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

Delegations will find attached the "Report on key social challenges" drawn from the 2019 SPC Annual Review of the Social Protection Performance Monitor (SPPM) and developments in social protection policies, submitted by the Social Protection Committee with a view to the Council meeting (EPSCO) on 24 October 2019.

The main messages which are drawn from this report are contained in doc. 12590/19.

The SPPM Country Profiles annexed to this report are contained in doc. 12590/19 ADD 2-3.

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2019 SPC Annual Review of the Social Protection Performance Monitor (SPPM) and developments in social protection policies

Report on key social challenges and key messages

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

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 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

Key messages

(endorsed by the Council of the European Union on ....)

1. Delivering on its mandate as per article 160 of the TFEU the Social Protection Committee (SPC) has produced for the Council its annual review of the social situation in the EU and the 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, which should guide the preparatory work for the 2020 Annual Growth Survey.

2. The EU continues to experience economic growth and recently achieved record employment levels, with over 240 million people in work. The Social Protection Performance Monitor (SPPM) points to continued, and now more pronounced and widespread, improvement in the social situation, also reflecting the positive impact of EU and Member State policies over the last years.

3. More than 5 million people have exited from the risk of poverty or social exclusion (AROPE) in 2017. All three dimensions of the AROPE indicator have improved: significant progress has been made in recent years on reducing the prevalence of severe material deprivation and of (quasi-) jobless households and for the first time since the crisis, a noticeable drop in the population at risk of poverty took place in 2017. Recent improvements have also translated into a decrease in the depth of poverty, and - for the first time since the crisis hit in 2008 - into a slight decline in income inequality.

4. Household incomes have increased in almost all Member States, reflecting further increases in the employment rate, in particular among older workers, as well as further reductions in long-term unemployment. This has led to greater income growth among the working age population.

5. Despite the recent positive developments, the Europe 2020 target of lifting 20 million people out of the risk of poverty or social exclusion remains unlikely to be met. Poverty and social exclusion rates remain a challenge across the EU, especially for children and young adults, as well as for persons with disabilities, ethnic minorities and migrants, who also face more challenges in accessing education, social services and the labour market. Disparities persist between the Member States, with some countries still registering higher shares of people at risk of poverty or social exclusion compared to 2008.

6. While developments are mainly positive, some negative trends are observed for the most recent period. Close to a third of Member States show a significant deterioration in the at-risk-of-poverty rates for people living in (quasi-)jobless households, pointing to remaining gaps in the effectiveness of social benefits in reducing the risk of poverty, especially among particularly vulnerable households. The increasing incomes of the working age population have led to a rebalancing of the income distribution and a decline in the relative income of older people, who were relatively well protected during the crisis.

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7. In a longer-term perspective, few Member States show improvement in the indicators relating to the distribution of income (i.e. in inequality and relative income poverty) compared to 2008. Increases in income inequality accelerated in many Member States during the crisis, and have only partly begun to reverse, with a lag compared to other employment and social indicators. This points to the need for a stronger policy focus on correcting distributional effects. Other areas where indicators show a noticeably worse situation in many Member States include an increased poverty risk for people living in (quasi-)jobless households, and deterioration in the depth of poverty and to a lesser extent in the level of in-work poverty. Related to this has been a declining impact of social transfers on poverty reduction in some Member States, signifying possible gaps in the adequacy of social benefits.

8. **The need to strengthen the inclusiveness of the economic recovery remains an important concern**. Social investment remains essential and reform efforts need to be stepped-up, also in view of the uncertainties regarding the future economic outlook[1]. Adequacy and sustainability of social protection and social inclusion systems should remain guiding principles in the design of policies across all relevant domains. In that context, the **European Pillar of Social Rights** should serve as a compass, guiding efforts at both European and Member State levels.

9. **At the same time, European societies and labour markets are changing rapidly.** New opportunities and new challenges, arising from globalisation, the advancement of new technologies and demographic developments, are exerting further pressure on social protection systems and will amplify the need to ensure workers have the right skillsets.

10. **The active inclusion approach remains a highly relevant policy framework for addressing the future labour market challenges, as well as the multidimensional nature of poverty, social exclusion and inequality**. Member States should combine adequate income support with access to quality enabling services and inclusive labour markets to support those who can work to enter and remain in the labour market, thus helping them out of poverty. Integrated support should be provided for people who cannot work to ensure a life in dignity and their active participation in society.

11. **Policies should focus on addressing inequalities and promoting equal opportunities**, through access to quality services for all, which help create more equal opportunities in society and in the labour market, as well as through effective tax and benefit systems, which allow appropriate redistribution. Services, such as education, childcare, training, housing and healthcare strengthen individuals' capacities to participate actively in the society and the economy and contribute to the inclusiveness of growth.

12. **Addressing the issue of in-work poverty requires a similarly integrated response.** Sufficient labour income can be further supported by fair taxation and adequate in-work benefits. Beyond

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[1] See Employment and Social Developments in Europe (ESDE) Quarterly Review (March 2019)

cash-related measures, provision of social services, such as affordable childcare, long-term care, housing support and access to training also play an important role.

13. **Reducing child poverty and breaking the inter-generational transmission of poverty should be addressed** through integrated long-term strategies combining prevention, adequate income support to families and access to quality services. In particular, early childhood education and care is an effective social investment to foster equal opportunities and overcome disadvantages which can be carried forward from childhood.

14. **Youth employment rates are improving, yet a considerable share of the youth population still remains economically inactive** despite the improving youth employment rates. This has negative consequences for potential growth and may result in a higher risk of poverty or social exclusion later in life. Actions taken by Member States in line with the Council Recommendation establishing the Youth Guarantee are key drivers for improvement.

15. Wider **access to quality and affordable formal care services** (such as childcare or long-term care) would help to reduce gender gaps, as well as the risk of poverty and social exclusion among both children and women. Women's participation in the labour market should be improved and gender gaps in pay and employment should be addressed. Work-life balance policies (including the design of family-related leaves, flexible working arrangements and addressing tax and policy disincentives) contribute to closing the gaps.

16. **People with disabilities, people 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 a number of Member States having challenges related to the poverty or social exclusion of those persons. Supportive measures to enter the labour market complemented by improved accessibility, social and health services and an increased focus on prevention of poverty and exclusion are needed to strengthen all individuals' capacities to participate actively in society and the economy.

17. **New forms of employment offer new work opportunities and new sources of income, but also challenge the way social protection systems are designed and financed.** Taking full advantage of these opportunities, while mitigating the risks, requires continued efforts to modernise social protection systems, ensuring that all workers and the self-employed have access to adequate social protection and incentives to contribute and participate in the social protection systems.

18. **Levels of housing exclusion and homelessness, some of the most extreme manifestations of social exclusion, have not gone down in most Member States,** and in some the situation has worsened in recent years. The growing housing exclusion and homelessness challenge needs to be confronted with integrated and sustainable solutions that combine prevention and support. Measures, such as social housing and affordable rental housing programmes, accompanied by energy-efficient renovation of existing housing stocks, targeted housing allowances, as well as

innovative, integrated approaches and solutions for homeless people should go hand-in-hand with policies that provide for the proper functioning of the private housing market.

19. **Policy measures to ensure both the adequacy and sustainability of pension systems are required in view of the demographic challenge.** Ensuring longer and healthy working lives and inclusive labour markets which are receptive of older workers and 'late-career' changes will be crucial for the future of pension systems. Measures addressing smooth, gradual transitions from (extended) employment to retirement should accompany pension reforms. Reducing the gender pension gap should remain a major focus of policy efforts. Moreover, policies should aim at facilitating access to pension systems also for people in different forms of non-standard employment and in self-employment.

20. **Effective and sustainable health systems that provide universal access to affordable, high-quality health care are key** to enable a healthy and active population, and promote productivity and economic growth in view of the ageing population in Europe. Inequalities in access to healthcare and inequalities in health outcomes, in particular between regions and socio-economic groups remain to be adressed. Health promotion, disease prevention, a shift from hospital-centric healthcare systems to more and better primary and ambulatory care as well as coordinated and integrated forms of health care provision equipped with skilled, resilient and an adequately staffed workforce, are important areas of reform. The digitisation of healthcare holds opportunities as well as risks for dealing with all these challenges.

21. **Lack of provision of and access to quality and affordable long-term care, and the regional disparities within many Member States, are a cause of concern.** Long-term care policies need to strengthen rehabilitation and independent living, as well as ensuring a skilled and adequately staffed   workforce. The sustainability of the long-term care systems should be strengthened and its funding secured in the long-term without compromising quality and access to services.

22. The European Commission is invited to take into account the above policy priorities in the preparatory work of the 2020 Annual Growth Survey.

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 2019 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 2020 Annual Growth Survey. On the basis of the Social Protection Performance Monitor (SPPM) and Member States' social reporting, the report aims at i) **monitoring the social situation**[2], 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**. A separate annex to the report provides the SPPM country profiles for each Member State.

In comparison to previous years' reports, this year's SPC report is much shorter, reflecting the desire of the SPC to make it more concise and the fact that a separate report on the progress achieved in the employment and social domains under the Europe 2020 Strategy is also being produced this year in coordination with the Employment Committee. For a full picture of developments in the social situation, this present report should be read together with the forthcoming assessment report on the Europe 2020 Strategy.

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[2]   The figures quoted in this report are based on data available around mid-June 2019, unless otherwise stated. This means that for EU-SILC based indicators the most recent data generally available for all Member States are for the 2017 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 exclusion[3], 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 scheme[4]. 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).

Focusing on the latest developments, significant falls in the at-risk-of-poverty-or-social-exclusion rate were observed in two-thirds of Member States over 2016-2017, and only one recorded a significant rise. Overall, this resulted in a sharp fall of around 5 million between 2016 and 2017 in the EU population at risk of poverty or social exclusion (Figure 1[5]). This marked improvement was driven by sharp reductions in the population experiencing severe material deprivation (down around 4.7 million) and in the number of people living in (quasi-)jobless households (down 3.8 million), and for the first time since the crisis also a substantial drop in the population at risk of poverty (down 1.6 million).

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, progress remains rather limited as in 2017 the number of people living at risk of poverty or social exclusion in the EU had fallen by only 4.2 million compared to 2008. Furthermore, the overall trend masks persistent divergence between Member States. Significantly higher AROPE rates compared to 2008 are still observed in some countries most affected by the economic crisis (EL, ES and IT). For more than half of the Member States for which the data is available, the AROPE rate in 2017 is not significantly different to the 2008 figure, while in several countries it is substantially lower, most notably in LV, PL and RO (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*

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[3] 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. The target is expressed in absolute terms without taking into account the change in the size of the population since 2008.

[4] COM (2010) 758 final

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

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.

Figure 2).

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 indicator and its components, EU27[6] (figures in 1000s), 2005-2017**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
AROPE	124,656	122,936	119,205	116,070	114,390	116,585	119,474	122,390	121,579	120,783	117,833	116,880	111,889			
AROP	79,498	80,159	80,989	80,984	80,573	81,146	82,967	83,160	82,589	85,146	85,915	86,094	84,474			
SMD	52,254	48,283	44,834	41,556	40,137	41,074	43,357	48,820	47,453	43,874	39,786	37,282	32,707			
(Quasi-)Jobless HHs	39,520	40,051	37,114	34,697	34,699	38,528	39,161	39,322	40,670	41,660	39,380	38,735	34,978			

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.
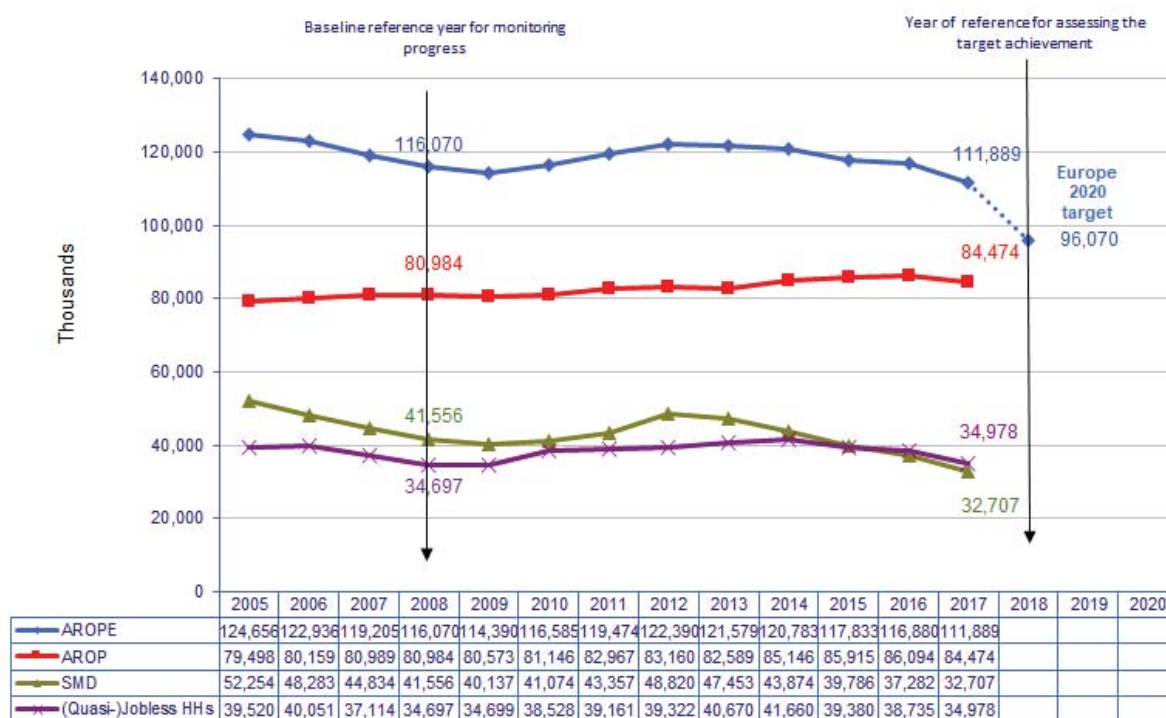
Figure 2. At-risk-of-poverty-or-social-exclusion rate (in %), evolution (in pp) 2016-2017 and 2008-2017

