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From:	The Social Protection Committee
To:	Permanent Representatives Committee (Part 1)/Council
Subject:	Key Social Challenges: Report drawn from the 2021 SPC Annual Review of the Social Protection Performance Monitor (SPPM)

Delegations will find attached the "Report on key social challenges" drawn from the 2022 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 on 17 October 2022.

The key messages which are drawn from this report are contained in doc. 12997/1/22 REV 1.

The SPPM Country Profiles annexed to this report are contained in doc. 12997/22 ADD 2-4.

Social Protection Committee
Annual Report 2022

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

- Key social challenges and key messages -

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Abbreviation	Full name
EU27_2020	European Union (27 countries composition from 2020)
EA18/19	Euro area (18/19 countries)
BE	Belgium
BG	Bulgaria
CZ	Czechia
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

I. Introduction

The SPC is an advisory policy committee to the EPSCO Council that 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 protection policies. It uses the social open method of coordination (OMC) and is assisted in carrying out its tasks by the Indicators Sub-Group.

The yearly activities of the SPC are defined in the SPC work programme, which is set at the start of each year and is presented at the spring meeting of the Employment and Social Ministers. The programme is prepared taking into consideration the most current EU policy priorities and topics of the incoming Presidencies of the EU and the Commission. In 2022, in addition to the activities listed in its annual programme¹, the SPC also engaged (jointly with the Employment Committee) in an examination of the proposal made by some Member States for the introduction of a Social Imbalances Procedure in the European Semester², an assessment³ of the National Targets, submitted by the Member States in the context of the European Pillar of Social Rights Action Plan, as well as in the collection of information on social policy measures taken in response to the crisis in Ukraine.

The main objective of the present report is to deliver on the mandate of the Committee to monitor the social situation in the European Union and the development of social protection policies (Article 160 of Treaty on the Functioning of the European Union (TFEU), and, through its analysis, to provide input to the Council on the main social policy priorities to recommend to the Commission in the context of the preparation of the 2023 Annual Sustainable 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**⁴, especially the progress towards the 2030 target on reducing poverty and social exclusion and highlighting the 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 iii) reviewing the most recent social policy developments in Europe**. An overview is also provided, making use of the available information and some more timely, non-standard data sources, on the very latest evolution in developments in the social situation in the EU and its Member States.

A separate annex to the report provides the SPPM country profiles for each Member State.

¹ [Working programme of the SPC for 2022](#)

² [Opinion on the proposal by Belgium and Spain for the introduction of a Social Imbalances Procedure in the European Semester \(2022\)](#)

³ [Opinion on the 2030 National Target Setting Process \(2022\)](#)

⁴ The figures quoted in this report are based on data available around late August 2022, unless otherwise stated. This means that for EU-SILC based indicators the most recent data generally available for Member States are for the 2021 survey and that is the reason why this reference year is generally used throughout the report for these indicators. The very latest social developments are reported making use of sources other than EU-SILC.

II. Progress on the 2030 target on reducing poverty and social exclusion

On 4 March 2021, the European Commission published its Communication on the European Pillar of Social Rights Action Plan⁵, outlining concrete actions to further implement the Pillar principles⁶ as a joint effort by the Member States and the EU. As part of the Action Plan the Commission proposed three EU headline targets to be achieved by the end of the decade in the areas of employment, skills, and social protection⁷:

- At least 78% of the population aged 20 to 64 should be in employment by 2030;
- At least 60% of all adults should participate in training every year;
- The number of people at risk of poverty or social exclusion⁸ should be reduced by at least 15 million by 2030 (compared to 2019).

The European Council welcomed these three targets at the Porto Summit in May 2021. The historical Porto Social Commitment⁹ and the Porto Declaration¹⁰ will drive the implementation of the European Pillar of Social Rights in the coming years.

As under the Europe 2020 Strategy, Member States have proposed national targets to support the achievement of the common EU headline targets for 2030 (Table 1). These were discussed by EU employment and social affairs ministers at the Council meeting of 15 June 2022, and reveal a strong commitment to achieving the target, as shown by the individual poverty-reduction ambitions of the Member States summing to a figure higher than the EU level commitment to reduce poverty and social exclusion by 15 million¹¹. Complementary goals were also set out by the Action Plan, which aim to support the achievement of the headline targets. With regard to the poverty and social exclusion target, out of the 15 million people to lift out of poverty or social exclusion, at least 5 million should be children. Nineteen Member States have set complementary targets for reducing the number of children at risk of poverty or social exclusion (Table 2).

The national targets will contribute to the shared ambition of reaching the EU headline targets by 2030 in the areas of employment, skills, and poverty reduction and their implementation will be closely monitored by the Social Protection Committee and the Employment Committee, including

⁵ ST 6649/21 + ADD 1-2

⁶ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017C1213%2801%29>

⁷ For reference, starting values for the targets were 73.1% (i2019), 37.4% (2016), and 92.2 million (2019) respectively.

⁸ The definition of AROPE (and its components regarding material deprivation and (quasi-)jobless households) changed in 2021 and this revised indicator is now used to monitor poverty and social exclusion. For further details see the Eurostat [Glossary: At risk of poverty or social exclusion \(AROPE\) - Statistics Explained \(europa.eu\)](#) and last year's SPC annual report, and note that previous years' values since 2015 have been re-calculated according to the new definition.

⁹ [Porto Social Commitment \(Portuguese Presidency Website, 7 May 2021\)](#)

¹⁰ [Porto Declaration \(Consilium Website, 7 May 2021\)](#)

¹¹ The national targets that are expressed in terms of the population at risk of poverty or social exclusion (i.e. not including those for DE, DK and MT) sum to around 15.6 million. Taking into account that the national targets for DE and DK are expressed in terms of subcomponents of AROPE and are expected to translate into similar declines in AROPE numbers, the overall ambition sums up to around 16.8 million.

in the context of the European Semester, the EU's coordination framework for economic and employment policies.

Table 1: National minimum 2030 targets for the reduction of poverty and social exclusion

	National minimum 2030 target for the reduction of poverty and social exclusion (in number of persons)	Summary of AROPE reference values in 2019		
		2019 AROPE population (in thousands)	Relative reduction in AROPE population (in %)	2019 AROPE rate
EU	Reduce the population in AROPE by at least 15 million	92,209	-16.3	21.1
BE	Reduce the population in AROPE by 279,000	2,261	-12.3	20.0
BG	Reduce the population in AROPE by 787,000	2,327	-33.8	33.2
CZ	Reduce the population in AROPE by 120,000	1,264	-9.5	12.1
DK*	Reduce the number of persons living in households with very low work intensity by 30,000	994	n.a.	17.3
DE*	Reduce the number of persons living in households with very low work intensity by 1,200,000	14,121	n.a.	17.3
EE	Reduce the population in AROPE by 39,000	311	-12.5	23.7
IE	Reduce the population in AROPE by 90,000	1,014	-8.9	20.6
EL	Reduce the population in AROPE by 860,000	3,059	-28.1	29.0
ES	Reduce the population in AROPE by 2,815,000	12,194	-23.1	26.2
FR	Reduce the population in AROPE by 1,100,000	11,729	-9.4	18.9
HR	Reduce the population in AROPE by 298,000	841	-35.4	20.8
IT	Reduce the population in AROPE by 3,200,000	14,805	-21.6	24.6
CY	Reduce the population in AROPE by 10,000	162	-6.2	18.6
LV	Reduce the population in AROPE by 95,000	506	-18.8	26.7
LT	Reduce the population in AROPE by 223,000	712	-31.3	25.5
LU	Reduce the population in AROPE by 4,000	119	-3.4	20.1
HU	Reduce the material and social deprivation rate of families with children to 13%, and thereby reduce the population in AROPE by 292,000	1,923	-15.2	20.0
MT*	Reduce the AROPE rate by 3.1 percentage points	101	n.a.	20.8
NL	Reduce the population in AROPE by 163,000	2,809	-5.8	16.5
AT	Reduce the population in AROPE by 204,000	1,434	-14.2	16.5
PL	Reduce the population in AROPE by 1,500,000	6,578	-22.8	17.9
PT	Reduce the population in AROPE by 765,000	2,173	-35.2	21.1
RO	Reduce the population in AROPE by 2,532,000	7,067	-35.8	36.3
SI	Reduce the population in AROPE by 9,000	279	-3.2	13.7
SK	Reduce the population in AROPE by 70,000	798	-8.8	14.9
FI	Reduce the population in AROPE by 100,000	838	-11.9	15.4
SE	Reduce the population in AROPE by 15,000	1,879	-0.8	18.4

Notes: * Countries that have expressed their national target in relation to an indicator different from the EU headline target indicator (AROPE), or in a format other than absolute population reductions. Denmark and Germany express their national poverty reduction targets as a reduction in the number of persons living in (quasi-)jobless households (i.e. households with very low work intensity) that are expected to translate into similar declines in the numbers of people in AROPE over the decade. MT expresses its national poverty reduction target as a reduction of the AROPE rate by 3.1 percentage points.

Table 2: National minimum 2030 targets for the reduction of poverty and social exclusion for children

	National minimum 2030 goal for the reduction of poverty and social exclusion (in number of persons) for children
EU	Reduce the child population in AROPE by at least 5 million
BE	Reduce the child population in AROPE by 93,000
BG	Reduce the child population in AROPE by 197,000
CZ	Reduce the child population in AROPE by 50,000
DK	
DE	
EE	Reduce the child population in AROPE by 13,000
IE	Reduce the child population in AROPE by 45,000
EL*	Reduce the child AROPE rate by 6.6 percentage points
ES	Reduce the child population in AROPE by 713,000
FR	Reduce the child population in AROPE by 300,000
HR	Reduce the child population in AROPE by 40,000
IT	
CY	Reduce the child population in AROPE by 3,000
LV	
LT	
LU	Reduce the child population in AROPE by 1,000
HU	
MT*	Reduce the child AROPE rate by 1 percentage point
NL	
AT	Reduce the child population in AROPE by 102,000
PL	Reduce the child population in AROPE by 300,000
PT	Reduce the child population in AROPE by 161,000
RO	
SI	Reduce the child population in AROPE by 3,000
SK	Reduce the child population in AROPE by 21,000
FI	Reduce the child population in AROPE by 33,000
SE	Reduce the child population in AROPE by 5,000

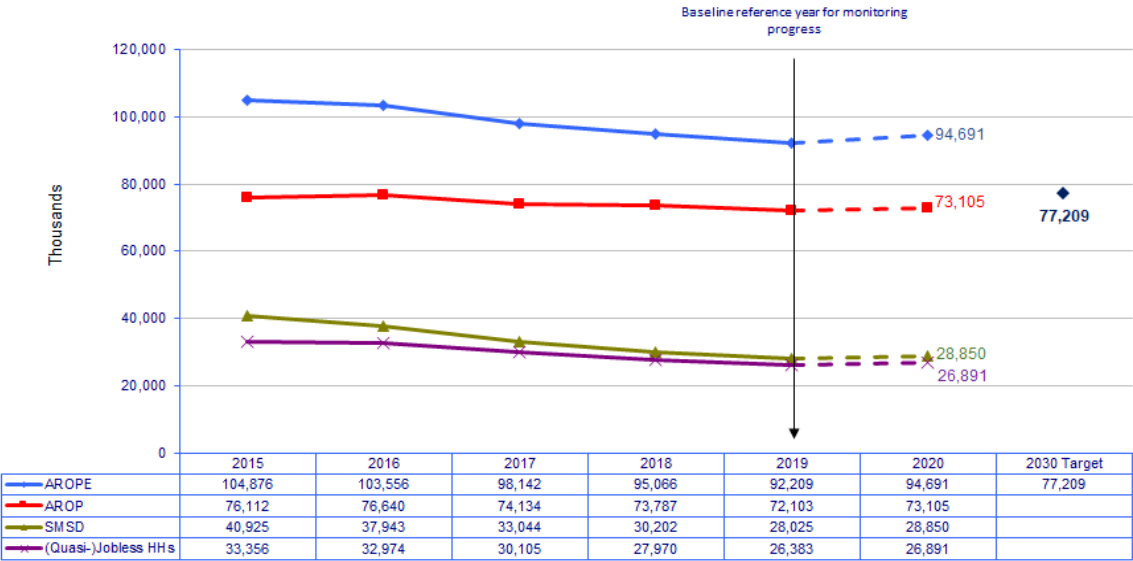
Notes: * Countries that have expressed their national target in a format other than absolute population reductions. EL and MT express their national poverty reduction targets for children as a reduction of the AROPE rate. No targets set for reduction of child poverty and social exclusion in DK, DE, IT, LV, LT, HU, NL and RO.

Progress towards the 2030 poverty and social exclusion target

EU-SILC 2020 figures for the EU27 aggregate¹² suggest a worsening in the social situation in the EU in 2020 as the COVID-19 pandemic hit, with the figures showing a rise in the population at risk of poverty or social exclusion, but this may be driven by breaks in series in some Member States (which account for around 36% of the total population of the EU). The published raw data register an increase of around 2.5 million between 2019 and 2020 in the EU population at risk of poverty or social exclusion (Figure 1), with underlying increases in all three components of the indicator (the population at risk of poverty was up around 1 million, with those experiencing severe material and social deprivation up slightly less, and the number of people living in (quasi-)jobless households up around 0.5 million). This equates to a 0.4 percentage point rise in the at-risk-of-poverty-or-social-exclusion rate, from 21.1% to 21.5%.

However, as mentioned above, these figures may reflect important breaks in series in EU-SILC data in 2020 for a few Member States, including a major break for Germany, which may have a large impact on the EU average. Indeed, the change in Germany accounts to a large extent for the rise in the EU aggregate, and when looking at the change based on an aggregate of EU Member States excluding Germany, the rise in the population at risk of poverty or social exclusion is only around 0.2 million, reflecting a broadly stable situation. Apart from Germany, only Spain recorded a large and statistically significant increase in the population at risk of poverty or social exclusion, and for most Member States there was a reduction. As a result, higher AROPE rates compared to 2019 were observed in only a couple of countries (ES and SI). In contrast, for around a third of Member States, mainly eastern European countries, and some southern countries, the AROPE rate in 2020 was significantly better than the 2019 figure, most notably in EL and LV (Table 3).

Figure 1. Evolution of the risk of poverty or social exclusion indicator and its components, EU27 (figures in 1000s), 2015-2020



Source: Eurostat (EU-SILC)

12 No figures for the EU27 aggregate yet available at end August 2021, so this section only makes use of the latest available 2020 EU-SILC figures for the aggregate.

Note: AROPE – population at-risk-of-poverty-or-social-exclusion; AROP – population at-risk-of-poverty; (Quasi-)jobless HHs - population living in very low work intensity households; SMSD – population in severe material and social deprivation. For the at-risk-of-poverty indicator, the income reference year is the calendar year prior to the survey year. Similarly, the (quasi-)jobless households indicator refers to the previous calendar year while for severe material and social deprivation it is the current survey year. Major break in series in 2020 for AROPE and its components, due to underlying breaks in DK, DE, IE, FR and LU. In many Member States, the COVID-19 pandemic emerged during the data-collection period for the main social indicators. Although often difficult to clearly assess possible impacts on the final results, caution is warranted regarding the 2020, and probably to a lesser extent, the 2021 figures.

