can be levied on employees, self-employed and/or employers.

In terms of accessibility, those countries that have mainly government-financed schemes follow the universality principle reaching a coverage rate of 100% of the population. On the other hand, in those countries where the main source of financing is from (compulsory) insurance schemes, some parts of the population remain uncovered by the health insurance, including vulnerable groups as the unemployed or self-employed. However, some Member States with insurance-based systems, reach a coverage rate of 100% as they have adjustment mechanisms in place. For instance, the government pays contributions on behalf of mostly economically inactive people including children, students, pensioners, women on maternity leave, people on parental leave, the unemployed and asylum seekers. In three Member States (BG, CY, EL), the healthcare system is financed by household out-of-pocket payments to a substantial degree, which impacts the accessibility of healthcare for people with low income.

Table 13 below further groups Member States in terms of the challenges identified concerning the three aspects of access (coverage, affordability, and availability of care). In most countries with an identified challenge in access, this concerns the availability of human resources and their geographical distribution. In addition to availability challenges, 7 Member States (EE, HU, PL, SK, EL, BG, RO) face challenges referring to healthcare coverage and 6 (IT, LV, LT, EL, BG, RO) concerning the affordability of healthcare. 3 Member States face challenges in all three areas.

Table 13 - Results from JAFH analyses on the challenges in access to healthcare

MS	Coverage	Availability (human resources, geo distribution)	Affordability
CZ, FR, HR, LU, SI, DK, ES,			
EE, HU, PL, SK			
IT, LV, LT			
EL, BG, RO			

The affordability issue is also correlated with the relatively high level of out-of-pocket payments which may prevent people from using health care services because of the high cost and thus be exposed to extreme financial shocks in case of needs.

Several countries recently adopted new *reforms* as *policy response* to address these challenges. For example, in a country with a healthcare system mostly based on out-of-pocket payments (CY), a national health system was agreed in order to extend coverage to all the population and not only income poor, thus guaranteeing universal coverage. This reform, which is to be completed by 2020, will imply a financing shift from out-of-pocket payments to taxes. One country (PL) which has an insurance-based healthcare system is discussing a shift towards a tax-funded system. On the other hand, one country previously having universal coverage (LV) plans to shift the current universal health coverage to a two-tier system linking access to the full healthcare service basket to insurance contributions in 2019.

To enhance primary care capacity, some Member States such as AT, FI have introduced reforms focusing on ensuring longer opening hours, particularly during evenings and weekends, to reduce contacts with hospital outpatient departments. In addition, the use of e-Health has been fundamental to strengthen access to and efficiency in primary care and promote greater coordination among primary care providers and hospitals.

The availability of medical care is perceived as a growing concern for several Member States. In some countries, the problem is a general shortage of health workers, often due to high emigration rates towards countries with better-paid jobs. In other cases, there is an inequality in the geographical distribution of doctors who tend to prefer bigger cities and disregard the most rural areas with a subsequent increase of the unmet medical care needs due to distance (e.g. BE, DE, EE, HR, IT, LV, PL, SE). To overcome this issue there are some positive policy examples as relaxing the *numerus clausus* (e.g. BE), increasing the number of training places, or giving financial incentives for doctors in rural areas.

Various measures have been introduced by regions and municipalities to promote greater care integration and cooperation (e.g. DK). Hospitals, for example, use outreach teams for home visits after hospital discharge. Municipal units have also been established within hospitals to facilitate follow-up care after hospital discharge.

Unhealthy lifestyle is an additional challenge for several Member States (e.g. EE, IE, HU, IT, NL), but some measures have been taken as the introduction of comprehensive health promotions and disease prevention strategies at school and in wider communities (e.g. HU). Key elements include promoting a healthy diet and a minimum daily physical activity, as well as the introduction of taxes to specific food products high in sugar, salt or caffeine. Alcohol misuse and tobacco consumption have also been addressed through specific national policies as the plain-packaging, tax increase, public awareness campaigns in several countries (e.g. EE, IE, IT, LU, NL, SI) and specific public health legislation to tackle alcohol consumption (e.g. IE).

Member States have also been introducing reforms going towards a more efficient use of resources reducing duplication of services while improving the quality (e.g. IT, LV, PL, PT, EL). New organizational models are being tested reducing the inappropriate use of emergency services, assuring access to care for low-income households, and measures that aim to shift care away from hospitals towards more coordinated care at the community level have been implemented (e.g. IT). Countries are also improving the provision of home care services for chronic patients and of day care services for patients with mental illnesses. To increase the accessibility of healthcare services, countries have also started to finance additional nurses in primary care and establish of a family doctor telephone advisory service (e.g. EE).

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

Introduction

This annex provides a more detailed review of the latest social developments³³ 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.

The annex shows that Europe is showing visible signs of progress. In most countries, labour markets are healthier than they have been in a decade, while deprivation and social exclusion is declining. 2017 was a good year for many European economies, with more people than ever in employment, and with unemployment, including youth unemployment, continuing to drop steadily. The recovery in growth and jobs contributed to an increase in disposable income for many people, resulting in an increase in living standards and a reduction in material deprivation. Nevertheless, several areas of concern are still apparent, including the still widening depth of poverty risk in many Member States, the rising trend in in-work poverty risk in several countries, and the still increasing risk of poverty for people in (quasi-)jobless households.

³³ The figures quoted in this annex are based on data available around mid-June 2018, unless otherwise stated.

Summary of developments in the social situation in the EU

1. The EU economy is now showing moderated but solid growth, following the previous period of strong growth over 2017. Employment has now been growing for four and a half years in a row, and over the latest quarters, employment in the EU has reached the highest levels ever recorded with more than 236 million people in jobs, and with permanent jobs and full-time employment being the main contributors to employment expansion over the last year. Even though large differences remain between EU countries, unemployment decreased in all Member States in 2017, and the unemployment rates in the EU and euro area are approaching their pre-crisis values at a steady pace. Youth unemployment in particular is falling steadily. With employment responding promptly to economic growth, the financial situation of EU households continues to show some moderate improvement overall, mainly driven by an increase in income from work³⁴, but in general economic growth and the improvement of the labour market have, so far, had a rather mixed and sometimes somewhat limited impact on the other social indicators. Against this background, social conditions generally continue to improve but challenges in insuring the inclusiveness of the recovery remain, especially regarding progress towards the Europe 2020 target to reduce poverty and social exclusion, and the rise in in-work poverty risk as well as the risk of poverty of people in (quasi-)jobless households.
2. The latest update of the Social Protection Performance Monitor points to a continued improvement in the social situation in the EU, with around two-thirds of the indicators in the SPPM flagging up a noticeably higher number of Member States with positive changes than negative ones. Of particular note is the continued improvement in the labour market, with further reductions in unemployment, including youth and long-term unemployment, as well as continued improvements in the participation of older workers. The improvement in the employment situation has resulted in reductions in the share of the population in (quasi-)jobless households. There are also reductions in the share of the population suffering from severe material deprivation and in the share of children at risk of poverty or social exclusion in many Member States.
3. Reflecting these developments, significant falls in the at-risk-of-poverty-or-social-exclusion rate were observed in 12 Member States over 2015-2016, driven by declines in the rate of severe material deprivation and in the share of the population living in (quasi-)jobless households. Nevertheless, with regard to the Europe 2020 poverty and social exclusion target of lifting at least 20 million people from the risk of poverty or social exclusion by 2020, in 2016 there were still around 0.8 million more people living at risk of poverty or social exclusion in the EU compared to 2008³⁵, with a total of 118 million people or close to 1 in 4 Europeans.

³⁴ See Figure 8

³⁵ The reference year, due to data availability, for the target adopted in 2010

4. Despite the generally positive developments, the following main negative trends, or “trends to watch”, are identified for the most recent period (2015-2016³⁶):
 - Deterioration with regard to the **depth of poverty risk** in many Member States, and with regard to **in-work poverty risk** in several countries.
 - Rises in the **at-risk-of-poverty rates for people in (quasi-)jobless households**, pointing to a continued deterioration in the adequacy of social benefits in several countries.
5. At the same time, there are signs of a decline in the relative income of the elderly, with falls in the median relative income ratio of the elderly in around half of Member States. To a large extent this reflects the reversal of the general trend observed in the years following the crisis in which their situation relative to the rest of the population improved, while now the relative income situation of the working age population is doing better as the labour market situation and incomes from work have improved.

³⁶ These income and household work intensity trends in fact refer to the data period 2014-2015 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.

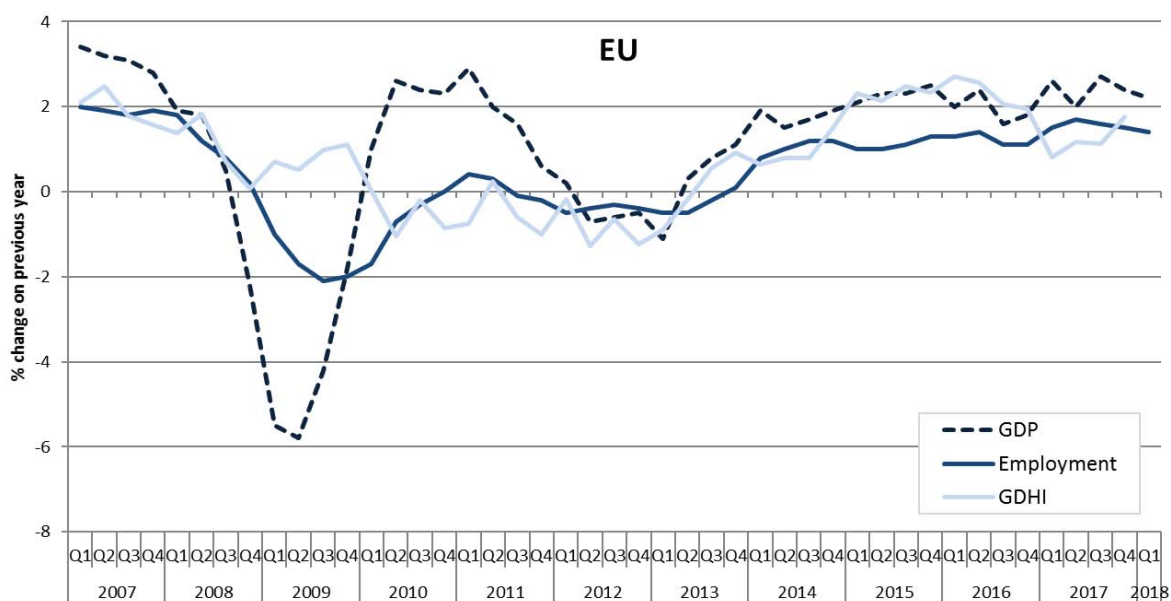
The social situation in the European Union

Continued positive macro-economic and labour market context

The EU economy is now showing moderated but solid growth, following the previous period of strong growth over 2017. The economy grew at its fastest rate in ten years in 2017, as the recovery spread to all Member States. However, the increase in GDP outpaced the rise in household income (i.e. Gross Domestic Household Income, GDHI), raising questions about the inclusiveness of the recovery (Figure 7). For the first time since 2007, all Member States saw their economies expand. The strengthened economic expansion has led to a further improvement in the labour market situation. Even though large differences remain between EU countries, unemployment decreased in all Member States over 2017, and the unemployment rate in the EU is approaching its pre-crisis value at a steady pace. Employment in terms of both the number of workers and working hours is rising; and there is less slack in the labour market, leading to an expected pick up in wages and salaries. Over the latest quarters, employment in the EU has reached the highest levels ever recorded, with more than 236 million people in jobs, and with permanent jobs and full-time employment being the main contributors to employment expansion over the last year.

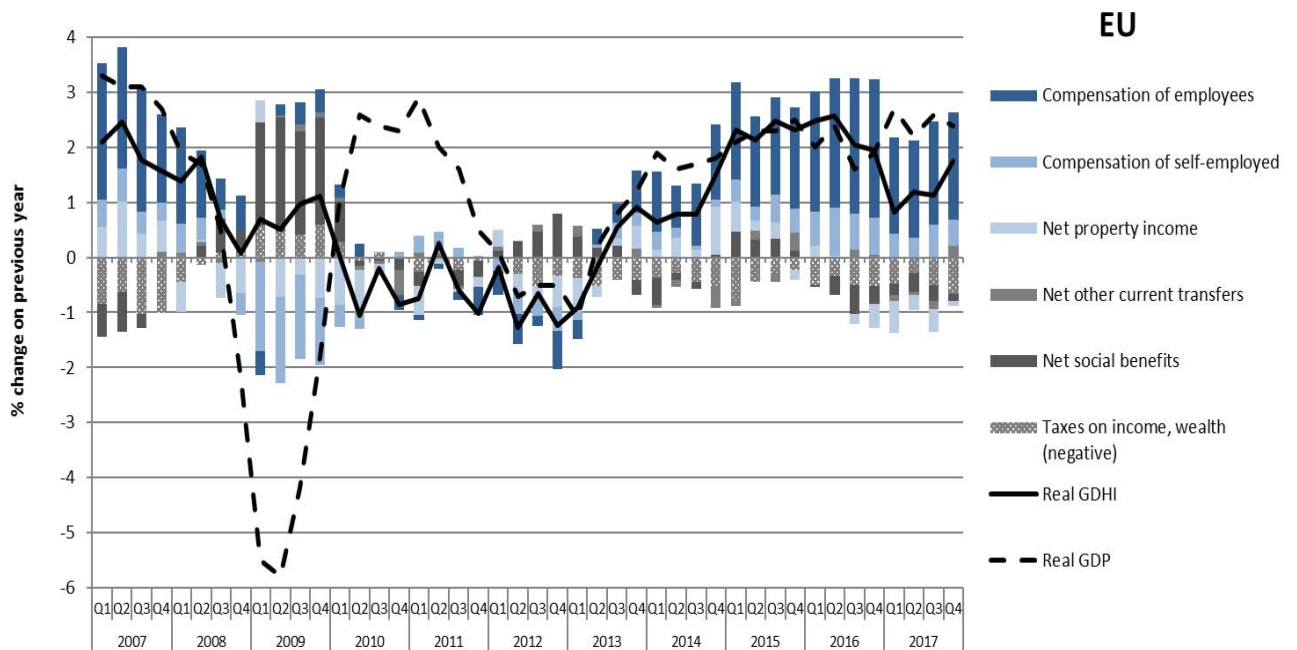
With employment responding promptly to economic growth, the financial situation of EU households continues to show some improvement, mainly driven by an increase in income from work (see Figure 8). Against this background, social conditions generally continue to improve, but challenges remain, especially regarding progress towards the Europe 2020 target to reduce poverty and social exclusion, and the rise in in-work poverty risk in several MS, as well as the risk of poverty of people living in (quasi-)jobless households.

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

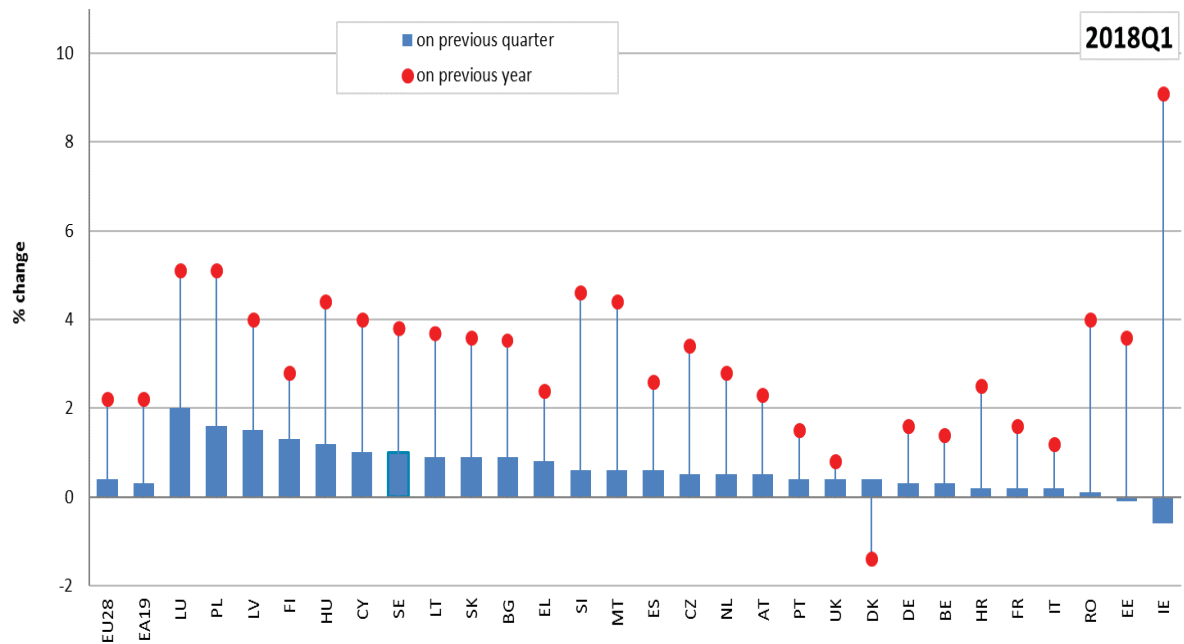
Figure 8: GDP and GDHI growth and change in GDHI components in the EU



Source: Eurostat, National Accounts, data non-seasonally adjusted (DG EMPL calculations for GDHI)

In the first quarter of 2018, real GDP was higher than in the same quarter of the previous year in all Member States except DK. Among the largest Member States, the year-on-year growth was strongest in Poland, where the economy expanded by around 5%, while in Spain growth was 2.6%, in France, Germany and Italy between 1-2%, and in the UK 0.8%. Among the remaining Member States, real GDP growth continued to be strongest in Ireland (around 9%), followed by Luxembourg, Slovenia, Hungary and Malta, all with year-on-year growth of over 4% (Figure 9).

Figure 9: Real GDP growth - EU, EA and Member States, 2018Q1

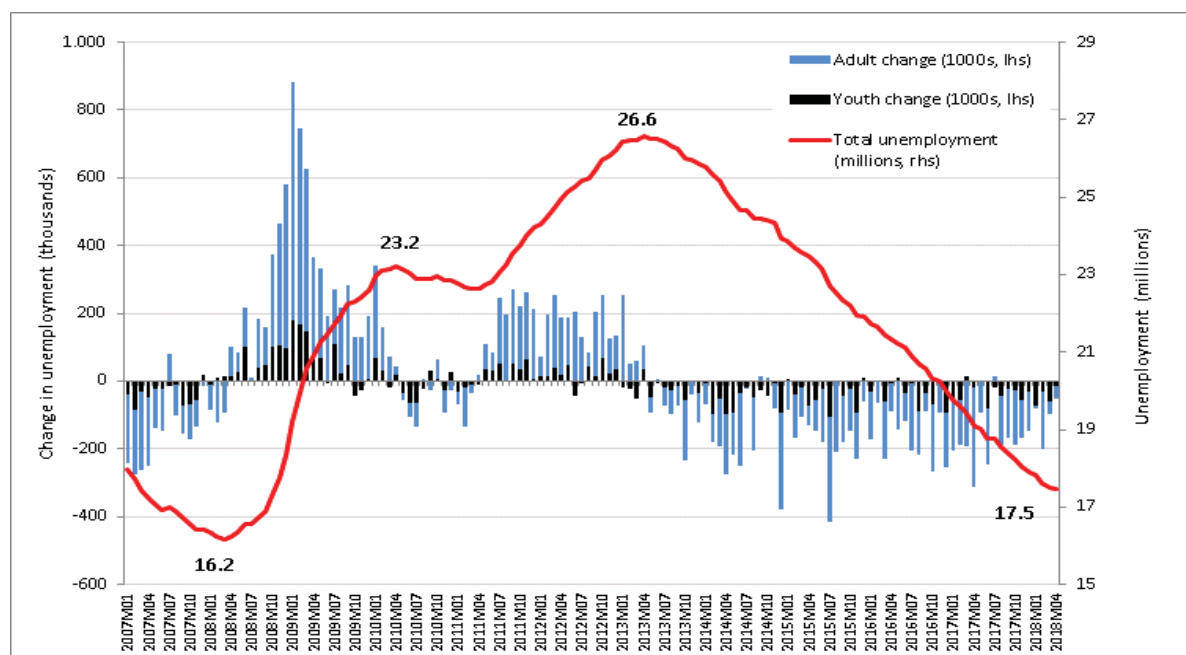


Source: Eurostat, National Accounts, data seasonally adjusted

The summer 2018 European Commission Interim Economic Forecast (European Commission (2018a)) reports that growth is set to remain strong in 2018 and 2019, although after five consecutive quarters of vigorous expansion, the economic momentum moderated in the first half of 2018. The moderation in growth rates is partly the result of temporary factors, but rising trade tensions, higher oil prices and political uncertainty in some Member States may also have played a role. Nevertheless, the fundamental conditions for sustained economic growth in the EU and the euro area remain in place, and growth momentum is expected to strengthen somewhat in the second half of this year, as labour market conditions improve, household debt declines, consumer confidence remains high and monetary policy remains supportive. As a result, real GDP growth is expected to be 2.1% this year and 2% next year in both the EU and the euro area. Employment growth in 2018 and 2019 should continue benefitting from the economy's continued robust expansion, although growth is nevertheless expected to slow due to tightening labour markets in some Member States. Overall, employment growth in the EU is projected to average 1.1% this year and 0.9% in 2019. This slowdown, combined with steady growth in the labour force, is expected to limit further declines in the unemployment rate compared to previous years: the EU unemployment rate is projected to fall from 7.6% in 2017 to 7.1% this year and 6.7% next year.

The EU28 unemployment rate was 7.1% in April 2018, compared with 7.8% one year earlier. The number of (seasonally adjusted) unemployed in the EU28 reached a high of 26.6 million in April 2013, but subsequently has been declining at a fairly constant rate down to around 17.5 million in April 2018, the lowest since October 2008 (Figure 10). This nevertheless still represents an increase of 1.3 million on the low of 16.2 million recorded in March 2008. Youth unemployment has been falling strongly in the EU since the peak of 5.8 million in December 2012, and had decreased to 3.4 million by April 2018.

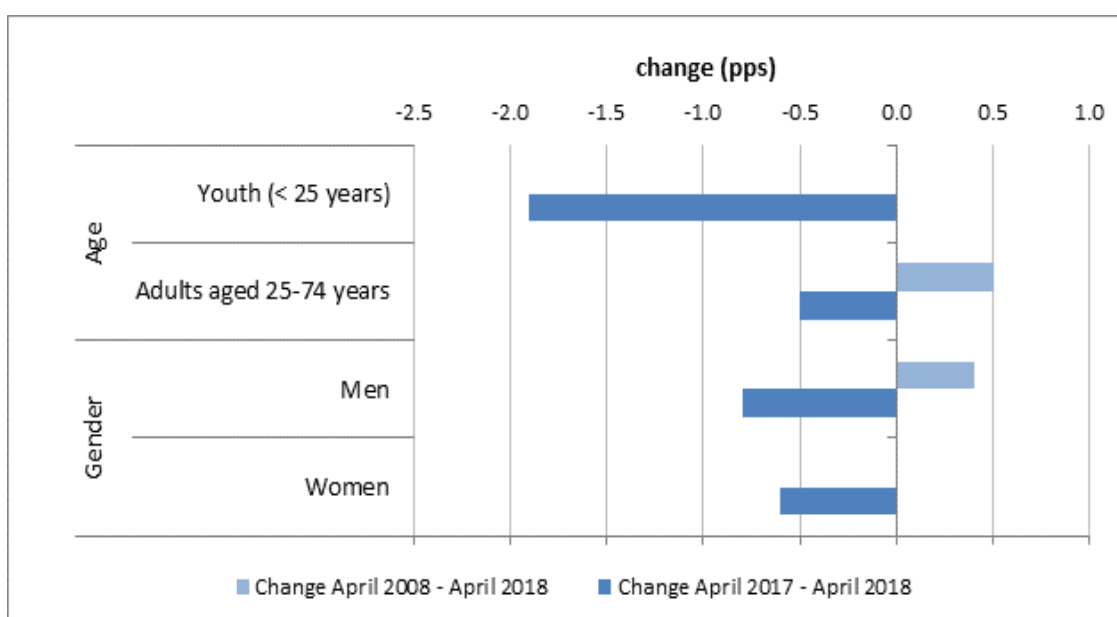
Figure 10: Monthly change in youth and adult unemployment and the total level of unemployment in the EU, January 2007 - April 2018



Source: Eurostat, data seasonally adjusted

In the year to April 2018, the unemployment rate declined in the EU for both youth (aged under 25) and adults (25-74) and for both men and women (Figure 11). In that period, it declined slightly more strongly for men than women (by 0.8 pp for men and 0.6 pp women). For those aged 25-74, the unemployment rate in the EU declined by 0.5 pp in the year to April, with a sharper 1.9 pp decrease observed for youth aged 15-24. As a result of these latest declines, the unemployment rate for women and youth has now returned to the levels observed in April 2008, but still remain around 0.5 pp higher for men and adults aged 25-74.