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2017	22.4	22.4	22.1	22.1	20.3	38.9	12.2	17.2	19.0	23.4	22.7	34.8	26.6	17.1	26.4	28.9
2016-2017 change in pp	-1.1	-1.1	-0.9	-1.0	~	-1.5	-1.1	~	-0.7	-1.0	-1.7	-0.8	-1.3	-1.1	-1.5	-1.1
2008-2017 change in pp	n.a.	~	~	~	~	n.a.	-3.1	n.a.	~	n.a.	~	6.7	2.8	~	n.a.	3.4
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2017	25.2	28.2	29.6	21.5	25.6	19.3	17.0	18.1	19.5	23.3	35.7	17.1	16.3	15.7	17.7	22.0
2016-2017 change in pp	-2.5	~	~	1.7	~	-1.0	~	~	-2.4	-1.8	-3.1	-1.3	-1.8	-0.9	~	~
2008-2017 change in pp	~	-6.0	~	n.a.	-2.6	~	~	-2.5	-11.0	-2.7	-8.5	~	-4.3	~	~	~

Source: Eurostat (EU-SILC)

Note: i) Only significant (for the definition of this see table 4) 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

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

available; ii) For BG, major break in the time series in 2014 for the material deprivation indicators, so for SMD and AROPE "n.a." shown for the period compared to 2008. Also a break in 2016 for EU-SILC based indicators, but comparison of changes are still valid; iii) For DK, breaks in series for the period since 2008 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 due to implementation of a new methodology based on the use of administrative files. Hence "n.a." shown for the 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; vi) For LU, major break in series in 2016 for EU-SILC based indicators ("n.a." shown for long-term comparison versus 2008); 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;

III. Overview of developments in the social situation in the European Union[7]

Over recent years the EU has been recovering from many of the negative effects of the financial and economic crisis that hit around the start of the Europe 2020 strategy. Employment in the EU has been growing strongly, and recently reached the highest level ever recorded with over 240 million people in work. Even though large differences remain between EU countries, unemployment is decreasing, and the unemployment rate in the EU is the lowest it has ever been this century, at 6.5% in the first quarter of 2019. Youth unemployment in particular is falling steadily. Nevertheless, in some Member States unemployment rates have not fully recovered and are still above 10%, and the situation of young people remains a challenge in several countries.

Overall, following the previous period of relatively strong growth, the EU's economy continued to expand throughout 2018, although less dynamically than in 2017 and slowing down in the course of the year (Figure 3). Year-on-year growth rates nevertheless remained positive in all Member States in the last quarter of 2018. Employment kept growing, but at a slower pace. The financial situation of EU households continued to show some improvement, mainly driven by an increase in income from work, and over 2018 the rise in household income (i.e. Gross Domestic Household Income, GDHI) broadly kept pace with the increase in GDP.

The improvement in the financial situation of EU households has been feeding through more concretely into widespread improvements in the other social indicators. Two thirds of Member States registered significant falls in the share of the population at risk of poverty or social exclusion in 2017, leading to a sharp fall of around 5 million at EU level.

Social conditions generally continue to improve and this is reflected more broadly across the range of indicators in the SPPM, even if certain challenges remain regarding overall progress towards the Europe 2020 target to reduce poverty and social exclusion and the increasing risk of

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

poverty for expecially vulnerable groups, such as people who are living in (quasi-)jobless households.

Figure 3: Real GDP, GDHI and employment growth in the EU
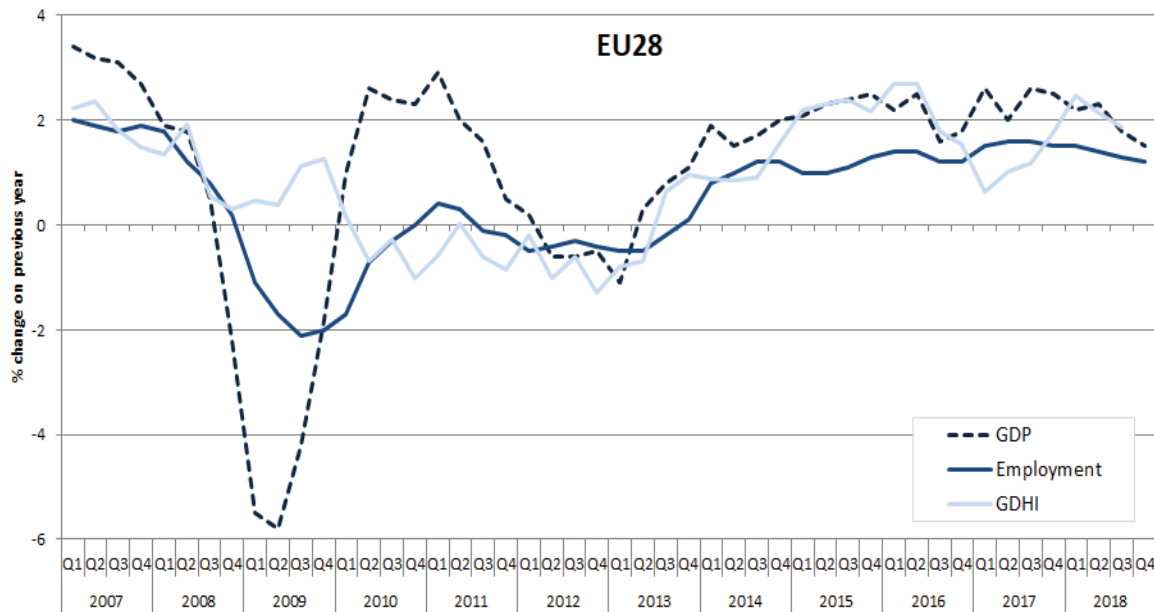
Source: Eurostat, National Accounts (DG EMPL calculations for GDHI)
Note: GDHI EU aggregate for Member States for which data are available, GDP for EU28

Main recent trends

The latest update of the Social Protection Performance Monitor dashboard[8], which is mainly based on 2017 EU-SILC data[9] and 2018 LFS data, points to widespread positive developments in the social situation. Changes over the latest agreed annual reference period[10] provide signs of a broad improvement in the social situation, with most indicators mainly flagging up positive changes across Member States (

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

[9] For preliminary analysis of the partially available EU-SILC 2018 data see the later section entitled "*Latest indications from available 2018 EU-SILC data*".

[10] Generally 2016-2017, but for the LTU rate, early school leavers, youth unemployment ratio, NEETs, and ER (55-64) the change refers to the period 2017-2018.

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Figure 5). In particular, positive developments in the social situation can be observed in the following areas:

- rises in **real gross household disposable income** in 17 Member States (MS) along with statistically significant reductions in the **severe material deprivation rate** in 17 MS and in the **material and social deprivation rate** in 13 MS. This reflects that household incomes and financial conditions of EU households have further improved, benefitting from continued strong economic activity and improved labour markets;

- a reduction in **the risk of poverty or social exclusion for the overall population** in 18 MS, driven mainly by falls in **severe material deprivation** and in the share of the population living in **(quasi-)jobless households**. For the first time since the crisis there have also been significant declines in the **risk of poverty** and in **income inequality** in a large number of countries (11 MS), along with reductions in the **depth of poverty** as reflected by improvements in the relative median poverty risk gap in 10 MS. There are also reductions in the share of **children at risk of poverty or social exclusion** in many Member States (14);

- further **reductions in long term unemployment** (in 16 MS) and in youth unemployment (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 22 MS).

Nevertheless, there are continuing rises[11] in the **at-risk-of-poverty rates for people residing in (quasi-)jobless households** (Figure 4) in many Member States (8), pointing to further reductions in the effectiveness of social benefits for especially vulnerable households. At the same time, there are strong signs of a decline in the **relative income of older people**, with significant falls in their median relative income ratio in 12 countries. This decline is a reversal of the general trend observed in the years following the crisis, but reflects to a large extent the evolution of the relative income situation of the working age population as the labour market situation and incomes from work have improved.

Figure 4: At-risk-of-poverty rate for the population living in (quasi-)jobless households (in %), evolutions 2016-2017

	EU28	EU27	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2017	60.8	60.8	62.1	62.2	70.4	75.8	64.8	50.4	68.5	71.9	59.1	51.6	65.7	60.4	67.7	55.8
2016-2017 change in pp	~	~	~	~	4.9	4.2	-5.8	~	~	-6.2	~	~	~	6.4	~	-3.8
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2017	47.8	77.8	78.2	50.4	43.1	70.6	57.4	61.0	62.8	58.3	59.0	64.6	79.9	55.2	77.1	51.7
2016-2017 change in pp	~	~	~	~	-10.5	~	~	9.1	~	2.7	-6.2	~	4.5	3.7	5.9	~

11 Note that these trends generally refer to EU-SILC 2016-2017, *i.e. income data for the period 2015-2016.*

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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.

Figure 5: Areas of deterioration (social trends to watch) and improvement for the period 2016-2017*
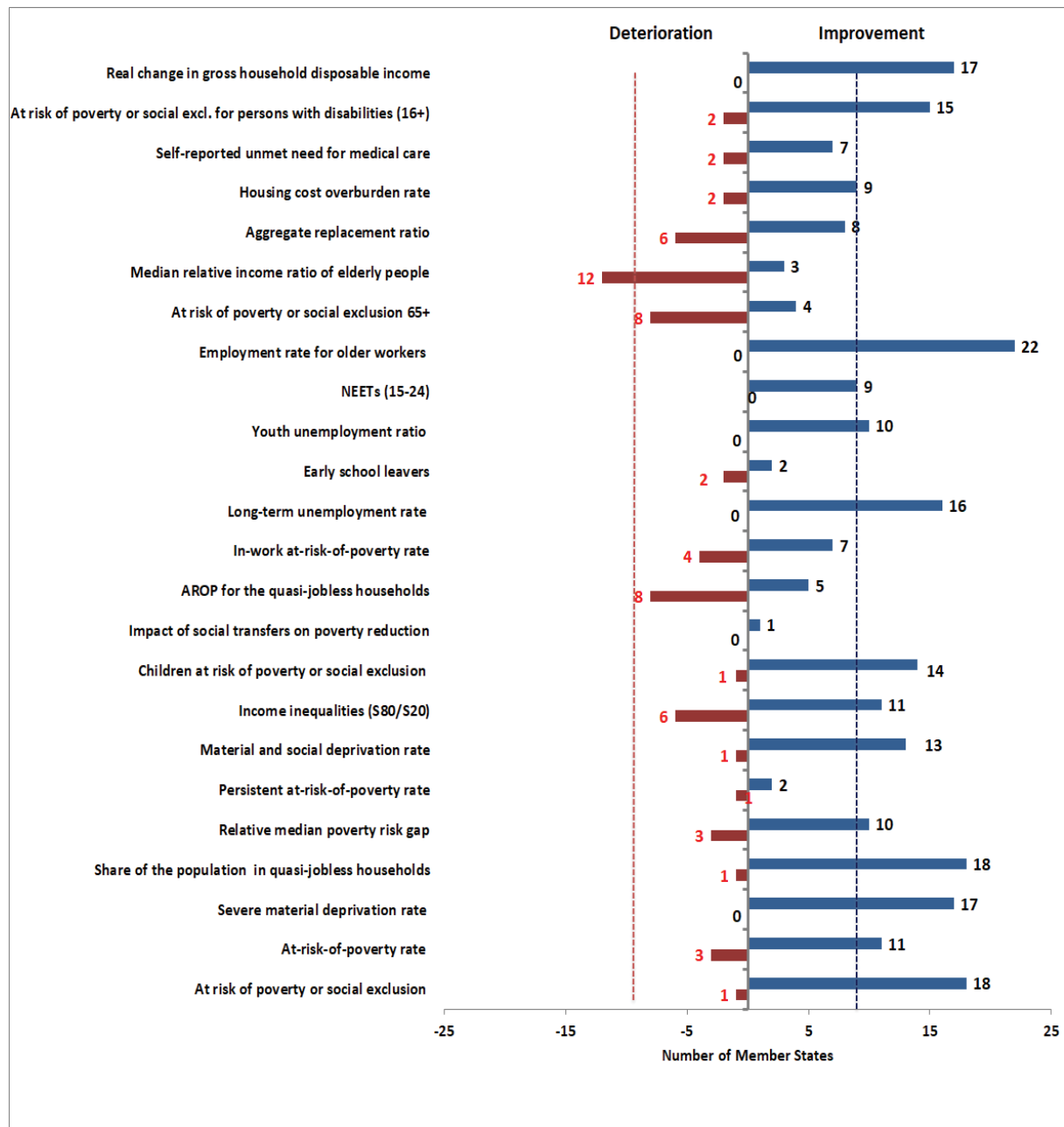
Source: Social Protection Performance Monitor

* For EU-SILC based indicators the changes generally actually refer to 2015-2016 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)) the changes refer to the period 2017-2018.