Table 3. At-risk-of-poverty-or-social-exclusion rate (%), evolution (in pp) 2019-2020

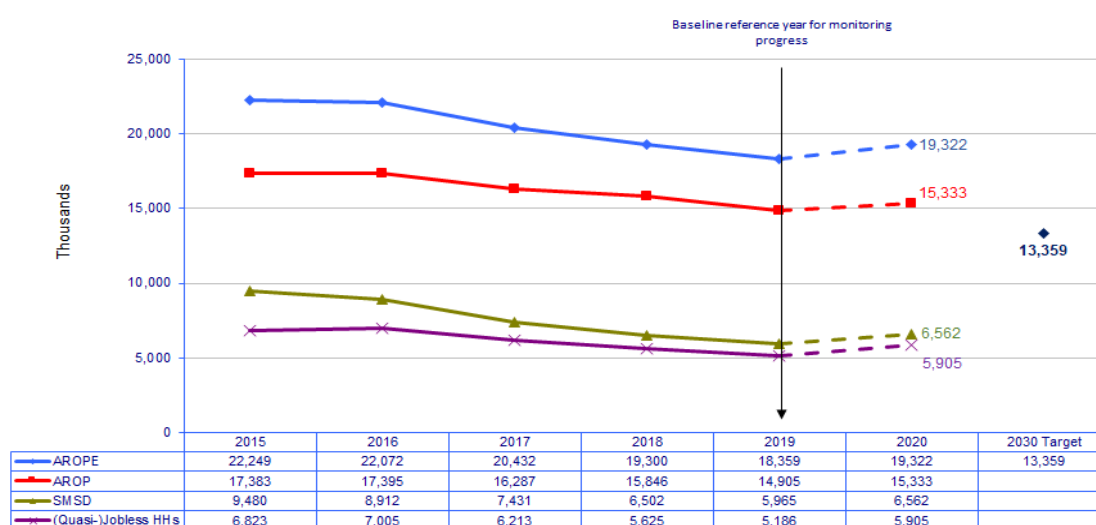
	EU27_2020	EA18	EA19	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT
2020	21.5	21.5	21.5	20.3	33.6	11.5	16.8	20.4	22.8	20.0	27.4	27.0	18.9	20.5	24.9
2019-2020 change in pp	0.4	0.8	0.7	0.3	0.4	-0.6	-0.5	n.a.	-0.9	-0.6	-1.6	0.8	0.0	-0.3	0.3
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE
2020	17.6	25.1	24.5	19.9	19.4	19.9	16.0	16.7	17.0	20.0	35.8	14.3	13.8	15.9	17.7
2019-2020 change in pp	-1.0	-1.6	-1.0	-0.2	-0.6	-0.9	-0.5	0.2	-0.9	-1.1	-0.5	0.6	-1.1	0.5	-0.7

Source: Eurostat (EU-SILC)

Note: i) Only significant (for the definition of this see table 12 in the section on SPPM methodology in Annex 4) changes have been highlighted in green/red (positive/negative changes). "n.a." refers to data not being available; ii) For DE, major break in time series in 2020 for EU-SILC, so figure for change 2019-2020 not shown; iii) For IE, break in EU-SILC series in 2020, due to a change in the income reference period for Ireland and a change in the household definition.

EU-SILC 2020 figures for the EU27 aggregate also suggest a worsening in the social situation for children in 2020, with the figures showing a rise in the child population at risk of poverty or social exclusion, but this may again be driven by breaks in series in some Member States. The published raw data register an increase of around 1 million between 2019 and 2020 in the child population in the EU at risk of poverty or social exclusion (Figure 2), with underlying increases in all three components of the indicator (the population at risk of poverty was up 0.4 million, those experiencing severe material and social deprivation up around 0.6 million, and the number of children living in (quasi-)jobless households up 0.7 million). However, when looking at the change based on an aggregate of EU Member States excluding Germany, there was essentially no change in the child population at risk of poverty or social exclusion, again reflecting a stable situation.

Figure 2. Evolution of the risk of poverty or social exclusion indicator for children and its components, EU27 (figures in 1000s), 2015-2020



Source: Eurostat (EU-SILC).

Note: Major break in series in 2020 for AROPE and its components, due to underlying breaks in DK, DE, IE, FR and LU.

- Developments in 2021

While the EU-27 aggregate is not yet available for 2021, from the individual Member States' figures that are available for 2021 (Table 4) the trends are broadly similar to those in 2020, with 6 countries (BE, BG, CZ, FI, RO and SI) showing significant reductions in the population at risk of poverty or social exclusion (see also the SPPM dashboard update results later on in this report), and significant rises in only 4 (EL, ES, LV and NL). The sum of the changes across available Member States suggest little change overall (a rise of only 0.2 million) in the EU aggregate in 2021. Looking at developments since the reference year 2019, there have been significant reductions in AROPE in 10 MS, and significant rises in only 3 (most notably Spain).

Table 4. Developments across Member States in the population at risk of poverty or social exclusion up to 2021, and comparison to national poverty reduction target

	National target (reduction of AROPE in 1000s vs 2019 figures)	AROPE population 2019 (1000s)	AROPE population 2020 (1000s)	AROPE population 2021 (1000s)	Mini charts of trends to latest available year	Change 2019-2020 (1000s)	Change 2020-2021 (1000s)	Overall change 2019-2021 (1000s)
EU27_2020	-15,000	92,209	94,691	-		2,482	-	-
BE	-279	2,261	2,307	2199		46	-108	-62
BG	-787	2,327	2,340	2193		13	-147	-134
CZ	-120	1,264	1,205	1123		-59	-82	-141
DK*	(-30 VLWI)	994	970	1000		-24	30	6
DE**	(-1200 VLWI)	14,121	16,734	17035		n.a.	301	n.a.
EE	-39	311	300	293		-11	-7	-18
IE	-90	1,014	1,002	1005		-12	3	-9
EL	-860	3,059	2,880	2971		-179	91	-88
ES	-2,815	12,194	12,658	13040		464	382	846
FR	-1,100	11,729	12,110	:		381	-	-
HR	-298	841	806	817		-35	11	-24
IT	-3,200	14,805	14,821	14834		16	13	29
CY	-10	162	156	154		-6	-2	-8
LV	-95	506	473	488		-33	15	-18
LT	-223	712	685	:		-27	-	-
LU	-4	119	119	:		0	-	-
HU	-292	1,923	1,854	1864		-69	10	-59
MT*	(-3.1 AROPE p.p.)	101	101	:		0	-	-
NL	-163	2,809	2,739	2862		-70	123	53
AT	-204	1,434	1,460	1519		26	59	85
PL	-1,500	6,578	6,307	:		-271	-	-
PT	-765	2,173	2,056	:		-117	-	-
RO	-2,532	7,067	6,925	6581		-142	-344	-486
SI	-9	279	295	275		16	-20	-4
SK	-70	798	744	:		-54	-	-
FI	-100	838	863	773		25	-90	-65
SE	-15	1,879	1,832	1790		-47	-42	-89

Source: Eurostat (EU-SILC). Note: * Countries that have expressed their national target in relation to an indicator different from the EU headline target indicator (AROPE), or in a format other than absolute population reductions. Denmark and Germany express their national poverty reduction targets as a reduction in the number of persons living in (quasi-)jobless households (i.e. households with very low work intensity) that are expected to translate into similar declines in the numbers of people in AROPE over the decade. MT expresses its national poverty reduction target as a reduction of the AROPE rate by 3.1 percentage points. + For DE, major break in time series in 2020 for EU-SILC data, so figures for changes compared to 2019 are not shown. For BE, EU-SILC 2021 data are under revision at the moment of finalisation of this report.

III. Overview of developments in the social situation in the EU

This section provides, following a scene setting on the main economic and labour market developments, a review of the latest trends from the Social Protection Performance Monitor (SPPM) dashboard. It is mainly based on the August 2022 update of the dashboard, a tool that uses a set of key EU social indicators for monitoring developments in the social situation in the European Union. The latest update of the SPPM dashboard is based on the set of 2021 EU-SILC data (available for 20 Member States) complemented by 2020 figures for those Member States where 2021 figures were not available in August, and the 2021 Labour Force Survey data.

In addition, some indications are subsequently provided on the more recent developments, based on Eurostat flash estimates, together with a summary of the very latest developments in 2022 based on a range of sources where preference is given to timeliness and relevance of data/indicators rather than their precision.

Development in the social situation up to 2021

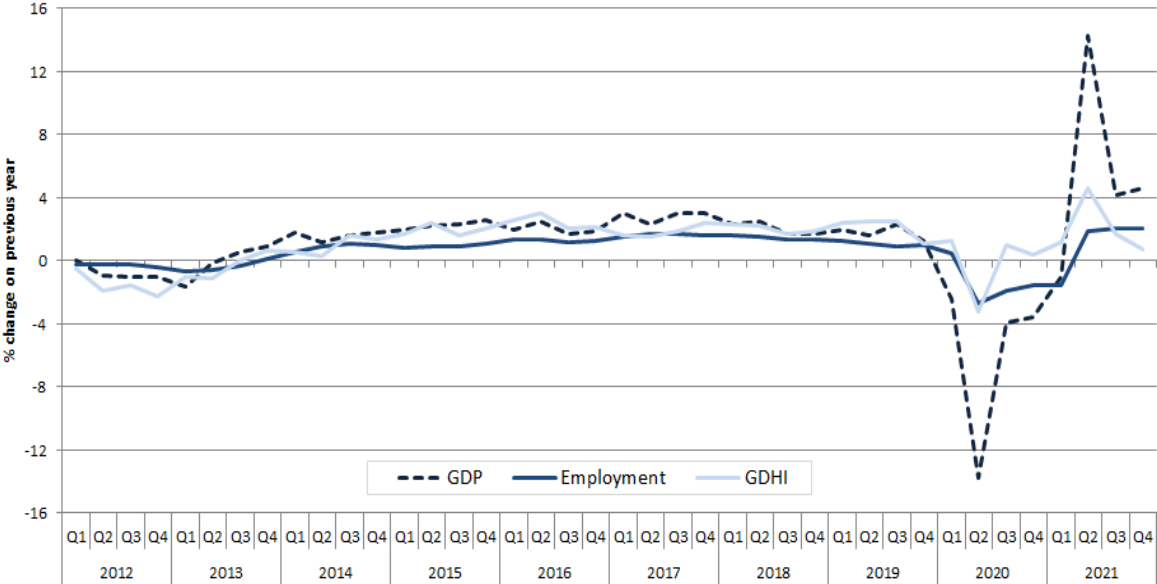
The COVID-19 pandemic led to an unprecedented economic shock (Figure 3). The health crisis and the necessary containment measures adopted to fight the pandemic had a strong impact on the EU economy, with GDP falling by 13.8% in the second quarter of 2020, compared to the same quarter of the previous year, and down close to 6% for 2020 as a whole. Total employment in 2020 was down by 1.4%, with approximately 3 million fewer people in employment in the EU compared to 2019. Nevertheless, the rise in unemployment that might have been expected with such a decline in economic activity was contained through the strong contribution of automatic stabilisers and also by short-time work schemes and other similar measures, while the impact on aggregate household income (as measured through GDHI, gross disposable household income) was also mitigated by these and other rapidly adopted policy measures.

The subsequent improvement in the economic environment that started in spring 2021 continued throughout the year, resulting in GDP being up 5.4% compared to the previous year, although with weaker growth in the second part of the year due to the resurgence in the autumn of the COVID-19 pandemic and continued supply bottlenecks. Economic growth was accompanied by a robust increase in employment, up 1.2% or 2.4 million on the previous year, and by a steady fall of the unemployment rate. The unemployment rate in the EU fell to slightly over 6% by the end of 2021, in line with consumers' expectations for unemployment over the next 12 months (Figure 4), and below the previous low of 6.5% in March 2020, just before the COVID crisis began.

As a result, year-on-year growth in aggregate household incomes in the EU27, as measured through real gross disposable household income, was positive over the course of the year (Figure 5). In 2021 there was a very strong positive contribution to overall changes in income from compensation of employees and of the self-employed, while that from (net) social benefits and from taxes on income and wealth declined compared to the strong levels of support provided by

these in mitigating the drop in household incomes the year before. This highlights the strong anti-cyclical policy response in the EU that was not necessarily observed during previous crises.

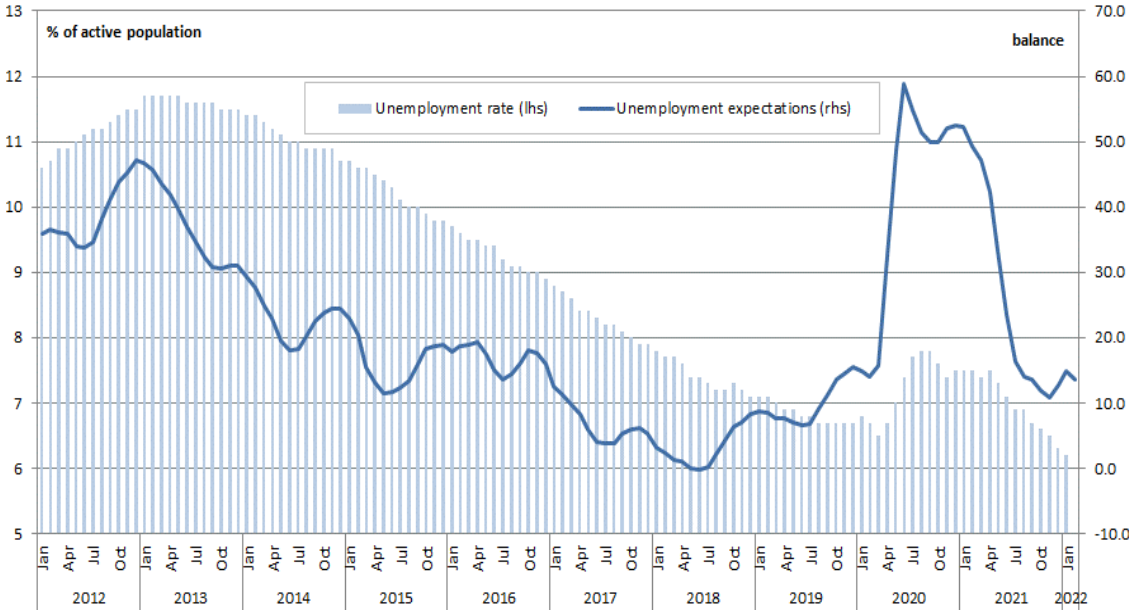
Figure 3: Real GDP, GDHI and employment growth in the EU, quarterly 2012-2021
 (% change on same quarter of previous year)



Source: Eurostat, National Accounts (DG EMPL calculations for GDHI), data not seasonally adjusted.

Note: GDHI EU aggregate for Member States for which data are available. Nominal GDHI is converted into real GDHI by deflating with the deflator (price index) of household final consumption expenditure.