Figure 11: EU unemployment rate by population group - change to April 2018

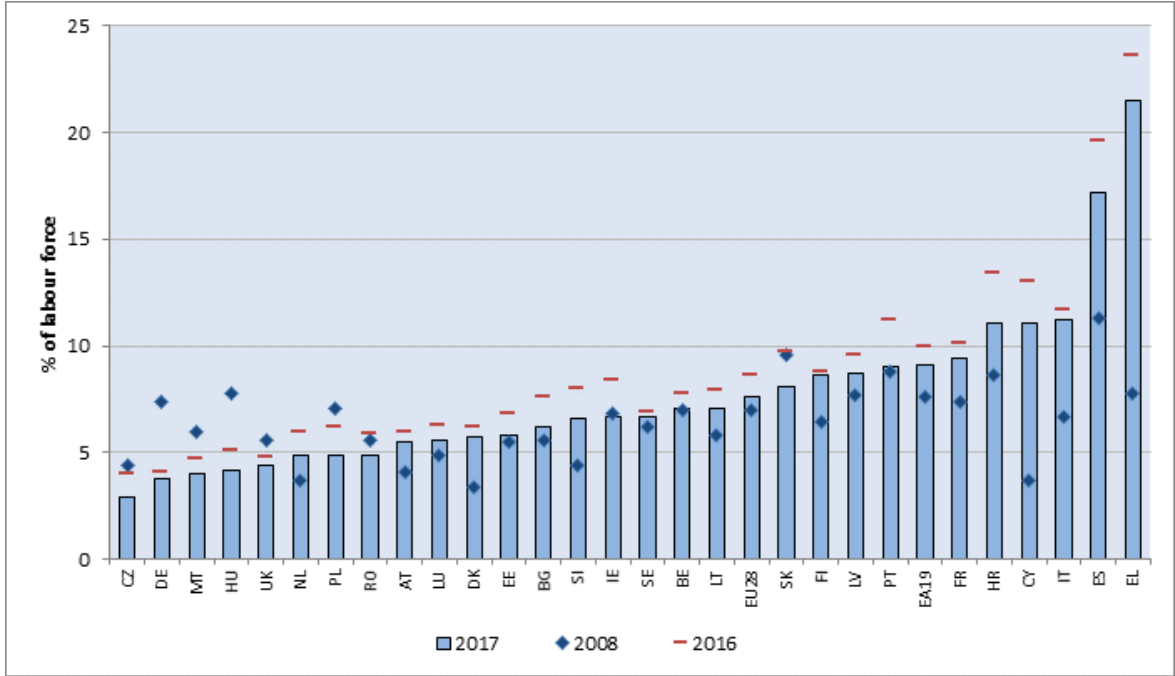


Source: Eurostat, series on unemployment and LFS

The increased divergence between countries in terms of labour market and social impacts which resulted from the recent crisis 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 12), with huge increases still observed in many southern Member States (IT (up 4.5 pp), ES (5.9 pp), CY (7.4 pp), and EL (13.7 pp)) compared to more subdued remaining gaps in many other Member States. In a few Member States, unemployment rates are actually substantially below those recorded in 2008 – in MT and PL rates are around 2 pp lower, and in HU and DE 3.6 pp lower.

In terms of the more recent trends, compared with a year earlier the unemployment rate in 2017 decreased in all Member States without exception. 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 (CY, EL, ES, HR and PT all recorded falls of around 2 pp or more), the rates in these Member States generally remain far above those of the central and northern Member States, especially in EL and ES. 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.

Figure 12: Unemployment rate developments across EU Member States, 2008, 2016 and 2017



Source: Eurostat (LFS)

Note: For RO, break in series in 2010

The long-term unemployment rate for the EU continued to reduce over 2017 but remains relatively high. The rate fell 0.6 pp year-on-year to the last quarter of 2017, similar to the drop

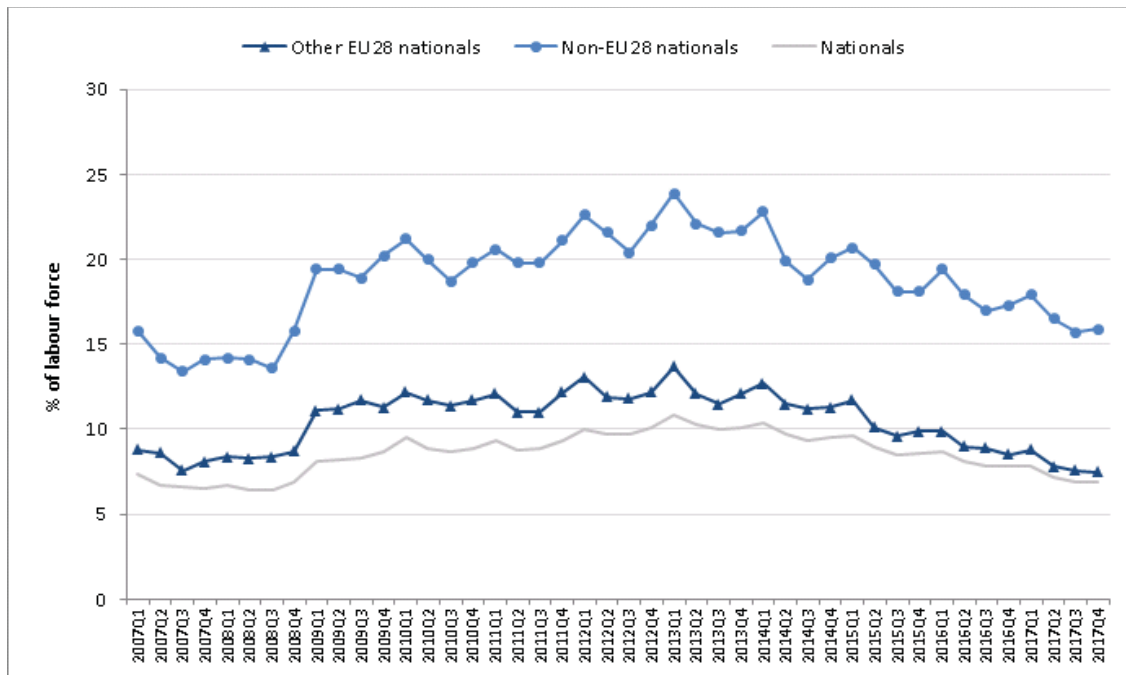
observed over the previous year. Nevertheless, in the last quarter of 2017, those unemployed for more than a year continued to represent 3.2% of the EU labour force or around 7.8 million people, some 1.8 million more than at the end of 2008. Long-term unemployment rates continue to be particularly high in IT and ES, at around 6% and 7% respectively, and above all in EL, at 15%.

Around 3.4 million young persons (aged 15-24 years) were unemployed in the EU28 in April 2018, representing around one in six young people in the labour market. Nevertheless, driven by strong falls in DE and ES, and to a lesser extent in FR and PL, compared with April 2017 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 April 2018, the seasonally adjusted youth unemployment rate was still a high 15.3% in the EU28 and 17.2% in the euro area, compared with 17.2% and 19.3% respectively in April 2017. The lowest rate was observed in DE (6.0%), followed by CZ, NL and MT with rates of around 7%, while, in contrast, the highest rates were observed in IT (33.1%), ES (34.4%) and EL (43.2%).

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 2017 the average NEET rate had dropped back to the same level as at the start of the crisis in 2008 (10.9%). A large majority of Member States recorded falls in NEET rates over the last year, the main exceptions being DK and LU. Nine Member States recorded declines of 1 pp or more, including some of the Member States experiencing the highest rates, namely BG, ES, HR and RO although rates in all these except ES remain above 15%. In contrast, rates remain comparatively low in many northern Member States, especially in LU, NL and SE.

Migrants have tended to be more affected by unemployment than the general population (Figure 13), with 15.9% of economically active third-country nationals in the EU without a job in the last quarter of 2017 compared to only 6.9% for nationals. The gap between the unemployment rates of non-EU migrants and natives already existed before the crisis but increased markedly once it hit. Although broadly declining over recent years, at 9 pp at the end of 2017 the gap still remains some 2 pp higher than before the crisis. As for intra-EU mobile citizens, even though the gap for their unemployment rates rose to around 3 pp after the crisis, they have generally been much closer to those of nationals, and over 2017 the gap closed to only 0.6 pp by the end of 2017.

Figure 13: Unemployment rate breakdown for native workers, EU27 nationals and third-country workers, 2007-2017



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, 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 2017 the total population in LV and LT had declined by around 11%, and in BG and RO by around 5%, while it expanded by over 10% in CY and MT, and by as much as 22% in LU (Table 14). Other Member States with sizeable relative increases in the population include AT (5.6%), BE (6.4%), UK (6.9%), IE (7.3%) and SE (8.8%). For the EU as a whole, the total population increased by around 2% or 11 million, mainly reflecting net rises of over 800 thousand in ES and SE, 3 million in FR, around 2 million in IT and 4.2 million in the UK.

Table 14: Population change between 2008 and 2017

	2008	2017	% change
EU28	500,297,033	511,522,671	2.2
EU27	495,985,066	507,368,458	2.3
EA19	333,096,775	340,720,409	2.3
EA18	329,884,170	337,872,505	2.4
BE	10,666,866	11,351,727	6.4
BG	7,518,002	7,101,859	-5.5
CZ	10,343,422	10,578,820	2.3
DK	5,475,791	5,748,769	5.0
DE	82,217,837	82,521,653	0.4
EE	1,338,440	1,315,635	-1.7
IE	4,457,765	4,784,383	7.3
EL	11,060,937	10,768,193	-2.6
ES	45,668,939	46,528,024	1.9
FR	64,007,193	66,989,083	4.7
HR	4,311,967	4,154,213	-3.7
IT	58,652,875	60,589,445	3.3
CY	776,333	854,802	10.1
LV	2,191,810	1,950,116	-11.0
LT	3,212,605	2,847,904	-11.4
LU	483,799	590,667	22.1
HU	10,045,401	9,797,561	-2.5
MT	407,832	460,297	12.9
NL	16,405,399	17,081,507	4.1
AT	8,307,989	8,772,865	5.6
PL	38,115,641	37,972,964	-0.4
PT	10,553,339	10,309,573	-2.3
RO	20,635,460	19,644,350	-4.8
SI	2,010,269	2,065,895	2.8
SK	5,376,064	5,435,343	1.1
FI	5,300,484	5,503,297	3.8
SE	9,182,927	9,995,153	8.8
UK	61,571,647	65,808,573	6.9

Source: Eurostat, population statistics.

Notes: Population figures on 1 January of given year.

Despite recent improvements, still little progress overall 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 scheme³⁷. Within the framework of the Europe 2020 target, Member States set national poverty and social exclusion targets (Table 15), although the individual poverty-reduction ambitions of the Member States sum 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. The adoption by the Commission in spring 2017 of the European Pillar of Social Rights, which was subsequently proclaimed and signed by the Council of the EU, the European Parliament and the Commission during the Gothenburg Social Summit for fair jobs and growth in November 2017, aims to strengthen the social dimension of Europe through a renewed process of upward convergence towards better working and living conditions.

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 2016, twelve Member States registered significant falls in the share of the population at risk of poverty or social exclusion and only two recorded significant rises, with overall figures for the EU pointing to a fall of around one million between 2015 and 2016 in the population at risk of poverty or social exclusion. Nevertheless, in 2016 there were still around 0.8 million more people living at risk of poverty or social exclusion in the EU compared to 2008³⁸, with a total of 118 million people or close to 1 in 4 Europeans, indicating that the EU has still not made any significant progress towards achieving its Europe 2020 poverty and social exclusion target (see Figure 14, which shows the time series for the at-risk-of-poverty-or-social-exclusion rate and its components since 2005 for the EU27 aggregate³⁹).

³⁷ COM (2010) 758 final

³⁸ The reference year, due to data availability, for the target adopted in 2010

³⁹ Note figures here refer to the EU27 aggregate, since time series for the EU28 aggregate not available back to 2005.

Table 15: 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	Nine national indicators (2 statutory and 7 non-statutory) underlying measures to track progress in tackling the disadvantages that affect outcomes for children and families*

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.

Figure 14: Evolution of the Europe 2020 poverty and social exclusion target in the EU27 (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 2017 figure for SMD is provisional.

Underlying the fall in the overall at-risk-of-poverty-or-social-exclusion rate (AROE) figure were continued strong reductions in the population experiencing severe material deprivation (down around 2.5 million), and to a lesser extent in the number of people living in (quasi-)jobless households (down 0.7 million), although the population at risk of poverty remained broadly stable after the notable rises in preceding years. 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 in turn to reductions in severe material deprivation, the benefits of the economic 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 2016-2017, with a drop of around 4.3 million.

The overall trend masks persisting divergence between Member States. Substantially higher AROPE rates in 2016 compared to 2008 are still observed mainly in the countries most affected by the economic crisis (CY, EL, ES and IT), but higher rates have more recently been observed also in BG and LU. For half of Member States the AROPE rate in 2016 is not significantly different to the 2008 figure, while in six countries it is considerably lower, most notably in PL, LV and RO (Figure 15). Many Member States registered significant improvements over the latest year for which data are available (between 2015 and 2016), most notably LV and MT.

Figure 15: At-risk-of-poverty-or-social-exclusion rate (in %), evolution (in pp) 2015-2016 and 2008-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	23.5	23.5	23.0	23.1	20.7	40.4	13.3	16.7	19.7	24.4	24.2	35.6	27.9	18.2	27.9	30.0
2015-2016 change in pp	~	~	~	~	~	~	-0.7	~	~	~	-1.8	~	-0.7	~	-1.2	1.3
2008-2016 change in pp	n.a.	~	~	~	~	3.2	-2.0	n.a.	~	~	~	7.5	4.1	~	n.a.	4.5
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	27.7	28.5	30.1	19.8	26.3	20.1	16.7	18.0	21.9	25.1	38.8	18.4	18.1	16.6	18.3	22.2
2015-2016 change in pp	-1.2	-2.4	~	n.a.	-1.9	-2.3	~	~	-1.5	-1.5	1.4	-0.8	~	~	~	-1.3
2008-2016 change in pp	4.4	-5.7	~	3.0	~	~	~	-2.6	-8.6	~	-5.4	~	-2.5	~	~	~

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), "n.a." refers to data not (yet) being available; ii) 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 comparisons of changes are still valid; iii) For DK, breaks in series for the period 2008-2016 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 for these); iv) 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; v) For HR, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before 2010; ix) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); x) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; xiii) 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; ix) For some indicators (SMD rate, LTU rate, early school leavers, youth unemployment ratio, NEETS, ER (55-64)) the changes generally refer to the periods 2016-2017 and 2008-2017.

The relative poverty risk has now broadly stabilised, following the period of rises post 2008

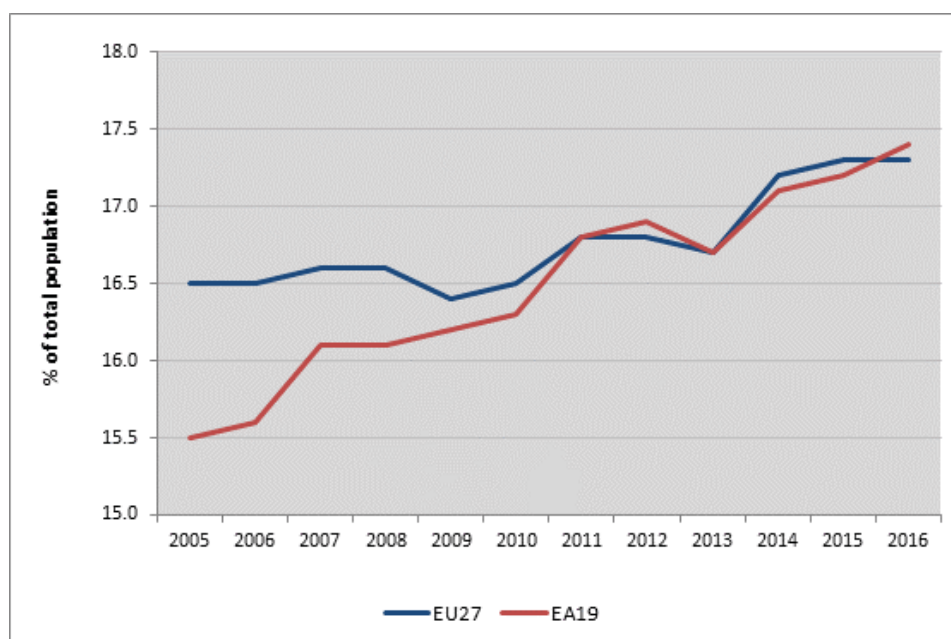
Looking at the evolution in the at-risk-of-poverty rate, we can see that for the EU27 it was generally quite stable at around 16.5% up until 2010, after which it started to increase noticeably. Although it broadly stabilised in 2012 and 2013, there was again a notable increase in the rate after 2013⁴⁰ and by 2016 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 17.4% in 2016, essentially the same as the EU average (Figure 16).

Between 2015 and 2016, only 3 Member States (BG, IT and NL) experienced significant increases in at-risk-of-poverty rates (reflecting changes in the income situation between 2014 and 2015), while 6 countries recorded decreases. In a large majority of Member States, the poverty risk rate remained broadly stable during this period (Figure 17). 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 2015 and 2016, while for those few that did record a substantial change

⁴⁰ Income data actually generally refer to the year before that quoted, which is the EU-SILC survey reference year.

(EE, HU, LV, LT, NL, PL and RO) these were all related to an improvement (i.e. a rise) in the threshold.

Figure 16: At-risk-of-poverty rate (EU27, EA19), 2005-2016



Source: Eurostat (EU-SILC)

Figure 17: Evolution (in pp) of the at-risk-of-poverty rate and associated threshold (in %, as real change in national currency terms), 2015-2016 and 2008-2016

AROP

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	17.3	17.3	17.4	17.4	15.5	22.9	9.7	11.9	16.5	21.7	16.6	21.2	22.3	13.6	19.5	20.6
2015-2016 change in pp	~	~	~	~	~	0.9	~	~	~	~	~	~	~	~	-0.5	0.7
2008-2016 change in pp	n.a.	~	1.4	1.3	~	~	~	n.a.	1.3	~	~	~	2.5	~	n.a.	1.7
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	16.1	21.8	21.9	16.5	14.5	16.5	12.7	14.1	17.3	19.0	25.3	13.9	12.7	11.6	16.2	15.9
2015-2016 change in pp	~	~	~	n.a.	-0.4	~	1.1	~	~	-0.5	~	-0.4	~	-0.8	~	-0.7
2008-2016 change in pp	~	-4.1	~	~	2.1	~	2.2	~	~	~	~	1.6	1.8	-2.0	2.7	-2.8

AROP threshold (real change in national currency)

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	n.a.	n.a.	n.a.	n.a.	12492	4046	7508	12672	12726	7116	10895	5297	9105	12450	5297	9739
2015-2016 change in %	n.a.	n.a.	n.a.	n.a.	~	~	~	~	~	9.5	~	~	~	~	~	~
2008-2016 change in %	n.a.	n.a.	n.a.	n.a.	~	18.7	~	n.a.	~	20.4	~	-37.7	-13.1	~	n.a.	~
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	9591	5554	5567	16843	5032	10155	12596	13514	6510	6429	2877	9300	6304	11859	12424	10512
2015-2016 change in %	~	9.0	9.7	n.a.	5.0	~	6.5	~	6.6	~	6.2	~	~	~	~	~
2008-2016 change in %	-22.4	~	~	~	~	14.4	~	~	30.5	~	21.3	~	25.9	~	13.1	~

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). "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. 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 2008-2016 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, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before 2010; vi) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); vii) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; viii) 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, 8 Member States still had substantially higher poverty risk rates compared to the onset of the crisis in 2008, with the highest increases (in excess of 2 pp) in ES, HU, NL and SE. Around half of Member States had poverty risk thresholds in 2016 which were not significantly different to those in 2008, while in a further 7 countries the threshold has increased substantially. The tables also highlight the still especially worrying situation in CY and EL, where there have been substantial falls in the poverty risk threshold of 22% and 38% respectively (real change in national currency terms).

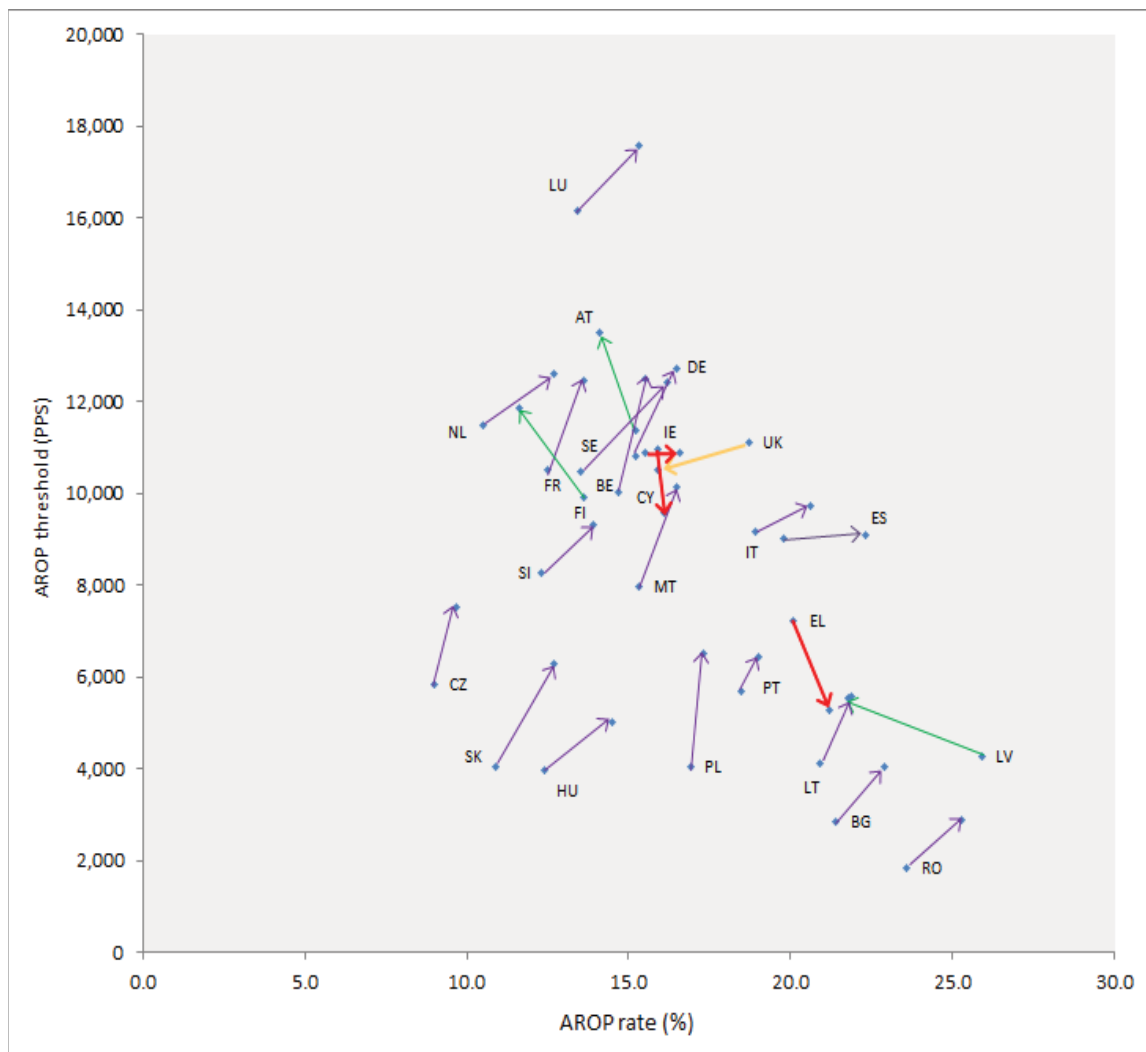
Taking a slightly different perspective in terms of looking at combined changes in the at-risk-of-poverty rate and the poverty risk threshold in terms of purchasing power parities⁴¹ (Figure 18), confirms the marked differences in patterns of developments across Member States since 2008. Making reference 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 the combined evolution in the at-risk-of-poverty rate and the associated at-risk-of-poverty threshold over the period 2008-2016, 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.