Figure 6 highlights per country the number of significant improvements or deteriorations that have taken place in the social indicators in the SPPM dashboard over the most recent period. The Member States with the highest number of significant positive recent changes are Greece, Italy, Poland, Portugal and Romania, all recording improvements on 15 or more indicators and generally with very few indicators showing a deterioration. In contrast, improvements in Austria, Denmark,

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France, Luxembourg and Sweden were much more limited, with significant improvements only registered on 4 indicators or less. These results should be considered in parallel with the longer term situation of Member States with regard to the number of indicators that show a deterioration or improvement compared to 2008 (Figure 8)) and with the absolute level of the indicator values – where they started from a comparably low level the chance of further improvement is more unlikely.

Figure 6. Number of SPPM key social indicators per Member State with a statistically significant improvement or deterioration from 2016 to 2017*
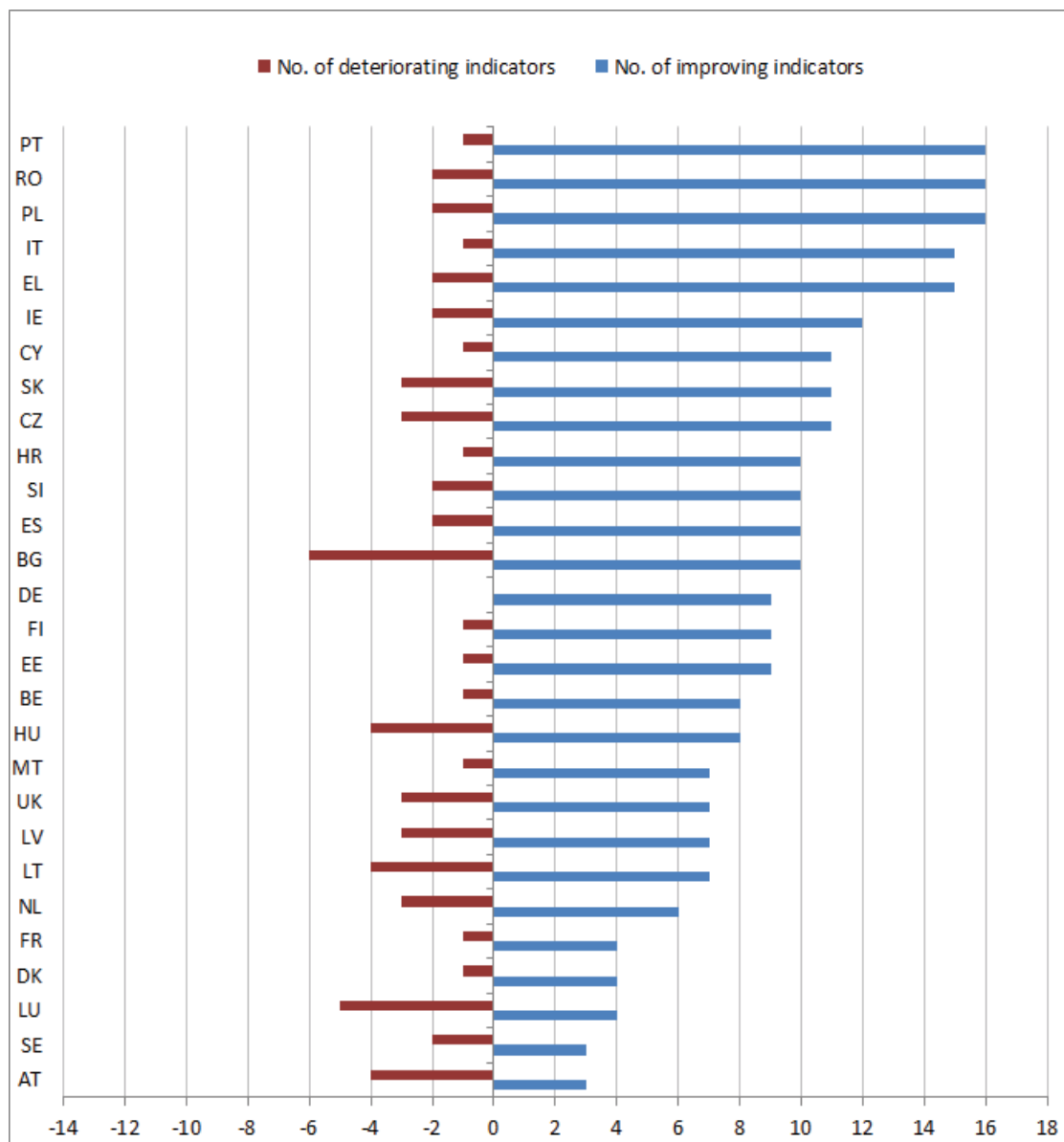
Source: Social Protection Performance Monitor

*Note: Bars refer to the number of SPPM indicators which have registered a statistically and substantively significant deterioration or improvement between 2016 and 2017. * For EU-SILC based indicators changes actually refer to 2015-2016 for income and household work intensity indicators. For some indicators (LTU rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64)) the changes refer to the period 2017-2018.*

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Main longer-term trends

Looking at the longer-term developments since 2008 and the beginning of the Europe 2020 strategy, the overall picture is now more positive as a whole across indicators (Figure 7).

A large number of Member States have recorded significant improvements compared to the situation in 2008, notably in relation to aggregate gross household disposable income (although in some Member States, notably CY, EL and IT, GHDI is still largely below 2008 levels), which has supported rising living standards and reductions in material deprivation, and in relation to the employment of older workers and the relative income and living conditions 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. Compared to 2008, the relative income situation of the elderly (aged 65 and over) shows signs of improvement in around half 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 13 MS, and the median relative income ratio of elderly people in 15). However, this trend should be interpreted with caution, as it does not necessarily show an improvement in absolute terms. As pension income continued to increase 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 countries, and significant decreases in the number of early school leavers (with reductions in two-thirds of Member States).

Nevertheless, apart for the elderly, not many Member States show significant improvement on indicators relating to the income distribution (i.e. those relating to poverty and inequality), and there remain some areas where indicators show the situation still remains noticeably worse compared to 2008 as a result of the economic crisis, despite recent improvements. The areas still with substantial deterioration concern:

a. higher **poverty risk for people living in (quasi-)jobless households** (in two thirds of MS)

b. greater **depth of poverty risk** (with the relative median poverty risk gap higher in around half of MS)

Other areas where outcomes compared to 2008 remain noticeably worse in many Member States concern rises in the risk of in-work poverty (in 8 MS) and in income inequality (in 7 MS), and declines in the impact of social transfers on poverty reduction (in 7 MS).

Figure 8 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 2017/18. For most Member States, there is a significantly higher number of indicators showing positive developments than negative ones, most notably in Latvia, Poland and Romania. On the other hand southern Member States such as Greece, Italy and Spain, still record many indicators showing a deterioration compared to 2008, and with relatively few indicators showing an improvement. This highlights the strong divergence across EU countries in the extent to which the employment and social situations were affected by the crisis and the extent to which they have recovered subsequently.

A more detailed assessment of the progress achieved since the start of the Europe 2020 Strategy will be available in a separate document to be produced jointly by the EMCO and SPC.

Figure 7. Areas of deterioration (Social trends to watch) and improvement for the period 2008-2017*
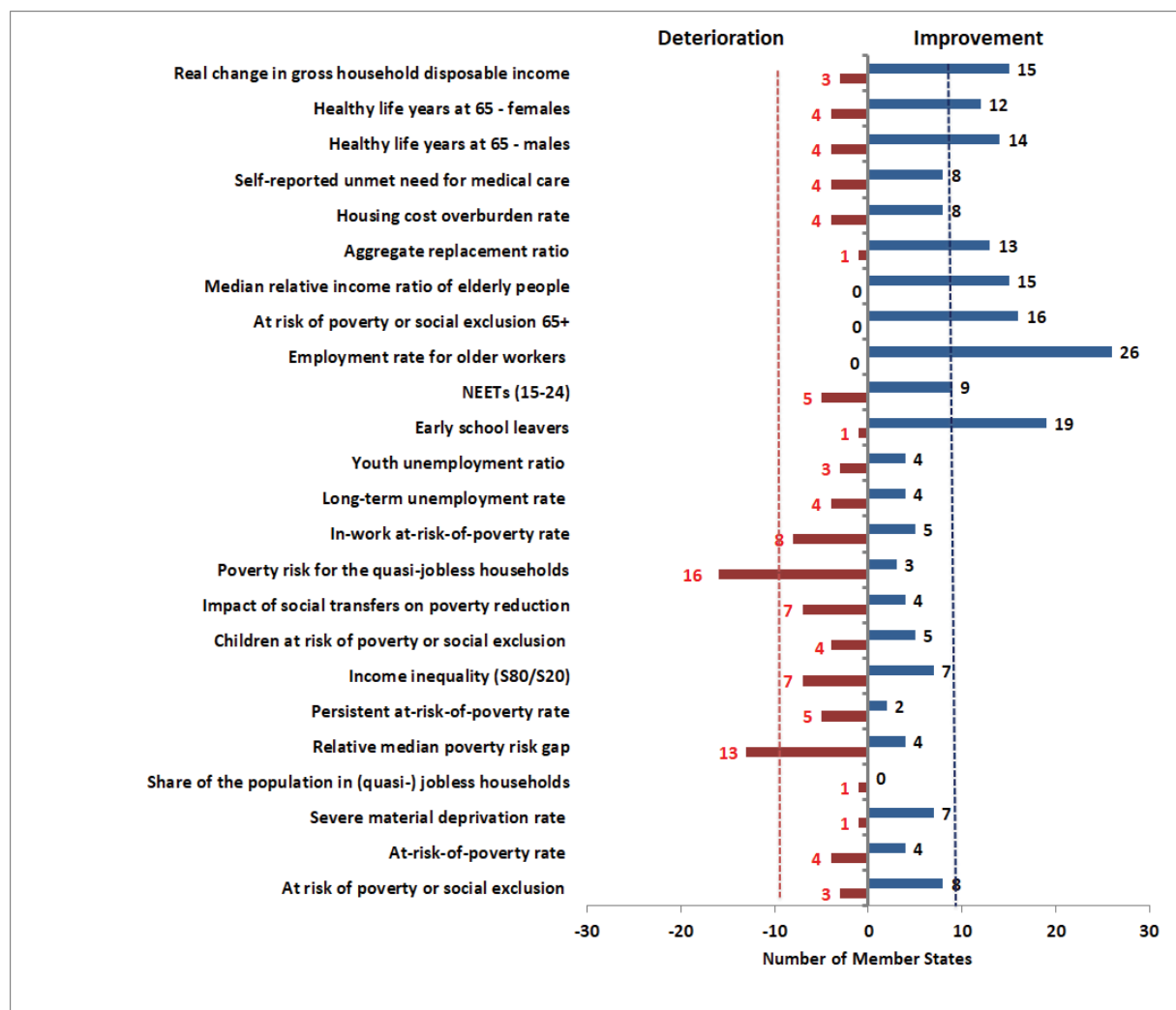
Source: Social Protection Performance Monitor

Note: i) For AT, break in series in 2011 for persistent poverty risk (so trend in this indicator 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 for

this not considered for the period compared to 2008); iii) For BG, major break in the time series in 2014 for the material deprivation indicators, so for SMD and AROPE trends not considered for the period compared to 2008; iv) For DK, breaks in series for the period since 2008 which mainly affect indicators related to incomes and to a lesser degree variables highly correlated with incomes (so trends in these not considered for the period compared to 2008 for these); v) 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 changes not considered for the period compared to 2008 for these; 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. Hence changes not considered for the period compared to 2008 for these; 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 2010-2017 used for longer term change; x) For SI, break in time series in Healthy Life Years indicator (change of question in 2010) which affects the comparison of change since 2008; xi) 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.xii).For some indicators (LTU rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64)) the changes refer to the period 2008-2018.