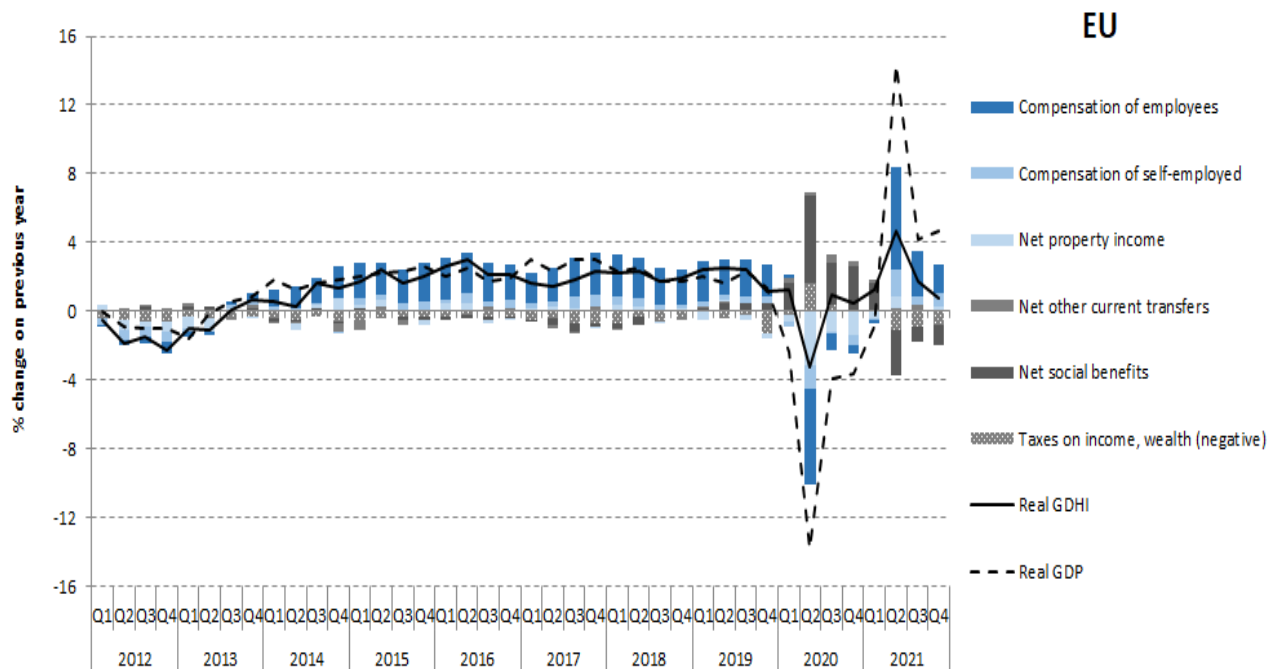
Figure 4: Unemployment rate versus unemployment expectations in the EU



Source: Eurostat, series on unemployment; European Commission, Business and Consumer Surveys [une_rt_m, ei_bsc0_m]. Data seasonally adjusted

Notes: Unemployment expectations: consumers' expectations for unemployment in the country over next 12 months, moving average over past 3 months. The right scale is the balance between the share of respondents who expect higher unemployment and those who expect a lower one.

Figure 5: Real GDP growth, real GDHI growth and its main components - EU



Source: Eurostat, National Accounts [nasq_10_nf_tr and namq_10_gdp]. Data non-seasonally adjusted.

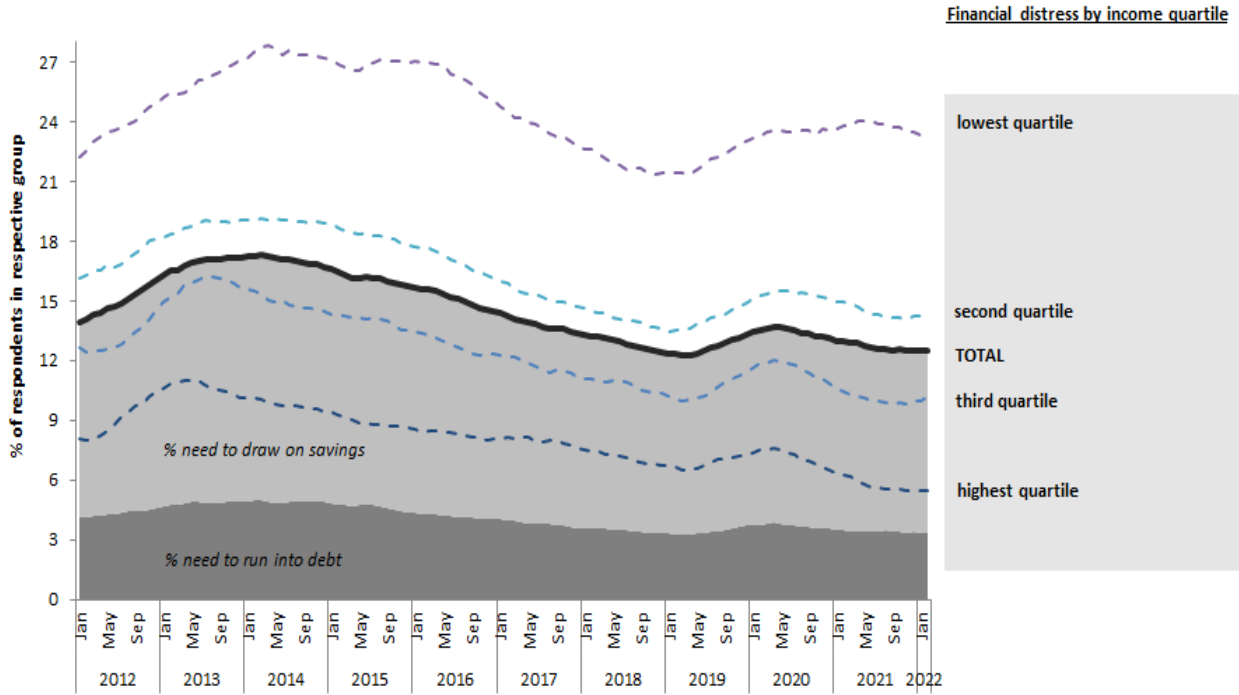
Notes: DG EMPL calculations. The nominal GDHI is converted into real GDHI by deflating with the deflator (price index) of household final consumption expenditure. The real GDHI growth for the EU is DG EMPL estimation, and it includes Member States for which quarterly data based on the ESA2010 are available (which account for 95% of EU GDHI). It is a weighted average of real GDHI growth in Member States.

Financial distress among consumers and developments in energy poverty

In line with the improvements in aggregate real gross disposable household income, data available for a “financial distress” indicator¹³ derived from harmonised EU consumer surveys, which provides a timely indication of trends in the share of the population whose households are facing financial difficulties and how households in the different income quartiles have been affected, indicates that the overall share of people in the EU reporting financial distress continued to edge down over 2021. After peaking in April 2020 it was on a gradually reducing trend since then (Figure 6), although with some levelling off in the second half of 2021. By February 2022, 12.5% of the population reported being in financial distress, 1.2 percentage points lower than the April 2020 peak of 13.7%. Underlying the February figure, 9.2% reported a need to draw on savings and 3.4% the need to run into debt.

¹³ European Commission joint harmonised EU business and consumer surveys include a question on household financial situations, which has been used to derive a “financial distress” indicator. The indicator focuses on households declaring that they had to “draw on their savings or go into debt in order to meet current expenditure”. While subjective, it can provide a timely indication of the deterioration/improvement in the financial situation of households, and help to signal expected developments in the main indicators derived from EU-SILC. Still, both its subjective nature and the limited information on sampling and data-collection issues require some caution in the interpretation of the results.

Figure 6: Reported financial distress in the EU by income quartile – 2012 to 2021



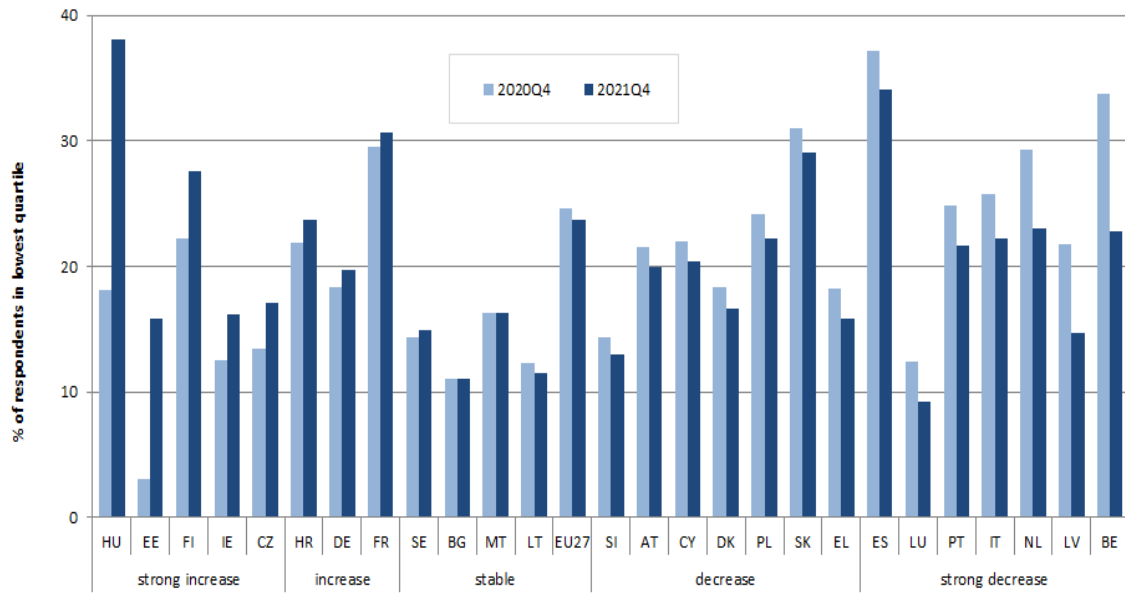
Source: European Commission, Business and Consumer Surveys. 12-month moving average (DG EMPL calculations)

Notes: Reported financial distress by income quartile, and components of reported financial distress (share of adults reporting necessity to draw on savings and share of adults reporting need to run into debt). The overall share of adults reporting having to draw on savings and having to run into debt are shown respectively by the light grey and dark grey areas, which together represent total financial distress.

Financial distress remained particularly high for those on low incomes, affecting around one in four of those in the lowest income quartile, but falling from the peak for this income group reached in April 2021. In fact, the improvement in the financial distress indicator since spring 2021 was strongest for those in the lowest income quartile. In February 2022, 23.3% of those in the lowest income quartile reported being in financial distress, compared to 5.5% for those in the highest income quartile, and with the gap between them remaining high following the increasing divergence observed from the outbreak of the pandemic through to mid-2021. Shares of those in financial distress in the second and third quartiles were 14.2% and 10.2% respectively. The financial impact of the crisis continued to be felt much more strongly by those in the lower part of the income distribution.

For around half of Member States, reported financial distress for the lowest income quartile decreased between the fourth quarter of 2020 and that of 2021, most notably in BE, ES, IT, LU, LV, NL and PT (Figure 7). In a few countries (BG, LY, MT and SE) the shares remained rather stable. Financial distress was higher compared to the last quarter of 2020 only in around a third of Member States, and only notably so in CZ, FI and IE, and especially in EE and HU where the increases were substantial. As a result, in the last quarter of 2021, Hungary was the country with the highest overall share of people in the lowest income quartile reporting financial distress, followed by Spain and France (all with shares above 30%).

Figure 7: Reported financial distress in lowest income quartile across Member States, 2020 Q4 and 2021 Q4



Source: European Commission, Business and Consumer Surveys. 3-month moving average (DG EMPL calculations)

Main latest year trends from the SPPM

The update of the Social Protection Performance Monitor (SPPM) dashboard¹⁴, which is mainly based on the latest annual 2021 EU-SILC data¹⁵ and 2021 LFS data, generally points to positive developments in the social situation in 2021. Changes over the latest annual reference period available show^{16 17} signs of a broad improvement in the social situation, with most indicators mainly flagging up positive changes across Member States (Figure 8). In particular, positive developments in the social situation could be observed in the following areas:

- reductions in the **at-risk-of-poverty-or-social-exclusion** rate in over a third of Member States (10 MS), reflecting in particular declines in the **severe material and social deprivation rate** in many countries (12 MS), but with more mixed developments regarding the at-risk-of-poverty rate and the share of the population living in (quasi-)jobless households. The reductions in the severe material and social deprivation rate, but also in the standard material and social deprivation rate, reflect that financial conditions of households improved in 2021, benefitting from the recovery in economic growth and improved labour markets;
- during the reference period there were also significant declines in the **depth of poverty** (i.e. the relative median poverty risk gap) for the general population in around a third of Member States (8 MS), together with falls in the **persistence of poverty** (the persistent at-risk-of-poverty rate) in half the countries (13 MS), in part reflecting that the **impact of social transfers** increased in a third of the Member States;
- the **situation of children generally improved** in many Member States, as reflected by falls in the risk of poverty or social exclusion (7 MS), the material and social deprivation rate (11 MS) and the poverty gap (9 MS) for children (although with increases also observed for the latter in 7 MS);
- the **situation for youth also improved**, with declines in the NEETs¹⁸ rate in 10 MS and falls in early school leavers¹⁹ in 11 MS;
- there were continued rises in the **employment rate of older workers** in two-thirds of Member States (in 17 MS), reflecting improvements in the labour market in 2021;
- an improvement in the **poverty and relative income situation of older people** (aged 65 or older), with falls in their at-risk-of-poverty-or-social-exclusion rate in close to half the

¹⁴ 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")

¹⁵ For FR, LT, LU, MT, PL, PT and SK no EU-SILC 2021 figures published by end August 2022, so the latest EU-SILC figures available for these Member States refer to 2020, and the latest year change to 2019-2020.

¹⁶ Generally 2020-2021, but for persistent at-risk-of-poverty rate, healthy life years at 65 and real change in gross household disposable income the year refers to 2020 and the change to 2019-2020, as no 2021 figures available.

¹⁷ EU-SILC 2021 survey results actually refer to income in the previous year, i.e. 2020.

¹⁸ Those not in employment, education nor training.