⁴¹ 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.

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 18: Combined evolution in the at-risk-of-poverty rate (in %) and associated threshold (in PPS), 2008-2016



Source: Eurostat (EU-SILC)

Notes: i) For DK, breaks in series for the period 2008-2016 which mainly affect indicators related to incomes, so change 2008-2016 not shown; ii) For 2014 EE registered a major break in series for EU-SILC variables, so longer-term changes 2008-2016 not shown; iii) For HR, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before 2010; iv) For LU, major break in series in 2016 for EU-SILC based indicators, so figures for 2008 and 2015 are shown; v) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; 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; vii) 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); viii) 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 1.1 pp rise in the risk of poverty is combined with a substantial fall in the poverty risk threshold of close to 27% in PPS terms. Similarly, although CY has not recorded a significant rise in the risk of poverty, this is nevertheless associated with a fall of around 12% in the poverty risk threshold in PPS. Around two thirds of 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 combined with a drop in the threshold (expressed in PPS).

In periods of sudden changes in the median income of the population, as has been the case in many 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.

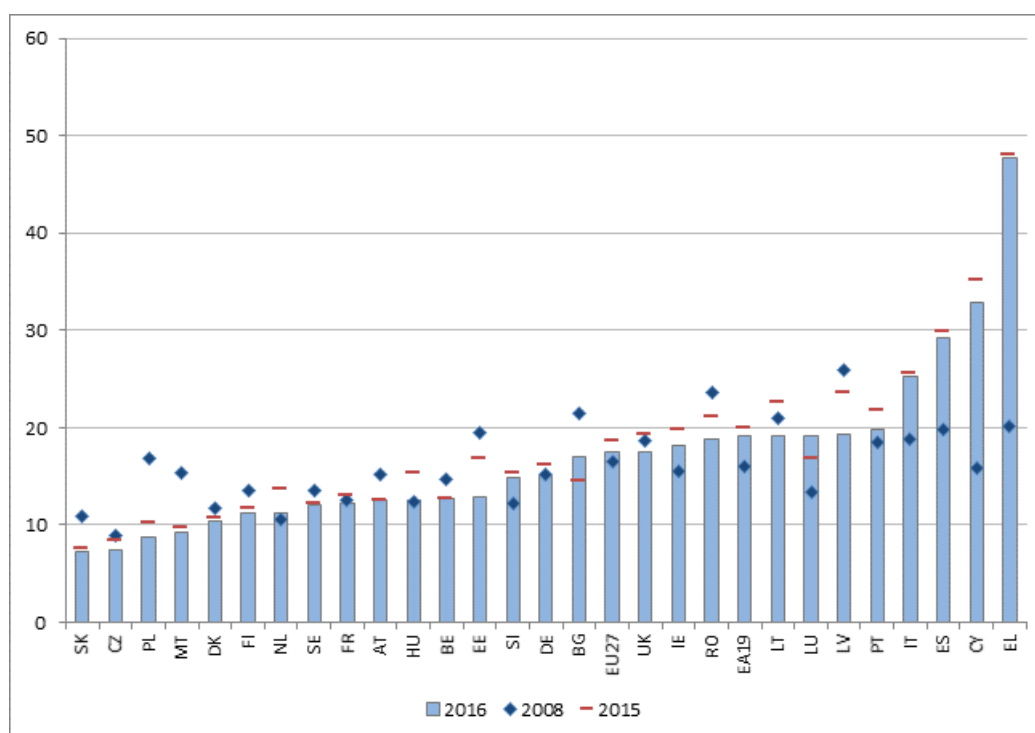
An additional way to account for this is to keep the threshold fixed in real terms over a longer period, therefore controlling for the effects of a moving threshold, and reflect the evolution of the real income of the poor and the effectiveness of social inclusion policies. In the current context, this method reflects better the deterioration of the real income of the poor and the lack of effectiveness of social inclusion policies.

Figure 19 shows the evolution of the at-risk-of-poverty rates anchored in 2008 poverty risk threshold levels. Results suggest that between 2015 and 2016 almost all Member states saw the rate decline, with the most notable falls in EE, LV and LT (all down around 4 pp). As a result, the EU average decreased from 18.6% in 2015 to 17.5% in 2016. Only BG recorded a significant rise, of around 2.5 pp. Looking at the longer timeframe 2008-2016, EL has clearly seen the most dramatic increase in its anchored poverty risk rate (up 27.7 pp), followed by CY (17 pp), ES (9.4 pp) and IT (6.3 pp). The biggest improvement was observed in PL, with a decrease of around 8 pp, while EE, LV and MT also saw declines of the order of 6-7 pp. In absolute terms, 17.5 % of the population in the EU were at risk of poverty in 2016, anchored at 2008 poverty risk threshold levels, which is now only 0.2 pp higher than the ordinary rate of 17.3 %.

Another issue of concern is the still high share of the EU population suffering from persistent poverty risk compared to 2008 (Figure 20). In 2016, the persistent at-risk-of-poverty rate⁴² in the EU was 11%, up from 8.7% in 2008, and still showing no signs yet of reducing. A significant rise in the persistent poverty risk rate for the latest year of data available was only seen in one Member State, (LV (up 5.1 pp)), but significant longer-term increases since 2008 are still apparent in DE, ES, MT and SE.

⁴² 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

Figure 19: At-risk-of-poverty rate anchored in 2008 for 2008, 2015 and 2016



Source: Eurostat (EU-SILC)

Note: i) Sorted on the anchored-AROP rate for 2016; ii) break in series in 2014 for EE and over 2008-2015 in DK iii) For LU, major break in series in 2016 for EU-SILC based indicators 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 20: Persistent at-risk-of-poverty rate (in %), evolution (in pp) 2015-2016 and 2008-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	11.0	10.9	11.2	11.2	10.0	15.3	4.3	7.2	10.5	13.5	9.4	15.2	14.8	8.0	14.5	14.5
2015-2016 change in pp	~	~	~	~	~	~	~	~	~	~	n.a.	~	~	~	~	~
2008-2016 change in pp	n.a.	2.2	2.2	2.2	~	n.a.	~	n.a.	3.3	-4.3	n.a.	~	3.8	n.a.	n.a.	~
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	7.6	15.2	13.5	9.7	7.9	11.3	7.2	8.1	9.7	11.5	20.2	8.5	7.7	6.0	6.1	9.4
2015-2016 change in pp	~	5.1	~	n.a.	~	~	~	~	~	~	~	~	~	-2.3	~	~
2008-2016 change in pp	~	~	~	~	~	3.6	~	n.a.	~	~	n.a.	~	~	~	3.5	~

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 2008-2016 which mainly affect indicators related to incomes ("n.a." shown for the period compared to 2008); iv) For HR, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before 2010; v) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); vi) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; vii) Data missing for early years of the time series around 2008 for IE, FR, HR and RO.

Mixed developments in the depth of poverty risk, 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 (i.e. how poor the poor actually are). The poverty risk gap in the EU in 2016 was 25% of the at-risk-of-poverty threshold, and has expanded by around 3 pp since 2008. The poverty risk gap in individual EU countries varied between 13.9% (in FI) to over 30% in BG, EL, ES, IT and RO. It is especially concerning that the poverty risk gap has increased in half of Member States since 2008, and in some countries substantially so (by 5 pp or more in EL, ES, IT, and SK) (Figure 21). Also of concern is the fact that the gap widened considerably in around a third of Member States over 2015-2016, with particularly marked jumps of 2pp or more in BE, IT, LT, PL and the UK, with the result that the depth of income poverty remains identified as a trend to watch for the latest year.

Figure 21: Relative median at-risk-of-poverty gap, evolution in pp, 2015-2016 and 2008-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	25.0	25.0	24.8	24.8	19.4	30.4	19.5	20.8	20.7	20.5	18.1	31.9	31.4	16.6	28.2	31.6
2015-2016 change in pp	~	~	~	~	2.0	~	~	-1.2	-1.3	~	~	1.3	-2.4	~	1.8	2.3
2008-2016 change in pp	n.a.	3.1	3.4	3.4	2.2	3.4	~	n.a.	~	~	~	7.2	5.8	2.1	n.a.	8.4
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	17.3	24.0	28.0	23.2	18.8	15.9	17.3	19.8	24.4	26.7	36.2	20.2	26.1	13.9	21.1	22.4
2015-2016 change in pp	-2.5	-1.5	2.0	n.a.	-3.0	-1.4	~	~	2.1	-2.3	-2.0	~	-2.8	~	1.2	2.0
2008-2016 change in pp	2.0	-4.6	2.4	~	~	-4.4	2.4	~	3.8	3.5	3.9	~	8.0	-1.8	3.1	~

Source: Eurostat (EU-SILC)

Notes: i) For DK, breaks in series for the period 2008-2016 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, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before 2010; iv) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); v) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; vi) 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; viii) 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 2016-2017⁴³, almost half (12) of Member States recorded statistically significant reductions in severe material deprivation (Figure 22) linked to improving living standards, with particularly notable improvements in HR (down 2.2 pp), IT (down 2.9 pp) and especially RO (down 4.4 pp), and with no Member State registering a significant deterioration. As a result, the longer-term trend now points to a clear recovery, with two-thirds of countries recording SMD rates not significantly different to those in 2008, while a further 8 show a clear improvement. For only two (EE and EL) is the SMD rate still substantially worse than it was in 2008. Among the countries having seen a clear improvement compared to 2008, PL and RO stand out with considerable reductions in SMD rates of around 11 and 13 pp respectively, reflecting strong improvements in living standards.

Figure 22: Severe material deprivation rate, evolution in pp, 2016-2017 & 2008-2017

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2017	6.7	6.6	5.7	5.8	5.2	30.0	3.7	3.1	3.6	4.1	6.5	21.1	5.1	4.1	10.3	9.2
2016-2017 change in pp	~	-0.9	-0.9	~	~	-1.9	-1.1	~	~	~	n.a.	-1.3	~	~	-2.2	-2.9
2008-2017 change in pp	n.a.	~	~	~	~	~	-3.1	~	~	2.7	~	9.9	~	~	n.a.	~
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2017	11.7	11.3	12.4	1.6	14.5	3.3	2.6	3.0	6.7	6.9	19.4	4.5	8.2	2.1	0.8	4.9
2016-2017 change in pp	-1.9	-1.5	~	n.a.	-1.7	-1.1	~	n.a.	n.a.	-1.5	-4.4	-0.9	n.a.	~	n.a.	~
2008-2017 change in pp	~	-8.0	~	~	-3.4	~	~	-2.9	-11.0	-2.8	-13.3	~	-3.6	~	~	~

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, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before 2010; iv) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); 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 significant changes have been marked in green/red (positive/negative changes). "~" refers to stable performance (i.e. insignificant change); vii) SMD figures for CY, DE, EE, FR, HR, IT, LT, NL, PT, RO and the UK are provisional.

As highlighted in last year's report, in 2017 a new indicator of material and social deprivation was 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 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

⁴³ 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 2016 and 2017. It should be noted, however, that these are not yet final figures.

well as Chapters 10 and 21 in Atkinson et al, 2017⁴⁴. In the new indicator, a person is considered as materially and socially deprived when he/she experiences an enforced lack of 5 or more of the 13 deprivation items in the new list.

The results for this new indicator show that in the period 2015-2016, half of Member States recorded statistically significant reductions in deprivation, with particularly notable improvements of 4 pp or more in HU, IT, MT and PL, and no country recording a deterioration (Figure 23).

Figure 23: Material and social deprivation rate, 2016 level and evolution in pp, 2015-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	15.7	15.7	13.9	14.0	13.3	47.9	8.9	6.1	9.4	7.7	19.3	35.6	17.4	12.7	16.1	17.2
2015-2016 change in pp	-1.5	-1.5	~	~	~	-2.7	-1.7	~	-1.5	-2.2	n.a.	-2.1	~	~	-3.1	-4.4
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	21.0	24.8	28.9	4.8	31.9	10.5	6.5	7.0	12.0	18.9	49.7	10.0	15.3	4.2	2.9	13.0
2015-2016 change in pp	-1.8	-3.9	~	n.a.	-5.2	-4.8	~	~	-4.0	-3.2	~	-2.0	~	~	~	~

Source: Eurostat (EU-SILC)

Notes: Data series only available since 2014.

The indications of the ongoing improvement in living standards are supported by the latest figures on the real change in Gross Household Disposable Income (GHDl) across the EU between 2015 and 2016 (Figure 24). Among those Member States for which figures are available, 19 have seen a significant rise in real household incomes, and none has seen a noticeable worsening of GHDl. BG, CY and PL had the highest year-on-year increases in GHDl over 2015-2016. In a longer-term perspective, for a few (4) countries real incomes are still markedly below those just before the crisis hit, with strong falls still in evidence in IT (-7.1%), LV (-7.3%), CY (-11.5%), and above all in and EL (-33.2%). However, in contrast positive developments in GHDl in comparison to 2008 are now observed in 12 Member States, with real changes in GHDl over this period being the largest in BG, PL, RO and SE.

⁴⁴ 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.

Figure 24: Real change in gross household disposable income 2015-2016 and 2008-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2015-2016 change in %	n.a.	n.a.	n.a.	1.8	~	10.4	2.8	4.1	2.3	3.9	3.0	~	2.0	1.9	n.a.	~
2008-2016 change in %	n.a.	n.a.	n.a.	~	~	24.9	9.0	15.7	8.9	9.1	~	-33.2	~	~	n.a.	-7.1
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2015-2016 change in %	5.9	3.7	4.4	2.9	n.a.	n.a.	2.2	2.6	6.0	2.7	n.a.	4.6	3.2	~	3.3	~
2008-2016 change in %	-11.5	-7.3	~	21.4	~	n.a.	~	~	25.8	~	30.6	~	9.7	6.9	24.3	9.2

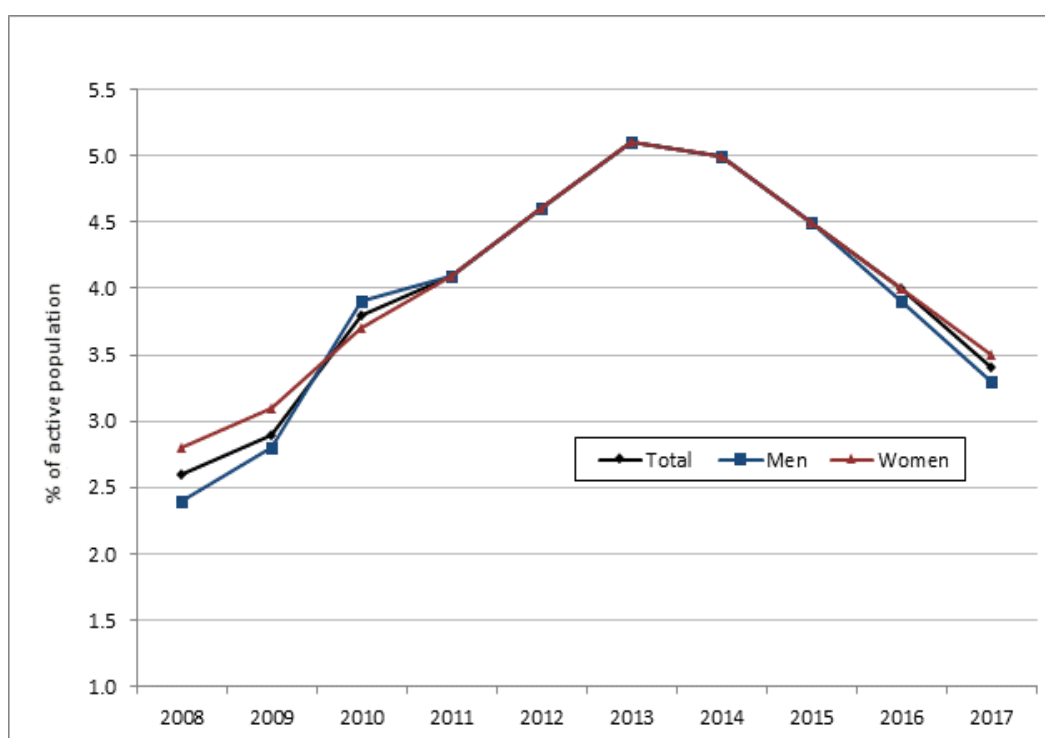
Source: DG EMPL estimates based on Eurostat (National Accounts)

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

Strong declines in exclusion from the labour market

Rises in unemployment and long-term unemployment were some of the more immediate and tangible effects of the economic crisis. The long-term unemployment rate rose sharply from 2008 onwards, and by 2013 had doubled to 5.1% of the active population before reducing sharply over 2014-2017. The rates for men and women converged following the crisis and since 2011 have been very similar, although with rates decreasing for men at a slightly higher rate than for women since 2015. Both peaked at just over 5% in 2013 and have declined subsequently towards 3.3% for men and 3.5% for woman in 2017 (Figure 25). As a result, rates are continuing to fall towards the levels seen before the crisis hit, but nevertheless currently still remain almost 1 pp higher than corresponding figures in 2008.

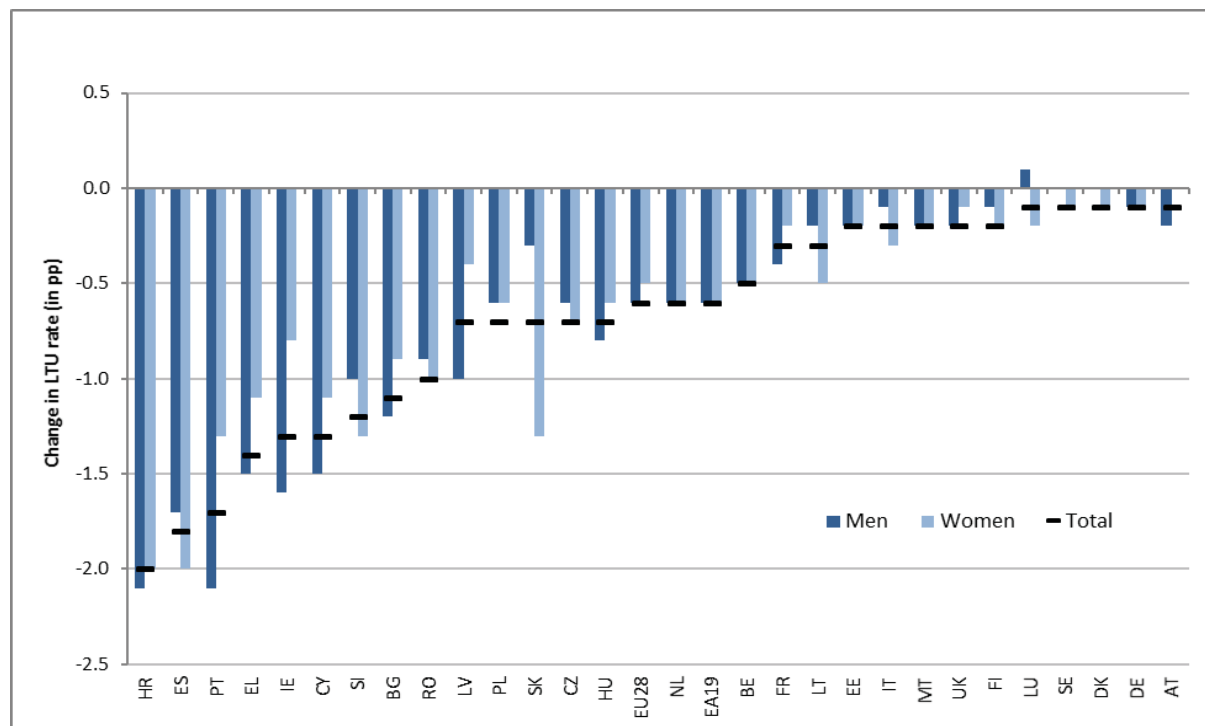
Figure 25: EU long-term unemployment rate by gender, 2008-2017



Source: Eurostat (LFS)

Over the latest year, all Member States recorded a fall in the LTU rate. The reductions have been among the strongest in some of the Member States hit hardest by the crisis, including CY, EL, ES, IE and PT. In all these except ES the fall was larger for men than for women. Among the remaining countries, the fall was generally either the same for men and women or larger for women, the only exceptions being AT, BG, LV, FR, HU and the UK (Figure 26). Overall, at EU level the LTU rate decreased by 0.6 pp for men and 0.5 pp for women, similar to the falls recorded in the preceding year. However, it is not just a case of reducing unemployment, it is also necessary to seek ways to integrate more the economically inactive population in the labour market, as many of these are also motivated to work (see Box 8).

Figure 26: Changes in LTU rates across Member States 2016-2017, by gender



Source: Eurostat (LFS)

In line with the ongoing reduction in unemployment, the most recent data available show that the share of (quasi-)jobless households fell in 10 countries over 2015-2016, reflecting the widespread improvement in labour markets. The biggest improvements were observed in MT and PT. Only 2 countries (IT and FI) registered a significant rise in that period (Figure 27). With reference to 2008, the work-intensity situation of households has still not recovered to the pre-crisis position in around half of Member States, with three countries still recording rises in the share of (quasi-)jobless households of the order of 6-10 pp (CY, EL and ES).

Figure 27: Evolution of the share of people living in (quasi-)jobless households, 2015-2016 and 2008-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	10.5	10.5	11.1	11.1	14.6	11.9	6.7	10.6	9.6	5.8	18.2	17.2	14.9	8.4	13.0	12.8
2015-2016 change in pp	~	~	~	~	~	~	~	-1.0	~	-0.8	-1.0	~	~	~	-1.4	1.1
2008-2016 change in pp	n.a.	~	1.8	1.8	2.9	3.8	~	2.1	-2.1	3.1	4.5	9.7	8.3	~	n.a.	2.4
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	10.6	7.2	10.2	6.6	8.2	7.3	9.7	8.1	6.4	9.1	8.2	7.4	6.5	11.4	8.5	11.3
2015-2016 change in pp	~	-0.6	~	n.a.	-1.2	-1.9	~	~	~	-1.8	~	~	-0.6	0.6	~	-0.6
2008-2016 change in pp	6.1	1.8	4.1	~	-3.8	~	~	~	~	2.8	~	~	~	3.9	~	~

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, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before 2010; iii) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); 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).

Box 8. Employment opportunities for economically inactive people – main findings from a recent study by the European Foundation for the Improvement of Living and Working Conditions

Raising employment levels remains a key EU objective as all Member States subscribe to the European Employment Strategy and the Europe 2020 targets. There has been an entirely justifiable emphasis from policymakers on people out of work following the financial crisis, finding clear pathways towards meaningful employment. While unemployed people are relatively well studied and the principal target of many employment strategies, this is less the case for the inactive population. Eurofound's report (Eurofound 2017a) shows that there is a substantial inactive population in Europe: Eurostat data shows that in 2015 27.5% of people aged 15–64 years were economically inactive. And, although the figures have been steadily declining from 31% in 2002, this is still a considerable group.