Figure 8. Number of SPPM social indicators per Member State with a significant deterioration or improvement between 2008 and 2017*
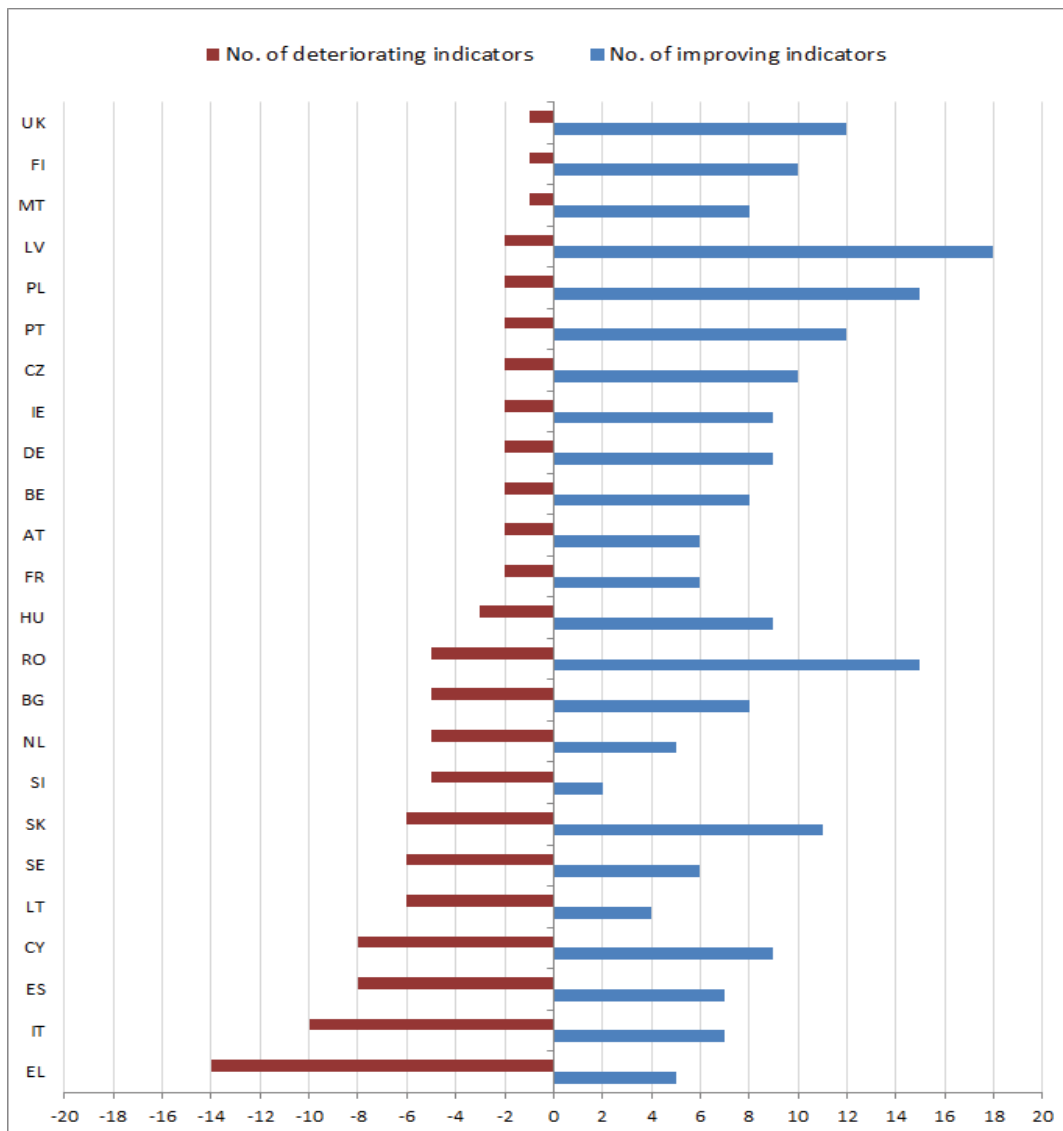
*Note: i) For AT, break in series in 2011 for persistent poverty risk (so trend not considered for the period compared to 2008); ii) For BE, major break in 2011 in the self-reported unmet need for medical examination (so trend not considered for the period compared to 2008); iii) For BG, major break in the time series in 2014 for the material deprivation indicators, so for SMD and AROPE trends not considered for the period compared to 2008; iv) For DK, breaks in series for the period since 2008 which mainly affect indicators related to incomes and to a lesser degree variables highly correlated with incomes, so changes since 2008 not shown; v) For EE, major break in series for EU-SILC variables, so longer-term changes for EE not shown; vi) For HR, no EU-SILC data published by Eurostat before 2010, so changes since 2008 not shown.; vii) For LU, major break in series in 2016 for EU-SILC based indicators, so changes since 2008 not shown; 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 2010-2017 shown for longer term change in these; x) For SI, break in time series in Healthy Life Years indicator (change of question in 2010) which affects the comparison of change since 2008; xi) 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; xii) * For healthy life years at 65 and AROP of persons with disabilities the reference period is 2008-2016; xiii) The bars refer to the number of SPPM*

indicators which have registered a statistically and substantively significant deterioration or improvement between 2008 and 2017. For LTU rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64) changes refer to 2008-2018.

SPPM dashboard update (2017 EU-SILC data available for all Member States)

2018 SPPM Results (June 2019)

Dimensions		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 %)
- 2017
- 2016-2017 change in pp
- 2008-2017 change in pp

At-risk-of-poverty rate (in %)
- 2017
- 2016-2017 change in pp
- 2008-2017 change in pp

At-risk-of-poverty threshold for a single person household (levels in pps, changes as real change in national currency in %)
- 2017
- 2016-2017 change in %
- 2008-2017 change in %

Severe material deprivation rate (in %)
- 2017
- 2016-2017 change in pp
- 2008-2017 change in pp

Population living in (quasi-) jobless households (in %)
- 2017
- 2016-2017 change in pp
- 2008-2017 change in pp

Relative median at-risk-of-poverty gap (in %)
- 2017
- 2016-2017 change in pp
- 2008-2017 change in pp

Persistent at-risk-of-poverty rate (in %)
- 2017
- 2016-2017 change in pp
- 2008-2017 change in pp

Material and social deprivation rate (in %)
- 2017
- 2016-2017 change in pp

Income quintile ratio (S80/S20)
- 2017
- 2016-2017 change in %
- 2008-2017 change in %

At-risk-of poverty or social exclusion rate of children (% of people aged 0-17)
- 2017
- 2016-2017 change in pp
- 2008-2017 change in pp

Impact of social transfers (excl. pensions) on poverty reduction (%)
- 2017
- 2016-2017 change in pp
- 2008-2017 change in pp

At-risk-of-poverty rate for the population living in (quasi-) jobless households
- 2017
- 2016-2017 change in pp
- 2008-2017 change in pp

In-work at-risk-of-poverty rate (in %)
- 2017
- 2016-2017 change in pp
- 2008-2017 change in pp

Long-term unemployment rate (in %)
- 2018
- 2017-2018 change in pp
- 2008-2018 change in pp

Dimensions (left column, top to bottom): Europe 2020; Intensity of poverty risk; Persistence of poverty risk; Material and social deprivation; Income inequalities; Child poverty and social exclusion; Effectiveness of social protection system; Social consequences of labour market

Dimensions	Indicator / Year	EU28	EU27	EA19	EA14	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 %)**																																
	2018	10.6	n.a.	n.a.	11.0	8.6	12.7	6.2	10.2	10.3	11.3	5.0	4.7	17.9	8.9	3.3	14.5	7.8	8.3	4.6	6.3	12.5	17.5	7.3	7.3	4.8	11.8	16.4	4.2	8.6	8.3	9.3	10.7
	2017-2018 change in pp	~	n.a.	n.a.	~	~	~	~	1.4	~	~	~	-1.3	~	~	~	~	~	~	~	~	~	~	~	~	~	~	-1.7	~	~	~	1.6	~
	2008-2018 change in pp	-4.1	n.a.	n.a.	-5.3	-3.4	-2.1	~	-2.3	~	-2.7	~	-6.7	-9.7	-13.8	-2.9	~	-5.1	-5.9	-7.2	-2.9	-7.1	~	-9.7	-4.1	-2.9	~	-23.1	-2.9	~	2.6	~	-6.2
	Youth unemployment ratio (15-24)																																
	2018	6.3	n.a.	n.a.	6.8	4.7	3.0	2.0	5.9	3.1	5.6	6.4	9.3	11.3	7.8	7.9	8.4	7.9	4.6	4.1	4.7	3.3	5.1	4.9	5.3	4.1	6.9	4.8	3.4	4.8	9.0	9.1	6.4
	2017-2018 change in pp	~	n.a.	n.a.	~	~	~	~	-1.1	~	~	~	-1.6	-1.6	~	-1.9	~	~	~	~	-2.2	~	~	~	~	-1.2	~	-1.1	-1.2	~	-1.5	-1.7	~
	2008-2018 change in pp	~	n.a.	n.a.	~	~	~	~	-2.4	~	-2.5	~	2.7	~	~	~	1.9	4.1	~	~	~	~	~	~	~	~	-2.1	~	~	~	~	~	-2.8
	NEETs (15-24)																																
	2018	10.5	n.a.	n.a.	10.6	9.2	15.0	5.6	6.8	5.9	9.8	10.1	14.1	12.4	11.1	13.6	19.2	13.2	7.6	8.0	5.3	10.7	7.3	4.2	6.8	8.7	8.4	14.5	6.6	10.2	8.5	6.1	10.4
	2017-2018 change in pp	~	n.a.	n.a.	-0.6	~	~	~	~	~	~	-1.2	-0.9	~	~	-0.9	-2.9	-2.5	~	~	~	~	~	~	-0.8	-0.9	~	~	-1.9	-0.9	~	~	~
	2008-2018 change in pp	~	n.a.	n.a.	~	~	-2.4	~	2.5	-2.5	~	-3.6	2.7	-1.9	~	2.0	2.6	3.5	-4.0	~	~	~	~	~	~	-1.8	-2.1	~	~	~	-1.7	-1.7	~
Active ageing	**Employment rate of older workers (55-64) in %**																																
	2018	58.7	n.a.	58.7	58.8	50.3	60.7	65.1	70.7	71.4	68.9	60.4	41.1	52.2	52.1	42.8	53.7	60.9	65.4	68.5	40.5	54.4	49.7	67.7	54	48.9	59.2	46.3	47	54.2	65.4	77.9	65.3
	2017-2018 change in pp	1.6	n.a.	1.6	1.6	2.0	2.5	3.0	1.8	1.3	~	2.0	2.8	1.7	~	2.5	1.5	5.6	3.1	2.4	~	2.7	~	2.0	2.7	~	3.0	1.8	4.3	~	2.9	1.5	1.2
	2008-2018 change in pp	13.3	n.a.	14.6	14.5	15.8	14.7	17.5	12.3	17.7	6.6	6.6	~	6.7	14.1	5.7	19.4	6.1	14.3	15.5	6.4	23.5	19.6	17.7	15.2	17.3	8.5	5.6	14.2	15.0	8.9	7.8	7.3
Pension adequacy	**At risk of poverty or social exclusion for the elderly (65+) in %**																																
	2017	18.2	18.1	16.9	17.1	17.1	48.9	12.6	9.5	17.7	42.0	16.2	22.8	16.4	9.5	32.7	22.0	24.6	43.9	40.3	11.8	16.8	26.2	10.6	13.4	17.4	20.7	33.2	18.3	12.1	13.2	16.1	18.0
	2016-2017 change in pp	~	~	~	~	~	3.0	2.5	~	~	~	~	-1.9	2.0	~	-1.2	~	1.7	~	2.9	2.7	1.7	~	~	~	1.3	-1.1	~	-1.6	~	~	~	~
	2008-2017 change in pp	n.a.	-5.2	~	~	-5.8	-7.9	~	~	n.a.	~	-6.3	-5.3	-9.8	-4.6	n.a.	~	-24.7	-14.9	~	n.a.	~	~	~	-7.8	-9.5	-7.0	-16.2	-6.1	-9.8	-10.7	~	-10.5
	Median relative income of elderly people																																
	2017	0.92	0.92	0.94	0.94	0.79	0.71	0.76	0.77	0.85	0.59	0.84	1.04	0.98	1.05	0.82	1.02	0.8	0.61	0.69	1.15	0.98	0.71	0.81	0.97	0.93	0.92	0.95	0.88	0.89	0.84	0.78	0.89
	2016-2017 change in %	~	~	~	~	~	3.9	-11.3	-3.6	2.7	~	~	~	-2.6	-3.0	2.9	-2.4	~	~	-3.2	-2.8	-5.7	-3.0	~	~	~	-4.1	~	-2.1	~	-2.2	~	~
	2008-2017 change in %	n.a.	8.2	8.0	9.3	6.6	7.5	~	n.a.	~	n.a.	13.5	20.9	18.1	10.5	n.a.	15.9	35.6	15.1	~	n.a.	~	~	~	10.2	~	10.8	11.8	~	12.7	16.7	~	20.3
	Aggregate replacement ratio																																
	2017	0.56	0.56	0.6	0.59	0.5	0.37	0.51	0.48	0.46	0.45	0.33	0.62	0.69	0.66	0.41	0.71	0.43	0.43	0.43	0.86	0.64	0.56	0.52	0.64	0.62	0.57	0.61	0.46	0.62	0.53	0.57	0.54
	2016-2017 change in %	~	~	3.4	~	4.2	-17.8	~	~	~	~	-5.7	-3.1	4.5	~	5.1	2.9	~	~	-4.4	~	-4.5	3.7	4.0	3.2	~	4.7	-7.8	~	~	~	~	~
	2008-2017 change in %	n.a.	18.4	22.4	20.4	11.1	~	~	~	n.a.	~	~	-32.7	51.2	64.5	~	59.3	58.5	43.3	~	n.a.	~	~	36.6	20.9	~	10.7	51.4	22.0	~	14.8	~	25.8
Health	**Self reported unmet need for medical care**																																
	2017	1.7	1.7	1.3	1.3	2.1	2.1	0.5	1.0	0.3	11.8	2.8	10.0	0.1	1.0	1.6	1.8	1.5	5.2	1.5	0.3	1.0	0.2	0.1	0.2	3.3	2.3	4.7	3.5	2.4	3.6	1.4	2.3
	2016-2017 change in pp	~	~	~	~	~	~	~	~	~	-3.5	~	-3.1	~	~	~	-3.7	~	-2.0	-1.6	~	~	~	~	~	-3.3	~	-1.8	3.1	~	~	~	2.3
	2008-2017 change in pp	n.a.	~	~	~	n.a.	-13.2	~	~	-1.9	n.a.	~	4.6	~	~	n.a.	-3.4	~	-3.7	-4.2	n.a.	-2.4	~	~	~	-2.7	~	-6.4	3.3	~	2.8	~	2.3
	Healthy life years at 65 - males																																
	2016	9.8	n.a.	n.a.	n.a.	10.3	9.2	8.4	11.5	11.5	5.5	12.0	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
	2008-2016 change in %	n.a.	n.a.	n.a.	n.a.	~	~	12.0	~	82.5	n.a.	29.0	-11.1	~	9.2	~	36.8	23.1	-8.3	~	~	19.6	21.9	~	10.8	17.1	14.9	-21.5	-8.7	50.0	17.5	15.3	~
	Healthy life years at 65 - females																																
	2016	10.1	n.a.	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	6.2	1.2	8.9	16.6	11.1
	2008-2016 change in %	n.a.	n.a.	n.a.	n.a.	9.6	~	8.5	~	85.1	~	28.2	~	18.2	10.6	~	42.3	35.5	-8.2	-15.2	n.a.	~	11.2	~	~	15.5	14.3	-50.0	-12.8	55.6	~	18.6	~
Poverty and social exclusion of persons with disabilities	**At risk of poverty or social exclusion for persons with disabilities (% of people with disabilities above 16 years)**																																
	2017	29.3	29.2	27.6	27.7	30.4	57.0	22.2	24.9	31.5	38.7	38.1	36.0	31.5	19.8	37.9	29.2	36.5	40.7	45.1	24.4	31.7	29.2	24.6	21.0	27.8	29.3	39.0	23.5	18.4	20.6	31.0	22.2
	2016-2017 change in pp	~	~	-1.1	-1.2	-2.6	1.1	1.1	~	-1.2	~	-3.0	~	-1.3	-0.9	-1.8	~	-1.8	~	~	~	-3.4	~	-1.1	-1.3	-2.6	~	-1.1	-0.9	-2.9	-1.2	~	~
	2008-2017 change in pp	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.
Access to decent Housing	**Housing cost overburden rate**																																
	2017	10.4	10.4	10.2	10.1	9.1	18.9	8.7	15.7	14.5	4.8	4.5	39.6	9.8	4.7	5.8	8.2	2.8	5.9	7.2	10.0	10.7	1.4	9.4	7.1	6.7	6.7	12.3	5.2	3.4	4.3	8.4	12.4
	2016-2017 change in pp	-0.7	-0.7	-0.8	-0.9	~	-1.8	-0.8	~	-1.3	~	~	-0.9	~	~	-1.4	~	~	~	~	~	1.9	~	-1.3	~	-1.0	-0.8	-2.1	~	0.7	~	~	~
	2008-2017 change in pp	n.a.	~	2.0	1.9	-3.4	5.6	-4.1	n.a.	n.a.	n.a.	~	17.4	~	~	n.a.	~	~	~	-1.8	2.2	n.a.	~	-1.9	-4.3	~	-3.0	~	-6.8	~	7.8	~	-3.9
Evolution in real household disposable income	**Real change in gross household disposable income (in %)**																																
	2016-2017 change in %	~	n.a.	n.a.	~	~	4.6	1.8	2.1	1.9	3.9	4.4	~	~	n.a.	~	4.0	1.8	1.7	6.3	3.9	n.a.	~	~	3.0	2.0	10.1	2.8	2.8	~	1.9	~	~
	2008-2017 change in %	~	n.a.	n.a.	~	~	20.7	11.6	18.5	11.1	11.8	~	-32.7	~	~	n.a.	7.6	-6.7	-7.5	~	26.8	11.5	n.a.	~	6.2	~	29.5	~	22.9	~	12.1	8.5	27.1	9.8