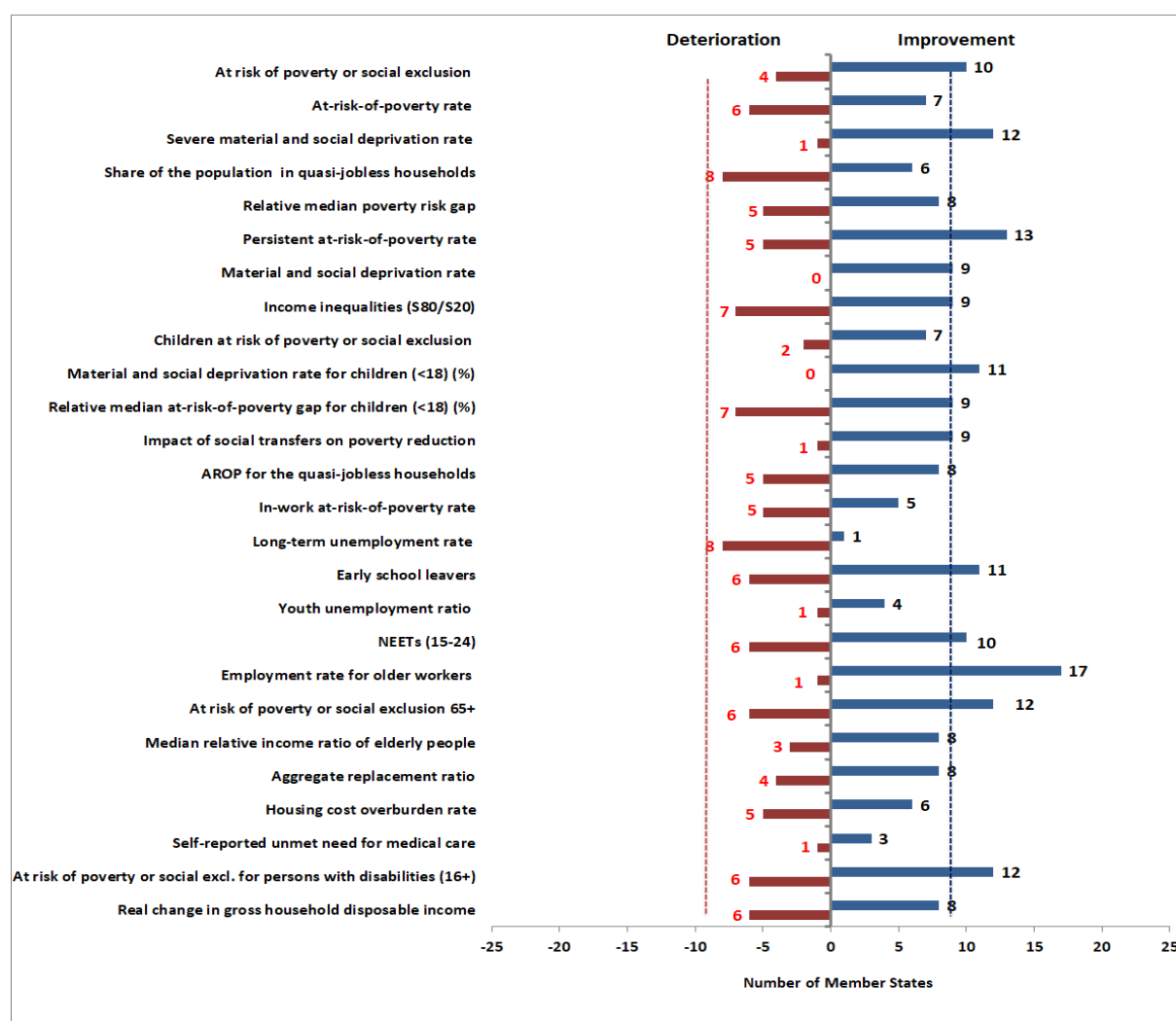
¹⁹ Note there is a break in series in 2021 in all Member States for the early school leavers indicator.

countries. Relative incomes from pensions as reflected by the aggregate replacement ratio and the median relative income ratio improved in around a third of Member States.

Nevertheless, there were some areas to watch concerning the latest developments, namely

- increases in the **long-term unemployment** rate in close to a third of Member States (8 MS);
- rises in the **share of population living in (quasi-)jobless households** in 8 MS;
- mixed developments with regard to **income inequalities**, with declines in 9 MS but rises in a similar number (7 MS).

Figure 8: Areas of deterioration (social trends to watch) and improvement for the period 2020-2021 (or latest year available)⁺

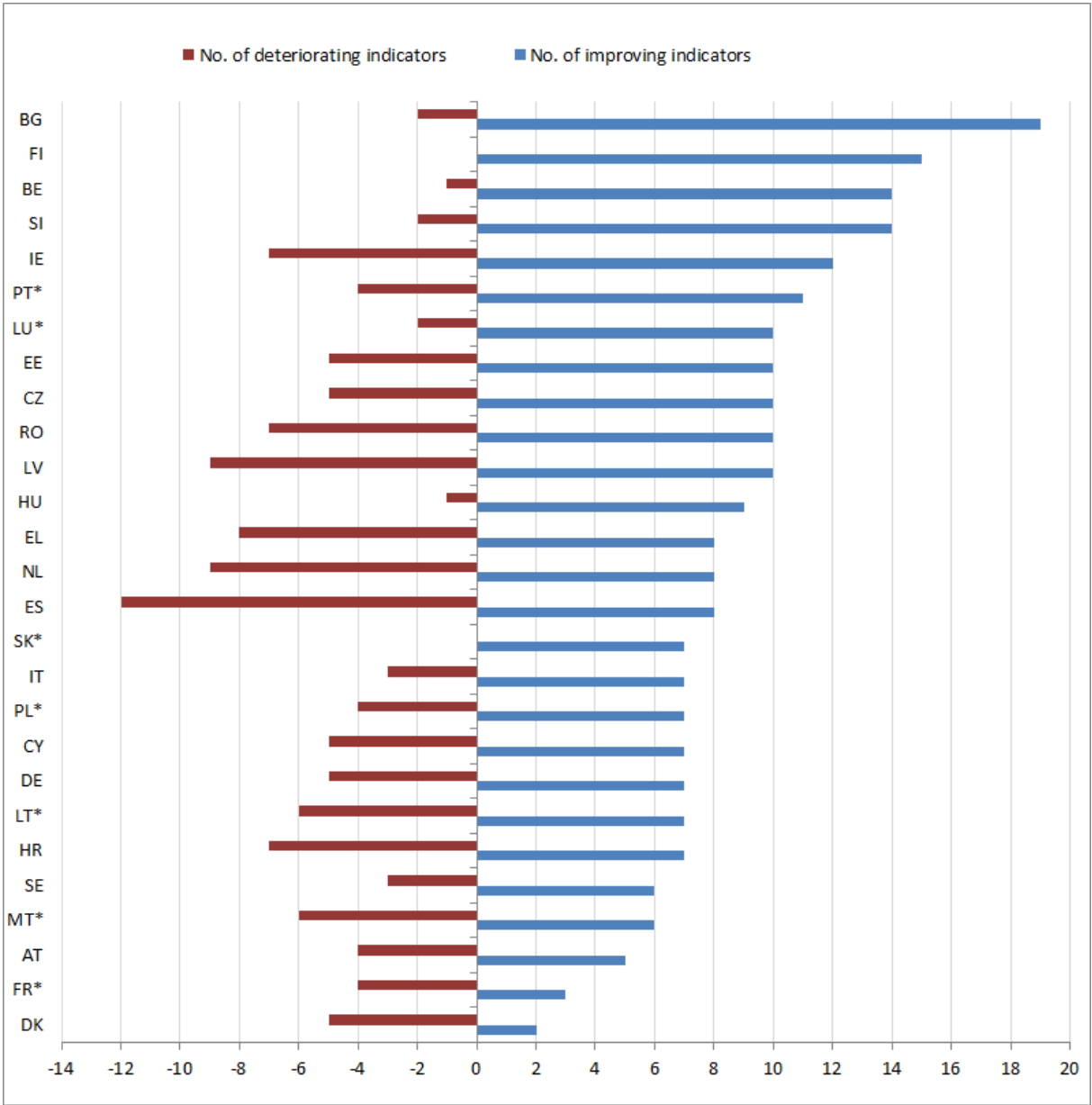


Source: Social Protection Performance Monitor

Notes: ⁺ The changes generally refer to 2020-2021 (although for income and household work intensity indicators the changes actually refer to 2019-2020). At-risk-of-poverty rate (AROP), severe material and social deprivation rate (SMSD) and the share of the population in (quasi-)jobless households indicators are components of the AROPE indicator. For FR, LT, LU, MT, PL, PT and SK no EU-SILC 2021 figures published by end August 2022, so the latest EU-SILC figures available refer to 2020, and the latest year change to 2019-2020. Figures for persistent at-risk-of-poverty rate, healthy life years at 65 and real change in gross household disposable income refer to 2020 and the change to 2019-2020 as no 2021 figures available.

Figure 9 highlights per country the number of significant improvements or deteriorations that have taken place in the social indicators in the SPPM dashboard in the latest reference period. Around two thirds of MS recorded a higher number of indicators showing improvements than declines. The Member States with the highest number of significant positive changes were Belgium, Bulgaria, Finland and Slovenia, all recording improvements on at least 14 indicators and generally with very few indicators showing a deterioration. In contrast, developments in Denmark and France were much less positive, with significant improvements only registered on a few indicators and with a larger number of deteriorating indicators. Spain registered a high number of worsening indicators, even though improvements were seen in some.

Figure 9. Number of SPPM key social indicators per Member State with a statistically significant improvement or deterioration from 2020 to 2021 (or latest year available)+



Source: Social Protection Performance Monitor

Notes: (i) Bars refer to the number of SPPM indicators which have registered a statistically and substantively significant deterioration or improvement between 2020 and 2021 (or 2019-2020 where 2021 figures not available); (ii) + For EU-SILC based indicators for income and household work intensity, changes actually refer to the year before the survey. * For FR, LT, LU, MT, PL, PT and SK, no EU-SILC 2021 figures yet published by end August 2022, so the latest EU-SILC figures available refer to 2020, and the latest year change to 2019-2020. For BE, EU-SILC 2021 data are under revision at the moment of finalisation of this report. Figures for persistent at-risk-of-poverty rate, healthy life years at 65 and real change in gross household disposable income refer to 2020 and the change to 2019-2020 as no 2021 figures available.

Main trends from the SPPM compared to 2019

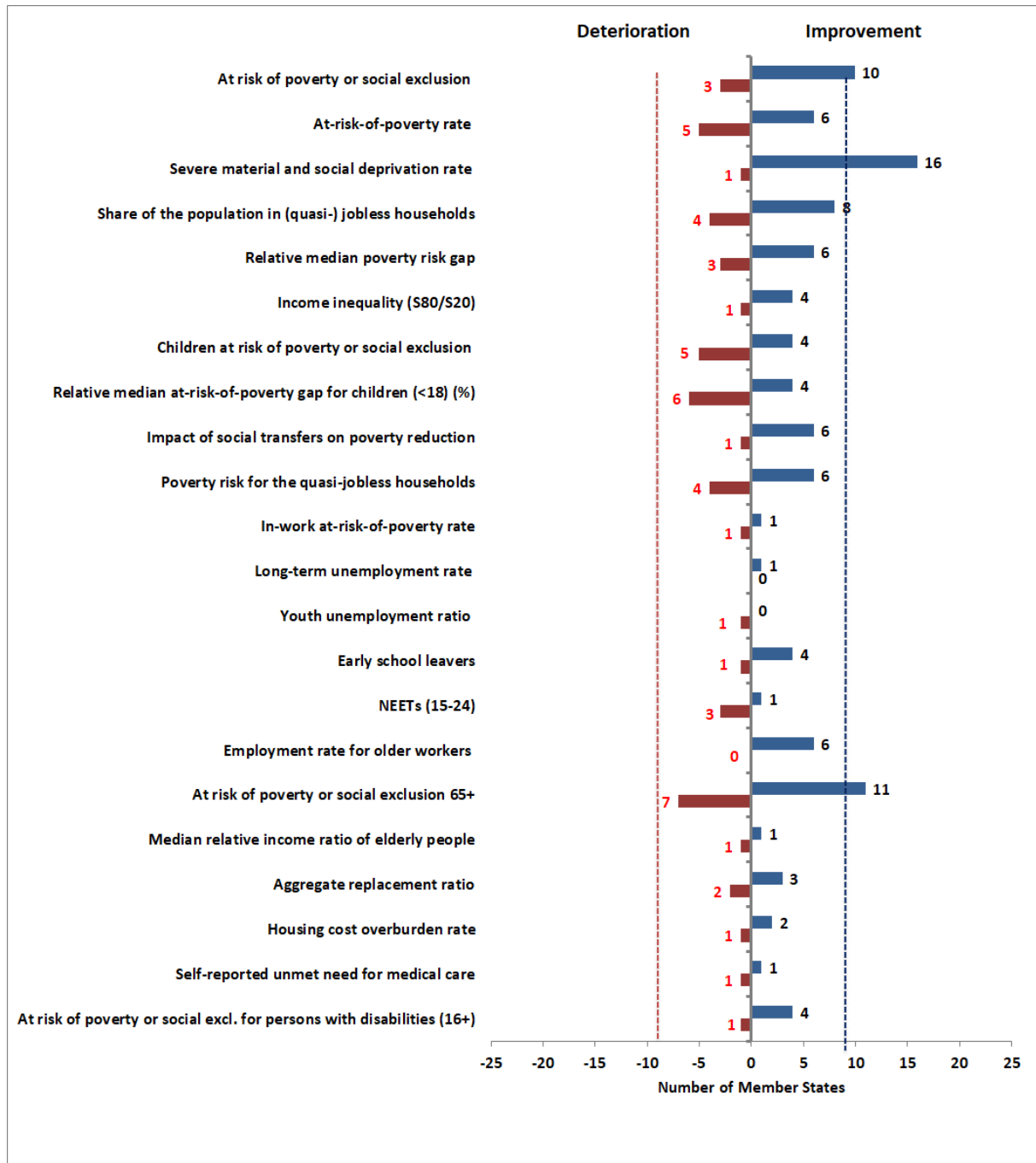
Looking at the developments since 2019, the reference year for the European Pillar of Social Rights Action Plan's poverty and social exclusion target for 2030, the overall picture in the latest SPPM update was somewhat positive as a whole across indicators (Figure 10) based on the figures for those MS that have 2021 EU-SILC data already published. However, it should be borne in mind that in many Member States, the COVID-19 pandemic emerged during the data-collection period for the main social indicators. Although often difficult to clearly assess possible impacts on the final results, caution is warranted regarding the 2020, and probably to a lesser extent, the 2021 figures.

The dashboard shows there have been improvements in many Member States compared to 2019 in several areas, most notably with regard to the reduction of the risk of poverty or social exclusion for the overall population (10 MS) and for the elderly (11 MS), and in severe material deprivation (16 MS). Other areas where there are some signs of improvement based on the data from countries with 2021 figures available, include the impact of social transfers, the share of people living in (quasi-)jobless households and the poverty risk for people in such households, and the employment rate for older workers.

There are no major areas of concern highlighted, where outcomes are noticeably worse in several Member States compared to 2019, apart from rises in the risk of poverty or social exclusion and in the poverty gap for children in 5 and 6 MS respectively, and in the risk of poverty or social exclusion for the elderly in 7 MS.

Figure 11 shows the number of indicators in the SPPM dashboard for which a given country registered a significant deterioration or improvement over the period 2019 to 2021. For most Member States, there is a significantly higher number of indicators showing positive developments rather than negative ones, most notably in Bulgaria, Estonia, Greece and Romania. On the other hand, Member States such as Austria, the Netherlands and Spain have a number of indicators showing a deterioration compared to 2019, and with few indicators showing an improvement.