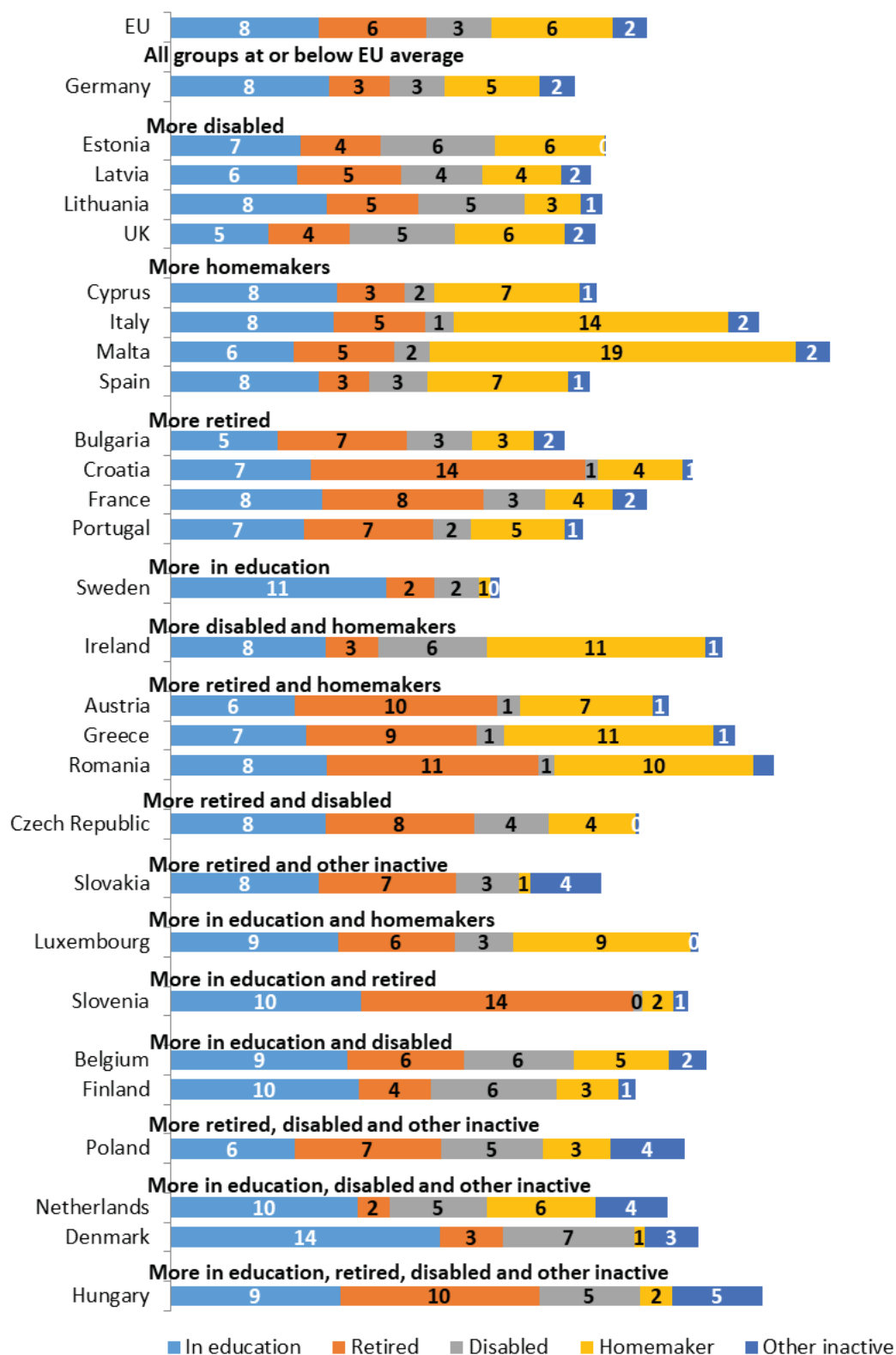
The Eurofound report shows a great heterogeneity of the inactive population (Figure 28). In some countries, such as Italy, Malta, Greece and Ireland, homemakers form a particularly large group. Ireland also has a relatively large proportion of people with a disability among the inactive population, something that is also true of Belgium, Denmark, Estonia and Finland. The wide heterogeneity among the inactive population means that they also face very different barriers to (re-)integration into the labour market. Knowing and understanding those barriers is critical for policymakers tasked with designing appropriate active inclusion policies and/or initiatives that can effectively address those challenges⁴⁵.

What is common to many countries is that large numbers of inactive people face multiple barriers to employment and this makes activation policies even more challenging. For example, inactive people with a low level of education and those caring for elderly people often have to care for children as well. Inactive people who feel socially excluded often lack work experience, have physical or mental health problems, act as sole carers for elderly relatives or are at risk of depression.

Despite the many hurdles that inactive people may face on their path to a job, a significant majority report that they would like to work (Figure 29). Moreover, as many as 70% said they would like to work 16 hours or more per week. Retirees and people unable to work due to illness or disability are least likely to express a desire to work. However, even among these groups, the majority wants to work (76% of the disabled and 63% of retirees); a high proportion even wants to work 32 hours or more (47% of the disabled and 38% of retirees of working age).

⁴⁵ For example, Ireland has the "Comprehensive Employment Strategy for People with Disabilities 2015-2024", which aims to ensure that all people with disabilities who are able and willing to work are enabled to do so through a variety of different supports.

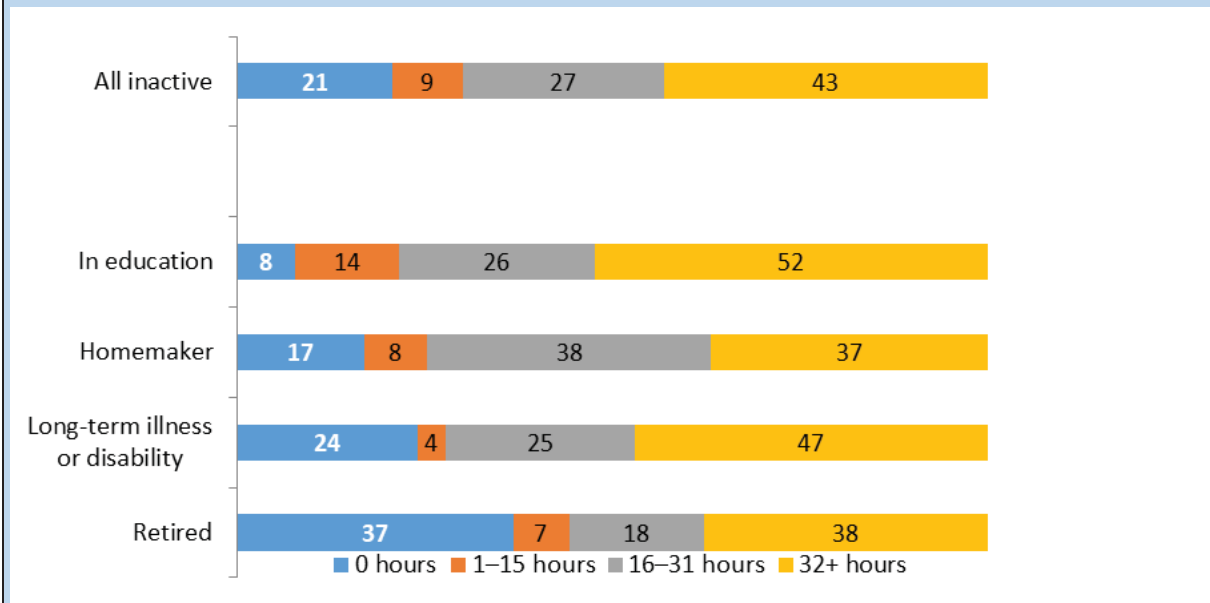
Figure 28 - Disaggregating the inactive population in sub-groups, EU by Member State, 2014 (% of total population aged 18-64 year)



Notes: People aged 18–64 years. Weighted with PB040 variable, age on date of interview. No significance test was carried out; subgroups are judged more prevalent if the rounded full percentage was at least one percentage point above the EU average. 'Inactive' are defined here as those who self-identify as belonging to any of the five categories indicated.

Source: Eurofound analysis of EU-SILC 2014 cross-sectional microdata, July 2016 release

Figure 29 Preferred working hours among inactive groups, EU, 18–64 years



Notes: People aged 18–64 years. Question 8 asks: ‘If you could freely choose the number of your working hours while taking into account the need to earn your living, how many hours per week would you prefer to work at present? If you would prefer not to work at all, indicate zero.’ ‘Inactive’ are defined here as those who self-identify as belonging to any of the four categories indicated.

Source: Eurofound analysis of EQLS microdata

This positive desire to work should encourage policymakers to seek more actively for policies and initiatives that capitalise on this motivation. However, designing tailored activation policies means challenges for service providers tasked with labour market integration. National and local policymakers should acknowledge the challenges that many public employment services face in trying to reach out to the inactive population and address their often complex needs. This is a role that goes beyond the standard and typical array of services they offer. Policies could seek to strengthen the capacity of local labour offices, as well as encourage stronger links with other services such as social care and healthcare, and even reach out to civil society to offer a more comprehensive range of services.

The rising share of the working poor in several Member States is an increasing 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 2016, 9.6% 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 a third of Member States, most notably in BG, CY, DE, HU, IT and LU where rates have all risen by over 2 pp (Figure 30). Over 2015-2016, the risk increased in 7 Member States, most notably in BG, while, in contrast, improvements were recorded in 6 Member States. The highest rates of in-work poverty risk are now observed in RO (18.6%), EL (14%) and ES (13.1%), but rates also exceed 10% in IT, LU, PL and PT. The lowest rates are observed in BE, CZ and FI.

Figure 30: Evolution of the share of working poor, 2015-2016 and 2008-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	9.6	9.6	9.5	9.5	4.7	11.6	3.8	5.3	9.5	9.9	4.8	14.0	13.1	8.0	5.5	11.8
2015-2016 change in pp	~	~	~	~	~	3.8	~	~	~	~	~	0.6	~	0.5	~	~
2008-2016 change in pp	n.a.	1.1	1.4	1.4	~	4.0	~	n.a.	2.4	~	-1.5	~	1.8	1.5	n.a.	2.7
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	8.4	8.5	8.7	12.0	9.7	5.7	5.6	8.3	10.9	10.8	18.6	6.1	6.5	3.1	6.8	8.6
2015-2016 change in pp	-0.8	-0.9	-1.5	n.a.	0.4	~	0.5	~	~	~	~	-0.6	0.4	-0.4	-1.3	0.4
2008-2016 change in pp	2.1	-2.2	~	2.2	3.9	~	~	~	~	~	1.7	~	~	-2.0	~	~

Source: Eurostat (EU-SILC)

Notes: i) For DK, breaks in series 2008-2016 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, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before 2010; iv) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); v) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; vi) 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; viii) For the in-work 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).

Recent Commission analysis (European Commission 2016) has highlighted 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 declined after the crisis hit in 2008, and that while EU full-time workers are relatively well protected against income poverty, part-time workers face a significantly higher risk. Poverty risks are highly related to work situation, and employment alone is not always enough to lift individuals out of the risk of poverty. Thus, income from employment often needs to be complemented by family benefits and in-kind benefits such as affordable childcare. The need for such measures is also supported by a recent EUROFOUND study (Box 9), which explored the social consequences of being in-work poor and argues that in-work poverty risk requires heightened attention due to growing divergence between Member States. The study identified in particular indirect measures that can help to improve the living standards of the in-work poor.

Box 9. In-work poverty in the EU – main findings from a study by the European Foundation for the Improvement of Living and Working Conditions

With one worker in ten in the EU at risk of poverty, the EU's 2020 headline target to reduce poverty and social exclusion needs to focus not only on getting people into work but also on improving the situation of the in-work poor. In a recent report (Eurofound 2017b), Eurofound noted that the development of in-work poverty risk in the EU deserves attention because of growing divergence between Member States.

The study also drew attention to the fact that the increase in non-standard forms of employment in many countries appears to have contributed to rising in-work poverty risk. Considering the poverty risk that these workers face during spells of unemployment, measures are needed to facilitate the transition between jobs and to provide financial support while they are between jobs.

In the study, Eurofound also looks at what it means to be working poor and finds that in-work poverty risk is associated with lower levels of subjective and mental well-being, problems with accommodation, as well as poorer relationships with other people and feelings of social exclusion (see Table 16). The analyses consider both the relative at-risk-of-poverty measure and material deprivation. Data from the European Quality of Life Survey show that the working poor are more likely to report mental health problems than the working population in general: 22% of those experiencing material deprivation reported having felt tense and 12% felt lonely or downhearted and depressed. For the working population at large the figures are significantly lower.

Table 16: Mental well-being among the working poor, working population and working-age population, EU, 2016

	Over the last two weeks, I have most of the time felt ...		
	Tense %	Lonely %	Downhearted or depressed %
Working, at risk of poverty	17.3	7.9	7.3
Working, in deprivation	22.0	11.8	11.5
Working population	10.5	4.3	3.9
Working-age population	11.9	5.5	5.7

*Note: Data based on population aged 18–64 years.
Source: EQLS 2016 microdata*

The report argues the case for greater policy attention and action on the part of governments, employers and social partners, not only through direct measures associated with both the minimum and living wage, progressive taxation, in-work benefits and social assistance, but also and more importantly through indirect measures that aim at helping to improve the living standards of the in-work poor. One such example is subsidised childcare. The availability and use

of affordable childcare enables parents to work and, by doing so, increases the number of earners in a household and/or the number of hours worked. However, parents also need to be made aware of the availability of services and helping parents overcome negative attitudes towards childcare may also be required to ensure good uptake of subsidised childcare. Housing support is another good example of an indirect measure. Through housing support, the living standards of low-income households are improved because the cost of housing is lowered.

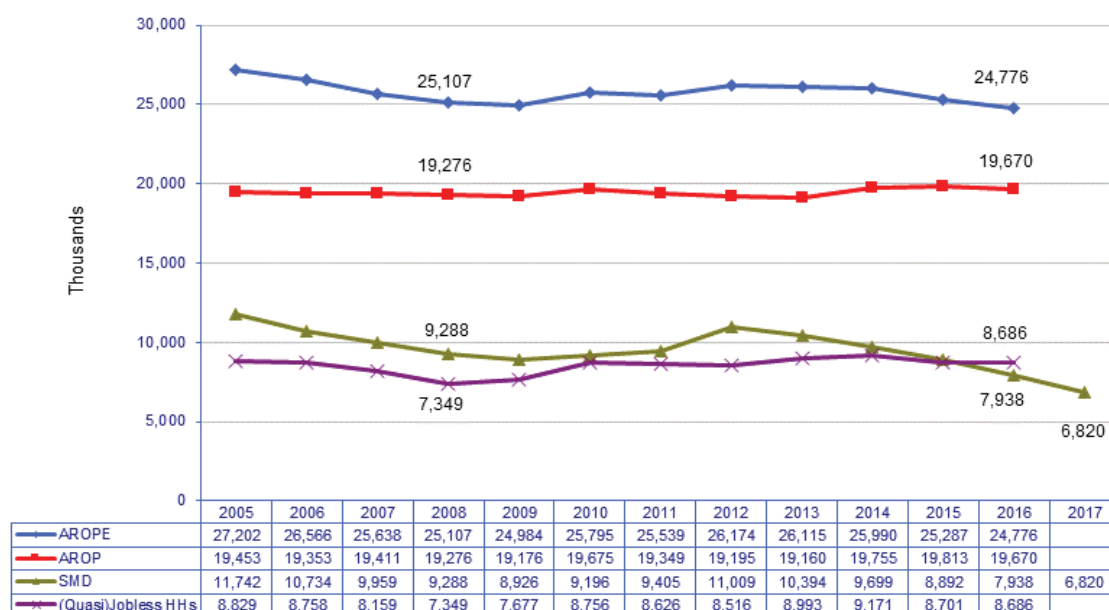
Whilst such measures are promising, there is also the risk that they will not reach the working poor. This has been found to be the case with subsidised childcare, where the target group is often not aware of the availability of the services. Equally, for various reasons, those in the most precarious jobs often do not have access to training, which is another example of an indirect measure. The Eurofound study therefore concludes that more policy evaluations are needed to better understand the effectiveness of indirect measures. Even so, the study highlights the value of paying particular attention to the working poor and of better documenting their social situation.

Clear signs of improving child poverty and youth exclusion, but levels remain high in many Member States

There were around 25 million children in the EU28 living at risk of poverty or social exclusion in 2016, 0.5 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 31). However, the overall risk of poverty or social exclusion for children has declined since 2012, with particularly strong reductions in 2015 and 2016, and mainly reflecting declines in severe material deprivation among the child population. As a result of these recent developments, the number of children at risk of poverty or social exclusion has now fallen below the level recorded in 2008. Moreover, the trend of decreasing severe material deprivation among children is estimated to have continued into 2017 figures.

In 2016, compared to the year before 13 Member States registering significant reductions in the poverty or social exclusion rate for children, most notably LV (down 6.6 pp), MT (4.2 pp) and the UK (3.1 pp). Only 3 Member States (BG, FR and RO) recorded significant increases. While for many Member States rates are now not significantly different to those in 2008, the situation with respect to the longer-term trend is still alarming in some countries, which have seen significant increases in the rate of child poverty or social exclusion since 2008. Rates remain considerably higher compared to 2008 in BG, CY, EL and IT, while only two Member States (LV and PL) have recorded a substantial decrease in the child poverty or social exclusion rate (Figure 32). Rates of around 30% or more are still observed in 8 Member States, and among these rates of over 45% in BG and RO are of particular concern.

Figure 31: Evolution in child poverty risk and social exclusion and its components in the EU-27, 2005 to 2016



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 32: Evolution of the share of children (0-17) at risk of poverty or social exclusion, 2015-2016 and 2008-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	26.4	26.4	25.2	25.3	21.6	45.6	17.4	13.8	19.3	21.2	27.3	37.5	32.9	22.6	26.6	33.2
2015-2016 change in pp	~	~	~	~	-1.7	1.9	~	~	~	-1.3	-1.5	~	-1.5	1.4	-1.6	~
2008-2016 change in pp	n.a.	~	~	~	~	7.3	~	n.a.	~	~	~	8.8	~	~	n.a.	4.8
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	29.6	24.7	32.4	22.7	33.6	24.0	17.6	20.0	24.2	27.0	49.2	14.9	24.4	14.7	19.9	27.2
2015-2016 change in pp	~	-6.6	~	n.a.	-2.5	-4.2	~	-2.3	-2.4	-2.6	2.4	-1.7	~	~	~	-3.1
2008-2016 change in pp	8.1	-7.7	~	~	~	~	~	~	-8.7	~	~	~	~	~	~	~

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), "n.a." refers to data not (yet) being available; ii) 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 comparisons of changes are still valid; iii) For DK, breaks in series for the period 2008-2016 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 for these); iv) 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; v) For HR, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before 2010; ix) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); x) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; xiii) 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 10. A new EU indicator of child deprivation

A new indicator on child deprivation (the child deprivation rate) has recently been adopted by the Indicators Sub-Group of the Social Protection Committee. The adoption of this child-specific indicator is an important step in the direction of the European Commission's and Member States' commitment to including (at least) one indicator on "child well-being" in the EU portfolio of social indicators and to improving the EU toolbox needed for monitoring progress in the implementation of the EU Recommendation on "Investing in Children: breaking the cycle of disadvantage" endorsed by all EU countries in 2013. The indicator will usefully complement the picture provided by other household-centred indicators of poverty and social exclusion that may not adequately reflect the specific situation of children.

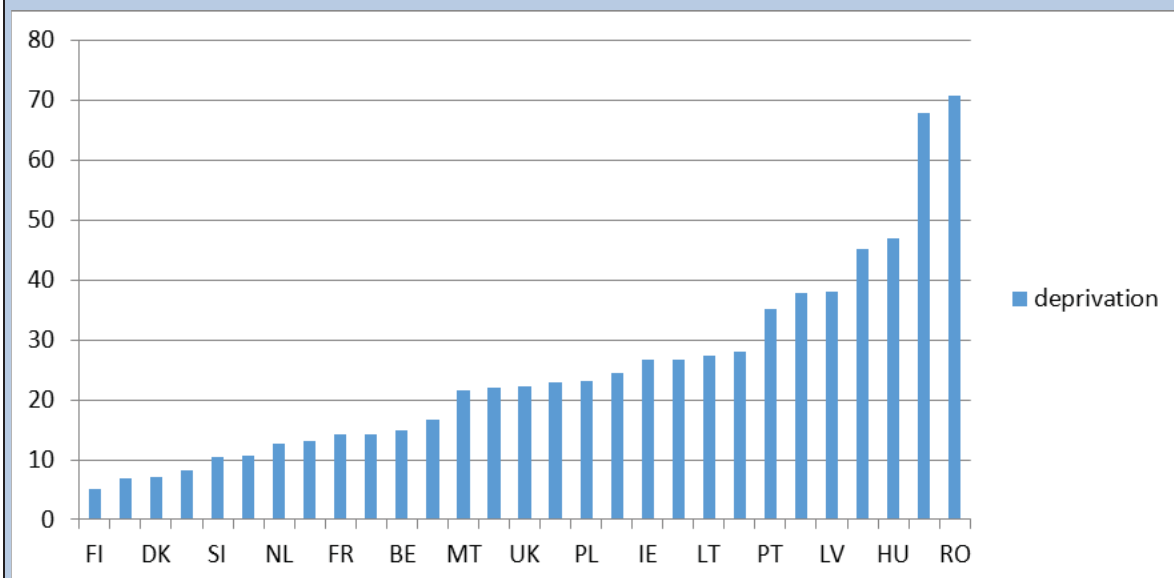
The child deprivation rate is the percentage of children aged between 1 and 15 years who suffer from the enforced lack of at least three items out of the following 17 (unweighted) items:

1. Child: Some new clothes
2. Child: Two pairs of shoes
3. Child: Fresh fruits and vegetables daily
4. Child: Meat, chicken, fish daily
5. Child: Suitable books
6. Child: Outdoor leisure equipment
7. Child: Indoor games
8. Child: Leisure activities
9. Child: Celebrations
10. Child: Invite friends
11. Child: School trips
12. Child: Holiday
13. Household: Replace worn-out furniture
14. Household: Arrears
15. Adults in the household: Internet⁴⁶
16. Household: Home adequately warm
17. Household: Car

The indicator will be computed every three years, based on a detailed set of items collected through the thematic EU-SILC module on children. The most recently available figures are shown in Figure 33. For further details on the indicator see Guio, A.-C., Gordon, D., Marlier, E., Najera, H. and Pomati, M. (2017), "Towards an EU measure of child deprivation", *Child indicators research*, 11(3), pp. 835–860: <https://link.springer.com/article/10.1007/s12187-017-9491-6>.

⁴⁶ If at least half of the adults in the household are deprived of this item, child is considered deprived of the item.

Figure 33: Proportion of children (aged between 1 and 15 years) who lack at least three items (out of 17) EU-28 Member States, 2014



Source: EU-SILC 2014 cross-sectional data

This new indicator should be analysed in combination with a complementary indicator on the depth, or intensity, of child deprivation (the mean number of deprivation items among the deprived children), in order to allow to show progress even in Member States with a high average number of deprivation items among the deprived

As a result of improvements in EU labour markets in recent years as well as initiatives to support the labour market integration of young people such as the Youth Guarantee (2013)⁴⁷ policy framework and the financial assistance provided through the Youth Employment Initiative⁴⁸, in 2017 the youth unemployment ratio⁴⁹ showed further significant declines in several Member States. Of particular note were year-on-year reductions of the order of 2 pp in CY, ES, IE and HR. In around three quarters of Member States the youth unemployment ratio has now fallen back to levels not significantly different to those recorded in 2008. Nevertheless, in a few Member States (CY, EL, FI, IT and NL) the ratio remains considerably higher, especially so in CY and EL where the overall picture is still one of strong deterioration in the labour market situation of young people.