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 (Table 4) 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 the time series in 2014 for the material deprivation indicators, so for SMD and AROPE "n.a." shown for the period compared to 2008. Also a break in 2016 for EU-SILC based indicators, but comparison of changes are still valid; vi) For DK, breaks in series for the period since 2008 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 "n.a." shown for the period compared to 2008; viii) 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 long-term comparison versus 2008); 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 2010-2017 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, and for the self-reported unmet need for medical care, where the change in the indicator is attributable to a minor change of question wording, better training of interviewers and sensibilisation of general public to the issue of waiting lists due to wide media debate; 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;

Latest indications from available 2018 EU-SILC data

Some two-thirds (nineteen) of Member States have already reported the results of the 2018 EU-SILC survey[12], while all Member States except IE, LU and SK have provided early estimates of the severe material deprivation (SMD) indicator. This section presents the findings based on this most recently available data, although incomplete and with no estimates for the EU aggregate yet available other than for SMD. The table below (Table 2) shows the figures available for the changes in the EU-SILC based SPPM indicators between 2017 and 2018 surveys, highlighting where changes are significant[13].

With a few exceptions (mainly concerning the relative income situation of the elderly and the at-risk-of-poverty rate for people living in (quasi-)jobless households), the picture from the available figures is one of continuing improvement in the social situation (Figure 9). Results for the severe material deprivation (SMD) indicator show further significant improvements in around half (14) of the Member States over the very latest period, and the rate has not risen significantly in any. Moreover, 13 of the 19 Member States having already reported figures on the share of the population living in (quasi-)jobless households show significant improvements. However, among the same reporting countries, 7 recorded a deterioration in the at-risk-of-poverty rate between 2017 and 2018, while 5 showed an improvement. As a result of these trends in the components of the overall at-risk-of-poverty-or-social-exclusion rate (AROPE), significant reductions in the AROPE indicator are observed over the latest year in 9 countries already reporting and in only 2 a deterioration. The risk of poverty or social exclusion among children also shows significant improvements among 12 of the countries which have so far reported their data. In addition, the housing cost overburden rate has fallen in half of the reporting countries, while improvements in reducing the depth of poverty and the level of inequality have also fallen in around half of the reporting Member States.

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 (9) 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 13 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.

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12 This refers to the situation on the 29th August 2019, at which time 19 Member States (AT, BE, BG, CZ, DK, EE, EL, ES, FI, HR, HU, LV, MT, NL, PL, PT, RO, SI and SE) had reported data for the SILC-based indicators included in the SPPM. For the SMD indicator, all Member States except 3 had provided early data or estimates.

13 The estimates of significance used are the statistical significance and substantive significance ones employed to investigate the changes 2016-2017.

Figure 9. Overview of the number of Member States showing an improvement or deterioration on EU-SILC based SPPM indicators between 2017 and 2018
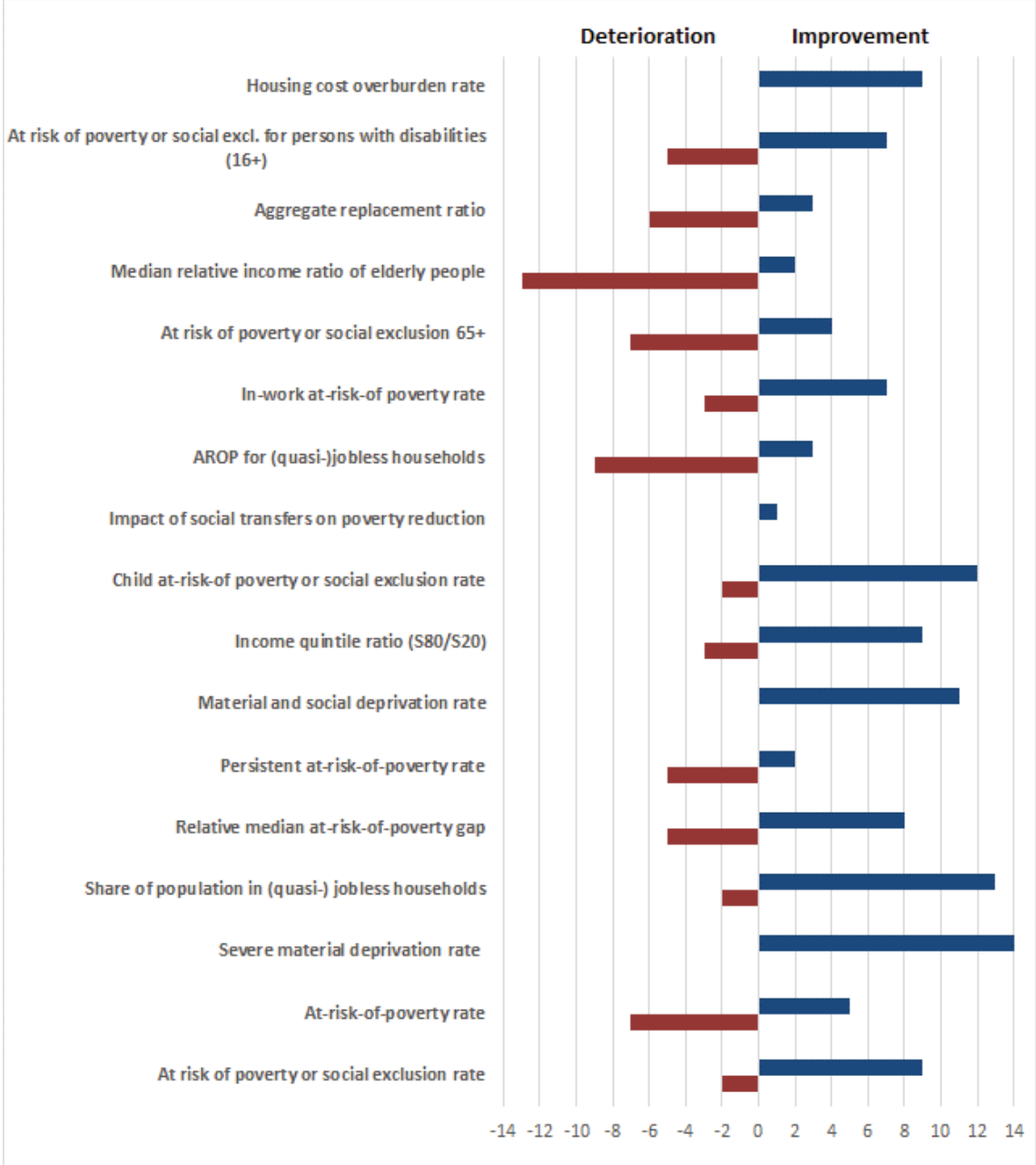
Source: Social Protection Performance Monitor using available 2018 EU-SILC results.

Note: Figures available for 19 Member States for all indicators except SMD, where 25 countries have provided data. The chart shows the number of Member States with a significant improvement on a given indicator in blue, and those with a significant deterioration in red.

