



**Brussels, 9 October 2024**  
**(OR. en)**

**14329/24**

**SOC 749**  
**EMPL 515**  
**ECOFIN 1116**  
**EDUC 385**

**NOTE**

---

From:	The Social Protection Committee
To:	Permanent Representatives Committee/Council
Subject:	Key Social Challenges: Key messages from the SPC based on the Annual Review of the Social Protection Performance Monitor - Endorsement

---

Delegations will find the key messages based on the Annual Review of the Social Protection Performance Monitor and developments in social protection policies, as finalised by the Social Protection Committee on 18 September 2024, with a view to their endorsement by the Council on 21 October 2024.

The full Report can be found in doc. 14329/24 ADD 1.

The Social Protection Performance Monitor (SPPM) Country Profiles annexed to this report are contained in docs 14329/24 ADD 2-4.

---

## 2024 SPC Annual Report

### Key messages

**Delivering on its mandate as set out in 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. The SPC highlights the following findings and common priorities, which should guide the preparatory work for the 2025 Annual Sustainable Growth Survey.

1. In 2023, despite the slowdown in economic growth, employment continued to expand and real household income improved slightly, while inflation was generally more subdued than in 2022. However, households' purchasing power has been strongly impacted over recent years and **the share of people reporting financial distress remains high, particularly for those on low incomes**.
2. Overall, there was a **slight reduction** (around 0.6 million) **at EU level in the number of people at risk of poverty or social exclusion in 2023** while for children the number remained broadly stable. Individual Member States showed mixed trends and varying progress towards fulfilling their national poverty targets. Around half saw a noticeable rise in the AROPE population in 2023, thus moving away from the 2030 target, and only a third a reduction. Reaching the EU poverty reduction target will require an **acceleration of progress in the second half of the decade**. Compared to the reference year (2019), the EU population at risk of poverty or social exclusion in 2023 has decreased by around 1.6 million, with no significant improvement nor deterioration in most countries. The **child population at risk of poverty or social exclusion was up by 0.6 million** since 2019, moving away from the complementary goal of a reduction by 5 million set out by the European Pillar of Social Rights Action Plan.

3. A few **positive developments** could be observed in 2023 (based on the latest 2023 EU-SILC and 2023 LFS data), with reductions in the share of the population living in **(quasi-)jobless households** in many Member States and continued rises in the **employment rate of older workers** in almost all. The **situation for youth**, as reflected in the NEETs rate, also improved in around half of Member States, and in many countries the risk of poverty or social exclusion declined for the **older population** and for **persons with disabilities**, suggesting they were relatively better protected against the rising cost of living.
4. However, there are several **areas to watch** with signs of deterioration, including a decrease in the **impact of social transfers** in reducing poverty in over a third of Member States and rises in the **poverty risk for persons living in (quasi-) jobless households** in a similar number, pointing to a weakening in the effectiveness of social protection systems. The **housing cost overburden rate** increased in a significant number of Member States, as the cost of servicing mortgages and rents remained high, as well as the poverty and social exclusion of **children**, and **material and social deprivation** for the population in general. There was also a worsening of **income inequality** and increases in self-reported **unmet need for medical care** in a third of Member States.
5. The **European Pillar of Social Rights** sets forth the necessary framework for actions at EU and Member State levels. Together with the three **EU headline targets** in the areas of employment, skills and reduction of poverty, the implementation of the principles of the Pillar with due regard for respective competences contributes to achieving social inclusion and upward social convergence among Member States. Since the targets are interdependent and mutually reinforcing, coherent policy actions should be taken across the policy areas.
6. Member States should continue to take **targeted actions to protect households' purchasing power**, especially lower income households who are increasingly affected by material and social deprivation. The **analysis of Member States' Key Social Challenges and Good Social Outcomes** continues to point to a heterogeneous performance of social protection and social inclusion systems. In this context, **distributional impact assessment of policies and reforms** can help prevent adverse effects on poverty and inequalities and should be used more systematically.