⁴⁷ [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)).

⁴⁸ <http://ec.europa.eu/social/main.jsp?catId=1176&langId=en>.

⁴⁹ 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.

Clear improvements over the longer-term reference period have only been registered in DE, IE and the UK (Figure 34).

Figure 34: Evolution of youth unemployment ratio (15-24), 2016-2017 and 2008-2017

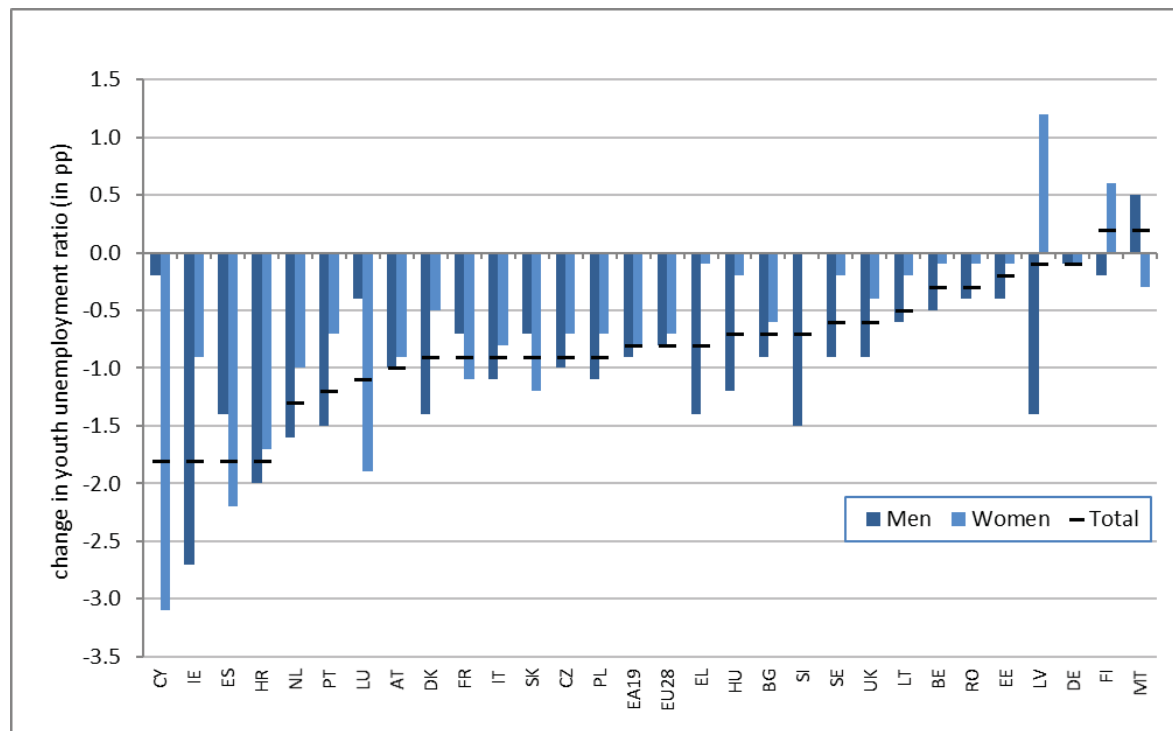
	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2017	7.0	7.0	7.5	7.5	5.4	3.4	2.5	7.0	3.4	5.6	6.7	10.9	12.9	8.2	9.8	9.1
2016-2017 change in pp	~	~	~	~	~	~	~	~	~	~	-1.8	~	-1.8	~	-1.8	~
2008-2017 change in pp	~	~	~	~	~	~	~	~	-2.1	~	-2.2	4.3	~	~	~	2.6
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2017	9.0	6.8	4.6	4.7	3.5	5.5	6.1	5.5	5.2	8.1	5.5	4.4	6.3	10.7	9.8	7.0
2016-2017 change in pp	-1.8	~	~	-1.1	~	~	-1.3	~	~	-1.2	~	~	~	~	~	~
2008-2017 change in pp	5.2	~	~	~	~	~	2.2	~	~	~	~	~	~	1.9	~	-2.2

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 2008-2017.

At EU level, the 0.8 pp fall in the youth unemployment ratio over the latest year reflects very similar changes for male and female youth (Figure 35). However, the situation varies across individual Member States. For a large majority of Member States, the reduction in the ratio for male youth has been noticeably more pronounced than for young women, the only exceptions being CY, ES, FR, LU, MT and SK. In FI and LV, rates increased for young females while they dropped for young males.

Figure 35: Changes in the youth unemployment ratio 2016-2017, by gender



Source: Eurostat (LFS)

Low economic activity among young people should not be the main concern, given the high proportion of students among the young generation. However, the proportion of young people who are neither in employment nor in education and training (NEET) could be a concern. 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 2017 it had fallen back to the same level as prior to the crisis in 2008. Over the latest year, 2016-2017, developments have been generally positive, with the NEET rate falling in a large majority of Member States, and with significant falls recorded in 10 countries, most notably BG, IE, RO and SI (Figure 36). As a result, in 2017 a much reduced number of Member States still showed any significant increases in their NEET rates compared to 2008, with only CY, DK, EL, HR and IT still flagging up significant deterioration. A few Member States (BG, DE, IE and the UK) had significantly lower NEET rates than were recorded in 2008. While generally coming down, and notwithstanding the recent improvements, NEET rates in 2017 were still around 15% or more in BG, CY, EL, HR and RO, and around 20% in IT. In contrast, rates were below 7% in AT, CZ, DE, LU, NL, SI and SE.

Figure 36: Evolution in NEET (not in employment, education or training) rates (15-24), 2016-2017 and 2008-2017

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2017	10.9	10.9	11.2	11.2	9.3	15.3	6.3	7.0	6.3	9.4	10.9	15.3	13.3	11.5	15.4	20.1
2016-2017 change in pp	-0.7	-0.6	~	~	-0.6	-2.9	~	1.2	~	~	-1.7	~	-1.3	~	~	~
2008-2017 change in pp	~	~	~	~	~	-2.1	~	2.7	-2.1	~	-3.0	3.9	~	~	3.8	3.5
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2017	16.1	10.3	9.1	5.9	11.0	8.0	4.0	6.5	9.5	9.3	15.2	6.5	12.1	9.4	6.2	10.3
2016-2017 change in pp	~	~	~	~	~	~	-0.6	-1.2	-1.0	-1.3	-2.2	-1.5	~	~	~	~
2008-2017 change in pp	6.4	~	~	~	~	~	~	~	~	~	~	~	~	~	~	-1.8

Source: Eurostat (LFS)

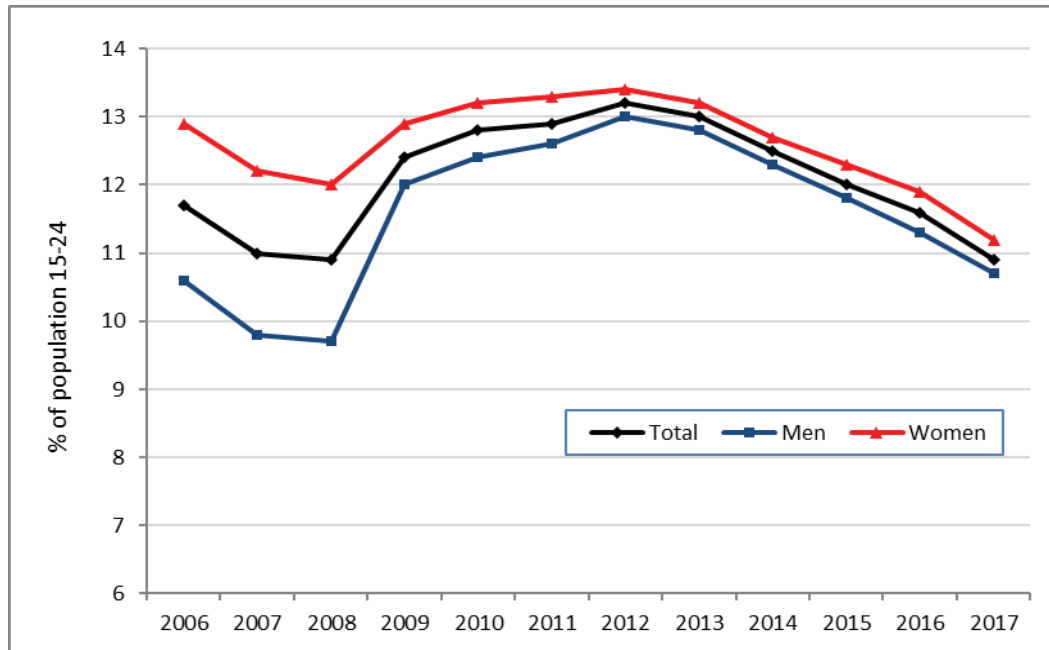
Notes: i) For FR, there is a break in series in 2013 and 2014; ii) For RO, breaks in series in 2010, so change relative to 2010 shown for the period 2008-2015.

While at EU level, the NEET rate has returned to its pre-crisis level of 10.9%, there has been an underlying shift in the relative situation of young men and women. NEET rates 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 37). Rates for both peaked in 2012 and have been falling at a similar rate since. By 2017 the rate had fallen to 11.2% for women (some 0.8 pp below its pre-crisis level) and 10.7% for men (1 pp above its pre-crisis level).

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 EL, HR, IE, LT, PL and SI to as high as around 18% in ES, MT and RO. Developments since 2008 have been widely positive across the EU, with significant reductions in early school leavers rates in around two thirds of Member States, most notably in the southern Member States of EL, ES, MT and especially

PT. In the latest year for which data are available, 4 Member States (IE, MT, NL and PT) recorded a significant further improvement, while 2 (DK and SK) showed signs of the rate picking up again (Figure 38).

Figure 37: EU NEETs rate by gender, 2006-2017



Source: Eurostat (LFS)

Developments in early school leaving rates by gender show large variations across countries. 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 MT and NL are exceptions. In countries where the early school leavers' rate has risen over the latest year, the rise is mainly driven by females in CY, HU, SE and SK, in comparison to AT, DK, FI, IT, LT and LU where it has mainly been due to sharper rises among male youths (Figure 39).

Figure 38: Evolution in early school leavers' rates (in %) from education and training (18-24), 2016-2017 and 2008-2017

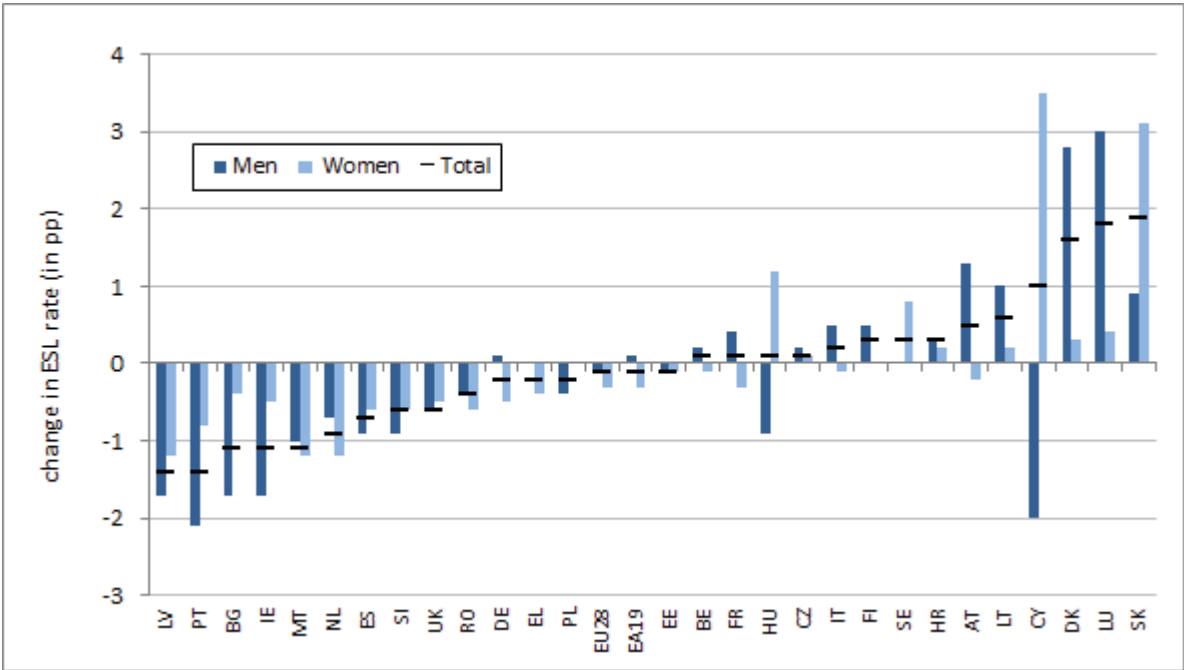
	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2017	10.6	10.6	11.0	11.0	8.9	12.7	6.7	8.8	10.1	10.8	5.1	6.0	18.3	8.9	3.1	14.0
2016-2017 change in pp	~	~	~	~	~	~	~	1.6	~	~	-1.1	~	~	~	~	~
2008-2017 change in pp	-4.1	-4.2	-5.4	-5.3	-3.1	~	~	-3.7	~	-3.2	-6.6	-8.4	-13.4	-2.9	~	-5.6
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2017	8.6	8.6	5.4	7.3	12.5	18.6	7.1	7.4	5.0	12.6	18.1	4.3	9.3	8.2	7.7	10.6
2016-2017 change in pp	~	~	~	~	~	-1.1	-0.9	~	~	-1.4	~	~	1.9	~	~	~
2008-2017 change in pp	-5.1	-6.9	~	-6.1	~	-8.6	-4.3	-2.8	~	-22.3	~	~	3.3	~	~	-6.3

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.

The 2012 SPC Advisory Report on “Tackling and Preventing Child Poverty, Promoting Child Well-being”⁵⁰ and the European Commission Social Investment Package⁵¹ 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 flexible education pathways, forming smaller classes and preparing individualised education plans, may help reduce early school leaving. According to the OECD's PISA study a 2-year part-time participation in early childhood education and care for disadvantaged children under 3 will add on average one year of extra school at the age of 14 and thus significantly lower the risk of 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.

Figure 39: Change in early school leavers’ rate 2016-2017 by gender



Source: Eurostat (LFS)

⁵⁰ <http://ec.europa.eu/social/BlobServlet?docId=7849&langId=en>

⁵¹ <http://ec.europa.eu/social/main.jsp?catId=89&langId=en&newsId=1807&moreDocuments=yes&tableName=news>

Mixed developments in income inequality across Member States between 2015-2016, following longer-term rises

Over the last decade, income inequality has grown within many Member States, particularly in most of the Southern Member States and in several Central and Eastern 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 2016 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, SI and SK) and also in SE (Figure 40 and Figure 41). In contrast, significant reductions have been registered in a few countries, namely BE, LV, PL and the UK over the same period. Over the most recent period 2015-2016, inequality has risen significantly in SK and SE, and especially sharply in BG and IT, but reduced substantially in 8 Member States, most notably in EE and RO. The highest income inequalities are currently found in BG, EL, ES, IT, LV, LT, and RO, in all of which the equivalised income of the richest 20% of the population is more than 6 times that of the poorest 20%.

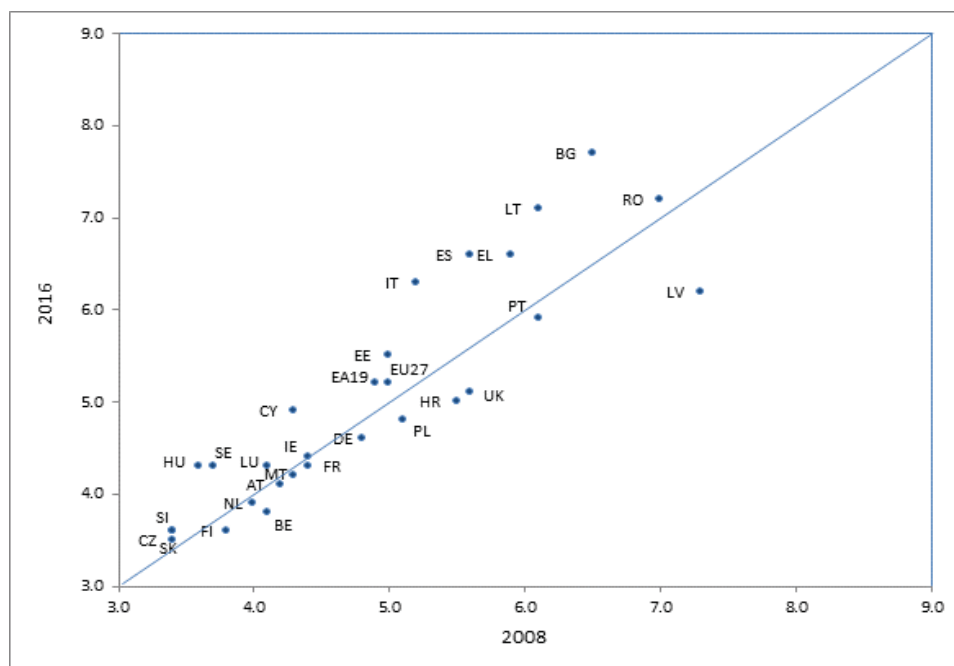
Figure 40: Income quintile ratio (S80/S20), evolution (% change) 2015-2016 and 2008-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	5.2	5.2	5.1	5.2	3.8	7.9	3.5	4.1	4.6	5.6	4.4	6.6	6.6	4.3	5.0	6.3
2015-2016 change in %	~	~	~	~	~	11.3	~	~	-4.2	-9.7	~	~	-4.3	~	-3.8	8.6
2008-2016 change in %	n.a.	~	~	6.1	-7.3	21.5	~	n.a.	~	10.0	~	11.9	17.9	~	n.a.	21.2
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	4.9	6.2	7.1	5.0	4.3	4.2	3.9	4.1	4.8	5.9	7.2	3.6	3.6	3.6	4.3	5.1
2015-2016 change in %	-5.8	-4.6	-5.3	n.a.	~	~	~	~	~	~	-13.3	~	2.9	~	4.9	~
2008-2016 change in %	14.0	-15.1	16.4	~	19.4	~	~	~	-5.9	~	~	5.9	5.9	~	16.2	-8.9

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). "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. ii) 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 2008-2016 which mainly affect indicators related to incomes ("n.a." shown for the period compared to 2008); 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, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before 2010; vi) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); vii) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; viii) 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.

Figure 41: Income quintile ratio (S80/S20), evolution 2008-2016



Source: Eurostat (EU-SILC)

Notes: i) For DK, breaks in series for the period 2008-2016 which mainly affect indicators related to incomes, so comparison not shown ii) For EE, major break in series in 2014 for variables in EU-SILC, so 2013 figure shown instead of 2016; iii) For HR, data refer to 2010 instead of 2008; iv) For LU, major break in series in 2016 for EU-SILC based indicators, so comparison is to 2015 instead of 2016; v) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; 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; vii) The blue line shows equal inequality in 2008 and 2016, so countries to the left of the line have seen a rise in inequality, and those to the right a reduction.

The latest Commission's Employment and Social Developments in Europe report (Commission 2018b) highlights that both the risks and the opportunities the changing world of work brings about may result in new patterns of inequality across different socio-economic dimensions. On the one hand, a greater diversity of forms of work can enhance workers' choices, facilitate reconciliation between work and private life and ease access to the labour market for disadvantaged or underrepresented groups, including women and older workers. The flexibility offered by new forms of work can also be an element of resilience in the face of economic shocks. On the other hand, non-standard work has some negative implications for workers' well-being compared with that of standard workers. This is because new forms of work often imply fragmented careers and more frequent periods of inactivity, which may lead to greater earnings inequality (as a result of differences in hours worked) as well as to diminished access to training opportunities, social protection and services.

The European Pillar of Social Rights provides a compass for upward convergence in economic and social outcomes, mitigating within country as well as cross-country inequality. Ensuring rights that guarantee a decent life and improve living conditions is at the core of the Social Pillar. Addressing challenges such as the higher risk of poverty of workers in new non-standard contractual relationships requires action on several fronts, such as up-skilling and reskilling policies, "promoting fair wages and minimum incomes ensuring a life in dignity, gender equality, equal

access to quality education and training for all". It also requires effective social protection. In this context, as part of the Social Fairness Package, the Commission presented in March 2018 a proposal for a Council Recommendation on access to social protection for workers and the self-employed.

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 (quasi-)jobless households. In 2016 the poverty risk for people living in (quasi-)jobless households ranged between as much as over 75% in the three Baltic States of EE, LV and LT, to around 50% or under in DK, LU and the UK. Between 2015 and 2016, 8 Member States experienced a significant worsening of the poverty risk for people in (quasi-)jobless households, with particularly strong increases in BE, IE and the NL (Figure 42), with the result that this has been identified again, as in previous years, as a trend to watch. This suggests a reduction in the effectiveness of safety nets in terms of income support in these countries. Significant reductions were recorded only in a couple of Member States (BG and FR). The longer-term trend since the beginning of the crisis (2008) has also mainly been one of worsening income poverty among (quasi-)jobless households, with around half of Member States seeing an increased poverty risk for people in such households and only 5 seeing a reduction. Especially marked increases compared to 2008 of over 15 pp have been recorded in CZ, IE, NL, PL, RO and SE, and of over 20 pp in SK.

Figure 42: At-risk-of-poverty rate for the population living in (quasi-)jobless households (in %), evolutions 2015-2016 and 2008-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	60.0	59.9	60.8	60.9	65.5	71.6	70.6	48.5	66.8	78.1	61.6	52.2	63.6	54.0	66.9	59.6
2015-2016 change in pp	~	~	~	~	7.0	-3.8	5.0	~	~	~	7.5	~	~	-8.4	~	2.4
2008-2016 change in pp	n.a.	~	5.6	5.6	10.8	-6.2	15.2	n.a.	~	~	15.0	11.9	12.2	~	n.a.	4.7
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	51.4	75.7	77.0	48.2	53.6	68.3	56.4	51.9	64.4	55.6	65.2	63.5	75.4	51.5	71.2	50.4
2015-2016 change in pp	~	~	~	n.a.	~	~	8.5	~	3.4	~	5.0	~	~	~	~	2.5
2008-2016 change in pp	~	-7.6	6.7	-8.1	5.1	6.7	16.7	~	15.2	~	16.5	8.5	22.3	-4.8	18.8	-12.7

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). "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. 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, (quasi-)jobless households (i.e. very low work intensity) refers to the household situation in the previous calendar year.; iii) For DK, breaks in series for the period 2008-2016 which mainly affect indicators related to incomes ("n.a." shown for the period compared to 2008); 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, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before 2010; vi) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); vii) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; viii) For UK, changes in the EU-SILC survey vehicle and institution in 2012

Social protection systems can contribute to the smooth functioning of the labour market and to inclusive growth. The principles enshrined in the European Pillar of Social Rights provide a strong consensual basis for social protection systems that invest effectively and efficiently in people and support them through changes stemming from new and emerging challenges.

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 2016, it ranged from under 20% in BG, EL and RO to over 50% in DK, FI and IE (Figure 43). These large differences highlight the potential for improvement in some Member States in the size and effectiveness of social protection expenditure. Between 2015 and 2016, however, there were no countries with significant improvements in the capacity of social transfers to reduce the risk of poverty, and in 2 Member States (HR and NL) the impact was significantly reduced. In the longer term (2008-2016) only 5 countries (AT, EE, LV, FI and the UK) have significantly strengthened the impact of social transfers in reducing the risk of poverty as opposed to 6 countries (CZ, HU, PL, RO, SK and SE) where the impact has significantly decreased. For the others, no significant changes were observed compared to the situation in 2008.