Table 2: Dashboard of changes 2017-2018 for available EU-SILC based figures

2017-2018 change	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
Europe 2020 — At risk of poverty or social exclusion (in %) 2017-2018 change in pp	n.a.	n.a.	n.a.	n.a.	-0.5	-6.1	0.0	0.4	n.a.	1.0	n.a.	-3.0	-0.5	n.a.	-1.5	n.a.	n.a.	0.2	n.a.	n.a.	-6.0	-0.3	-0.2	-0.6	-0.6	-1.7	-3.2	-0.9	n.a.	0.8	0.3	n.a.
At-risk-of-poverty rate (in %) 2017-2018 change in pp	n.a.	n.a.	n.a.	n.a.	0.5	-1.4	0.5	0.4	n.a.	0.9	n.a.	-1.7	-0.1	n.a.	-0.5	n.a.	n.a.	1.2	n.a.	n.a.	-0.5	0.1	0.2	-0.1	-0.2	-1.0	-0.1	0.0	n.a.	0.5	0.6	n.a.
At-risk-of-poverty threshold for a single person household (levels in pps, changes as real change in national currency in %) 2017-2018 change in %	n.a.	n.a.	n.a.	n.a.	1.9	-1.2	4.4	0.2	n.a.	8.2	n.a.	2.3	2.0	n.a.	5.3	n.a.	n.a.	7.9	n.a.	n.a.	5.4	0.5	0.4	-0.5	6.2	1.4	20.5	2.6	n.a.	1.5	0.5	n.a.
Severe material deprivation rate (in %) 2017-2018 change in pp	-0.7	n.a.	n.a.	-0.4	-0.2	-9.1	-0.9	0.3	0.0	-0.3	n.a.	-4.4	0.3	0.6	-1.7	-1.7	-1.3	-1.8	-1.3	n.a.	-4.4	-0.3	-0.2	-0.9	-1.2	-0.9	-2.9	-0.9	n.a.	0.7	0.5	0.5
Population living in (quasi-) jobless households (in %) 2017-2018 change in pp	n.a.	n.a.	n.a.	n.a.	-1.4	-2.1	-1.0	1.2	n.a.	-0.5	n.a.	-1.0	-2.1	n.a.	-1.0	n.a.	n.a.	-0.2	n.a.	n.a.	-0.9	-1.5	-0.8	-1.0	-0.1	-0.8	0.5	-0.8	n.a.	0.1	0.3	n.a.
Intensity of poverty risk — Relative median at-risk-of-poverty gap (in %) 2017-2018 change in pp	n.a.	n.a.	n.a.	n.a.	1.5	-3.6	-1.6	-1.7	n.a.	1.2	n.a.	-1.2	-3.9	n.a.	2.4	n.a.	n.a.	2.5	n.a.	n.a.	7.4	-0.5	-0.8	-0.7	-0.3	-2.5	0.7	-2.1	n.a.	0.5	-1.3	n.a.
Persistence of poverty risk — Persistent at-risk-of-poverty rate (in %) 2017-2018 change in pp	n.a.	n.a.	n.a.	n.a.	-0.7	0.0	1.9	n.a.	n.a.	-0.5	n.a.	n.a.	-0.7	n.a.	n.a.	n.a.	n.a.	0.6	n.a.	n.a.	-0.1	0.1	2.3	1.1	1.4	n.a.	0.8	-0.5	n.a.	-0.8	-1.4	n.a.
Material and social deprivation — Material and social deprivation rate (in %) 2017-2018 change in pp	n.a.	n.a.	n.a.	n.a.	-0.7	-10.1	-1.8	0.6	n.a.	-1.6	n.a.	-1.2	0.4	n.a.	-2.4	n.a.	n.a.	-4.6	n.a.	n.a.	-5.0	1.0	-1.8	-1.1	-1.9	-2.3	-5.1	-1.8	n.a.	0.0	0.5	n.a.
Income inequalities — Income quintile ratio (S80/S20) 2017-2018 change in %	n.a.	n.a.	n.a.	n.a.	-0.5	-6.6	-2.9	2.4	n.a.	-6.1	n.a.	-9.8	-8.6	n.a.	0.0	n.a.	n.a.	7.9	n.a.	n.a.	2.3	1.9	-0.2	-7.0	-7.6	-8.4	10.8	0	n.a.	2.9	-4.0	n.a.
Child poverty and social exclusion — At-risk-of poverty or social exclusion rate of children (% of people aged 0-17) 2017-2018 change in pp	n.a.	n.a.	n.a.	n.a.	1.2	-7.9	-1.0	0.7	n.a.	-0.9	n.a.	-2.9	-1.8	n.a.	-2.1	n.a.	n.a.	-1.4	n.a.	n.a.	-7.3	-0.2	-1.2	-1.4	-0.7	-2.3	-3.5	-2.0	n.a.	0.9	1.2	n.a.
Effectiveness of social protection system — Impact of social transfers (excl. pensions) on poverty reduction (%) 2017-2018 change in pp	n.a.	n.a.	n.a.	n.a.	-4.9	5.5	-3.9	-4.3	n.a.	-0.5	n.a.	4.4	-1.0	n.a.	-0.5	n.a.	n.a.	-2.8	n.a.	n.a.	2.4	0.5	-0.9	1.1	2.6	1.3	-0.5	-1.4	n.a.	-3.3	-2.8	n.a.
At-risk-of-poverty rate for the population living in (quasi-) jobless households 2017-2018 change in pp	n.a.	n.a.	n.a.	n.a.	2.4	-0.8	-3.1	5.7	n.a.	8.5	n.a.	1.5	-2.7	n.a.	3.3	n.a.	n.a.	-0.8	n.a.	n.a.	15.7	5.3	0.7	-1.0	-2.5	6.6	11.4	-0.2	n.a.	-0.4	5.2	n.a.
Social consequences of labour market — In-work at-risk-of poverty rate (in %) 2017-2018 change in pp	n.a.	n.a.	n.a.	n.a.	0.2	0.1	-0.1	0.7	n.a.	-0.2	n.a.	-1.9	-0.1	n.a.	-0.5	n.a.	n.a.	-0.8	n.a.	n.a.	-1.7	0.6	0.1	0.3	-0.2	-1.1	-2.1	-0.5	n.a.	0.4	0.2	n.a.
At risk of poverty or social exclusion for the elderly (65+) in % 2017-2018 change in pp	n.a.	n.a.	n.a.	n.a.	0.5	-3.8	3.0	-0.1	n.a.	5.4	n.a.	-1.5	1.2	n.a.	-0.7	n.a.	n.a.	5.1	n.a.	n.a.	-3.5	0.5	1.1	1.1	0.7	0.5	-0.4	1.8	n.a.	0.8	-1.4	n.a.
Pension adequacy — Median relative income of elderly people 2017-2018 change in %	n.a.	n.a.	n.a.	n.a.	-2.5	5.5	-2.6	1.3	n.a.	-3.4	n.a.	-2.9	-3.1	n.a.	-3.7	n.a.	n.a.	-4.9	n.a.	n.a.	-1.0	1.4	1.2	-2.1	-2.2	-2.2	-5.3	-3.4	n.a.	-2.4	2.6	n.a.
Aggregate replacement ratio 2017-2018 change in %	n.a.	n.a.	n.a.	n.a.	0.0	10.8	-2.0	2.1	n.a.	-8.9	n.a.	3.2	1.4	n.a.	-2.4	n.a.	n.a.	-7.0	n.a.	n.a.	-7.8	7.1	1.9	-3.1	-3.2	0.0	-15.4	-2.2	n.a.	1.9	-1.8	n.a.
Poverty and social exclusion of people with disabilities — At risk of poverty or social exclusion for persons with disabilities (% of people with disabilities above 16 years) 2017-2018 change in pp	n.a.	n.a.	n.a.	n.a.	0.1	-7.6	1.5	-1.4	n.a.	3.0	n.a.	-3.7	-0.4	n.a.	-0.4	n.a.	n.a.	2.9	n.a.	n.a.	-4.3	0.8	-2.3	0.7	1.7	-0.6	-1.4	0.5	n.a.	1.9	-0.9	n.a.
Access to decent Housing — Housing cost overburden rate 2017-2018 change in pp	n.a.	n.a.	n.a.	n.a.	-0.5	-1.0	-0.9	-1.0	n.a.	-0.8	n.a.	-0.1	-0.9	n.a.	-0.7	n.a.	n.a.	-0.2	n.a.	n.a.	-1.1	0.3	0.1	-0.3	-0.5	-1.0	-2.0	-0.3	n.a.	0	-0.1	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 DK,,DE, FR, HR, IT, LT, NL and UK are provisional;

IV. Main recent social policy developments in the EU Member States

In this section an overview is provided of the more recent reforms of social protection policies across Member States, notably concerning poverty and social inclusion, pensions, health and long-term care.

Social Inclusion and Poverty Reduction

A review of the 2019 National Reform Programmes and the results of the SPC Multilateral reviews of the implementation of the 2018 Country Specific Recommendations show that, in line with past years, Member States' efforts in this thematic area continue to have a strong focus on the **active inclusion approach.**

Some countries are taking steps to improve the **coverage and adequacy of social benefits** and **minimum support income schemes,** as well as to reduce regional disparities and fragmentation. The Italian government has introduced a reformed minimum income scheme (*Citizenship income - Reddito di cittadinanza*), which started in April 2019. The measure is expected to expand the number of beneficiaries, significantly increase the resources dedicated to income support and lead to strengthening of social and employment services. Latvia's government has approved a plan for a Minimum Income Support System for 2020-2021, with a series of measures aimed at persons of retirement age, persons with disabilities and persons with low-income. In Luxembourg, in January 2019 the *Revenu d'inclusion sociale* scheme replaced the previous guaranteed minimum income and aims at tackling poverty with a particular focus on children and single-parent families. In contrast, the implementation of a major reform of the Minimum Inclusion Income, initiated in 2016 in Romania, has been postponed to ensure that all administrative measures, and in particular the required new IT system, are put in place.

Some countries are introducing measures to strengthen the **activation component** through reforms of the Public Employment Service (PES) and increased attention to the functioning of the active labour market policies (ALMPs). Cyprus, for example, is launching a new IT system to monitor and evaluate the functioning of the system. Estonia, Latvia and Slovenia are conducting analysis to assess the efficiency and impact of existing ALMPs. Other Member States are focusing their efforts on the activation of those furthest away from the labour market and on ensuring social participation for those who cannot work. In Austria, special programmes targeted at improving employability are being implemented for households with no or very low work intensity. Belgium reports on measures to activate certain target groups: young people, older workers and people with disabilities. Poland is implementing a project to reduce employment barriers for persons with disabilities and is preparing a proposal for modification of the legal system for their social rehabilitation with associated new financial instruments. Ireland has announced a new *Youth Employment Support Scheme*, as well as a *Social Inclusion and Community Activation Programme*

aimed at the most disadvantaged and the hardest to reach communities. Slovenia is also in the process of establishing a comprehensive model of social activation focusing on those furthest from the labour market. Sweden has adopted new measures for the integration of newly arrived migrants, while France launched the "*pathway for 1,000 refugees*" initiative which offers an 8-month integration package, including accommodation, language courses and certified vocational training (programme *HOPE*, 2017-2018).

Several Member States took action to facilitate access to quality **social services**. One-stop-shops have been established to answer the complex needs of the most vulnerable and to improve accessibility and outreach of social assistance. Bulgaria continues to apply an integrated approach to providing employment and social assistance in its 73 Centres for Employment and Social Assistance and has initiated a comprehensive reform of its social services. In Finland, a network of one-stop services points, established as an instrument for implementing the youth guarantee, was made a permanent measure and will be supplemented with a psychological support network. Greece has been successful in setting up 241 municipal Community Centers, serving as one stop-shops for social services and including branches for Roma and Immigrant integration centers. Croatia is in the process of establishing one-stop shops as digital and physical portals for the provision of information and social services. In addition, Croatia is planning the adoption of a new Social Welfare Act in 2019, aimed at improving the coverage, accessibility and quality of social services particularly for vulnerable groups and families.

Member States have also put in place measures to increase the coverage of **social protection**. Belgium adopted new legislation on occasional work in 2018 and strengthened the social security system for the self-employed in 2019. France has improved the coverage of independent workers under its unemployment scheme. Poland has reduced the amount of social insurance contributions below a certain income threshold. Latvia has also taken measures to promote the inclusion of self-employed persons in the pension system. Spain has improved the coverage of social securiry for self-employed workers by making the contribution for professional contingencies and for cessation of activity (special unemployment benefit for self-employed) mandatory. The Netherlands is developing an action plan and a set of measures aimed at protecting self-employed persons at the lower end of the labour market, which are planned for 2021. Ireland is extending a social insurance contribution-based benefit to those in self-employment, if their self-employment has ceased. However, despite the significant reforms being implemented in this field, it appears that - on the basis of information provided by SPC members in June/July 2019 - gaps in access to social protection for workers and the self-employed remain an issue in many Member States: some forms of self-employment do not have access to at least one branch of social protection in 14 countries (BE, BG, CY, CZ, DE, EL, FR, IE, IT, LT, LV, NL, SK, UK);in 23 Member States, some forms of non-standard work are also in this situation. Moreover, the self-employed and non-standard workers who can have formal access to social protection schemes may face barriers in effectively accruing entitlements and accessing benefits in case of need (due, for instance, to contribution thresholds, waiting periods, etc.).

Member States are increasing efforts to better target those at higher risk of poverty, in particular children and the elderly. A number of Member States are reporting on reforms of the **family allowance schemes**, aimed at combating child poverty through additional supplements or better targeting economically weaker families. Lithuania and Poland implemented a universal child benefit. Greece optimized its child benefit system to improve the targeting and increase equity among supported children. Estonia and Latvia introduced new allowances for large families. Spain has increased the child allowance for families in poverty. For the older persons, a number of measures have been taken to increase the amount of monetary support available, including an increasing number of pension reform measures aimed at reducing poverty.

Many Member States have also taken steps to upgrade the provision of affordable, accessible and quality **childcare and pre-school education.** Germany and Greece have provided financing to support the expansion of childcare places for very young children. Ireland has extended its early childhood education scheme for children in pre-school age and plans to introduce a new system of universal and income related subsides for childcare. In November 2018, the Irish Government also publsihed *First 5* - an integrated strategy (2018-2028) for for Babies, Young Children and their Families. Poland took legistlative measures to increase the availability and quality of places for children under 3. In 2018 and 2019, Poland also icreased the allocation for funding for the establishing and functioning childcare places.

Several Member States are taking measures to confront the rising levels[14] of **homelessness and housing exclusion**. In many, the measures are part of multiannual national strategies or action plans. Ireland has implemented a broad range of measures to tackle the undersupply of housing, as part of its *Rebuilding Ireland* action plan. Denmark has recently introduced a plan to fight homelessness through preventive measures and guidance on how to exit homelessness. Measures in other Member States include creating conditions for more new construction (including social housing) and renovation of the existing housing stock (e.g. DE, FR, SE, MT) as well as the updating or introduction of housing allowances (e.g. EL, MT, LT).

Additional resources are also being invested in emergency aid and the integration of **homeless persons.** Spain has adopted a set of urgent housing and rental measures, which provides support and protection from eviction for the most vulnerable families. In Belgium, the Walloon government is strengthening, and making permanent, the Housing First project, which enables homeless people to return to society on a lasting basis. Sweden has allocated additional funds to support non-profit organizations working to confront homelessness among young adults.

Despite the progress made by the Member States in the area of social inclusion and poverty reduction, the impact of the economic crisis has not yet been fully reversed and the Europe 2020 target of lifting 20 million people out of the risk of poverty or social exclusion is unlikely to be met.

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[14] Data Compiled by the European Federation of National Organisations Working with the Homeless (FEANTSA) shows a trend of deterioration of the situation in recent years.

The on-going favourable economic environment is an opportunity for achieving upward social convergence and the **focus on reforms should remain strong**. Social inclusion, investment, and protection, in line with the relevant principles set out in the European Pillar of Social Rights and inspired by the Active Inclusion approach, should continue to guide the Member States' reform efforts in this area.

Adequate and Sustainable Pensions

Pensions, given their budgetary weight and high social importance, have been one of the most important reform areas across the EU.

Many countries have adopted in recent years **overarching reforms**, which affect numerous aspects of their pension systems (e.g. Belgium, Bulgaria, Finland, Greece). The high complexity of such reforms and the need to involve social partners in the negotiation process often means that specific measures are being implemented in the context of multiannual cycles. Other Member States have recently re-initiated such reforms. Croatia has adopted a comprehensive pension reform to ensure the long-term sustainability and adequacy of the system. France is planning a systemic reform of its pensions system, which includes a gradual harmonization of the rules of the current 42 distinct pension schemes. Other countries such as Ireland and Slovenia are also preparing broad reforms in the area.

Measures to **improve the financial sustainability** of pension systems remain high on Member States' reform agendas. Increasing the retirement age and rebalancing pension duration with life expectancy has been a priority for the majority of the Member States in recent years. Many Member States have taken steps to limit early retirement pathways and/or raise retirement ages. Sweden, for instance, raised the guaranteed pension age (by one year in 2023) and the lowest pension age (from 61 to 64 in 2026).