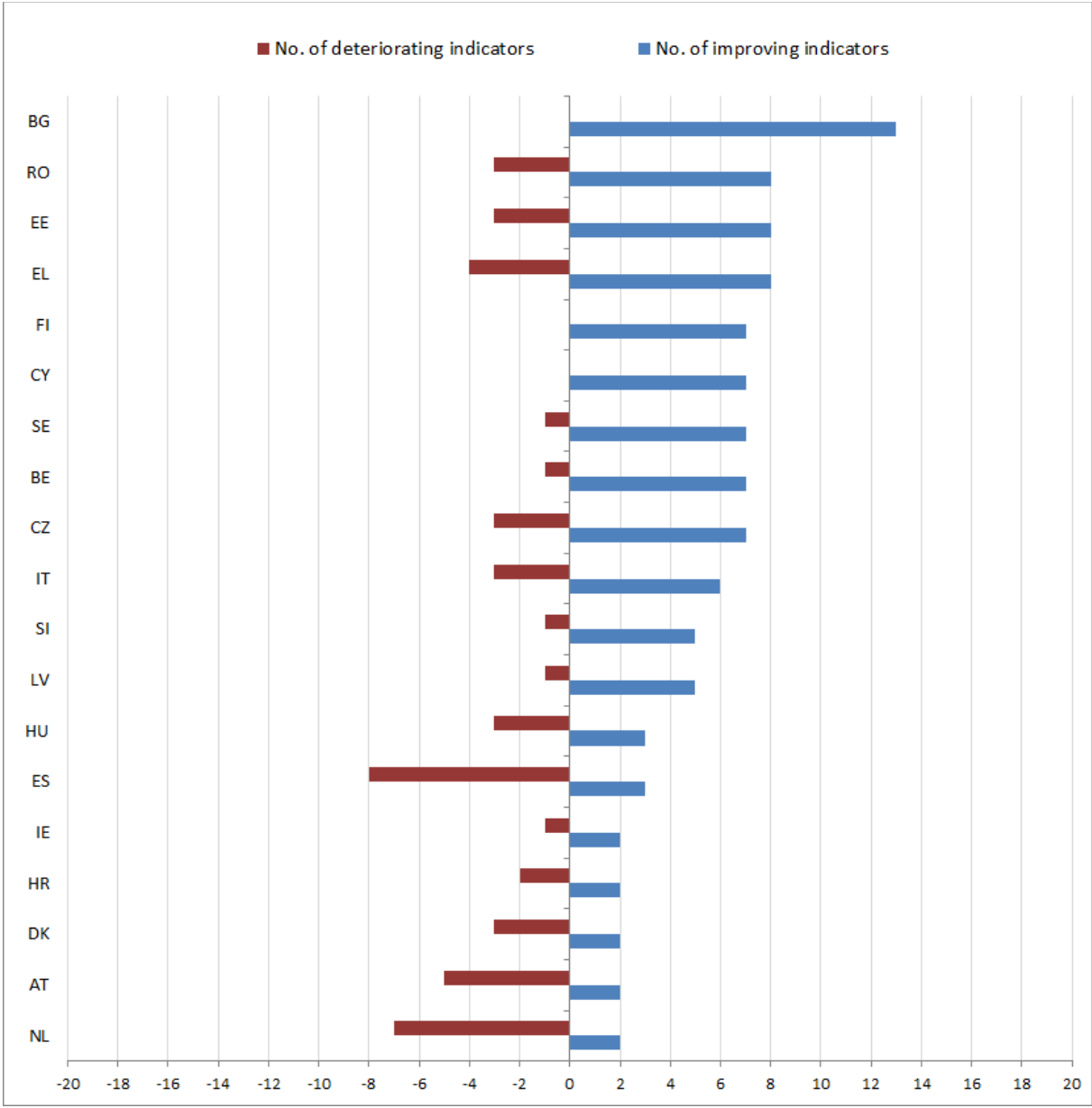
Figure 10. Areas of deterioration (social trends to watch) and improvement for the period 2019-2021+



Source: Social Protection Performance Monitor

Notes: * For EU-SILC based indicators the changes generally refer to 2019-2021 (although for income and household work intensity indicators the changes actually refer to 2018-2020). AROP, SMSD and (quasi-)jobless households indicators are components of the AROPE indicator. For FR, LT, LU, MT, PL, PT and SK no EU-SILC 2021 figures yet published by end August 2022, so no changes available for 2019-2021. For DE, major break in the time series in 2020 for EU-SILC, so figures for changes for 2019-2021 not shown. For IE, break in EU-SILC series in 2020, due to a change in the income reference period for Ireland and a change in the household definition, as well as due to the fact that the survey in 2020 was conducted primarily via telephone as opposed to in-person. Results should therefore be interpreted with caution.

Figure 11. Number of SPPM social indicators per Member State with a significant deterioration or improvement between 2019 and 2021



Source: Social Protection Performance Monitor

Notes: The bars refer to the number of SPPM indicators which have registered a statistically and substantively significant deterioration or improvement between 2019 and 2021. For FR, LT, LU, MT, PL, PT and SK no EU-SILC 2021 figures yet published by end August 2022, so no changes available for 2019-2021. For DE, major break in the time series in 2020 for EU-SILC, so figures for changes for 2019-2021 not shown. For IE, break in EU-SILC series in 2020, due to a change in the income reference period for Ireland and a change in the household definition. as well as due to the fact that the survey in 2020 was conducted primarily via telephone as opposed to in-person. Results should therefore be interpreted with caution.

Dimensions	Reference period	EE	ES	FR	GR	IT	PT	PL	RO	SI	SK	CY	LV	LT	LU	HU	MT	NL	AT	BE	DE	DK	FI	SE							
Income inequalities	Income quintile ratio (S80/S20)																														
	2021	4.9	4.9	3.4	7.5	3.4	3.9	4.9	5.0	3.8	5.8	6.2	4.5	4.8	5.9	4.2	6.6	6.1	5.0	4.2	4.7	3.9	4.1	4.1	5.0	7.1	3.2	3.0	3.6	4.0	
	2020-2021 change in %	n.a.	n.a.	-6.6	-7.0	2.7	~	~	~	-5.9	10.7	7.3	~	3.7	~	~	5.7	~	-6.6	~	12.2	-6.5	~	-6.9	~	7.7	-2.4	-9.3	-3.8	~	
	2019-2021 change in %	n.a.	n.a.	-5.5	-8.0	~	~	n.a.	~	~	13.3	~	n.a.	~	~	-7.6	~	n.a.	n.a.	~	n.a.	~	~	n.a.	n.a.	~	~	n.a.	~	-6.7	
Child poverty and social exclusion	At-risk-of poverty or social exclusion rate of children (% of people aged 0-17)																														
	2021	23.8	24.2	20.4	33.0	13.3	14.0	23.5	17.4	22.8	32.0	33.4	22.6	18.6	29.7	19.2	20.1	23.1	24.2	23.2	22.6	14.9	22.8	16.1	21.9	41.5	11.0	18.4	13.2	19.7	
	2020-2021 change in pp	n.a.	n.a.	-1.6	-3.2	~	~	~	~	~	1.2	1.6	-1.6	~	~	~	~	-2.7	~	~	~	~	~	~	~	~	-1.1	-2.9	-1.3	~	
	2019-2021 change in pp	n.a.	n.a.	-2.6	-3.1	~	~	n.a.	-2.3	~	0.8	2.1	n.a.	~	2.6	~	~	n.a.	n.a.	~	n.a.	~	2.7	n.a.	n.a.	1.5	~	n.a.	~	-3.3	
	Material and social deprivation rate for children (<18) (%)																														
	2021	14.1	13.7	12.0	27.1	7.0	5.6	11.2	3.0	12.4	32.2	17.8	16.5	6.6	12.8	17.0	8.8	16.4	5.6	22.1	10.4	3.2	5.8	5.1	11.2	36.3	3.4	10.2	3.2	4.4	
	2020-2021 change in pp	n.a.	n.a.	~	-2.7	~	-1.7	~	-3.3	-2.5	-4.0	~	~	~	~	~	-4.1	~	~	-1.4	~	-2.4	-2.0	~	~	-3.7	-1.5	~	~	~	
	Relative median at-risk-of-poverty gap for children (<18) (%)																														
	2021	26.2	25.5	13.9	33.7	23.0	19.4	19.4	25.1	16.6	27.1	34.5	18.2	25.3	29.3	16.7	23.6	23.2	17.5	36.0	20.3	26.0	24.5	20.4	26.1	39.3	17.0	29.2	9.2	21.3	
	2020-2021 change in pp	n.a.	n.a.	-1.7	-5.2	5.6	3.7	-4.2	1.7	2.8	-1.6	~	~	-1.8	~	-2.0	-3.0	~	-6.1	-11.6	~	8.3	~	~	~	1.8	2.8	~	~	~	
2019-2021 change in pp	n.a.	n.a.	~	-5.0	8.0	7.8	n.a.	4.5	~	~	2.6	n.a.	~	-4.2	~	~	n.a.	n.a.	3.8	n.a.	10.8	~	n.a.	n.a.	-3.3	~	n.a.	-2.5	~		
Effectiveness of social protection system	Impact of social transfers (excl. pensions) on poverty reduction (%)																														
	2021	33.6	33.7	52.9	29.8	46.6	53.9	40.6	30.6	60.7	20.6	30.4	46.9	20.7	29.5	37.6	23.5	29.4	39.4	n.a.	21.0	39.0	44.1	36.8	26.0	18.1	44.3	40.0	57.6	44.5	
	2020-2021 change in pp	n.a.	n.a.	8.0	9.4	6.0	~	6.0	~	6.7	~	7.1	~	~	8.5	~	~	~	5.4	n.a.	-5.3	~	~	~	~	~	~	~	6.3	~	
	2019-2021 change in pp	n.a.	n.a.	11.1	6.2	7.4	6.7	n.a.	~	~	~	7.4	n.a.	~	9.2	~	~	n.a.	n.a.	n.a.	n.a.	~	-5.1	n.a.	n.a.	~	~	n.a.	~	~	
Social consequences of labour market	At-risk-of-poverty rate for the population living in (quasi-) jobless households																														
	2021	64.0	62.9	56.3	69.7	59.0	50.8	51.1	75.0	46.9	63.8	63.5	64.6	80.6	64.2	45.6	79.9	85.4	59.8	63.3	75.0	76.0	60.3	62.1	58.6	73.7	72.1	76.5	51.7	79.4	
	2020-2021 change in pp	n.a.	n.a.	-3.5	-10.5	~	~	-5.8	5.2	~	4.2	~	~	4.0	-3.8	~	~	7.1	~	-6.5	~	6.7	~	~	-3.8	-10.5	~	~	-6.4	~	
	2019-2021 change in pp	n.a.	n.a.	-7.6	-8.0	~	~	n.a.	6.1	~	5.5	3.3	n.a.	~	-5.4	~	~	n.a.	n.a.	~	n.a.	12.7	~	n.a.	n.a.	-10.6	~	n.a.	-5.8	-5.2	
Social consequences of labour market	In-work at-risk-of poverty rate (in %)																														
	2021	8.8	8.7	3.3	10.0	3.5	5.6	8.5	10.2	4.3	11.1	12.7	7.4	4.9	11.7	7.7	9.9	8.1	11.8	7.5	7.4	5.1	7.6	9.6	9.5	15.2	4.8	5.3	2.8	6.5	
	2020-2021 change in pp	n.a.	n.a.	-0.5	~	~	~	~	~	-1.8	1.1	0.9	~	~	0.9	~	1.5	~	~	~	~	~	~	~	~	-1.2	0.5	~	~	-0.4	-1.2
	2019-2021 change in pp	n.a.	n.a.	~	~	~	~	n.a.	~	~	~	~	n.a.	~	~	~	1.2	n.a.	n.a.	~	n.a.	~	~	n.a.	n.a.	~	~	n.a.	~	~	-1.2
Social consequences of labour market	Long-term unemployment rate (in %)																														
	2021	2.8	3.2	2.6	2.6	0.8	1.0	1.2	1.6	1.8	9.2	6.2	2.3	2.8	5.4	2.6	2.3	2.6	1.8	1.3	1.0	0.8	2.0	0.9	2.9	2.0	1.9	3.9	1.8	1.9	
	2020-2021 change in pp	0.3	0.4	0.5	~	~	~	~	0.4	0.4	-1.3	1.2	0.4	0.7	~	0.5	~	~	~	~	~	~	~	~	~	0.6	~	~	~	~	
	2019-2021 change in pp	0.1	0.1	~	~	~	~	~	~	~	-2.1	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	

Dimensions	EU27_2020	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	
Youth exclusion	Early school leavers (in %)																													
	2021	9.7	9.8	6.7	12.2	6.4	9.8	11.8	9.8	3.3	3.2	13.3	7.8	2.4	12.7	10.2	7.3	5.3	9.3	12.0	11.0	5.3	8.0	5.9	5.9	15.3	3.1	7.8	8.2	8.4
	2020-2021 change in pp	-0.2	-0.4	-1.4	-0.6	-1.2	0.5	1.7	1.3	-1.7	-0.6	-2.7	~	~	~	-1.3	~	~	1.1	~	-1.6	-1.7	~	0.5	-3.0	~	-1.0	~	~	0.7
	2019-2021 change in pp	-0.5	-0.8	~	~	~	~	~	~	~	~	-4.0	~	~	~	~	~	~	2.1	~	-2.9	-2.2	~	~	-4.7	~	~	~	~	~
	Youth unemployment ratio (15-24)																													
	2021	6.5	6.9	5.5	3.2	2.2	6.5	3.6	6.7	7.3	7.4	11.0	7.5	7.2	7.4	7.2	4.8	5.2	6.0	4.3	5.1	7.4	6.2	3.7	7.0	5.6	4.3	5.4	9.1	13.4
	2020-2021 change in pp	-0.2	-0.2	~	~	~	~	~	-1.1	~	~	~	~	~	~	~	~	-2.0	-1.5	~	~	~	~	~	~	~	~	~	-1.8	1.1
	2019-2021 change in pp	0.3	0.2	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	2.7
	NEETs (15-24)																													
	2021	10.8	10.7	7.4	14.0	6.5	7.1	7.5	10.9	7.7	11.0	11.0	10.6	12.7	19.8	12.8	8.6	11.3	6.5	10.6	10.1	5.1	8.5	11.2	7.6	18.0	6.6	11.0	7.6	5.1
2020-2021 change in pp	-0.8	-0.9	-1.2	~	~	~	-0.7	1.9	-4.3	~	-2.9	-0.6	0.5	~	-1.6	1.5	0.5	~	~	0.8	-0.7	~	2.4	-1.5	~	~	~	-0.8	-1.1	
2019-2021 change in pp	0.2	0.2	~	~	~	~	~	3.2	-2.4	~	~	~	~	~	~	~	2.7	n.a.	~	~	~	~	3.0	~	~	~	~	~	~	
Active ageing	Employment rate of older workers (55-64) in %																													
	2021	60.5	61.0	54.5	64.8	69.8	72.3	71.8	71.6	62.8	48.3	55.8	55.9	48.6	53.4	63.4	67.8	68.0	46.6	62.8	51.8	71.4	55.4	54.7	63.4	43.8	52.7	60.6	68.3	76.9
	2020-2021 change in pp	1.3	0.9	1.4	1.4	1.6	0.9	~	~	2.1	5.7	1.1	~	3.1	~	2.4	~	~	2.6	3.2	-0.9	~	1.2	4.3	4.4	2.3	2.8	~	1.7	~
	2019-2021 change in pp	1.9	1.1	~	~	~	~	~	~	~	5.4	~	~	4.7	~	~	~	~	~	6.1	~	~	~	6.4	4.9	~	4.5	~	~	~
Pension adequacy	At risk of poverty or social exclusion for the elderly (65+) in %																													
	2021	20.2	18.8	19.6	45.7	11.2	12.7	20.4	41.6	21.3	19.3	20.5	13.2	33.3	18.1	20.0	45.9	40.2	7.4	19.9	28.5	17.2	15.0	19.2	21.4	38.8	18.1	12.3	13.1	13.1
	2020-2021 change in pp	n.a.	n.a.	-1.7	-3.8	-4.2	~	~	~	2.5	~	-1.1	~	~	-1.3	-2.5	2.8	3.3	-2.0	~	-2.2	4.8	~	0.4	1.0	-4.9	-2.9	~	-1.4	-2.5
	2019-2021 change in pp	n.a.	n.a.	2.1	-1.3	-6.2	2.8	n.a.	-3.0	2.0	-1.2	2.4	n.a.	1.2	-1.2	-4.9	-4.9	n.a.	n.a.	3.2	n.a.	4.0	~	n.a.	n.a.	-5.7	-1.9	n.a.	-1.9	-2.2
	Median relative income of elderly people																													
	2021	0.9	0.9	0.8	0.7	0.8	0.8	0.9	0.6	0.9	1.0	1.0	1.0	0.7	1.1	0.8	0.6	0.7	1.3	0.9	0.8	0.7	1.0	0.9	0.9	0.9	0.8	0.9	0.8	0.8
	2020-2021 change in %	n.a.	n.a.	~	7.7	8.2	~	3.7	1.7	-3.4	~	3.0	~	-2.6	6.0	~	~	~	~	~	8.5	-7.5	~	~	~	~	~	~	~	2.5
	2019-2021 change in %	n.a.	n.a.	~	~	8.2	~	n.a.	~	~	~	~	n.a.	~	~	~	n.a.	n.a.	n.a.	~	n.a.	-7.5	~	n.a.	n.a.	~	~	n.a.	~	~
	Aggregate replacement ratio																													
	2021	0.54	0.56	0.46	0.35	0.50	0.43	0.47	0.44	0.39	0.77	0.79	0.48	0.38	0.77	0.45	0.42	0.35	1.04	0.54	0.57	0.50	0.62	0.58	0.67	0.38	0.43	0.53	0.51	0.56
2020-2021 change in %	n.a.	n.a.	~	2.9	6.4	-4.4	6.8	~	2.6	~	8.2	n.a.	-2.6	6.9	7.1	~	-18.6	20.9	~	~	~	~	~	~	~	~	~	~	~	
2019-2021 change in %	n.a.	n.a.	~	~	~	-10.4	n.a.	~	~	~	12.9	n.a.	~	~	9.8	10.5	n.a.	n.a.	~	n.a.	~	~	n.a.	n.a.	-9.5	~	n.a.	~	~	