Figure 43: Impact of social transfers (excluding pensions)⁵² on at-risk-of-poverty reduction, evolutions 2015-2016 and 2008-2016⁵³

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	33.2	33.2	32.3	32.3	41.1	17.9	40.5	52.2	34.8	24.9	52.2	15.9	24.4	42.4	28.6	21.4
2015-2016 change in pp	~	~	~	~	~	~	~	~	~	~	~	~	~	~	-6.9	~
2008-2016 change in pp	n.a.	~	~	~	~	~	-14.5	n.a.	~	5.7	~	~	~	~	n.a.	~
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	35.6	21.6	21.5	39.1	43.8	30.7	42.5	46.4	24.5	24.0	14.2	42.8	31.0	57.0	45.8	43.4
2015-2016 change in pp	~	~	~	n.a.	~	~	-5.4	~	~	~	~	~	~	~	~	~
2008-2016 change in pp	~	7.3	~	~	-15.4	~	~	5.1	-8.2	~	-9.1	~	-9.8	6.9	-9.2	8.1

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). "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. 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 2008-2016 which mainly affect indicators related to incomes ("n.a." shown for the

⁵² 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 that 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).

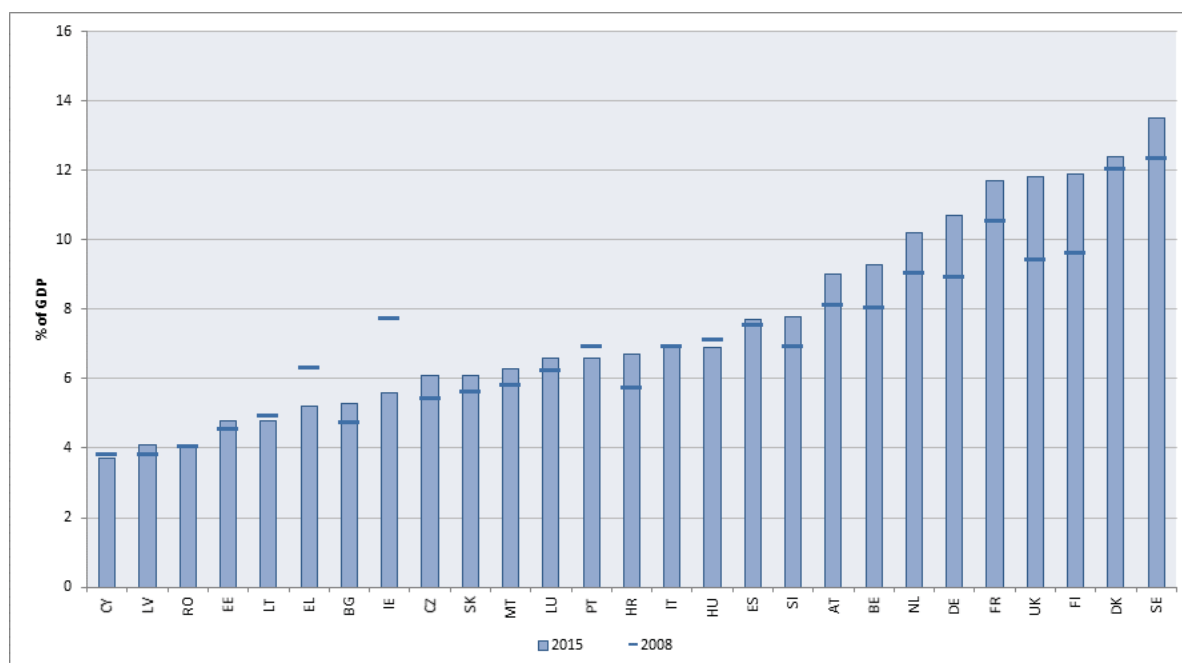
⁵³ The impact of social transfers is a theoretical indicator which is calculated using a fixed income poverty line and ignores the influence of social transfers on median income. This should be taken into account when interpreting the figures.

period compared to 2008); 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, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before 2010; vi) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); vii) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; viii) For UK, changes in the EU-SILC survey vehicle and institution in 2012.

The above assessment of the impact of social transfers does not consider non-cash benefits such as transfers in kind. As all Member States provide public services that contribute to the welfare of all individuals, purely income-based measures are not enough when analysing individual well-being and social protection.

High-quality welfare services in the form of healthcare, education, long-term care services for the elderly and childcare, etc., contribute strongly to a more equitable distribution of welfare, and have long been a feature especially of Nordic and West European welfare systems. Such support averages around 9.5% of GDP in the EU, and ranges from 3.7% of GDP in CY to 13.5% in SE (Figure 44). 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, and with more substantial rises of over 1.5 pp recorded in DE, FI and the UK. However, expenditure on in-kind benefits has been reduced substantially in EL and IE compared to levels in 2008.

Figure 44: Social benefits in-kind, as % of GDP, 2008 and 2015



Source: Eurostat (Esspros)

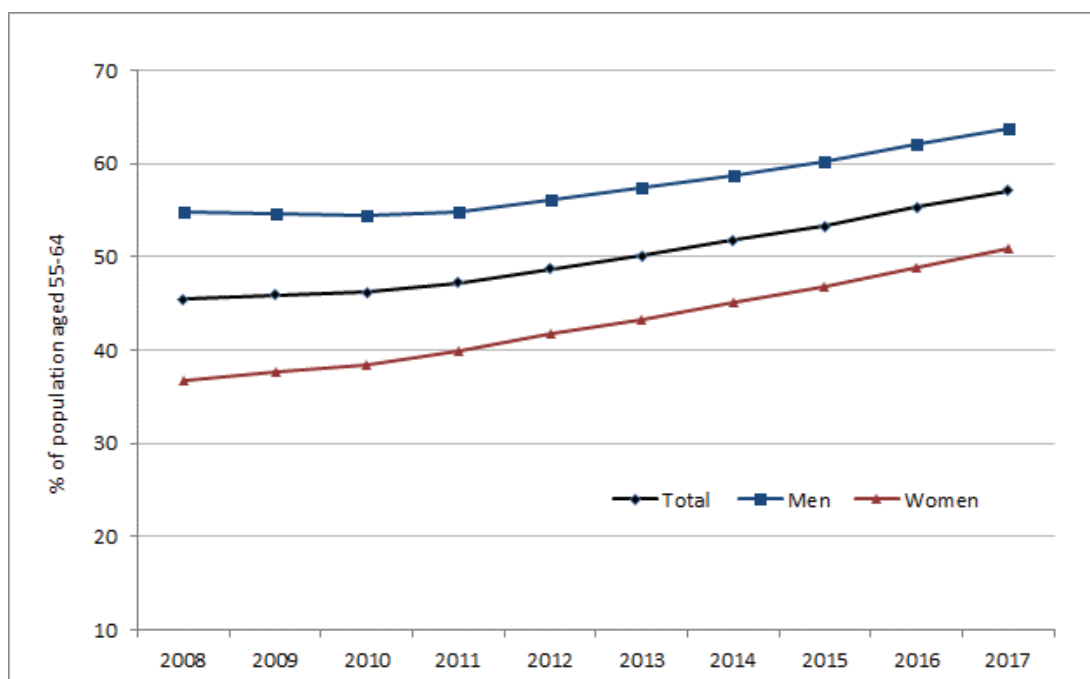
Note: No 2015 figures for PL and EU and EA19 aggregates.

Continued widespread improvement in the employment rate of older workers

A notable feature of trends in the labour market since 2008 has been the significant increase in the employment rate for older workers (i.e. people aged 55-64) in the EU, which has seen a rise of close to 12 pp since the beginning of the crisis in 2008 (Figure 45). Rates currently range from 38.3% in EL to 76.4% in SE, and average 57.1% for the EU as a whole. 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 46, this is an area where substantial positive strides have been made, even during the period of the crisis. Increases since 2008 have been highest in DE, HU, IT, MT and PL, all seeing rises in excess of 15 pp, but substantial rises of over 10 pp were also recorded in AT, BE, BG, CZ, DK, FR, NL, LT and SK. This in part reflects that financial incentives to continue work at older ages have improved strongly in recent years.

Overall, since 2008, 23 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 2016 and 2017 in 21 Member States. Only in EL were older workers' employment rates in 2017 significantly below those observed in 2008 (down almost 5pp), while the rates were not significantly different compared to 2008 in CY, HR, LV and RO.

Figure 45: Employment rate of older workers (55-64) in the EU, 2008-2017



Source: Eurostat (LFS)

Figure 46: Employment rate of older workers (55-64), evolution 2016-2017 and 2008-2017

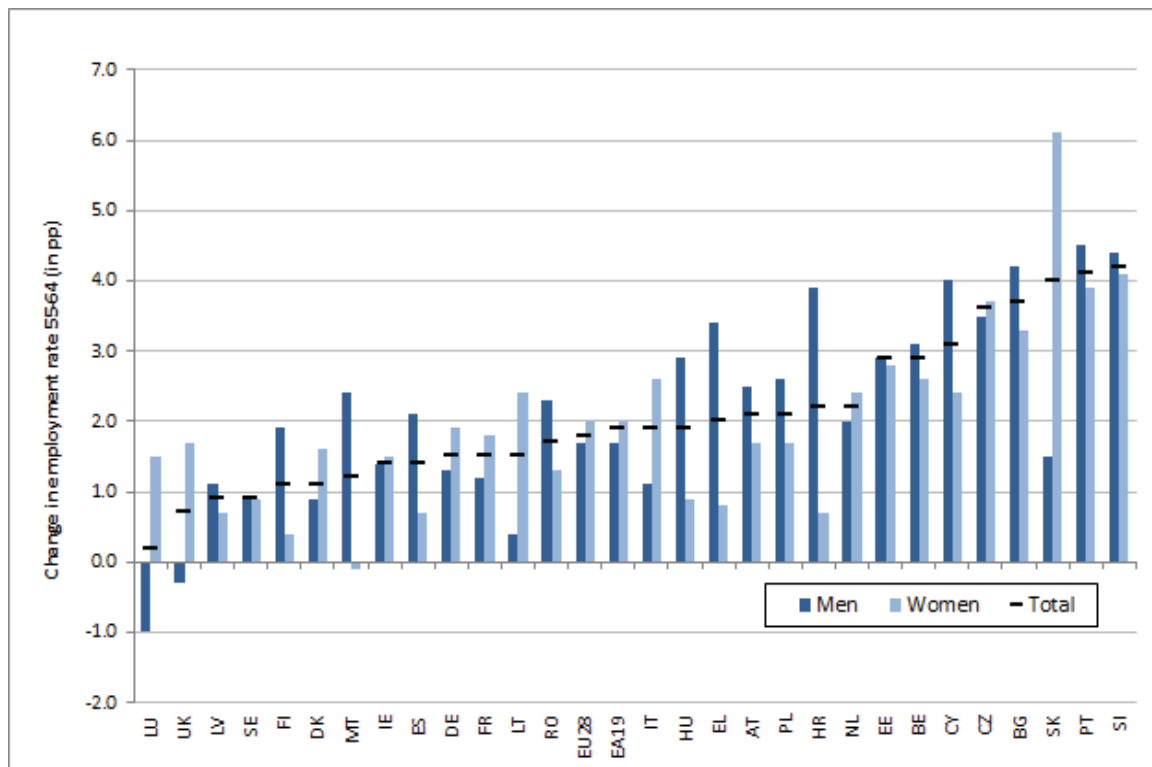
	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2017	57.1	57.2	57.1	57.2	48.3	58.2	62.1	68.9	70.1	68.1	58.4	38.3	50.5	51.3	40.3	52.2
2016-2017 change in pp	1.8	1.8	1.9	1.9	2.9	3.7	3.6	1.1	1.5	2.9	1.6	2.0	1.4	1.5	~	1.9
2008-2017 change in pp	11.6	11.7	12.8	12.8	13.8	12.2	14.5	10.5	16.4	5.8	4.6	-4.7	5.0	13.1	~	17.9
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2017	55.3	62.3	66.1	39.8	51.7	45.1	65.7	51.3	48.3	56.2	44.5	42.7	53.0	62.5	76.4	64.1
2016-2017 change in pp	3.1	~	~	~	1.9	~	2.2	2.1	2.1	4.1	1.7	4.2	4.0	~	0.9	~
2008-2017 change in pp	~	~	13.1	5.7	20.8	15.0	12.7	12.5	16.7	5.5	~	9.9	13.8	6.0	6.3	6.1

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.

At EU level, the increase in the employment rate of older workers in the latest year was slightly higher for women (up 2 pp) than for men (up 1.7 pp). However, slightly more (around half) Member States recorded a noticeably stronger increase for male older workers than female older workers (most notably in EL, HU, HR and MT), while the opposite was observed in around 11 Member States, especially LT, LU, SK and the UK (Figure 47).

Figure 47: Change in employment rates of older workers (aged 55-64) 2016-2017 by gender



Source: Eurostat (LFS)

Reasons for the overall positive trend, which was already on-going before the crisis, include a continuing upward shift across later cohorts in healthy life years, 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.

Social protection systems that 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.

Signs of a decline in the relative income of the elderly, reversing the improving trend following the crisis

Pension income constitutes 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, until recently the trend in the income situation of the elderly following the 2008 crisis has been generally much better than for other age groups, mainly due to the stability of pension income while income from work declined. The share of the elderly aged over 65 at risk of poverty or social exclusion is now lower than that for the working-age population, although there remain wide disparities across Member States. In 2016, the share averaged 18.2% at EU level, but was above 40% in BG, EE and LV and above 30% in LT, HR and RO, while being 10% or less in CZ, DK, FR, LU and NL. In total, 16 Member States show significantly reduced shares of the elderly at risk of poverty or social exclusion compared to 2008 (Figure 48), although the changes over the latest year show significant increases in 5 MS and continued reductions in only 2.

Pensions also 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 0.93 in 2016, but there are substantial differences across countries (Figure 49). The ratio ranged from 0.60 in EE and 0.63 in LV, to ratios equal to or greater than 1 in EL, ES, FR, HU, IT, LU and RO, highlighting the relative importance of financial allocations to pension systems in these Member States. Although the median relative income ratio remained stable at EU level between 2015 and 2016, it has shown rather more volatility across individual

Member States, with significant declines in the ratio recorded in 13 Member States and significant improvements in only 4. Nevertheless, the ratio remains higher in around half of Member States when comparing to the figures in 2008, and with no country showing a significant decline. Since 2008 the ratio has increased by more than 20% in 4 countries (BG, CY, EL and ES), and for the EU as a whole has risen by 9.4%.

Figure 48: At risk of poverty or social exclusion rate for the elderly (65+), evolution 2015-2016 and 2008-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	18.2	18.1	17.1	17.3	16.4	45.9	10.1	9.2	18.3	41.4	17.4	22.0	14.4	10.0	32.8	23.2
2015-2016 change in pp	~	~	1.3	1.4	~	-5.9	~	~	~	4.4	~	~	~	~	~	3.3
2008-2016 change in pp	n.a.	-5.2	~	~	-6.5	-7.9	~	n.a.	~	-12.9	-5.1	-6.1	-11.8	~	n.a.	~
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	22.9	43.1	37.4	9.1	15.1	26.1	10.0	13.7	16.1	21.8	34.0	19.9	12.3	13.6	17.0	18.0
2015-2016 change in pp	2.1	~	~	n.a.	-2.0	2.4	3.9	~	~	~	~	~	~	~	~	~
2008-2016 change in pp	-26.4	-15.7	~	~	~	~	~	-7.5	-10.8	-5.9	-15.4	-4.5	-9.6	-10.3	~	-10.5

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), "n.a." refers to data not (yet) being available; ii) 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 comparisons of changes are still valid; iii) For DK, breaks in series for the period 2008-2016 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 for these); iv) 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; v) For HR, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before 2010; ix) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); x) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; xiii) 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;

Figure 49: Median relative income ratio for the elderly, evolution 2015-2016 and 2008-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	0.93	0.93	0.94	0.94	0.76	0.80	0.79	0.75	0.84	0.60	0.86	1.07	1.01	1.02	0.84	1.01
2015-2016 change in %	~	~	~	~	-3.8	12.7	-2.5	-2.6	-3.4	-3.2	~	2.9	~	-1.9	~	2.0
2008-2016 change in %	n.a.	9.4	8.0	9.3	~	21.2	~	n.a.	~	11.3	16.2	24.4	21.7	7.4	n.a.	14.8
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	0.79	0.63	0.71	1.22	1.01	0.72	0.82	0.97	0.97	0.91	0.97	0.89	0.91	0.83	0.77	0.89
2015-2016 change in %	~	-3.1	-2.7	n.a.	~	-4.0	-7.9	~	-2.0	~	-3.0	~	~	2.5	-2.5	~
2008-2016 change in %	33.9	18.9	~	11.3	~	~	~	10.2	~	9.6	14.1	~	15.2	15.3	~	20.3

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). "n.a." refers to data not (yet) being available. For year-on-year change, Eurostat estimates of statistical significance are used, while for change since 2008 a 5% threshold has been used; ii) 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 2008-2016 which mainly affect indicators related to incomes ("n.a." shown for the period compared to 2008); 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, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before

2010; vi) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); vii) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; viii) For UK, changes in the EU-SILC survey vehicle and institution in 2012.

When analysing trends in the median relative income ratio it is important to be aware that this is a relative measure and it 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 aged 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 also 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 0.58 in 2016, although there are substantial variations across countries (see Figure 50). In general, the aggregate replacement ratios show that current median pension levels are lowest compared to current median earnings of people aged 50-59 in CY, HR, IE and LV (all below 0.45). The ratio is above 0.6 in 11 Member States, and are highest in FR (0.68), IT (0.69) and LU (0.88).

As for its evolution, the value of the ratio for the EU-27 increased by 18%, from 0.49 in 2008 to 0.58 in 2016. 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 recorded a significant drop in the ratio. Significant rises were also recorded across around a third (9) of Member States in the most recent year, with only 2 countries (IE and NL) showing significant falls.

Figure 50: Aggregate replacement ratio, evolution 2015-2016 and 2008-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	0.58	0.58	0.58	0.58	0.48	0.45	0.50	0.47	0.46	0.45	0.35	0.63	0.66	0.68	0.39	0.69
2015-2016 change in %	~	~	~	~	~	9.8	~	4.4	~	4.7	-7.9	3.3	~	~	~	4.5
2008-2016 change in %	n.a.	18.4	18.4	18.4	~	32.4	~	n.a.	~	11.1	-28.6	53.7	57.1	~	n.a.	35.3
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	0.44	0.42	0.45	0.88	0.67	0.54	0.50	0.62	0.62	0.64	0.66	0.47	0.62	0.53	0.57	0.53
2015-2016 change in %	~	~	~	n.a.	3.1	~	-3.8	~	~	3.2	4.8	~	~	~	~	6.0
2008-2016 change in %	33.3	40.0	~	37.9	9.8	31.7	16.3	~	10.7	25.5	32.0	~	14.8	~	~	23.3

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). "n.a." refers to data not (yet) being available. For year-on-year change, Eurostat estimates of statistical significance are used, while for change since 2008 a 5% threshold has been used; ii) 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 2008-2016 which mainly affect indicators related to incomes ("n.a." shown for the period compared to 2008); 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, no long-term comparison for EU-SILC-based indicators compared to 2008 as no EU-SILC data published by Eurostat before 2010; vi) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); vii) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; viii) For UK, changes in the EU-SILC survey vehicle and institution in 2012.

In the longer term, the Commission's 2017 Employment and Social Developments in Europe review (European Commission (2017)) 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 until recently, despite rising pensionable ages. Ageing report projections point to a continuing increase in the ratio between the average number of years spent in retirement and those spent working. Pensions systems are therefore being challenged by higher demographic dependency - declining numbers of workers have to feed and care for growing numbers of inactive pensioners⁵⁴.

The gender gap in pensions is an important issue to address, as highlighted in the Conclusions adopted by the Council in June 2015 on "*Equal income opportunities for women and men: Closing the gender gap in pensions*" and emphasised strongly in the Commission's 2018 Pension Adequacy Report. The Commission has recognised that an important dimension of the pension adequacy challenge is gender-specific, and closing the gender gap in pensions remains high on the political agenda.

In 2018 the SPC adopted its latest report on the adequacy of pensions (*The 2018 Pension Adequacy Report: current and future income adequacy in old age in the EU*⁵⁵), which analyses how current and future pensions help prevent old-age poverty risk and maintain the income of men and women for the duration of their retirement. It highlights that Member States pay more and more attention to the sustainability and adequacy of pensions in their reforms, but additional measures are needed to strengthen these further, especially to prevent the risk of poverty and social exclusion among older women and to make sure that people in non-standard work or self-employment are also covered (Box 11).

Box 11. Key conclusions of the 2018 Pension Adequacy Report: current and future income adequacy in old age in the EU

The Pension Adequacy Report (European Commission 2018c) is prepared every three years by the European Commission and the Social Protection Committee. The 2018 edition analyses how current and future pensions help prevent old-age poverty risk and maintain the income of men and women for the duration of their retirement. The report is devoted to comparative analysis of pension adequacy in the EU-28, and examines the current living standards of older people and how they are shaped by pension systems. In addition, it presents an overview of recent pension reforms and concludes by analysing the main challenges to the adequacy of future pensions and ways of tackling them.

⁵⁴ Although account should also be taken of increasing opportunities for "flexible arrangements for retirement" including the possibility of combining pensions with income from gainful activity, as mentioned in the key conclusions to PAR 2018.

⁵⁵ <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8084&furtherPubs=yes>

According to the report, today some 17.3 million or 18.2% of all older people (aged 65 and over) in the EU remain at risk of poverty or social exclusion. This amount has remained nearly unchanged since 2013. In addition, significant differences between countries and population groups remain. For instance, women's pension benefits are still 37% lower than men's due to lower salaries and shorter working lives linked to caring responsibilities. Similarly, people in non-standard or self-employment often face less favourable conditions for accessing and accruing pension rights than those in standard employment. The risk of poverty and social exclusion in old age also increases with age - more than half of all older people at risk of poverty or social exclusion in the EU are aged 75 or over.

Although the duration of working life is increasing, the average expected duration of retirement is expected to grow even faster, as life expectancy continues to increase. On average in the EU, the time spent in retirement is about half (51%) of that spent in employment. This ratio is projected to increase to 53% by 2060, highlighting the need to find a new balance between working life and retirement. As life expectancy improves, longer working lives will be vital to enable men and women to acquire adequate pensions. People retiring in 2056 will have lower pensions in most Member States compared to their work income than a similar career would have earned them in 2016.

Many Member States have put measures to safeguard the adequacy of pensions more prominently at the heart of their policy efforts, in particular for low-income pensions, but more needs to be done. To ensure the adequacy and sustainability of current and future pensions, pension systems need to promote longer working lives, in accordance with continuously increasing life expectancy. Longer working lives can be encouraged through more life-long learning, providing a safe and healthy work environment, adjusting pensionable ages, rewarding later retirement, and discouraging early exit from the labour market. Flexible working options, including the possibility to combine pension with income from work, and tax incentives promoting later retirement are becoming increasingly widespread and will continue to be important.

Member States should also take steps to close the gender gap in pensions, by putting in place equal opportunity policies targeted at women and men of working age - for instance, promoting better work-life balance and more equal distribution of caring responsibilities, addressing labour market participation, work intensity and career breaks. Pension policies should adequately protect care-related breaks. In line with the European Pillar of Social Rights, the Commission aims at supporting Member States in these efforts, for instance with its proposal to create a better balance between private life and professional career⁵⁶ for working parents and carers. Finally, it is also important to continue to extend pension coverage to people in non-standard or self-employment, and to promote supplementary pension savings. In this vein, and also under the banner of the Pillar of Social Rights, the Commission has recently put forward a proposal for a Recommendation on access to social protection⁵⁷.

⁵⁶ http://europa.eu/rapid/press-release_IP-17-1006_en.htm

⁵⁷ http://europa.eu/rapid/press-release_IP-18-1624_en.htm

The European Pillar of Social Rights provides a relevant framework for guiding future action by 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 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 individuals. 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.