In addition to such sustainability-enhancing reforms, a number of Member States have adopted measures to **safeguard pension adequacy**. Many increased the amount of the lowest old-age or disability pensions, sometimes combined with the introduction of additional targeted benefits or supplements (e.g. Bulgaria, Latvia, Lithuania, Poland, Portugal, Romania, Slovenia). Several Member States introduced new indexation mechanisms in an effort to improve the real value of pensions (e.g. Latvia, Lithuania, Slovakia). A few (e.g. Latvia, Malta and Romania) raised the ceiling on the income from pensions that is exempt from tax.

Gender disparities in pensionable age are also being reduced, leading to improvements in women's pension entitlements. Conversely, a few Member States have introduced measures which reverse earlier reforms. Poland, for example, has reintroduced lower pensionable ages for both men and women in 2016, in spite of the projected demographic ageing.

Steps are also being taken to provide opportunities for **additional retirement income**, also through supplementary pension savings. Belgium has taken measures to encourage participation in supplementary schemes, especially for the self-employed and those employed in the public sector.

In the Netherlands, the government and social partners reached an agreement on the future reform of the pension system.. Flexible retirement rules, aimed at facilitating longer working lives, are also becoming more widespread. Germany and Austria, for example, have taken measures to promote longer working lives by allowing a more flexible transition into retirement and to combine income from pensions with work. In Slovenia, similar measures are currently in the public consultation with legislation planned to come into force in January 2020.

To ensure the success of these reforms **complementary measures** in related policy fields are still necessary to support longer professional activity, later withdrawal from the labour market, as well as equitable conditions in accruing pension rights. Member States should continue combining measures to reform their pensions systems with labour market initiatives for older workers and with broader active ageing strategies.

Accessible, High-quality and Sustainable Healthcare

Universal and sustainable health care systems with guaranteed access to timely, high quality and affordable healthcare are a key element of the European social model. While health systems vary across the EU, many of the challenges are common. Population ageing, increasing costs of innovative technologies and medicines, and shortages or uneven territorial distribution of health professionals are among the factors that put pressure on the Member States' health systems and underscore the need for health systems to build long-term resilience.

Member States are reforming their health systems to address those challenges. Many have initiated **comprehensive reform packages**, which require long-term approaches for adoption and implementation. France announced in September 2018 a fundamental reform of the health system (*Ma santé 2022*) to promote better access to healthcare for all and more efficient use of hospital care. In 2019, Ireland initiated *Sláintecare* – an ambitious 10 year plan, with the goal to improve the healthcare and long-term care systems to meet the demands of the ageing population. Cyprus has adopted the necessary legislation for providing universal healthcare coverage and the completion of a major hospital reform by 2020. Finland has announced an ambitious health and social services reform, aiming to improve cost-effectiveness and guarantee equal access to high-quality services across the country, although the necessary legislation is yet to be adopted.

A number of Member States are reporting on targeted actions to improve the **cost effectiveness and sustainability** of their healthcare systems, without compromising quality and access to services. Improving the delivery of primary and integrated care and shifting some services away from the costly inpatient hospital sector play a key role in this regard. Malta and Ireland are investing in the development of additional primary care capacity. Slovakia continues its efforts to strengthen the gate-keeping role of general practitioners and avoid unnecessary referrals to specialist physicians. Austria plans to open 75 centres based on multi-professional teams by 2021. Conversely, the roll-out of community care centres, which have the potential to reduce the high level of avoidable hospital admissions, is delayed in Romania.

Many Member States are also taking specific measures to tackle issues related to the **accessibility and quality** of healthcare. Several countries focused on measures to curb the growth of out-of-pocket payments on services and medicines. (e.g. EE, LT, LV, PT, RO, SK). These measures include expanding the range of services and medicines covered by the national budget, VAT-reductions, centralised procurement, promotion of generics, as well as incentives for patients, physicians and pharmacists for a more rational use of medicines. Important efforts are also made to address shortages of healthcare professionals and their uneven territorial distribution in a number of countries (e.g. BG, HU, IT, LT, LV, PL, PT, RO, SE). These include salary increases and targeted support measures, aimed at attracting medical professionals to more remote areas, as well as efforts to improve the training and working conditions of all health workers. A major focus is given to initiatives for improving the provision of eHealth services, which have the potential to ensure a more efficient planning and control of healthcare costs, as well as to increase the availability and quality of health services (e.g. HR, CY, EE, DE, IT, LV, CZ). The implementation of health promotion and disease prevention measures is also ongoing in a number of Member States (e.g. AT, BG, HU, LV, LT). Such measures play an important role in improving the health outcomes of the general population and may provide important financial savings in the longer term.

Adequate social protection for long-term care needs

In the area of long-term care, Member States are taking an increasingly proactive policy approach to confront the increasing demand for the provision of long-term care services in the context of ageing populations.

Many are seeking simultaneously to reinforce prevention and foster efficient, **cost-effective care provision**, without compromising its **quality, accessibility and conditions for independent living**. Bulgaria has adopted an action plan for the implementation of a national long-term care strategy, which includes the strengthening of the institutional framework for the provision and development of integrated social services. Austria is working to develop a comprehensive concept of its longer-term care system on the basis of a recently adopted *Long-term Care Master Plan*. Hungary has established a cooperation scheme between infrastructural funding and social development funding to enable a sustainable transition for people from institutional to community-based care. The Czech government has announced a new strategy on long-term care aiming to support home care and non-institutional care. Poland has designed a social plan for dependent older people based on support for informal carers by public institutions and on a framework of community and institutional services.   Other Member States (e.g. Slovenia and Belgium) are testing new solutions for the integrated delivery of long-term care in the home environment, for streamlining care for people with chronic diseases, as well as putting in place unified mechanisms for assessing patients' care needs.

Some reforms aim at **increasing the pool of carers** and on **improving the situation of informal carers.** Cyprus is in the process of revising the existing legislative framework for residential care and day care, including provisions for carers' qualifications and training. Germany is reforming the

education and training curricula for nurses to strengthen the long-term care provision aspect. The Czech Republic introduced a special paid leave of up to three months for informal carers. Hungary, Latvia, Malta and Slovakia increased the carers' allowance for persons who are taking care of family members and Hungary made steps to improve eligibility criteria for carers' benefits.

Despite those measures, demographic change and rising life expectancy will continue to put pressure on the provision of long-term care. Reform efforts, which combine community and institutional services with support for informal and family carers, while paying attention to sustainability concerns, should be further strengthened.

V. Key social challenges and good social outcomes: summary of findings

In this section the main social challenges and good social outcomes in each Member State are assessed[15]. 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, mainly based on the Joint Assessment Framework tool[16].

The SPPM analysis of Member States' key social challenges and good social outcomes, considering trends from 2014 to 2017[17], continues to reflect different performance of social protection systems across the European Union during the recovery period.

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

For the general population across the EU28, the at-risk-of-poverty or social exclusion rate (AROPE) appears to be a key challenge in 5 Member States (BG, EL, IT, LV, RO), with good outcomes registered in 1 Member State (CZ). An analysis of the subcomponents of this indicator shows that monetary (relative) poverty is a key challenge in 7 Member States (CY, EE, EL, ES, LT, MT and RO), severe material deprivation in 5 Member States (BG, DK, EL, HU and RO), and the share of (quasi-) jobless households in 8 Member States (BE, CY, EL, ES, FI, HR, IE, and IT). Good social outcomes were identified for the subcomponents: for monetary (relative) poverty in 3 Member States (FI, HU and SI), severe material deprivation in 1 Member State (MT), and (quasi-) jobless households in 4 Member States (EE, HU, SI and SK). Inequality appears as a key challenge in 6 Member States (BG, ES, IT, LT, LV and RO), while 3 Member States have good social outcomes in the area (FI, SI, SK).

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

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

[17] For some Member States this was a particularly challenging period as they were under economic and financial adjustment programmes.

The category on effectiveness of social benefits identifies key social challenge for 9 Member States (DK, ES, HR, IT, LT, LV, PT, SE and SK) and good social outcome for 6 (CZ, CY, DK, FI, HU, and NL).

The housing situation, as reflected mainly by either housing cost overburden or housing deprivation, is a key challenge in 13 Member States (AT, CY, DK, EL, FR, HU, HR, IE, LU, LV, PT, RO and SI). In addition, two Member States have been identified as having a challenge with rising levels of homelessness (IE, UK).

Looking specifically at the risk of poverty and social exclusion of persons in vulnerable situations, the analysis shows particular challenges concerning persons with disabilities in 8 Member States (BE, BG, DE, HR, LT, LV, MT, RO), Roma in 5 Member States (BG, CZ, HU, RO, SK), migrants and refugees in 8 Member States (AT, DK, FI, FR, LU, MT, NL and SE), and low-skilled and unemployed people in 2 Member States (DE, FI). Concerning persons with disabilities, positive outcomes can be noted in ES.

The regional dimension of poverty and social exclusion is flagged as a key social challenge for 6 Member States (BG, CZ, DE, FR, PT and RO).

Breaking the intergenerational transmission of poverty – tackling child poverty

For children, the at-risk-of-poverty or social exclusion rate appears to be a key challenge in 5 Member States (EL, HU, IT, LT, RO), with 3 displaying good social outcomes in this regard (CZ, DK and PL). An analysis of the subcomponents of this indicator shows that monetary poverty of children is a key challenge in 4 Member States (EL, ES, LT and RO), severe material deprivation of children also in 5 Member State (BG, EL, HU, LT and RO), and the share of children living in (quasi-) jobless households in 5 Member States (BE, EL, HR, LT and UK). 3 Member States show positive developments for the indicator on (quasi-)jobless households for children (EE, LU, PL).

The impact of social transfers in reducing child poverty, the at-risk-of poverty rate of children living in households with different levels of work intensity and the poverty 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 4 Member States (BG, CZ, PT, SK) and good social outcomes also in 6 (BE, CZ, HU, HR, PL and SI). The housing situation for children appears as a particular challenge in BE. Equal opportunities for children from disadvantaged backgrounds was identified as key social challenge for 2 Member States (AT, BE).

Active inclusion - tackling poverty in working age

Specifically for the working age population, monetary poverty appears as a key challenge in 3 Member States (BE, EL, ES) and the share of adults living in (quasi-) jobless households in 5 Member States (EL, HR, IE, IT, MT). In-work poverty presents a particular challenge in 7 Member States (AT, BG, EL, ES, HU, IT, LU), whilst another 9 displaying particularly good social outcomes in this regard (BE, CZ, DK, FI, HR, IE, MT, NL, SE).

The effectiveness of social benefits has been assessed based on the impact of social transfers in reducing 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 (AT, CY, ES, HU, LT, LV, PL, PT, RO) with 4 member states with good outcomes (EE, BE, CY, MT).

The inclusiveness of labour markets, as reflected by the long-term unemployment rate, the at-risk of poverty rate for adults living in (quasi-)jobless households and the poverty gap proves to be a key challenge in EL, EE and ES. The housing situation of the working age population appears as challenging in AT. Gaps in access to social protection appears to be a key challenge in 11 Member States (AT, BE, BG, CY, ES, IT, LV, NL, PL, RO, UK).

Elderly poverty/adequate income and living conditions of the elderly

Concerning the older people, the at-risk-of-poverty or social exclusion rate remained a key challenge in LT only, while monetary poverty was a challenge in 6 Member States (EE, HU, HR, LT, LV and MT). For severe material deprivation, 2 Member States (HU and MT) show good results.

The impact of social transfers in reducing old age poverty, the aggregate replacement ratio, the median relative income, and the poverty gap are indicative of how effective pensions systems are, and social protection more generally, in terms of income replacement and allowing for a decent living of the older people in a given country. Based on these indicators, effectiveness challenges have been identified for 12 Member States (BE, BG, CZ, CY, DE, EE, HR, IE, MT, RO, SE and SI) and particularly good outcomes in 7 Member States (CZ, DK, EL, ES, FR, IE, SK). In terms of necessary policy reforms, pension adequacy was identified as a challenge in HR, LV, PL and SI, and equalising pension rules in RO. The housing situation of the elderly presents a key challenge in 4 Member States (DE, DK, FR, SK).

Health and long-term care

The health status of the population, or particular groups of it, assessed in terms of life expectancy at birth and at 65, healthy life years at birth and at 65 or child mortality, proves to be a key challenge for 13 Member States (AT, BG, CZ, DK, EE, HU, HR, LT, NL, PL, PT, RO, SK), while EE, FR and SE display good results. There are indications that the effectiveness of curative or preventive health care, assessed in terms of various indicators[18], such as potential years of life lost, amenable mortality and preventable mortality may prove to be a challenge for 8 Member States (BG, CZ, HU, HR, LT, LV, RO, SK). 11 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 (BE, BG, EE, EL, FI, IE, LV, PL, RO, SI and UK).

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[18] vaccination coverage for children indicator also belongs to this category but no MS flags for this indicator

Challenges related to the cost-effectiveness of health systems typically reflect problems of the balance between in-patient and ambulatory/out-patient care, inefficiencies in the allocation of resources in the hospital sector, issues with pharmaceutical pricing and reimbursement, or insufficient availability of e-Health solutions. 11 Member States (CY, EL, FR, HU, HR, IT, LV, PL, RO, SI, SK) register key challenges in this area.