Dimensions		EU27_2020	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
Health	Self reported unmet need for medical care																													
	2021	1.9	1.8	1.7	1.0	0.3	1.3	0.1	8.1	2.0	6.4	1.1	2.6	1.7	1.8	0.1	4.0	1.7	0.1	1.1	0.0	0.2	0.3	1.9	1.6	4.4	4.8	3.2	4.4	1.3
	2020-2021 change in pp	n.a.	n.a.	~	~	~	~	~	-4.9	~	~	~	~	~	n.a.	~	-1.3	~	~	~	~	~	~	-2.3	~	~	2.1	~	~	~
	2019-2021 change in pp	n.a.	n.a.	~	~	~	~	n.a.	-7.4	~	~	~	n.a.	~	~	~	~	n.a.	n.a.	~	n.a.	~	~	n.a.	n.a.	~	1.9	n.a.	~	~
	Healthy life years at 65 - males																													
	2020	9.5	n.a.	10.5	8.6	7.0	10.4	10.4	6.3	11.3	7.6	11.6	10.2	4.7	10.3	7.6	4.2	5.6	10.3	7.2	12.6	10.0	8.0	7.6	8.4	5.7	9.4	4.6	9.4	15.4
	2019-2020 change in %	-6.9	n.a.	~	-6.5	-12.5	~	-9.6	~	n.a.	-6.2	-6.5	~	~	~	-6.2	-6.7	-6.7	~	7.5	-12.5	~	~	-6.2	6.3	-14.9	8.0	~	~	~
Healthy life years at 65 - females																														
2020	10.1	n.a.	11.0	9.9	7.9	11.9	11.7	7.7	12.5	7.6	11.5	11.8	5.2	10.6	7.0	4.4	6.0	11.4	7.9	13.0	9.8	8.3	8.7	7.1	6.0	11.0	4.7	10.3	16.4	
2019-2020 change in %	-2.9	n.a.	~	~	~	~	-8.6	6.9	n.a.	~	-6.5	~	6.1	~	~	-8.3	-6.3	7.5	6.8	-13.9	~	7.8	~	~	-7.7	27.9	~	7.3	~	
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)																													
	2021	28.6	28.1	30.7	44.1	18.3	21.9	30.1	37.0	38.9	29.9	32.1	23.8	36.9	27.4	34.5	40.8	38.7	26.4	29.2	30.1	26.5	24.0	27.3	25.9	35.7	24.7	20.3	20.7	26.2
	2020-2021 change in pp	n.a.	n.a.	-1.2	-8.2	-5.1	~	~	-3.4	4.9	~	-1.7	~	-1.3	-1.0	1.2	1.5	~	~	1.5	-3.4	1.8	1.7	~	-2.8	~	-2.3	~	-1.6	-2.8
	2019-2021 change in pp	n.a.	n.a.	~	-7.2	-6.3	~	n.a.	-3.0	~	-3.3	~	n.a.	~	~	~	~	n.a.	n.a.	2.7	n.a.	~	~	n.a.	n.a.	~	~	n.a.	~	~
Access to decent Housing	Housing cost overburden rate																													
	2021	7.8	8.1	7.9	11.6	6.2	15.5	10.7	4.4	2.5	28.8	9.9	5.9	4.5	7.2	2.5	4.9	2.7	8.5	2.5	2.8	12.5	5.9	4.9	4.1	7.5	4.1	3.2	4.3	8.5
	2020-2021 change in pp	n.a.	n.a.	~	-2.8	~	1.4	1.7	~	-2.0	-4.5	1.7	~	~	~	0.6	~	-2.1	~	-2.4	~	4.2	~	~	~	~	~	-2.5	~	~
	2019-2021 change in pp	n.a.	n.a.	~	-4.4	~	~	n.a.	~	~	-7.4	~	n.a.	~	~	~	~	n.a.	n.a.	~	n.a.	2.6	~	n.a.	n.a.	~	~	n.a.	~	~
Evolution in real household disposable income	Real change in gross household disposable income (in %)																													
	2019-2020 change in %	~	~	~	n.a.	~	~	~	2.2	7.2	-1.7	-4.9	~	~	-2.5	-2.3	1.7	7.7	4.8	~	n.a.	2.6	-1.8	3.3	-1.6	n.a.	4.4	~	~	~

Note: i) Figures are for data extracted from the relevant source on 26 August 2022; ii) 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 being available. See table at end of document for full details of significance tests; iii) 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; iv) * For EU27_2020 and EA19, no EU-SILC 2021 figures yet published at end of August 2022, so levels figures shown are those for 2020, and no values shown ("n.a.") for the changes 2020-2021 and 2019-2021; v) * For FR, LT, LU, MT, PL, PT and SK no EU-SILC 2021 figures yet published by end August 2022, so the latest EU-SILC figures available refer to 2020, and the latest year change to 2019-2020, and not available (n.a.) is shown for the change 2019-2021; vi) Figures for persistent at-risk-of-poverty rate, healthy life years at 65 and real change in gross household disposable income refer to 2020 and the change to 2019-2020 as no 2021 figures available; vii) For the LFS-based indicators Long term unemployment rate, Youth unemployment ratio, NEETs rate (15-24) and Employment rate of older workers, published recalculated data to avoid breaks in series are used. For "Early school leavers", data prior to 2021 aren't recalculated, so break in

series for 2021; viii) BE EU-SILC 2021 data are under revision at the moment of finalisation of this report; ix) For DE, major break in the time series in 2020 for EU-SILC, so figures for changes in EU-SILC based indicators for 2019-2021 not shown; x) For IE, there is a break in the EU-SILC based indicators in 2020, due to a change in the income reference period for Ireland, and a change in the household definition, as well as due to the fact that the survey in 2020 was conducted primarily via telephone as opposed to in-person. Results should therefore be interpreted with caution. Data not shown for healthy life years at 65, for both males and females, as large increase in the proportion of people in the SILC sample overall who reported some restrictions in activities, which is attributable in large part to the public health restrictions in place which limited peoples activities and movements; xi) In many Member States, the COVID-19 pandemic emerged during the data-collection period for the main social indicators. Although often difficult to clearly assess possible impacts on the final results, caution is warranted regarding the 2020, and probably to a lesser extent, the 2021 figures.

Latest indications from Eurostat flash estimates of income developments in 2021

Eurostat flash estimates of developments in household incomes and poverty in 2021

In August 2022, Eurostat published flash estimates²⁰ of the expected developments in income and poverty for the income year 2021²¹ for those 23 Member States²² for which 2021 nowcasting figures were available. These provide a general indication of the expected annual change in certain income-related indicators²³ compared to 2020. Results are based on modelling taking into account both the impact of the labour market evolution on employment income and the effect of social protection schemes and special crisis support measures put in place by national governments. In particular, assessment of the relative evolution of different sub-groups is supported by detailed information on labour market changes and the simulation of policies via EUROMOD to support workers and households.

The early flash estimates for 2021 incomes indicate that for the yearly income change 2020-2021 for those countries available in August 2022:

- there are in general positive trends compared to the previous year, when the effects of the pandemic were greatest. The flash estimates for 2021 show an overall increase of the equivalised disposable income across the distribution for all countries. In general, the 2021 flash estimate at EU level shows a larger increase for the lower deciles and this translates into a slight (although non-significant) decrease of AROP and AROP 18-64. These estimated changes are supported by the main trends in the employment situation in the Labour Force Survey (EU-LFS) and the evolution of the gross disposable income in Sectoral National Accounts. It is important to note also that there is a large heterogeneity across countries and age groups;
- the overall at-risk-of-poverty (AROP) rate is estimated to have decreased significantly for the following countries: Austria, Bulgaria, Greece, Spain and Sweden. In general, this is related to a larger increase of incomes estimated in the lower part of the income distribution than for the rest of the distribution. In contrast, in Croatia, Czechia and Slovenia early estimates point to an increase in AROP;

20 For details on the methodology see here:

<https://ec.europa.eu/eurostat/documents/7894008/8256843/Methodological-note-2021.pdf/f0c145ca-734a-71bf-d339-5a4b5dedd2d3?t=1656517359664>

21 For further details see the main document here: <https://ec.europa.eu/eurostat/documents/7894008/8256843/Flash-estimate-of-income-inequalities-and-poverty-indicators-experimental-results-2021.pdf/a5a6e9e3-419c-95c3-a56e-6b05721429bd?t=1656517493935>

22 AT, BG, CY, CZ, DE, DK, EE, EL, ES, FI, HR, HU, IT, LT, LU, LV, MT, NL, PL, RO, SE, SI and SK.

23 All figures provided are part of the experimental statistics produced by Eurostat in the frame of advanced estimates on income inequality and poverty indicators. The flash estimates use a magnitude-direction scale, which gives a general message on the expected change, and estimates are currently produced for the at-risk-of-poverty rate (and some breakdowns including in-work poverty), the at-risk-of-poverty threshold for a single person household, and the income quantile ratio (S80/S20).

- flash estimates for AROP by main age groups and in-work poverty provide more detailed information on particular sub-groups that can have a different evolution compared to the general population;
 - AROP for the working age (18-64) population is estimated to decrease or remain stable for most countries. This is related primarily to the positive trends on the labour market, the gradual reduction in partial unemployment and estimated increases in market incomes;
 - In several countries, pensions are expected to have increased to a lesser extent than the at-risk-of-poverty threshold (mainly driven up by increases in wages) and therefore AROP 65+ is estimated to increase.
- In 2021, flash estimates show rather a stable trend in income inequalities, as measured by the income quintile share ratio (S80/S20). This can be explained by the joint movement of the deciles, i.e. by changes along the different parts of the income spectrum not being particularly unbalanced. The general income increase in 2021 and the simulated policies implemented after the pandemic lead to a rather stable situation in most countries.

Developments in the social situation over 2022

Russia's war of aggression against Ukraine that started in February 2022 is dramatically changing the political, economic and social outlook in Europe. While it is too soon to evaluate the socio-economic consequences of the war, this section provides an indication of the expected evolution in the economic and social situation in the EU over 2022.

The outlook for the EU economy before the outbreak of the war in Ukraine was for a prolonged and robust expansion, but the war has now created new challenges, just as the Union had recovered from the economic impacts of the pandemic. By exerting further upward pressures on commodity prices, causing renewed supply disruptions and increasing uncertainty, the war is exacerbating pre-existing headwinds to growth, which were previously expected to subside. The European Commission's Summer 2022 Economic Forecast²⁴ reports that the shocks unleashed by the war are hitting the EU economy both directly and indirectly, setting it on a path of lower growth and higher inflation. It reports that the rapid increase in energy and food commodity prices is feeding global inflationary pressures, eroding the purchasing power of households and triggering a faster monetary policy response than previously assumed.

This has led the European Commission to revise the EU's growth outlook downwards, and the forecast for inflation upwards. GDP in the EU is now forecast to expand by 2.7% in 2022 and 1.5% in 2023 (down from 4.0% and 2.8%, respectively, in the Winter 2022 interim forecast). The projection for inflation has been revised up significantly, and harmonised index of consumer prices (HICP) inflation for the EU is now expected to average an all-time high of 8.3% in 2022, before declining to 4.6% in 2023.

²⁴ [European Economic Forecast. Summer 2022 \(europa.eu\)](https://ec.europa.eu/economy_finance/economic_forecast_summer_2022)

The labour market was on a strong footing at the start of 2022 and is expected to remain resilient. Indeed, the latest unemployment figures from the EU LFS indicate that the EU27 unemployment rate has edged down to 6.0% in June 2022, from 6.3% in January. With unemployment rates at record-low levels, a rapid increase in unfilled vacancies and a growing share of managers reporting labour shortages as a factor limiting their production, labour markets in the EU have tightened. However, decreasing slack in the labour market, coupled with strengthening headwinds, are now set to slow down the dynamics in labour markets in the near term, leading to softer employment growth.

The cost of living crisis

Energy commodity prices had already increased substantially from the lows during the pandemic, but rose markedly further from February 2022 when Russia launched its war of aggression against Ukraine. Whereas prices of some commodities are retreating from recent peaks, the EU economy remains vulnerable to developments in energy markets due to its high reliance on Russian fossil fuels. With gas prices nearing all-time highs energy inflation is on the rise, and food inflation is also surging. Pressures are broadening further as higher energy costs are passed-through to services and other goods, impacting on measures of inflation such as the harmonised index of consumer prices²⁵ and consequently households' purchasing power, especially for lower income families who spend a higher fraction of their income on energy and food.

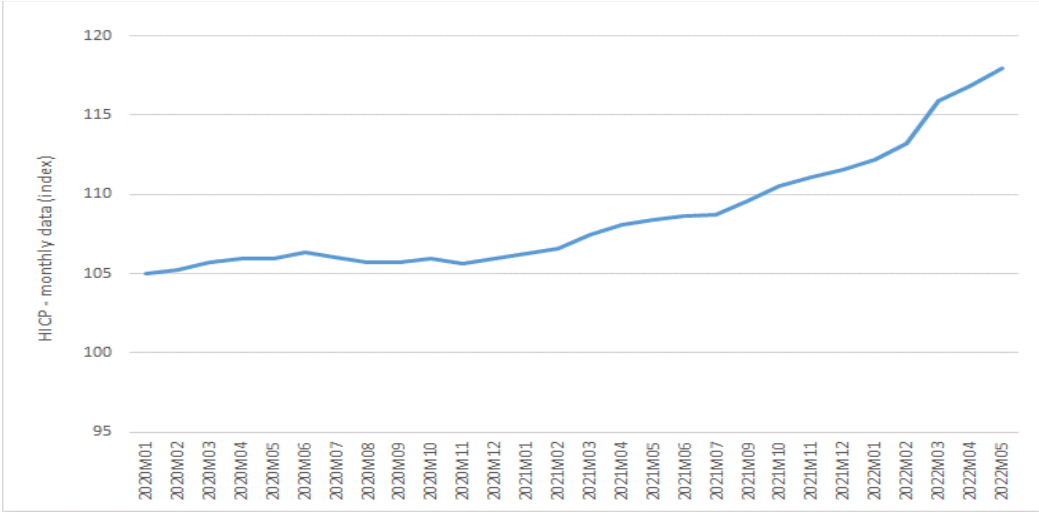
The indices of inflation for the EU and Member States were already rising over 2021 (Figure 12), but have jumped markedly since February 2022, with particularly strong rises in the Baltic States (Estonia, Latvia and Lithuania) and some Central and Eastern European Member States (Figure 13). As a result the indices of inflation in May 2022 were especially high (above the 130 mark) in Estonia, Czechia, Hungary, Latvia and Lithuania. The Commission and Member States are taking actions taken to mitigate the impact of rising energy and commodity prices on inflation and on rising energy poverty, including via recent EU initiatives such as the Social Climate Fund.