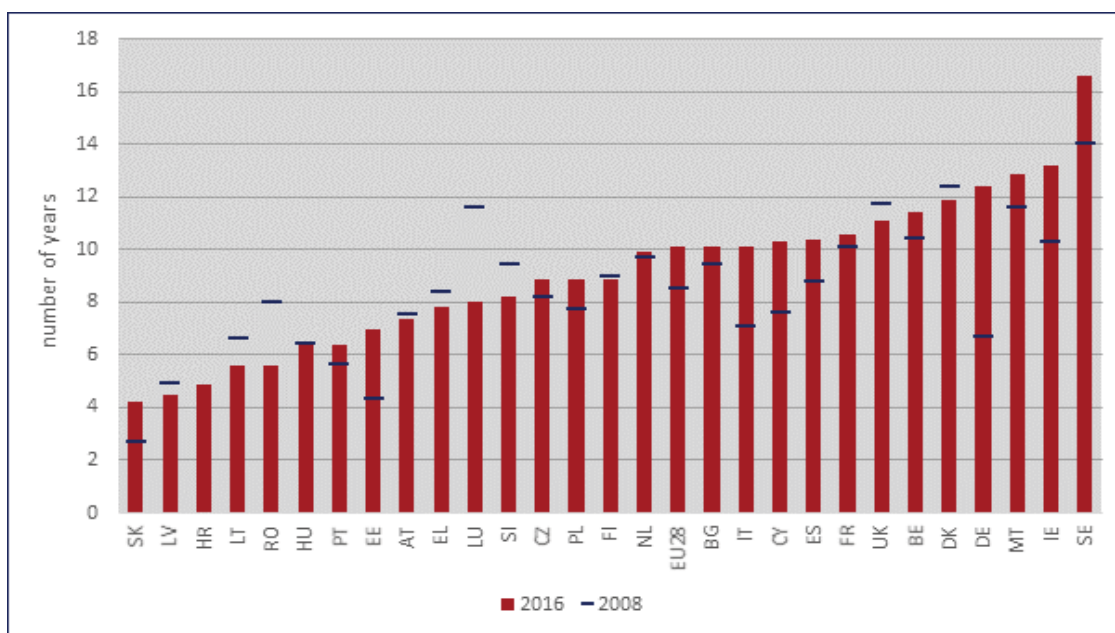
Objective and subjective measures of health can provide a snapshot of the health status of society as a whole. At EU level, the number of remaining healthy life years (HLY) at 65 was close to 10 years in 2016 for both women (10.1 years) and men (9.8 years). For men it ranged from around 4.5 years in LV and SK to 15.1 years in SE, while for women it ranged from 4.2 years in SK and 4.5 years in LV to 16.6 years in SE. Over the period 2008-2016⁵⁸, there was a significant increase in the remaining healthy life expectancy for women in 13 Member States (Figure 51), with particularly strong improvements in CY, DE, EE, IT and SK. There were nevertheless 5 countries where HLY at 65 for women decreased significantly, most notably LU⁵⁹ and RO. The change in HLY at 65 for men in the years 2008 – 2016 (Figure 52) has generally been even more positive than that for women, with 15 Member States recording rises for men, although there were significant decreases in 5 (EL, LV, LU⁵⁷, RO and SI). The largest increases for men were in DE, EE, IT and SK.

A significant increase between 2008 and 2016 in the share of the population reporting unmet needs for medical care was recorded in 4 Member States, with particularly strong rises in EE and EL (Figure 53). In contrast, 7 countries registered significant improvements in access, most notably BG. In terms of the most recent changes for the period 2015-2016, there was only 1 country that noted a significant increase in unmet need (EE), while 5 showed a significant reduction.

⁵⁸ Note that for several countries mentioned significant breaks in series occurred during the period 2008 to 2016 in the healthy life years indicator, so the changes compared to 2008 should be read with caution.

⁵⁹ For LU, a significant break in time series for EU-SILC based indicators occurred in 2016, which strongly affects the comparison to 2008.

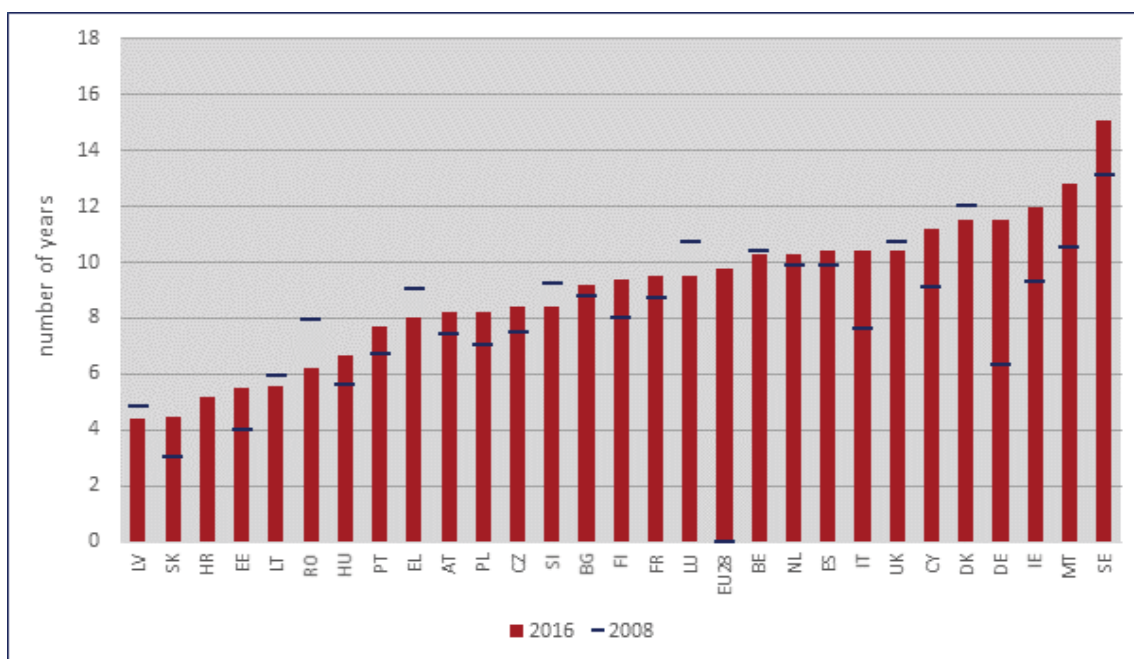
Figure 51: Healthy life years at 65 for females, 2008 and 2016



Source: Eurostat

Note: For LU, LV and SI, significant breaks in time series in the Healthy Life Years indicator in the period since 2008, which affects the comparison of changes since 2008, so the changes should be read with caution.

Figure 52: Healthy life years at 65 for males, 2008 and 2016



Source: Eurostat

Note: For LU, LV and SI, significant breaks in time series in the Healthy Life Years indicator in the period since 2008, which affects the comparison of changes since 2008, so the changes should be read with caution.

Figure 53: Self-reported unmet need for medical care⁶⁰, in %, and changes (in pp) 2015-2016 and 2008-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	2.5	2.5	2.3	2.3	2.4	2.8	0.7	1.3	0.3	15.3	2.6	13.1	0.5	1.3	1.7	5.5
2015-2016 change in pp	~	~	~	~	~	-1.9	~	~	~	2.6	~	~	~	~	~	-1.7
2008-2016 change in pp	n.a.	~	~	~	n.a.	-12.5	~	~	-1.9	8.0	~	7.7	~	~	n.a.	~
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	0.6	8.2	3.1	0.4	1.3	1.0	0.2	0.2	6.6	2.4	6.5	0.4	2.3	4.1	1.6	1.0
2015-2016 change in pp	~	~	~	~	-1.3	~	~	~	~	~	-2.9	~	~	~	~	-1.8
2008-2016 change in pp	-2.2	-1.7	-2.6	~	-2.1	~	~	~	~	1.3	-4.6	~	~	3.3	~	~

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).

Box 12: Recent developments on indicators to monitor the situation of persons with disabilities

In early 2018, the Indicators Sub-Group of the Social Protection Committee adopted some new indicators focusing on the situation of persons with disabilities, and agreed to include some of them in the standard monitoring tools of the SPC.

For a long time, disability was predominantly understood as an individual problem whose causes are biopsychic. Persons with disabilities were considered to be dependent and in need of help, so the state provided some caring help to them. However, with the adoption of the UN Convention on the Rights of Persons with Disabilities (UNCRPD), this setting has changed. Today, the image of persons with disabilities being only persons with impairments seen as dependent and in need of help is outdated. Their human rights claim to a self-determined life and social participation is – as written down in the UNCRPD – recognized.

The ISG has agreed to base the proposed indicators for persons with disabilities on the Global Activity Limitation Indicator (GALI)⁶¹ approach, using the broader definition to cover persons with moderate as well as severe limitations in line with the concept of disability enshrined in the UN Convention on the Rights of Persons with Disabilities. The use of GALI as a proxy for disability has

⁶⁰ This indicator is defined on the basis of self-reported unmet need related to three reasons – too far to travel, waiting list, too expensive

⁶¹ GALI – a single-item survey instrument – self-reported by the individual him or herself to assess health-related activity limitations: "For at least the past six months, to what extent have you been limited because of a health problem in activities people usually do?" Possible responses are: severely limited, moderate limited and not limited.

been adopted as a standard way to measure self-reported disability in European statistical surveys (it was created specifically to answer the need to examine the disabled population over a large scope of surveys).

The new indicators highlighting the situation of persons with disabilities will be integrated in the SPC monitoring framework as follows:

- Six indicators focusing on the situation of the population aged 16+ with disabilities (ARPE, SMD (severe material deprivation), the share of (quasi-)jobless households, AROP, MSD (Material and social deprivation) and the impact of social transfers on poverty risk reduction) will be included in the social inclusion branch of the Portfolio of EU social indicators, and also in a table in the country profiles at annex to the SPC report (see Annex 2);
- For the moment, the indicators should be used to look at changes over time, gaps between persons with and without disabilities and not for comparison across Member States, as further work is needed to improve the GALI approach to allow for comparison across countries;
- The indicator on the "At-risk-of-poverty-or-social-exclusion rate for persons with disabilities (16+)" is now included in the SPPM dashboard;

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 available affordable housing, including social housing and affordable rentals, as well as a sufficient level of housing and heating allowances⁶²

In 2016, the housing cost overburden rate⁶³ varied between a minimum of 1.4% in MT to a maximum of 40.5% in EL, with the average for the EU28 at 11.1%. Other countries with a relatively high share of around 15% or more were BG, DE, DK and RO (Figure 54). Significant increases in the average share of housing costs in disposable household income have been recorded in 6 Member States between 2008 and 2016. Of particular note is the sharp increase in EL, where the rate has risen by around 18 pp over this period. For the change over the latest year, only 3 Member States recorded significant rises (AT, BG and IT) while a larger group of 11 countries saw the share of housing costs in income decline, most notably the NL.

⁶² Commission Staff Working Document (2013)42 final on Confronting homelessness in the European Union

⁶³ 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).

Figure 54: Housing cost overburden rate, in %, and changes (in pp) 2015-2016 and 2008-2016

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2016	11.1	11.1	11.0	11.0	9.5	20.7	9.5	15.0	15.8	4.9	4.6	40.5	10.2	5.2	6.4	9.6
2015-2016 change in pp	~	~	~	~	~	5.9	-0.9	~	~	-1.9	~	~	~	~	-0.8	1.0
2008-2016 change in pp	n.a.	~	2.8	2.8	-3.0	7.4	-3.3	n.a.	n.a.	3.6	~	18.3	~	~	n.a.	~
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2016	3.1	7.0	7.8	9.5	8.8	1.4	10.7	7.2	7.7	7.5	14.4	5.7	7.7	4.4	8.5	12.3
2015-2016 change in pp	-0.8	-1.1	-1.3	n.a.	~	~	-4.2	0.8	-1.0	-1.6	-1.5	~	-1.4	~	~	~
2008-2016 change in pp	~	-1.7	2.8	2.3	-2.8	-1.9	-3.0	~	-2.0	~	-4.7	~	2.1	~	~	-4.0

Source: Eurostat

Note: i) Only significant changes have been highlighted in green/red (positive/negative changes). "~" refers to stable performance (i.e. insignificant change). "n.a." refers to data not (yet) being available; ii) 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 2008-2016 which mainly affect indicators related to incomes ("n.a." shown for the period compared to 2008); iv) 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; v) Evolutions for the period 2008-2016 for EU28, DE and HR are not available vi) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for latest year comparisons, and long-term comparison is for period 2008-2015); vii) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; viii) 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.

In many countries the increase in the housing cost overburden rate since 2008 has been much more prominent for people living at risk of poverty (Figure 55), For the EU as a whole, the increase for the population at risk of poverty was 5 pp, compared to a drop of 0.4 pp for those living above the poverty risk threshold, and for BG and EL the rise for those at risk of poverty was over 20 pp. In general, for individuals with higher incomes the housing cost overburden rate has remained relatively stable, with the notable exception of EL, where it also increased substantially (by around 15 pp). In some countries such as AT, BE, HR, HU, LV, MT, SE and the UK where the housing cost overburden rate has declined overall, it has decreased more strongly for those living below the income poverty threshold than for those above it. In contrast, in CY, DE, EE, IE, ES, FR, IT, LT, LU, PT, SI and SK the rate increased significantly for those at risk of poverty, while for those not at risk it either remained stable or fell.

Further details on recent developments in relation to housing and homelessness is included in the following box (Box 13), which contains information and analysis provided by the European Federation of National Organisations Working with the Homeless (FEANTSA) using a range of data sources.

Figure 55: Evolution of the housing cost overburden rate by income poverty status, 2008-2016 (in pp)



Source: Eurostat (EU-SILC)

Notes: i) For DK, breaks in series for the period 2008-2016 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) Evolutions for DE and HR refer to the period 2010-2016 iv) For LU, major break in series in 2016 for EU-SILC based indicators so comparison is for period 2008-2015; vii) For NL, improvement to the definition of income in 2016 has some impact on comparison of income-based indicators over time; viii) 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 13: Homelessness and Housing Exclusion in Europe – A summary of the latest Overview of Housing Exclusion in Europe 2018 by FEANTSA and Fondation Abbé Pierre⁶⁴

According to the latest report by the European Federation of National Organisations working with the Homeless (FEANTSA) and Fondation Abbé Pierre, housing exclusion is still a fast-growing problem in all EU countries, leading to increasingly severe saturation of support systems, increased pressure on emergency services and ultimately, increasing homelessness.

The report highlights that between 2010 and 2016, the cost of housing for poor households (i.e. those with an average income lower than 60% of the national median) increased in three quarters of EU countries. This increase reached its highest levels in the United Kingdom (45%), Portugal

⁶⁴ <https://www.feantsa.org/en/report/2018/03/21/the-second-overview-of-housing-exclusion-in-europe-2017>

(40%) and Bulgaria (54%). On average, one EU household in ten spent more than 40% of its disposable income on housing in 2016, versus four poor households out of ten.

In 2016, almost 17% of all EU households and 30% of poor households were living in overcrowded conditions. More than a quarter of poor households were living in overcrowded conditions in 13 EU countries. Overcrowding and severe housing deprivation were problems which plagued a massive proportion of the population in Eastern and Central European countries. Difficulty in maintaining adequate household temperature is also a significant problem in numerous EU countries, and most especially in Eastern and Southern European countries.

Regarding social factors which worsen housing difficulties, a worrying and increasing proportion of young people in Europe are being excluded from the housing market or are in unfit housing. Among people aged between 18 and 24 living below the poverty risk line, 43% were overburdened by housing costs in Europe in 2016, four times the rate for the population as a whole. The countries where this level is more than 50% are Austria (50%), the United Kingdom (50%), Bulgaria (52%), the Czech Republic (54%), Sweden (54%), Germany (57%), the Netherlands (70%), Denmark (87%) and Greece, where 90% of young people at risk of poverty are overburdened by housing costs. Nationality has also a strong impact on housing conditions. In all EU countries without exception, foreign nationals (from outside the European Union) are more overburdened by housing costs and experience more overcrowding than nationals, especially in Belgium, Ireland, Austria, Sweden, Slovenia, Luxembourg, Portugal, Spain, the Netherlands, Poland, France and Greece. The report also finds that children now make up the largest group of people in emergency shelters. Women, young adults, people with a migration background and the working poor are also increasingly numerous among the homeless population.

Official harmonised data on homelessness are scarce in Europe. Most of homelessness statistics in European Member States are outdated, partial (they are not based on a comprehensive definition of homelessness, such as the ETHOS typology⁶⁵), irregular and non-comparable. Nevertheless, available information at national level on homelessness and housing exclusion trends are increasingly worrying: in England, 78,170 households were in temporary accommodation in March 2017, an increase of 62% since March 2011. In Austria, the Ministry of Social Affairs estimated 15,090 people experiencing homelessness in 2016, a 32% increase since 2008. In Spain, according to the Spanish National Institute of Statistics, an average of 16,437 people were admitted to emergency shelters per day in 2016, a 20.5% increase since 2014. In Ireland in November 2017, the Department of Housing, Planning and Local Government counted 8,857 people in emergency accommodation managed by the State: since November 2014, the number of homeless people increased by 145%, the number of homeless families increased by 286% and the number of homeless children increased by 276%; in Ireland, more than one homeless person in three is a child. In the Netherlands, 4,000 children were registered homeless with the local authorities in 2015, 60% up on 2013. In Sweden, the number of children in emergency accommodation

⁶⁵ <https://www.feantsa.org/en/toolkit/2005/04/01/ethos-typology-on-homelessness-and-housing-exclusion?bcParent=27>

increased by 60% between 2011 and 2017. In France, on one night in September 2017, 66% of families having called the 115 helpline for emergency accommodation were left without a solution.

The confusion over the causes of housing exclusion and the needs of the people who suffer from it leads to confusion over the solutions to be implemented in responding to this social emergency. Long-term housing is a prerequisite for well-being, recovery and social integration. It is a means – and not an end – to the protection of all social rights and personal development of an individual. The staircase model, which still dominates in the vast majority of Member States, can be likened to a meritocracy, deferring individuals' right to housing as they stay indefinitely in shelters, and confiscating the right to shelter from those who do not meet the prerequisites of community life laid down by the services. In Europe, consensus has been building for several years on a model that is the reverse of the staircase model: Housing First. This means putting housing back in its rightful place, namely a fundamental right guaranteed by international and European treaties.

Although this change has taken root in local and voluntary bodies, a systemic transformation – driven by real political will to reverse homelessness, is nonetheless still missing. EU institutions also have a key role to play in facilitating and supporting this transition.

[Zero homeless people in Europe: how do we get there?](#)

Over recent years, only two European countries have seen a reduction in the number of homeless people. In Finland, there was a 10% drop in the number of homeless individuals in 2016 compared to 2013. In Norway, there was a 36% drop observed in the number of homeless people between 2012 (6,259) and 2016 (3,909) (these are the lowest figures since records began in 1996). In both these cases, homelessness was approached as a housing problem and a violation of fundamental rights, both solvable, and not as an inevitable social problem resulting from personal issues. The above-mentioned countries established integrated and decentralised strategies that had specific, measurable and reachable targets, set in a clear timeframe.

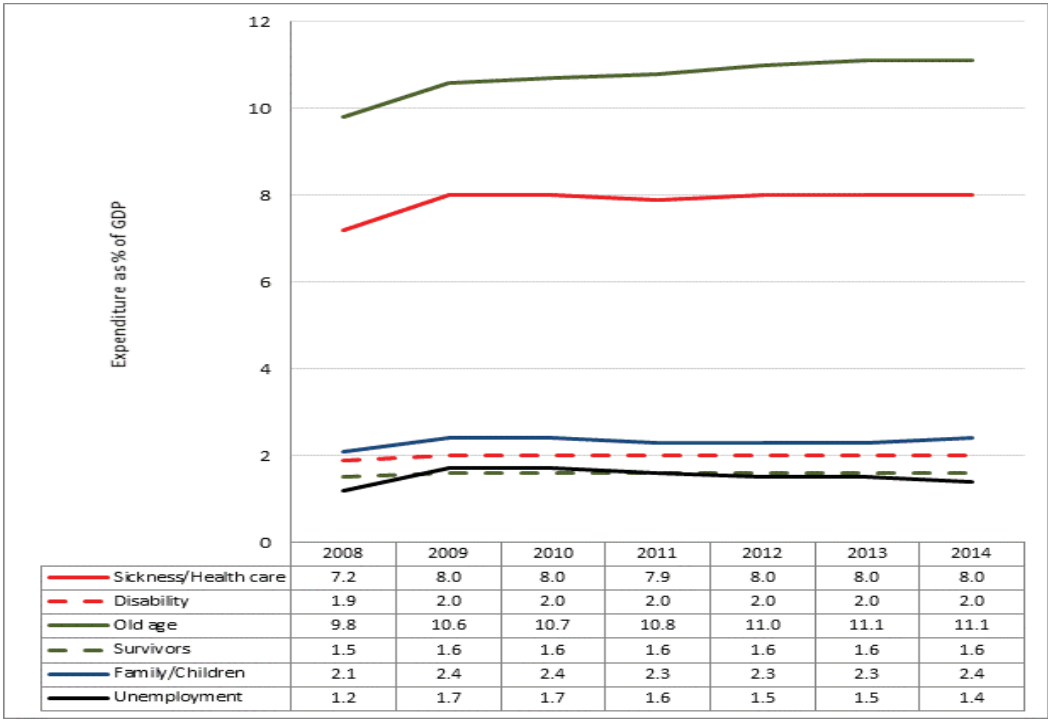
An integrated strategy is a detailed, sustainable and ongoing action plan directed and coordinated with a suitable and cross-cutting system of governance that is adequately financed, based on the reality of homelessness and an understanding of the needs of those targeted, and, finally, that is evaluated regularly in order to measure the progress towards the ultimate goal of eradicating homelessness.

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

At EU level, social expenditure on old age pensions is growing as a percentage of GDP⁶⁶, while the expenditure devoted to healthcare, family and unemployment benefits, has tended to either remain static or decrease after the initial increase between 2008 and 2009 (Figure 56).

This trend is also evident within many Member States (Figure 57), with rises over 2008 to 2015 in the percentage of GDP allocated to old age and survivors pensions being much larger 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, most notably BE, DE and the UK, although some including EL, HU and IE 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.