7. The **positive employment dynamics of recent years** should be accompanied by **social protection and inclusion policies, including social reforms and investment** to ensure fair growth, further improve the resilience of the economies and societies and reduce the risks for vulnerable households and individuals, especially children. Member States should continue to **modernise and adjust their social protection and social inclusion systems**, explicitly addressing how they account for the challenges of the green and digital transitions and demographic trends.
8. Member States should provide **robust social safety nets**, and where necessary **strengthen them**, by successfully **integrating** adequate **income support** (including through minimum income benefits and other accompanying monetary benefits), in-kind benefits and **support to labour market participation** (including via skills development) and access to **enabling social and essential services**, in line with the Council Recommendation on adequate minimum income ensuring active inclusion.
9. Against a worsening of **child poverty**, measures to break the inter-generational transmission of poverty are necessary, including through the implementation of the Council Recommendation establishing a European Child Guarantee and well-designed tax and benefit systems. In particular, **ensuring the availability, quality and affordability of early childhood education and care** is key to support the development of children and at the same time parents' labour market participation.
10. European **pension systems** have protected retired Europeans' living standards during recent crises. Resilient public pensions, indexation, and redistribution mechanisms have maintained pension adequacy. However, as also evidenced in the 2024 Pension Adequacy Report, the risk of old-age poverty has been on a generally rising trend, notably among older women, and **pension adequacy is expected to decrease in the coming years in most Member States**, calling for further reforms to ensure fair retirement security for all, **including policies to promote longer careers, healthy ageing, inclusive labour markets, and greater flexibility in retirement pathways and reduce the gender pension gap. Pension** adequacy and fiscal sustainability are inextricably linked goals, necessitating an **integrated response to the challenge** of ageing.

11. **Access to effective and adequate social protection for all workers and the self-employed** should be further fostered, in line with the 2019 Council Recommendation on access to social protection for workers and the self-employed. Structural challenges remain in many Member States and since new challenges are also foreseen, the **continuous monitoring and exchange of practices at EU level** can support the Member States in their preparatory work on further reforms.
12. The **2024 Thematic Social Reporting** takes stock of the implementation of the Council Recommendation on access to **affordable high-quality long-term care**. The vast majority of Member States are undertaking reforms and investments. Most gaps appear in relation to the funding of LTC, workforce, availability of services, including territorial disparities, and quality of services, as well as the integration and coordination of care provision. Policy responses focus on availability and workforce-related measures, improving the governance and coordination, stakeholders' involvement, and evidence-based approaches while challenges still remain.
13. As far as **health care** is concerned there is a need to **close health gaps** by tackling health inequalities both across and within countries, which requires a multisectoral approach, **addressing unmet needs for medical care**. Investments towards resilient and accessible health systems need continuity, underpinned by robust data collection mechanisms (that also allow better diagnosis).
14. In order to strengthen the provision of **adequate housing, including social housing**, holistic approaches were taken recently in some Member States and further activities are planned to aim at improving housing affordability. Well-established welfare systems, especially in high-cost regions like big cities, are also confronted with challenges regarding access to housing, housing inclusivity, increasing costs, and long waiting times for social housing. The development of the **national legal framework** is to be complemented by additional funding and financing mechanisms.

15. **Prevention of evictions** and Housing First policies for the homeless should be implemented. Stronger monitoring frameworks and coordination of housing policies with other social policies (e.g. income support and housing benefits) are needed. Member States are working within the framework of the **European Platform for Combating Homelessness towards ending homelessness by 2030**.
16. In line with the joint EMCO and SPC horizontal opinion on the 2024 **European Semester, an integrated approach to economic, fiscal, employment and social policies** calls for the retention of the coordinating and monitoring role of the EPSCO filière on all matters related to labour market, skills and social policies and ensuring **effective cooperation and joint reflections between the EPSCO and the ECOFIN filières** is reiterated. As referred to in their Opinion on social convergence in the Union, the Committees considered that the **integration**, as a pilot to be assessed in the second half of 2024, **of the Social Convergence Framework** in the 2024 multilateral surveillance activities allowed EMCO and SPC to cover the broader second-stage analysis of upward social convergence together with the monitoring of the implementation of the 2023 CSRs, facilitating a more comprehensive shared understanding of labour market, skills, and social challenges, and related policy developments.
17. The European Commission is invited to take into account the above policy guidance in the preparatory work of the 2025 Annual Sustainable Growth Survey.
-