The insufficient provision of long-term care services or sub-optimal design of the long-term care system has been identified as a key challenge in 14 Member States (BG, CY, EE, EL, ES, IE, IT, LT, LV, PL, PT, RO, SI, SK).

Conclusions

Some one third of the EU Member States (9) are faced with structural challenges related to the at-risk-of-poverty or social exclusion rate for the different age categories.

While these outcomes suggest that EU Member States have achieved satisfactory or good performance in reducing poverty and social exclusion, the number of challenges identified for the effectiveness and efficiency of social protection systems in order to prevent and protect against poverty and social exclusion throughout all stages of an individual's life implies that further reforms are needed.

For the working age population, nearly half of the Member States (11) have challenges as concerns the effectiveness of benefits, while for a few others the challenges concern inclusiveness of their labour markets. Furthermore, in half of the EU countries, gaps in accessing social protection exist. These outcomes suggest that policy reforms, including extension of social protection for all and social inclusion based on an active inclusion approach, combining adequate income support, high quality social services and support for activation to encourage labour market (re)integration, continue to be needed in a significant number of Member States.

The outcomes call for particular investments needed to strengthen vulnerable people's capacities to participate actively in society and the economy, as in many countries the inclusion of people living with disabilities, ethnic minorities, migrants and refugees have been identified as key challenges. The housing situation, accompanied by homelessness, seems to be an increasing concern in several Member States - for the general population almost half of them should address the challenge. Based on these outcomes, it is clear that the inclusiveness and fairness of social protection systems is a key challenge across the EU, which needs to be tackled by targeted investments into accessible quality social services, such as early childhood education, human capacity development and housing.

Policy reforms to ensure effectiveness of social protection, covering income replacement aspects and adequate pensions, are key challenges in several Member States, accompanied by the remaining need to equalise retirement ages for women and men and to align the statutory pension age with life expectancy in a few countries.

Further reforms are needed to enhance the quality of and access to health care, as well as the cost-effectiveness of health systems, which appear as key challenges in about half of the Member States. Health care reforms should be supported by investments into long-term care services, as access to adequate, affordable and quality long-term care, with an increasing focus on prevention, remains a challenge for almost half of the Member States.

Table 3: Synthesis table of key social challenges and good social outcomes, 2014-2017[19]

Social policy area		Subcategory	EU-28 sum (c)	EU-28 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	1.1	**At-risk of poverty and social exclusion for general population (AROPE)**	5	1			c	g					c							c			c					c				
	1.1.1.	*At-risk-of-poverty*	7	3				c			c	c	c	g		g			c				c					c			g	
	1.1.2.	*Severe material deprivation*	5	1			c				c	c					c								g			c				
	1.1.3	*(Quasi-)jobless households (VLWI)*	8	4	c			c			g	c	c	c			g	c	c	c										g	g	
	1.2.	**Inequality for general population**	6	3			c					c	g							c	c		c					c		g	g	
	1.3	**Effectiveness of social benefits for general population**	9	6				g	g	c/g		c	g				g	c	c	c			c	g			c			c		c
	1.4	**Material and social deprivation**	5	0								c		c	c								c					c				
	1.5.	**Housing situation for general population**	13	0	c				c		c	c			c	c	c	c			c	c						c	c	c		
	1.6.	***Poverty and social exclusion of persons in vulnerable situations***																														
	1.6.1.	*Poverty and social exclusion of persons with disabilities*	8	1		c	c		c						g			c			c		c	c				c				
	1.6.2.	*Poverty and social exclusion of Roma*	5	0			c	c									c											c			c	
	1.6.3.	*Poverty and social exclusion of migrants and refugees*	8	0	c						c				c	c						c			c	c			c			
	1.6.4.	*Poverty and social exclusion of low-skilled and unemployed*	2	0							c				c																	
	1.7.	***Regional dimension of poverty and social exclusion***	6	0			c	c	c								c											c	c			
	1.8.	***Homelessness***	2	0															c													c
2. Breaking the intergenerational transmission of poverty – tackling child poverty	2.1.	**At-risk of poverty and social exclusion for children (AROPE)**	5	3				g		g			c				c				c	c				g		c				
	2.1.1.	*At-risk-of-poverty*	4	1						g		c	c									c						c				
	HU, LT	*Severe material deprivation*	5	0			c						c				c					c						c				
	2.1.3.	*(Quasi-)jobless households (VLWI)*	5	3	c						g	c				c					c		g			g						c
	2.2.	**Effectiveness of social protection for children**	4	6			g	c	c/g								g	g								g	c			g	c	
	2.3.	**Material and social deprivation children**	1	0				c																								
	2.4.	**Housing situation for children**	1	0			c																									
	2.5.	**Equal opportunities for children from disadvantaged background**	2	0	c	c																										

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[19] "c" stands for challenge; "g" stands for good social outcome.

Social policy area		Subcategory	EU-28 sum (c)	EU-28 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	3.1.	**At-risk of poverty and social exclusion for working age population**	2	2									c	c										g						g		
	3.1.1.	At-risk-of-poverty	3	2		c							c	c		g															g	
	3.1.2.	Severe material deprivation	2	0			c						c																			
	3.1.3.	(Quasi-)jobless households (VLWI)	5	2									c				c	c	c			c				g					g	
	3.2.	**In work poverty**	7	9	c	g	c	g			g		c	c	g	c	g	g	c			c		g	g				g			
	3.3.	**Effectiveness of social benefits**	9	4	c	g			c/g		g		c			c				c		c		c	g		c	c	c				
	3.4.	***Effectiveness of social services***																										c			
	3.5.	**Inclusive labour markets**	3	0								c	c	c																		
	3.6.	**Material and social deprivation working age population**	0	0																												
	3.7.	**Housing situation for working age population**	1	1	c						g																					
	3.8.	**Gaps in access to social protection**	11	0	c	c	c		c					c						c		c			c	c		c				c
4. Elderly poverty/adequate income and living conditions of the elderly	4.1.	**Poverty and social exclusion in old age**	1	0																c												
	4.1.1.	At-risk-of-poverty	6	0								c					c	c		c		c	c									
	4.1.2.	Severe material deprivation	0	2													g							g								
	4.2.	**Effectiveness of social protection in old age**	0	0																												
	4.2.1.	Poverty prevention	2	3				g			g							g							c			c				
	4.2.2.	Income replacement aspects	10	4		c	c	c	c	c		c	g	g		g		c	c										c	c	g	
	4.3	**Material and social deprivation in old age**	1	0																c												
	4.4.	***Equal pension rules***	1	0																								c				
	4.5.	***Pension adequacy***	4	0													c					c			c						c	
	4.6.	**Housing situation for the elderly**	4	0						c	c					c																c
5. Health and long-term care	5.1.	**Health status**	13	3	c		c	c			c	c/g			g	c	c			c				c	c	c	c	c	g		c	
	5.2.	**Effectiveness of curative or preventive health care**	8	0			c	c									c	c	c			c					c				c	
	5.3.	**Access to health care**	11	0		c	c					c	c		c				c				c			c		c		c		c
	5.4.	***Cost-effectiveness of health systems***	11	0				c					c			c	c	c		c				c		c		c		c	c	
	5.5.	***Long-term care***	14	0			c		c			c	c	c			c	c	c			c			c		c		c	c	c	

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SPPM dashboard methodology

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

What is the objective?

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

What is the basis of the SPPM dashboard?

The SPPM makes use of the EU portfolio of social indicators[20], 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 mainly on the basis of 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 changes[21] (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.

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[20] http://ec.europa.eu/social/BlobServlet?docId=14239&langId=en

[21] 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.

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Table 4: Summary table of the current statistical and substantive significance rules applied for the SPPM indicators

Indicator	Significance thresholds used			
	change 2016-2017*		change 2008-2017*	
	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.. * *For LTU rate, early school leavers, youth unemployment ratio, NEETs, ER (55-64)* the reference periods are 2017-2018 and 2008-2018.

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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 may undertake thematic in-depth reviews where drivers and policy solutions for the identified challenges are discussed among Member States.

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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 order[22].

1. The quantitative step of the exercise is based on an assessment of levels[23] and three-year changes[24] 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 average[25].

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

1. (-7; +7): the performance of an indicator is classified as *around the EU average (0)* <u>for levels</u> and *constant (0)* <u>for changes</u>;

2. (-7; -13 **or** +7; +13): the performance of an indicator is classified as *better (+) / worse (-) than the EU average* <u>for levels</u>, and *registering a positive (+) / negative (-) development* <u>for changes</u>, depending on the polarity of the indicator;

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[22] 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.

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

[24] 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.

[25] 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.

3.   (< -13 **or** > +13): the performance of an indicator is classified as *significantly better (++) / significantly worse (--) than the EU average* <u>for levels</u>, and *registering a significantly positive (++) / significantly negative (--) development* <u>for changes</u>, 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.

1.   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:

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

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 subcategories[26]

Social policy area		Subcategory
1. Preventing poverty and social exclusion through inclusive labour markets, adequate and sustainable social protection and high quality services1.6.5.	1.1	At-risk of poverty and social exclusion for general population (AROPE)
	1.1.1	At-risk-of-poverty
	1.1.2	Severe material deprivation
	1.1.3	(Quasi-)jobless households (VLWI) • People in low work intensity households (T 0-59, M 0-59, W 0-59)
	1.2	• Income inequality (S80/S20) • Interquintile share ratios S80/S50 • Interquintile share ratios S50/S20
	1.3	Effectiveness of social benefits for general population • Impact of social transfers (other than pensions) in reducing poverty • Impact of social transfers (including pensions) in reducing poverty • At-risk of poverty rate for population living in (quasi-)jobless households • poverty gap • persistent at-risk-of-poverty rate
	1.4.	Material and social deprivation rate (T,M,F)
	1.5	Housing situation for general population • Housing cost overburden • Housing deprivation
	1.6	Poverty and social exclusion of persons in vulnerable situations
	1.6.1	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)
	1.6.2	Poverty and social exclusion of Roma (e.g. high levels of poverty, lower employment, health, and educational attainment)
	1.6.3	Poverty and social exclusion of migrants and refugees
	1.6.4	Poverty and social exclusion of low-skilled and unemployed
	1.7	Regional dimension of poverty and social exclusion (e.g. geographical or urban/ rural disparities)

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[26] 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.

	1.8	Homelessness
2. Breaking the intergenerational transmission of poverty – tackling child poverty	2.1	At-risk of poverty and social exclusion for children (AROPE)
	2.1.1	At-risk-of-poverty
	2.1.2	Severe material deprivation
	2.1.3	(Quasi-)jobless households (VLWI) • Children in low work intensity households (0-17)
	2.2	Effectiveness of social protection for children • Impact of social transfers (excluding pensions) in reducing child poverty • Impact of social transfers (including pensions) in reducing child poverty • At-risk-of poverty rate for children living in household at work 0.2<WI<=0.55 and 0.55<WI<=1 • Poverty gap (0-17)
	2.3	Material and social deprivation rate for children (0-17)
	2.4	Housing situation for children • Housing cost overburden (0-17) • Housing deprivation (0-17)
	2.5.	Equal opportunities for children from disadvantaged backgrounds
3. Active inclusion - tackling poverty in working age	3.1	At-risk of poverty and social exclusion for working age population (AROPE) T(18-64)
	3.1.1	At-risk-of-poverty (T 18-64, M 18-64, W 18-64)
	3.1.2	Severe material deprivation (T 18-64)
	3.1.3	(Quasi-)jobless households (VLWI) • Adults in low work intensity households (T 18-59)
	3.2	In work poverty (T 18-64, M 18-64, W 18-64)
	3.3	Effectiveness of social benefits • Impact of social transfers (excluding pensions) in reducing working age poverty • Impact of social transfers (including pensions) in reducing working age poverty • At-risk of poverty rate for population living in (quasi-)jobless households (18-59) • poverty gap (18-59) • Adequacy, coverage and take-up of social assistance or unemployment benefits

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	3.4	Effectiveness of social services (e.g. access, quality, or co-operation with the employment services)
	3.5	Inclusive labour markets • Long term unemployment (18-59) At-risk of poverty rate for population living in (quasi-)jobless households (18-59) • Poverty gap (18-64)
	3.6	Material and social deprivation rate for working age (T, M, F)
	3.7	Housing situation for working age population • Housing cost overburden (18-64) • Housing deprivation (18-64)
	3.8.	Gaps in access to social protection
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 • Poverty gap 65+
	4.2.2	Income replacement aspects • Aggregate replacement ratio (excluding other social benefits) • Median relative income 65+
	4.3	Material and social deprivation rate in old age (T, M, F)
	4.4	Equal pension rules
	4.5.	Pension adequacy
	4.6	Housing situation for the elderly • Housing deprivation (65+) • Housing cost overburden (65+)
5. Health and long-term care	5.1	Health status • Life expectancy at birth and 65 (T, M, W) • Healthy life years (HLY) at birth and 65 (M, W)

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		• Child mortality, 1-14
	5.2	Effectiveness of curative or preventive health care • Potential years of life lost (T) • Amenable mortality standardized rate per 100.000 population aged (T) • Preventable mortality standardized rate per 100.000 population aged (T) • Vaccination coverage rates for children
	5.3	Access to health care • 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	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)
	5.5	Long-term care (e.g. insufficient provision of long-term care services or sub-optimal design of the long-term care system)

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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 unable to afford 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 unable to afford 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 unable to afford 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[27]	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

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[27] 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.

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Annex 1. SPPM Country Profiles

The attached Country Profiles sheets provide for all Member States a snapshot of progress towards the national 2020 poverty and social exclusion target, trends in the main social indicators for each country, 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 main report.