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NOTE

From: Employment Committee and Social Protection Committee
To: Permanent Representatives Committee/Council

Subject: European Semester
b) Opinion of EMCO and SPC on the Commission proposal for a Revised
Social Scoreboard
- Endorsement

Delegations will find attached the above-mentioned opinion with a view to its endorsement by the Council (EPSCO) on 14 June 2021.

Opinion of EMCO and SPC on the Commission Proposal for a Revised Social Scoreboard

1. On 4 March 2021, the European Commission published its Communication on the European Pillar of Social Rights Action Plan¹, outlining concrete actions to further implement the Pillar principles² as a joint effort by the Member States and the EU. The Action Plan also included a proposal to revise the Social Scoreboard, through updating the existing set of indicators so as to allow to track progress in the implementation of the Pillar in a more comprehensive manner. At their informal meeting on 8 May 2021, the Union Heads of States or Governments agreed on the Porto Declaration, which also made reference to the Commission Action Plan on implementing the Pillar and welcomed the revised Social Scoreboard, proposed therein.
2. At their respective meetings on 11 and 12 March 2021, the **Employment Committee (EMCO)** and the **Social Protection Committee (SPC)** mandated their respective indicators groups to examine the proposal for revising the existing Social Scoreboard and report back to the Committees in May on their findings. The indicators groups discussed the Commission proposal in detail during several dedicated meetings between March and mid-May³, following which the indicators groups' Chairs reported back jointly to the Committees on the results of the discussions.
3. On the basis of the reported findings from the indicator groups, the Committees have developed a common opinion on the proposal for a revised Social Scoreboard as detailed below and in annex, which at this stage focuses on the headline indicators set out in the Commission's proposal.

¹ ST 6649/21 + ADD 1-2

² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017C1213%2801%29>

³ The EDUC committee has been consulted on education, learning and training – related indicators.

4. EMCO and SPC take note of the Commission's proposal for a revised Social Scoreboard and welcome that the work to finalise this revision is to be carried out in cooperation with the two Committees. They support the objective of improving the monitoring and assessment of the employment and the social situation across the Union in an integrated and more visible way.
5. At this stage, the Committees agree on including the proposed new headline indicators alongside the existing ones in the Social Scoreboard, as indicated in the Commission's proposal, for use in the Joint Employment Report, taking into account the required clarifications on their definitions and use as detailed in the Annex. This also includes, where necessary, some further explanations with regard to the assessment of a few existing indicators. Where no headline indicator is yet available for a particular principle, further work will be undertaken so that all Pillar principles are covered.
6. Further discussion is still needed regarding whether to include the secondary indicators in the Social Scoreboard, as also proposed by the Commission to complement the analysis in the Joint Employment Report (JER). The Committees are of the opinion that this analysis should continue to be supported also by the existing EMCO-SPC monitoring tools and the indicators included therein. While the Committees do not object to using the proposed secondary indicators to support the analysis in the JER, until an agreement is reached regarding the inclusion of secondary indicators in the Scoreboard, these should not be formally referred to as *secondary indicators*.
7. The above position on secondary indicators reflects the discussions within the EMCO and SPC indicators working groups, during which several Members expressed reservations with regard to the added value of including a fixed set of secondary indicators. Some Member States consider that the Social Scoreboard should focus only on the headline indicators, while calling for flexibility as regards the use of additional indicators and existing Committee monitoring instruments to support the analysis of the Social Scoreboard headline indicators.

8. Nevertheless, in the framework of these discussions, most of the proposed new secondary indicators have been agreed individually for potential inclusion in a set of secondary indicators, should a consensus eventually be reached to include secondary indicators in the Social Scoreboard, as summarised in the Annex.
9. The Committees take note that the Commission has stressed the role of secondary indicators to achieve a broad coverage of the Pillar principles and the importance, in its view, to have a fixed set of indicators for the sake of conciseness and parsimony. At the same time, the Commission has recognized the importance of the existing EMCO-SPC monitoring tools as complementary to the Social Scoreboard, and has committed to continue using them as appropriate, as is the current practice.
10. While the two indicator groups have extensively discussed the secondary indicators further work will be necessary in this regard. The Committees will come back to this issue in the near future, notably to further discuss the appropriateness of having a fixed set of secondary indicators in the Social Scoreboard to complement the analysis in the Joint Employment Report (JER) and its composition.
11. With a view to the future, the Committees consider it necessary to have a broad discussion on the role of the Social Scoreboard in relation to other existing monitoring tools, as called for in their joint assessment report on the Europe 2020 Strategy, to fine-tune the methodology for the assessment of the headline indicators in the Joint Employment Report and to examine proposals for suitable indicators to fill the remaining gaps in relation to the Pillar principles that are currently not covered or not sufficiently covered.