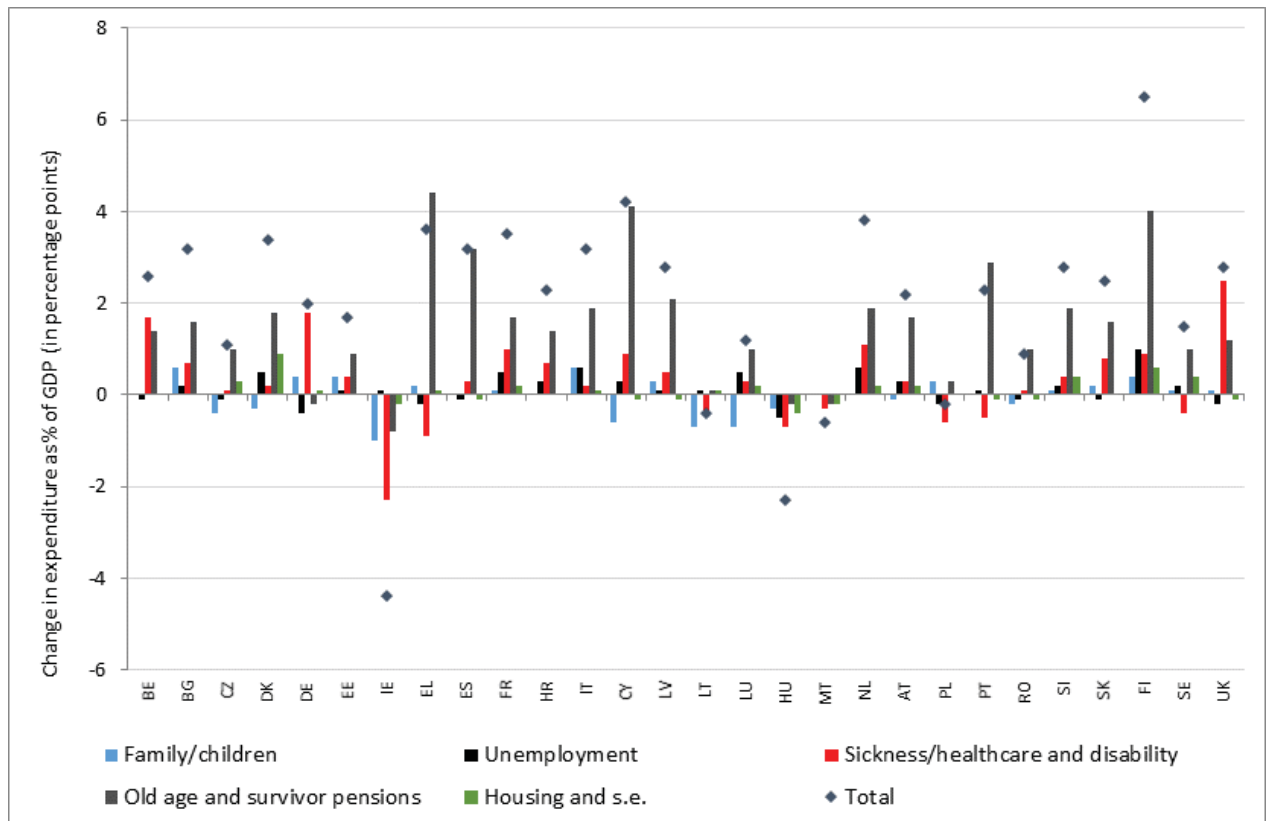
Figure 56: Trends in social expenditure by function at EU level, 2008-2014 (as % of GDP)



Source: Eurostat (Esspros)

⁶⁶ This partly reflects the impact of the crisis and the associated drop in EU GDP after 2008.

Figure 57: Trends in social expenditure as a % of GDP by function across EU Member States, 2008-2015 (in percentage points)



Source: Eurostat (Esspros)

The prolonged crisis has 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 in order to get timelier information on the pressure on social protection systems in the context of the economic crisis. In 2017 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.

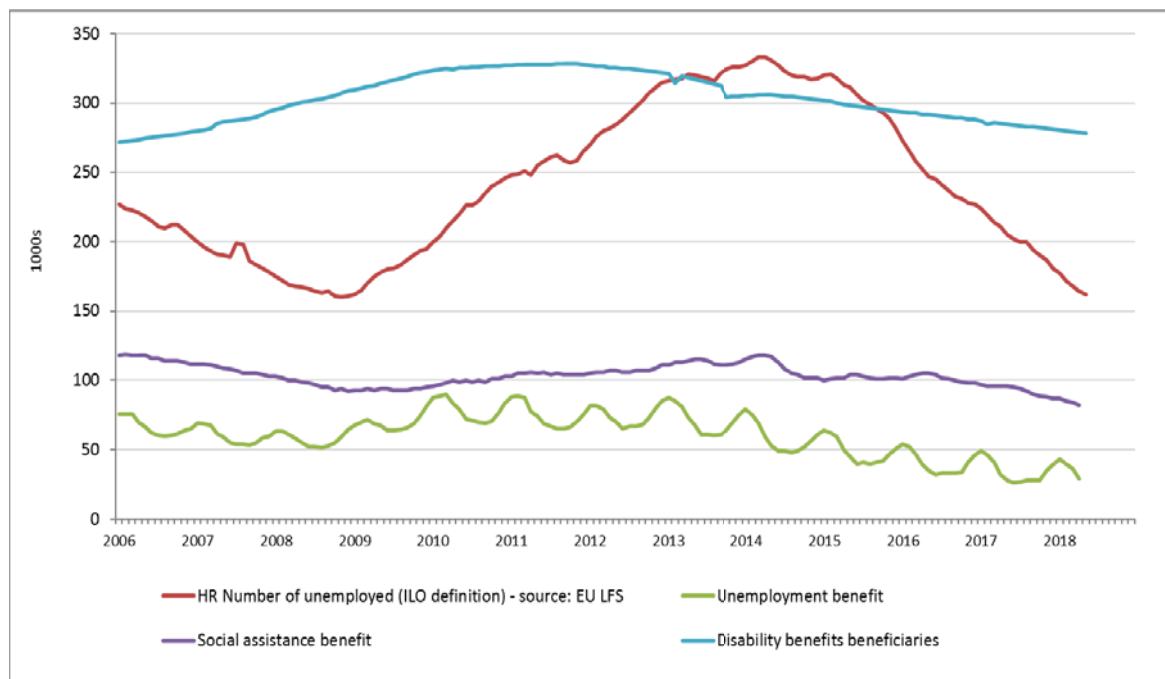
The following sections analyse the major trends registered in 2017 and early 2018 comparing to the year before and also the general developments since the beginning of the crisis (2008). Individual country trends regarding the number of benefit recipients can be found in the country profiles produced as a separate annex to the SPC annual report. The latest figures, although only indicative, suggest that the pressure on social security systems has continued to ease in 2017 and early 2018 across many Member States, with a clear declining trend in the number of unemployment benefit recipients in around two-thirds of Member States and in social assistance recipients in around a half. Unlike previous years, this year no countries reported increasing numbers of beneficiaries on both unemployment benefit and social assistance schemes. Only 1 (FR) reported a clear rising trend in the number of unemployment benefit recipients, and only BE reported rising numbers of recipients of social assistance benefits.

Declining trends in the number of unemployment benefit and social assistance recipients

With the continued 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 2018 around 2/3 of Member States recorded a generally decreasing year-on-year 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 7 (BG, DE, DK, EL, HU, LT and SE).

Overall, around a third of Member States reported clear decreasing trends in the numbers of beneficiaries for both unemployment benefit and social assistance schemes over the latest year. These included HR and MT (Figure 58 and Figure 59). Other countries with similar recent trends included CY, CZ, ES, LV, RO, SK and SE.

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

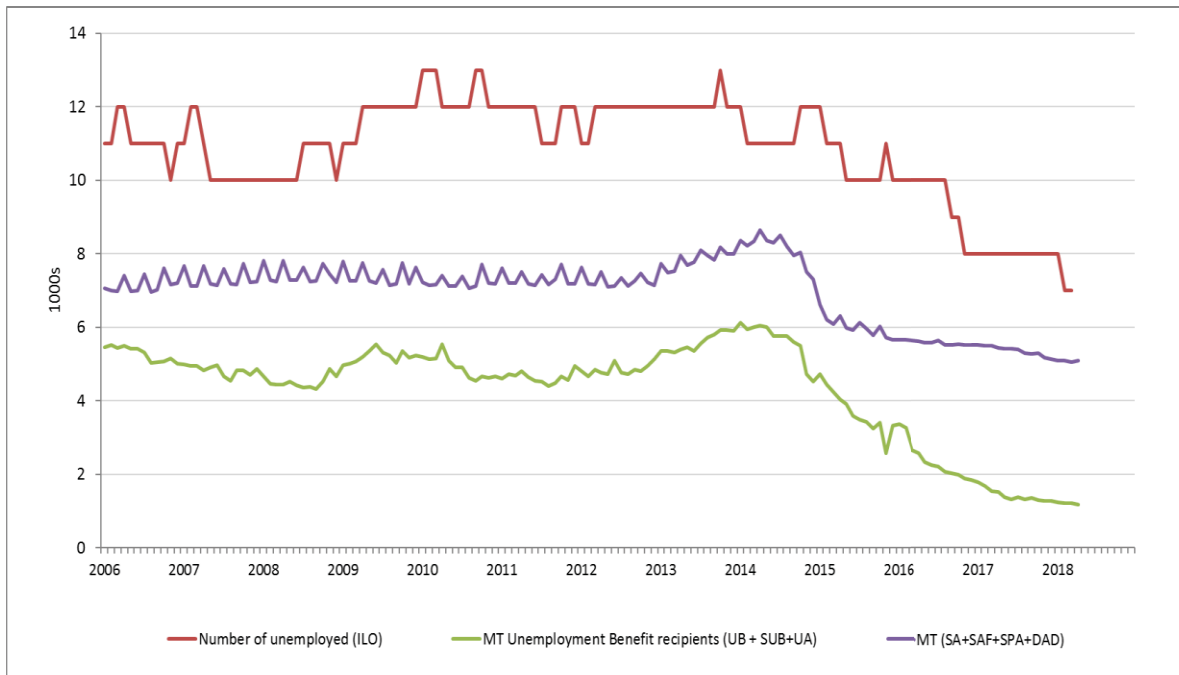


Source: Data collected from Member States through the SPC delegates

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

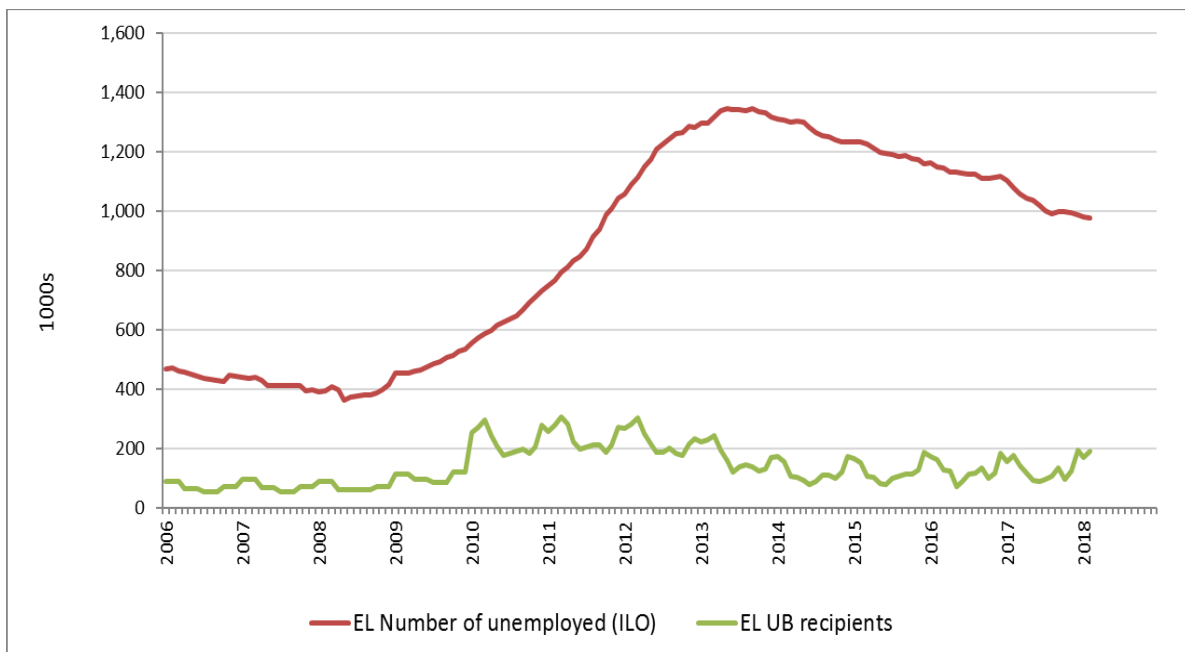
The deterioration in the employment situation in many Member States in the years after the crisis hit, and the related growth in the number of unemployed, resulted in more people being in need of social transfers. In some countries, the growth in unemployment was not always matched by similar trends in benefit recipients, which led to a potential lack of benefits coverage. This was especially the case in countries like EL (Figure 60), and the mis-match remains substantial despite the recent easing in unemployment.

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



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 Greece



Source: Data collected from Member States through the SPC delegates

References

- Atkinson, A.B., Guio, A.-C. and Marlier, E. (2017), *"Monitoring social inclusion in Europe"*, Publications Office of the European Union, Luxembourg.
- Council Conclusions of 18 June 2015: *"Equal income opportunities for women and men: Closing the gender gap in pensions"*.
- Eurofound (2017a), *"Reactivate: Employment opportunities for economically inactive people"*, Publications Office of the European Union, Luxembourg.
- Eurofound (2017b), *"In-work poverty in the EU"*, Publications Office of the European Union, Luxembourg.
- European Commission (2016). *Employment and Social Developments in Europe 2016*.
- European Commission (2017). *Employment and Social Developments in Europe 2017*.
- European Commission (2018a). *"European Economic Forecast Summer 2018 (Interim)"*, European Economy Institutional Paper 84, July 2018.
- European Commission (2018b). *Employment and Social Developments in Europe 2018*.
- European Commission (2018c). *"The 2018 Pension Adequacy Report: current and future income adequacy in old age in the European Union"*, Joint Report prepared by the Social Protection Committee (SPC) and the European Commission (DG EMPL)
- European Commission (2018d). *"Proposal for a Council Recommendation on access to social protection for workers and the self-employed"*, COM(2018) 132 final.
- European Commission Social Investment Package (2013), *"Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020"*, COM(2013) 83 final.
- FEANTSA and the Fondation Abbé Pierre (2017), *"The Second Overview of Housing Exclusion in Europe"*.
- 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., Marlier, E., Najera, H. and Pomati, M. (2017), *"Towards an EU measure of child deprivation"*, Child indicators research, 11(3), pp. 835–860:
<https://link.springer.com/article/10.1007/s12187-017-9491-6>.
- 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.
- SPC (2012), Advisory Report to the European Commission on *"Tackling and Preventing Child Poverty, Promoting Child Well-being"*, 27th of June 2012.

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 indicators⁶⁷, 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. Where such estimates are not yet available, specific tentative criteria have been agreed, awaiting further statistical developments. In addition to the checks for statistical significance of changes, in March 2018 the SPC ISG and the Employment Committee's Indicators Group agreed on a common methodology to apply to assess the substantive significance of changes⁶⁸ (a second criterion of substantive significance is applied in parallel to the statistical significance checks 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.

⁶⁷ <http://ec.europa.eu/social/BlobServlet?docId=14239&langId=en>

⁶⁸ This consists of setting thresholds based on the historical variability in the distribution of each indicator rather than using a rule-of-thumb approach. This allows for tailoring of the checks for substantive changes with regard to the historical volatility of the different indicators. Common parameter values to use for the cut-off point for outliers in the distribution and the significance threshold for the remaining distribution have been agreed - a 7.5% cut-off value for outliers and a threshold of 1 Standard Deviation for flagging up significant changes.

Table 17: Summary table of the current statistical and substantive significance rules applied for the SPPM indicators

Indicator	Significance thresholds used			
	change 2015-2016		change 2008-2016	
	Statistical	Substantive	Statistical	Substantive
At risk of poverty or social exclusion (in %)	Estat estimates	EMPL estimates based on variability of series	Estat estimates	EMPL estimates based on variability of series
At-risk-of-poverty rate (in %)	Estat estimates	EMPL estimates based on variability of series	Estat estimates	EMPL estimates based on variability of series
At-risk-of-poverty threshold for a single person household (in national currency, adjusted for HICP)	>+5%	EMPL estimates based on variability of series	>+5%	EMPL estimates based on variability of series
Severe material deprivation rate (in %)	Estat estimates	EMPL estimates based on variability of series	Estat estimates	EMPL estimates based on variability of series
Population living in (quasi-)jobless (i.e. very low work intensity) households (in %)	Estat estimates	EMPL estimates based on variability of series	Estat estimates	EMPL estimates based on variability of series
Relative median at-risk-of-poverty gap (in %)	>+1pp	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
Persistent at-risk-of-poverty rate (in %)	Estat estimates	EMPL estimates based on variability of series	Estat estimates	EMPL estimates based on variability of series
Material and social deprivation	Estat estimates	EMPL estimates based on variability of series	n.a.	n.a.
Income quantile ratio (S80/S20)	Estat estimates	EMPL estimates based on variability of series	>+5%	EMPL estimates based on variability of series
Children at risk of poverty or social exclusion (in %)	Estat estimates	EMPL estimates based on variability of series	Estat estimates	EMPL estimates based on variability of series
Impact of social transfers (excluding pensions) on poverty reduction (in %)	>+5%	EMPL estimates based on variability of series	>+5%	EMPL estimates based on variability of series
At-risk-of-poverty rate for the population living in (quasi-) jobless households (in %)	Estat estimates	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
In-work at-risk-of-poverty rate (in %)	Estat estimates	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
Long-term unemployment rate (in %)	Estat estimates	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
Early school leavers (in %)	Estat estimates	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
Youth unemployment ratio (15-24)	>+1pp	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
NEET (15-24)	Estat estimates	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
Employment rate for older workers (55-64), in %	Estat estimates	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
At risk of poverty or social exclusion rate for the elderly (65+), in %	Estat estimates	EMPL estimates based on variability of series	Estat estimates	EMPL estimates based on variability of series
Median relative income ratio of elderly people	Estat estimates	EMPL estimates based on variability of series	>+5%	EMPL estimates based on variability of series
Aggregate replacement ratio	Estat estimates	EMPL estimates based on variability of series	>+5%	EMPL estimates based on variability of series
Self-reported unmet need for medical care	>+1pp	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
Healthy life years at 65 - males	n.a.	n.a.	>+5%	EMPL estimates based on variability of series
Healthy life years at 65 - females	n.a.	n.a.	>+5%	EMPL estimates based on variability of series
At risk of poverty or social exclusion rate for persons with disabilities (in %)	Estat estimates	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
Housing cost overburden rate	Estat estimates	EMPL estimates based on variability of series	>+1pp	EMPL estimates based on variability of series
Real change in gross household disposable income (in %)	-	EMPL estimates based on variability of series	-	EMPL estimates based on variability of series

Notes:

i) 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; ii) Substantive changes are assessed with regard to the historical volatility of the different indicators using common parameters of a 7.5% cut-off value for outliers and a threshold of one Standard Deviation for flagging up significant changes.

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 around 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.

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 order⁶⁹.

- The quantitative step of the exercise is based on an assessment of levels⁷⁰ and three-year changes⁷¹ 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 average⁷².

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*;
- 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;

⁶⁹ 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.

⁷⁰ The latest year available for EU28 – e.g. the SPC Annual Report 2017 looks at 2015 data for levels.

⁷¹ 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.

⁷² 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.

- 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 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 presented 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>

The draft country-specific sets of KSCs and GSOs (both JAF-based and non JAF-based) are checked with SPC and ISG delegates via written procedure, followed by bilateral clarifications if needed, as a last step in the process of finalisation of the SPC Country Profiles.

Social Policy areas covered by the assessment and subcategories⁷³

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-or-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 (very low work intensity [VLWI]) People in very 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 risk (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
2.1.1 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 risk • Impact of social transfers (including pensions) in reducing child poverty risk • At-risk-of-poverty rate for children living in households at work 	

⁷³ 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 risk 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-or-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 very low work intensity households (T 18-59)
	3.2	In work poverty risk (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 risk • Impact of social transfers (including pensions) in reducing working age poverty risk • <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 risk 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

		<p>risk</p> <ul style="list-style-type: none"> • Poverty risk gap 65+
	4.2.2	<p>Income replacement aspects</p> <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	<p>Housing situation for the elderly</p> <ul style="list-style-type: none"> • Housing deprivation (65+)
5. Health and long-term care	5.1	<p>Health status</p> <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	<p>Effectiveness of curative or preventive health care</p> <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	<p>Access to health care</p> <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 and/or severely materially deprived and/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. This relative measure of poverty is also referred to as "income poverty".	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
Material and social deprivation rate	Share of people in the total population lacking at least five items out of the following 13 deprivation items: Household items 1. face unexpected expenses; 2. afford one week annual holiday away from home; 3. avoid arrears (in mortgage, rent, utility bills and/or hire purchase instalments); 4. afford a meal with meat, chicken or fish or vegetarian equivalent every second day; 5. afford keeping their home adequately warm; 6. have access to a car/van for personal use; and 7. replace worn-out furniture. Personal items 8. replace worn-out clothes with some new ones; 9. have two pairs of properly fitting shoes; 10. spend a small amount of money each week on him/herself (“pocket money”); 11. have regular leisure activities; 12. get together with friends/family for a drink/meal at least once a month; 13. have an internet connection.	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 and/or severely materially deprived and/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 risk reduction	Reduction in the at-risk-of-poverty rate in % due to cash 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	Individuals (18-64) who are classified as employed according to their most frequent activity status and are at risk of	Eurostat – EU

rate	poverty. The distinction is made between “wage and salary employment plus self-employment” and “wage and salary employment” only.	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 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.	Eurostat – LFS
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 and/or severely materially deprived and/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 ⁷⁴	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	Eurostat – EU SILC

⁷⁴ 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 include unemployment-related benefits, family-related benefits, benefits relating to sickness or invalidity, education-related allowances, and any other personal social benefits. Work income includes income from wage and salary employment and income from self-employment.

	+ too far to travel.	
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
At risk of poverty or social exclusion rate for persons with disabilities (16+)	The sum of persons with disabilities who are: at risk of poverty and/or severely materially deprived and/or living in households with very low work intensity as a share of the total population of persons with disabilities. Here the reference population is persons aged 16+ with moderate or severe disabilities, based on the Global Activity Limitation Indicator (GALI) approach (i.e. persons who report either moderate or severe health-related activity limitations).	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
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

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 poverty risk, the income for people who are employed is for the total household income, but the poverty status is assigned to the individual. This means that in-work poverty risk, when measured, is influenced by both the total disposable income (including non-wage income) of the household and the household composition. The assumption of equal sharing of resources within households (giving the so-called equivalised income) that underlies the definition of poverty risk 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.

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.

(Country profiles to be added)

Annex 3. JAF Health Country Analyses

This annex contains extracts from the JAF Health country analyses and presents the main conclusions of the analyses, from a social protection perspective.

DATA FROM THE JOINT ASSESSMENT FRAMEWORK (JAF)

JAF Health currently includes 93 indicators agreed with Member States divided into six dimensions: 1) Outcome; 2) Access; 3) Quality; 4) non-healthcare determinants; 5) Resources; 6) Socio-economic.

JAF Health follows the foundations and structure of JAF, which was jointly adopted by the Employment Committee and the Social Protection Committee in 2010. JAF is an analytical tool based on a set of commonly agreed indicators showing good and bad performance towards the main Europe 2020 targets. This tool was developed to provide a transparent and understandable framework for tracking progress and monitoring the Employment Guidelines under Europe 2020. In the JAF methodology the values of each indicator are standardised, in order to put different indicators on the same scale. It was agreed to use the EU average as the mean. The standardised score is calculated as follows:

Standardised score indicator x =

$$[(\text{value of indicator } x - \text{EU average of } x) / \text{standard deviation across EU MS of } x] * 10$$

JAF includes both levels and 3-year changes (where available) for each indicator. Standardised scores for changes are calculated as follows:

Standardised 3-year change score indicator x =

$$[(3\text{-year change value of indicator } x - 3\text{-year change of EU average of } x) / \text{standard deviation of 3-year changes across EU MS of } x] * 10$$

Standardised scores for changes should be interpreted as relative changes with respect to the EU average⁷⁵.

The ISG agreed to be consistent with the EPM and SPPM methodology for the assessment of the results and for the identification of challenges and good outcomes. Consistently this note defines standardised scores:

⁷⁵ There may be cases in which a 3-year positive change in absolute values corresponds to a relative negative change of the standardised score.

- a. between -7 and +7 as **around the EU average (0)**;
- b. from -7 to -13 or from +7 to +13 as **better (+) / worse (-) than the EU average** (depending on the polarity of the indicator);
- c. smaller than -13 or bigger than +13 as **considerably better (++) / worse (--) than the EU average** (depending on the polarity of the indicator);

3-year changes are to be considered up to the latest available year. The reading of 3-year changes as around the EU average, better/worse or considerably better/worse follows is based on the same thresholds as for levels (see point a), b), c) above).

In the charts, the colours are assigned as follows:

- red if the standardised value is considerably worse than the EU average;
- orange if the standardised value is worse than the EU average;
- white if the standardised value is around the EU average;
- yellow if the standardised value is better than the EU average;
- green if the standardised value is considerably better than the EU average;

(JAF Health country sheets to be added)