A recent technical paper published by the Commission²⁶ has explored the impact of high and rising inflation on consumers' assessment of the financial situation of their household and their consumption/saving intentions, using data from the Commission's consumer survey until June 2022. This reports that overall, consumers' assessment of the past and expected financial situation of their household has been deteriorating for all income quartiles since July 2021, following several months of price increases, with rising inflation between January 2021 and June 2022 increasing the cost of households' per capita consumption in the EU by around €160 per month, on average.

²⁵ Index, 2015=100

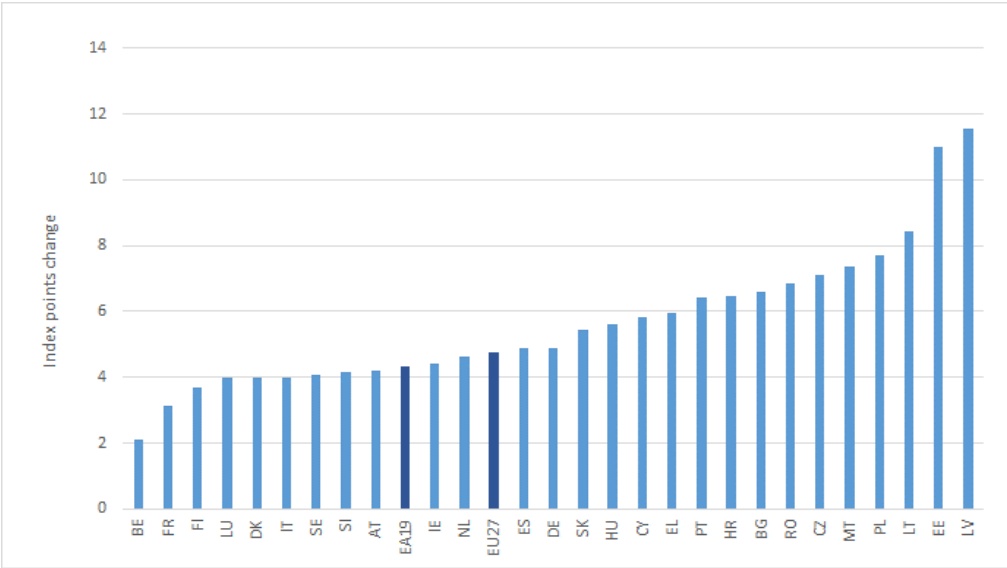
²⁶ The impact of inflation on consumers' financial situation – insights from the Commission's consumer survey, TECHNICAL PAPER 058 | JULY 2022, Luxembourg: Publications Office of the European Union, 2022 (https://economy-finance.ec.europa.eu/publications/european-business-cycle-indicators-impact-inflation-consumers-financial-situation-insights_en)

Figure 12. EU27 Harmonised Index of Consumer Prices, 2020M1 to 2022M5



Source: Eurostat, HICP - monthly data (index) [prc_hicp_midx], 2015=100

Figure 13. Changes in the Harmonised Index of Consumer Prices across Member States, 2022M2 to 2022M5

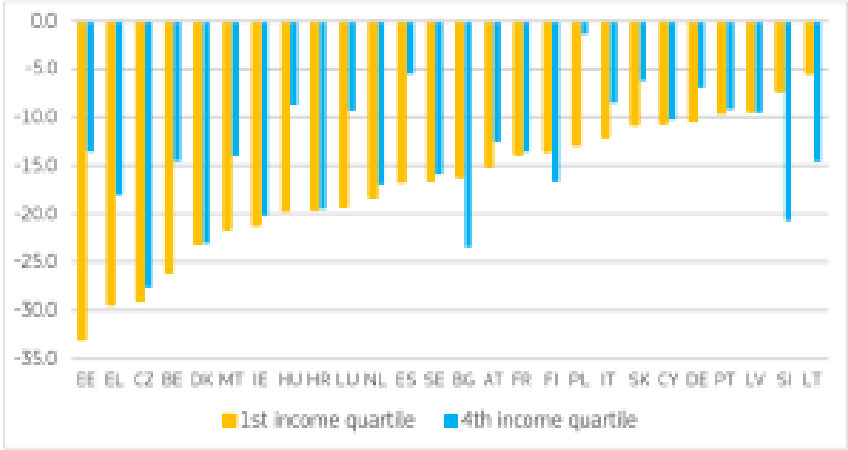


Source: Eurostat, HICP - monthly data (index) [prc_hicp_midx], 2015=100

The report points out that in the 12 months leading to May 2022, average home energy costs jumped by 40.2% in the EU, and the price of fuels for private transport by 33.4%. While consumers across countries have revised downwards their assessment of the financial situation of their household since July 2021, the severity of the drop varied strongly between countries. These differences are partly explained by the fact that energy price increases have varied greatly across EU Member States. Also the budgets typically dedicated to energy vary widely between EU countries, and national governments put different policy measures in place to protect households

from the energy price shock. As shown in Figure 14, in the large majority of EU Member States, poorer households have been hardest hit.

Figure 14. Consumers’ assessment of their past financial situation (Q1) – change between July 2021 and June 2022, EU Member States

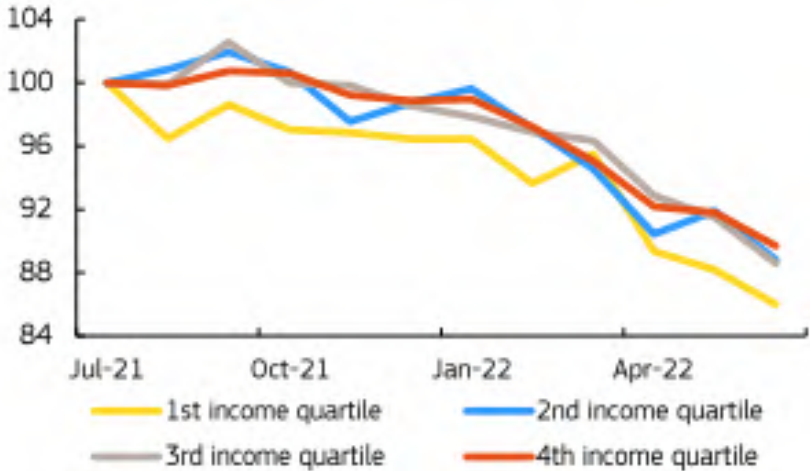


Source: European Commission, Business and Consumer Surveys.

Note: Figures show the change in the balance of consumers' assessment.

The study reports that consumers’ assessment of the financial situation of their household over the last 12 months has been deteriorating for all income quartiles since July 2021, following several months of price increases (Figure 15), but with the deterioration more substantial for lower-income households. This confirms that it is the lower income households who are most hit by the increasing energy bills and food prices, as a larger share of their spending is on these basic items. Moreover, more and more consumers have lowered both their intentions to save and to spend on major purchases over the next year, indicating that inflation has an important impact on real disposable income and aggregate spending.

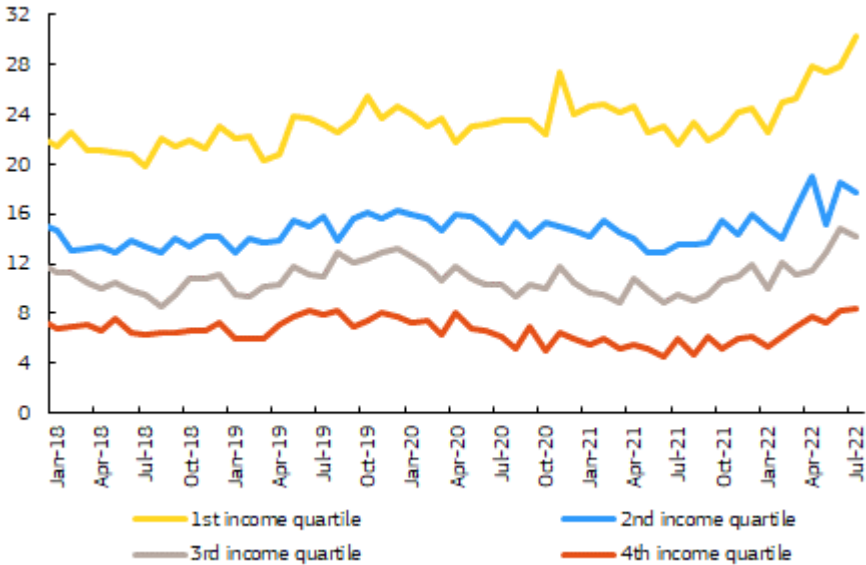
Figure 15. Consumers' assessment of the past financial situation of their household, EU27 (July 2021 = 100)



Source: European Commission, Business and Consumer Surveys.

When asked about their household's financial situation, the share of respondents reporting to be in financial distress – that is, having to draw on their savings or running into debt – is, as expected, higher among low-income groups (Figure 16). In July 2021, 21.6% of households from the first income quartile reported being in financial distress, against around 6% of respondents from the fourth quartile. Importantly, the gap between low-income and high-income groups has widened - since July 2021, reported financial distress has risen sharply for the first quartile, reaching 30.2% in July 2022, while the increase has remained relatively contained for the fourth income quartile (at 8.5% in July 2022).

Figure 16. Share of respondents reporting their household to be in financial distress, EU27, January 2018 – July 2022 (percentage)



Source: European Commission, Business and Consumer Surveys.

Access to adequate warmth, cooling, lighting, and energy to power appliances is key to ensure a decent standard of living and citizens' health in everyday life. The SPC/ISG will continue to monitor the situation with regard to energy poverty and has recently produced an information sheet on available energy poverty indicators at EU level²⁷, which includes indicators covering the two dimensions of material and social deprivation directly related to energy poverty – the inability to keep home adequately warm and arrears on utility bills.

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

Since the financial crisis of 2008, the SPC has been collecting data on the number of social benefit recipients for different social schemes²⁸ (generally unemployment, social assistance and disability benefits). From this data, it is possible to get an idea of how the COVID-19 crisis put pressure on social security systems across the EU, and whether this has reduced over time.

The latest figures, generally covering up to spring or early summer 2022 for around three-quarters of Member States, suggest the following main recent developments identified from the administrative data:

- In the initial period following the COVID-19 outbreak in the EU the recourse to emergency support measures which preserved the link with employment was massive and this prevented a sudden, substantial increase of unemployment. However, in spite of the important national measures adopted to protect workers, the impact of the COVID-19 crisis on EU employment was very significant and seasonally adjusted unemployment in the EU rose from May onwards to peak at 16.4 million in August and September 2020, and remained around the 16 million mark until spring 2021. From then on unemployment in the EU declined on a continual basis, falling back to the pre-pandemic level by the end of 2021, and to just under 13 million by June 2022.
- With few exceptions there was an (often sharp) uptick in unemployment benefit recipients in Member States in the months following the COVID outbreak, with especially marked relative increases to peak values in BG, EE, HU, MT, RO and SK (Table 5) . Among those countries for which more recent data are available, by spring/summer 2022 the numbers of unemployment benefit recipients have generally fallen back below the levels just before

²⁷ <https://ec.europa.eu/social/BlobServlet?docId=25629&langId=en>

²⁸ Although this information needs to be assessed with due caution (as it does not offer cross-country comparability due to the diversity of concepts and underlying definitions used) the numbers of beneficiaries are available every month in most Member States, and help to observe trends and the timing of the impact of crises.)

the pandemic hit, and particularly so in DK, HR, CY, MT, RO and SI, with only a few exceptions (EE, HU, PT, SE).

- For most countries there was not much to signal initially in terms of increases in the number of recipients of social assistance benefits during the COVID pandemic, with no clear signs of a general marked rise in recipient levels following the start of the pandemic (Table 6). However, for some Member States (such as CZ, EL, LV, LT, SI and SK) there have been notable rises observed in numbers of recipients of these benefits at some point over the last year or so, although the latest monthly figures available generally point to a reduction from the observed peak, and for more than half of the Member States the level of benefit recipients is similar to or below that just before the pandemic started.

Table 5: Change in unemployment benefit recipient numbers from February 2020 to latest month of data available and to the post-pandemic peak

	Change in unemployment benefit recipient numbers from February 2020 to latest month of data available			Change in unemployment benefit recipient numbers from February 2020 to peak month of data available		
	Absolute change (1000s)	Relative change (%)	Latest month of data	Absolute change (1000s)	Relative change (%)	Month of post-February 2020 peak
BE	-44.1	-11.6	Jun 2021	25	6.6	Aug 2020
BG	-13.1	-17.4	Dec 2021	59.9	79.8	May 2020
CZ	-19	-21.1	June 2022	18.0	20.0	Jan 2021
DK	-33	-34.9	April 2022	31.0	33.2	Feb 2021
DE	-244	-5.3	Jun 2022	443	9.7	July 2020
EE	0.1	0.6	Oct 2021	9.1	72.9	Feb 2021
IE	-24	-14.1	May 2022	17	10.0	July 2020
EL	-20.5	-8.8	Feb 2022	23.0	9.8	Mar 2021
ES	-327	-16.3	May 2022	331	16.6	Apr 2020
FR	-330	-11.6	Mar 2022	583.8	20.5	May 2020
HR	-19	-50.3	Jun 2022	5.4	14.3	May 2020
IT	na	na	-	na	na	-
CY	-15	-71.4	Apr 2022	1.0	4.8	Mar 2020
LV	-5.0	-13.5	Jun 2022	13.0	35.1	July 2020
LT	-1.7	-2.5	May 2022	25.0	37.3	Jan 2021
LU	-0.6	-6.9	Jan 2022	2.0	22.8	June 2020
HU	1.2	1.6	Jun 2022	59.0	80.8	May 2020
MT	-0.5	-49.0	May 2022	2.1	211.1	May 2020
NL	-52.0	-25.2	May 2022	65.0	31.6	June 2020
AT	-73.0	-24.0	Mar 2022	159.0	52.3	April 2020
PL	-40.9	-26.5	June 2022	30.9	20.0	June 2020
PT	15.5	8.4	May 2022	92.9	50.6	May 2021
RO	-18.0	-31.6	May 2022	44.0	77.2	Dec 2020
SI	-9.4	-39.1	Apr 2022	7.1	29.5	May 2020
SK	-7.0	-17.2	May 2022	37.9	92.8	Jun 2021
FI	-2.4	-0.7	Dec 2021	180.0	54.7	April 2020
SE	10.5	4.3	April 2022	116.1	48.1	Apr 2021

Source: SPC data collection on social benefits recipients

Note: For IT, figures reported on unemployment benefit recipients are only provided as annual totals, not monthly figures, and hence comparison of detailed developments over the period since February 2020 is not possible.