ANNEX – New headline indicators agreed for inclusion, changes in existing headline indicators and information about secondary indicators for possible future inclusion in the Social Scoreboard

New Headline Indicators

1. *Adult participation in learning during the last 12 months.*

The indicator is to be accompanied by an explanatory footnote stating the shift of the data source from the Adult Education Survey (AES) to the Labour Force Survey (LFS) in 2022. The Commission will monitor the indicator together with Eurostat and conduct a thorough analysis of the data from the two survey sources when they will become available (2023) in order to address potential issues, and ensure data quality and comparability.

2. *At-risk-of-poverty or social exclusion rate for children (AROPE, 0-17).* *The indicator is to be accompanied by an explanatory footnote outlining that the analysis of this indicator should be supported by its underlying components⁴ for the child population). The assessment should be complemented with child-specific aspects, notably using the recently adopted child-specific deprivation indicator.*

⁴ Severe Material and Social Deprivation rate (SMSD), At-risk-of-poverty rate (AROP), Share of (quasi-)jobless households (QJ)

3. **Disability employment gap.** *The self-reported nature of the indicator and its definition is to be acknowledged in an explanatory footnote, highlighting that it is based on the Global Activity Limitation Indicator (GALI) approach (the full text of the GALI measure should be made available). It should provide details on the link between the disability prevalence rate and the size of the disability employment rate gap at EU level for however long the relationship exists. The Commission will continue to monitor its quality and will review the indicator in the medium term, together with Eurostat, once LFS-based data becomes available (2023), and will support further steps to improve cross-country comparability and explore the development of additional indicators in this area.*
4. **Housing cost overburden rate.** *The indicator is to be accompanied by an explanatory footnote, highlighting additional supporting information (including clarifications on the definition and what costs and allowances/subsidies are accounted for) and caveats are to be used when the indicator is analysed, including using relevant breakdowns (such as by income quintile, poverty risk and housing status) and complementary indicators to support the analysis.*

Changes in existing headline indicators

1. Agreement has also been reached on modifying the age range to be covered by the indicator on young people neither in employment nor in education and training (the Youth NEET rate) from 15-24 to 15-29.

2. With regard to the specific headline indicator of at risk of poverty or social exclusion (AROPE), when used both for total population and for the children, their components should be treated as part of the main indicator (and thus could be dropped from the list of secondary indicators), and it should be signified with footnotes to draw the attention of users to the components in the following way:

AROPE 0+ ()*; *AROPE 0-17 (**)*

Footnotes

(*) together with its three sub-indicators: *SMSD 0+*, *AROP 0+* and *QJ 0-64*.

(**) together with its three sub-indicators: *SMSD 0-17*, *AROP 0-17* and *QJ 0-17*.

It would remain the practice to analyse only the headline indicators (not the sub-components) through the JER methodology.

3. The headline indicator on net earnings of a full-time single worker without children earning the average wage has been dropped.

Information about secondary indicators for possible future inclusion in the Social Scoreboard

Agreement has been reached only on the following potential secondary indicators:

- those under the joint remit of both indicator groups (the “*Gap in underachievement between the bottom and top quarter of the socio-economic index (PISA)*” and “*Children from age 3 to mandatory primary school age in formal childcare*”);
- those under the exclusive remit of the EMCO IG (“*Participation of low-qualified adults in learning*”, “*Share of unemployed adults with a recent learning experience*”, “*Underachievement in education (including in digital skills)*”, “*Share of involuntary temporary employees*”, “*Fatal accidents at work per 100,000 workers (SDG)*” and “*Coverage of unemployment benefits [among short-term unemployed]*”);

- and those under the SPC ISG remit in the area of poverty and social exclusion (“*Median at-risk of poverty gap*”, “*Income share of the bottom 40% earners*”, “*Benefit recipients rate*” and “*Share of the population unable to keep home adequately warm*”).

Discussions on the remaining proposed new secondary indicators (“*Social protection expenditure as a share of GDP*”, “*Health care expenditure as a share of GDP*”, “*Long-term care public expenditure as a share of GDP*”, “*Coverage of long-term care needs*”, and “*Standardised preventable and treatable mortality*”) were not completed and have been paused for now.

In addition, Members have agreed that some additional secondary indicators should be added to the list of secondary indicators, pending final agreement on the use of the whole set, namely the *child specific deprivation indicator* and the (standard) *material and social deprivation indicator*, while the need for further additions needs to be assessed. In contrast, it has been agreed that the components of the *AROPE* indicator (namely the *AROP*, *SMSD*, and (*quasi-*) *jobless households* indicators) should be removed from the secondary list, as they are to be read together with the main *AROPE* indicator, as will be indicated in a footnote.