Table 6: Change in social assistance benefit recipient numbers from February 2020 to latest month of data available and to the post-pandemic peak

	Change in social assistance benefit recipient numbers from February 2020 to latest month of data available			Change in social assistance benefit recipient numbers from February 2020 to peak month of data available		
	Absolute change (1000s)	Relative change (%)	Latest month of data	Absolute change (1000s)	Relative change (%)	Month of post-February 2020 peak
BE	10.6	7.1	March 2021	11.0	7.4	Feb 2021
BG	2.0	10.0	Dec 2021	5.0	25.0	Nov 2020
CZ	1.0	1.7	May 2022	9.0	19.3	Apr 2021
DK	-19.1	-27.4	May 2022	2.4	3.4	April 2020
DE	na	na	-	na	na	-
EE	3.6	64.5	Aug 2022	4.9	89.1	Apr 2022
IE	-3.0	-20.0	May 2022	<i>Figures lower than Feb 2020</i>		
EL	-44.6	-10.3	Feb 2022	89.0	20.5	Apr 2021
ES*	763.4	304	Jun 2022	763.4	304	Jun 2022
FR	-35.2	-1.8	Feb 2022	147.7	7.7	Nov 2020
HR	-11.0	-18.3	May 2022	<i>Figures lower than Feb 2020</i>		
IT	na	na	-	na	na	-
CY	-6.9	-19.6	June 2022	<i>Figures lower than Feb 2020</i>		
LV	21.0	210.0	Jun 2022	24.0	240.0	May 2022
LT	2.2	3.3	Mar 2022	13.4	20.0	Apr 2021
LU	0.4	4.0	Jan 2022	0.7	7.3	Jun 2021
HU	-1.0	-1.1	May 2022	11.0	11.6	Mar 2021
MT	-0.3	-6.9	May 2022	<i>Figures lower than Feb 2020</i>		
NL	-22.0	-5.3	May 2022	16.0	3.9	Jun 2021
AT	na	na	-	na	na	-
PL	na	na	-	na	na	-
PT	3.0	1.5	May 2022	16.1	8.1	May 2021
RO	-14.0	-8.2	May 2022	7.0	4.1	Jan 2021
SI	-10.9	-11.5	May 2022	16.1	16.9	Apr 2021
SK	-1.3	-2.1	Jun 2022	20.6	33.9	May 2022
FI	0.0	0.0	Jun 2022	27.0	18.4	June 2020
SE	-10.1	-10.2	Mar 2022	0.6	0.6	Apr 2020

Source: SPC data collection on social benefits recipients

Note: * For ES the data refers only to the monthly data for the IMV (Minimum Vital Income) national scheme, but there exist also regional minimum income schemes (RMI) that are included in social assistance but for which the data is only available annually. Therefore, the data in the table does not cover all social assistance schemes (the number of RMI beneficiaries in 2020 and 2021 were 369 thousand and 352 thousand respectively). Furthermore, the figures for ES compare the changes in the IMV data over the period since June 2020, as the scheme was only established then, and not February 2020. For DE, IT and PL, figures reported on social assistance beneficiaries are only provided as annual totals, not monthly figures, and hence comparison of detailed developments over the period since February 2020 is not possible. Data for all of Austria (not specific provinces) is only available on an annual basis, and at the end of August 2022, was only available up to 2020.

Trends in Member States regarding the number of benefit recipients can be found in the related chart in the country profiles produced as a separate annex to this SPC annual report.

Trends in the number of recipients of special COVID crisis support measures

In most EU countries, social protection schemes protect individuals and companies against situations of temporary loss of economic activity due to extraordinary circumstances. Many countries decided to put in place extraordinary income support measures or to significantly modify/expand existing ones, and these played an important role in mitigating the impact of the pandemic on households especially during the height of the pandemic, although indications are that these schemes are now closed or winding down.

These programmes are normally outside the scope of the regular ISG data collection on benefits recipients, but information on them enable a fuller account of the reach of COVID-response measures, and so information has been collected via the SPC/ISG and the EMCO Indicators Group on the following sorts of measures:

- the take up of short time work schemes²⁹ or similar measures such as temporary unemployment schemes (e.g. furlough, or temporary layoff from work) where a link to the job is maintained;
- other main emergency measures aimed at supporting the self-employed and households (e.g. extraordinary payments as income support, sickness benefits schemes to protect workers and self-employed in quarantine or self-isolation for a limited period of time, "caring benefits" (i.e. earnings replacement paid to people who need to suspend earnings activities to take care of a child or a sick relative), etc.).

The information and figures collected via the EMCO and SPC are presented in Table 7 (for short time work schemes or similar measures) and in the remaining tables (Tables 9 to 11), in annex 3 to this report. It should be noted that the figures present information on the developments in the emergency benefits situation in Member States and are not fully comparable across countries, and for this reason the focus should be on the evolution in numbers of the recipients within countries, rather than on the levels.

Short time work schemes or similar measures

Regarding short time work (STW) schemes or similar measures such as partial unemployment schemes, temporary unemployment schemes, furlough etc., where a link to the job was maintained, for those Member States for which figures are available there were a total of at least 17.8 million people receiving benefits under such schemes in March 2020, massively up from 0.65 million in February (Table 7 in annex 3). The number of persons receiving support in the EU increased sharply in April 2020, peaking at more than 33 million people.

²⁹ Those receiving benefits compensating for the loss of wage or salary due to formal short-time working arrangements, and/or intermittent work schedules and where the employer/employee relationship continues.

For most Member States the number of recipients peaked in April or May 2020 and then generally declined markedly through to the summer to reach below 9 million in September and October 2020. Although figures then started to increase again, following the second wave of COVID infections and related sanitary measures, the number of recipients did not rise to anywhere near the levels seen during the first wave and broadly remained around the 11-12 million mark until April 2021. From May 2021 onwards the number of recipients fell sharply to around 4 million by July, and subsequently declined continuously, although at a lower rate, through to spring 2022. In several Member States the special COVID STW support schemes have already closed or are in the process of being phased out.

A rough comparison of the maximum reported monthly number of recipients of such support to date in each Member State to the size of the active population (Table 8) shows that the schemes in Croatia, Cyprus, Luxembourg and Malta, were the most important in terms of peak coverage, with 31-42% of the active population receiving support. Support was also considerable in Austria, Belgium, France, Ireland, Italy, the Netherlands and Spain, with 20-30% of the active population benefiting from STW or similar measures. In contrast, countries such as Bulgaria, Finland, Latvia, Poland and Sweden seem to have made much lower recourse to the use of STW or similar measures, with less than 10% of the active population receiving support from such measures. Some of these have employed different measures to address the impacts of the crisis on household incomes, which are described in the following section.

Table 8: Comparison of the maximum available monthly figure in the period April 2020 – April 2021 for the number of recipients of STW or similar measures to the active population in the corresponding quarter of 2020/21 (%)

BG	SE	FI	LV	PL	RO	DE	EL	SK	SI	PT	EE	IE	IT	BE	AT	NL	ES	FR	MT	HR	CY	LU
4.9	6.2	6.7	6.8	8.8	13.3	13.6	15.0	15.2	17.2	17.4	17.5	21.3	22.7	22.9	23.4	28.8	29.1	29.3	31.5	32.5	33.5	42.0

Source: Author's calculations based on EMCO/ SPC data collection on crisis support measure recipients and Eurostat LFS.

Other main emergency measures aim to support the self-employed and households

Beyond the support to employees, many Member States have implemented specific schemes to support the self-employed (see Table 9 in annex 3). For those countries for which data has been provided, there were around 6 million self-employed people receiving income support in April 2020, with 2.8 million in Italy alone. Support levels to the self-employed peaked in spring 2020, and generally declined subsequently in most Member States through to September 2020 (with the number of recipients falling to around 0.6 million), before rising again with the second COVID wave. From November 2020 to May 2021 the number of self-employed receiving income support remained relatively stable at between 1.2 and 1.6 million. From June 2021 the number of self-employed receiving support fell sharply, before levelling off from October 2021 at around 0.3 million through to spring 2022.

Further, exceptional income support schemes have also been a feature of the COVID-19 crisis. This has included extraordinary payments under sickness benefits schemes to protect workers and the self-employed in quarantine or self-isolation for a limited period of time and “caring benefits” (i.e. earnings replacement paid to people who need to suspend earnings activities to take care of a child or a sick relative). Such measures have been particularly significant in Czechia, Ireland, Latvia, Luxembourg, Slovakia, Spain and Sweden (Table 10 in annex 3). Again, there was a rise in the figures after the summer of 2020 in several Member States, but the number of beneficiaries generally fell back strongly from spring 2021 through to autumn 2021, before seeing a strong resurgence driven by large increases in Spain.

There are also a range of further schemes providing income support to households and individuals. In terms of size, these are generally less significant than the schemes previously mentioned, although in Austria, France, Greece, Ireland, Italy, Lithuania, Poland, Romania and Slovenia the numbers of households or individuals that have been supported by these particular schemes has been substantial (Table 11 in annex 3). In most Member States the numbers of people supported by these schemes has reduced over 2021 and into 2022, and in many cases the numbers of recipients are petering out.

IV. Overview of key social challenges and good social outcomes in EU Member States

This section presents the findings concerning the main social challenges and good social outcomes in the EU Member States³⁰ as highlighted in the SPPM Country Profiles annexed to the report. Due to the time constraints in producing the assessment, it is mainly based on 2020 EU-SILC data. The assessment is indeed based on a qualitative and quantitative analysis of the levels for the selected indicators, together with the changes over a three-year reference period, based on the methodology of the Joint Assessment Framework³¹. Further analysis is conducted to complement these results with other relevant findings, emerging from national sources, policy documents, reports or studies (referred to as “non-JAF analysis”).

The adjustments agreed in ISG on a revised definition of the at-risk-of-poverty-or-social-exclusion indicator (AROPE) and its severe deprivation and (quasi-)jobless households components have been implemented. The new indicator of severe material and social deprivation (SMSD) replaced the previous indicator of severe material deprivation (SMD), and for the (quasi-)jobless households indicator the age bracket increased from 59 to 64 years along with some other minor adjustments.

Regarding breaks in series in some indicators for certain Member States, it has been clarified with the relevant Member States for which indicators time comparisons can be made in the context of this exercise in spite of the break and those indicators for which it cannot take place. In the former case, appropriate caveats/footnotes were added. In the latter case, where time comparisons may not be appropriate, the exercise was focused on an assessment of levels only.

The SPPM analysis of Member States' key social challenges and good social outcomes, which considers 2020 levels and trends from 2017 to 2020, continues to point to a heterogeneous performance of social protection systems across the European Union.

Poverty, social exclusion and inequality

While all member States have at least one challenge in the area of poverty or social exclusion, in 22 Member States a JAF key challenge has been observed, considering all age groups, with good outcomes registered in 18 Member States. This set of challenges encompasses various specific challenges, ranging from the **share of people living in (quasi-)jobless households, the at-risk-of-poverty rate, the severe material deprivation rate, the persistent at-risk-of-poverty rate, and the relative median poverty risk gap**. **Inequality** appears as a key challenge in 6 Member States, while 4 Member States have good social outcomes in the area. **Material and social deprivation** appears as a key challenge in 1 Member State, with no Member States registering a good social outcome. The **housing** situation, notably issues related to housing deprivation and housing cost overburden, for various age groups, is a key challenge in 14 Member States, with 1 Member State registering good

³⁰ For further details on the assessment methodology see section 2 of Annex 3 (technical annex) “SPPM methodology used for the identification of Member States' key social challenges and good social outcomes”

³¹ <https://ec.europa.eu/social/main.jsp?catId=1538&langId=en>

social outcomes in this area. Regarding non-JAF analyses, challenges concerning the social situation of **persons with disabilities** were identified in 8 Member States, notably in relation to their risk of poverty and social exclusion, but also sometimes to insufficient provision of community-based services and policies to support independent living. **Roma** inclusion features as a challenge in 5 Member States. The social situation of **migrants and refugees** is a key concern in 11 Member States, including sometimes their labour market situation. The **regional dimension** of poverty and social exclusion is flagged as a key social challenge for 5 Member States. An analysis on **energy poverty** features for the first time in this exercise and highlighted key social challenges in 7 Member States.

Effectiveness of social protection

Under this area, the **social inclusion of children** has been analysed from the perspective of the effectiveness of social protection for children and that of equal opportunities for children, especially for those from a disadvantaged socio-economic background. Overall, in these areas, 18 Member States registered key challenges, with 7 showing good outcomes. Challenges in the area of **active inclusion** are related to the effectiveness of **social benefits** for the working age population, the effectiveness of **social services**, and **inclusive labour markets**. In some cases, the adequacy, coverage and take up of social assistance were found to remain limited, while the access to social services and links to social services left room for improvement. Overall, in these areas, 15 Member States registered key challenges, with 11 showing good outcomes. From the perspective of **gaps in access to social protection** for some categories of non-standard workers or self-employed, challenges were observed in 7 Member States regarding effective access, or linked to adequacy.

Pensions

The analysis in the area of pensions encompassed issues related to the effectiveness of social protection in old age, as well as pensions adequacy issues. As concerns the **effectiveness of social protection** in old age, in terms of poverty prevention or income replacement, 12 Member States registered key challenges, and 10 show good outcomes. Key challenges were observed for 2 Member States concerning **pension adequacy** issues, such as high gender pension gaps. The relative income situation of older people compared to the working-age population weakened.

Long-term care

The insufficient access to long-term care services, their affordability, quality, or the sub-optimal design of long-term care systems has been identified as a key challenge in 11 Member States.

Healthcare

The health status of the population proves to be a key challenge in 21 Member States, while 7 Member States display good results. As concerns **access to health care**, challenges have been identified for 9 Member States, with 1 Member State showing good results.

V. Main recent social policy developments in EU Member States

Multilateral reviews of the implementation of Country Specific Recommendations (CSRs) under the European Semester

As part of its treaty-based mandate, the Social Protection Committee systematically monitors Member States' reform activities. One of the key instruments used in this task is multilateral surveillance, which entails conducting reviews of Member States' reform implementation efforts in the context of the European Semester. The reviews provide a shared understanding of interrelated challenges and support Member States' reform efforts through exchanges of policy knowledge and best practices.

During the 2022 Semester cycle, the SPC conducted 32 such reviews, with challenges of common interest being reviewed jointly with the Employment Committee (EMCO). At the same time, the thematic element, in the form of in-depth discussions on each policy area under the Committees' competence, has been significantly reinforced in 2022. The thematic nature of the discussions has fed into the preparation of horizontal conclusions, for each of the policy areas under SPC competence, as presented in this section.

The detailed outcomes of the thematic discussions, as approved by the Member States, are included in annex 2 of this report.

Reforms in the areas of social protection and social inclusion

The 2022 SPC thematic discussions and multilateral reviews of CSRs' implementation in the area of social protection and social inclusion illustrated that Member States are taking action to integrate the lessons learned during the COVID-19 crisis in the design of more permanent measures that can improve the functioning of their social protection and social inclusion systems.

On **access to social protection**, almost all Member States have submitted their national plans in response to the related 2019 Council Recommendation in the course of 2021. The measures, outlined in the plans include efforts to improve adequacy and extend formal coverage to previously non-covered groups, such as those with non-standard forms of contracts and some categories of the self-employed, as well as efforts to improve access to unemployment benefits, healthcare insurance, sickness and maternity leave. A dedicated SPC thematic review,

held in September 2021 confirmed that the level of ambition in the national plans varies significantly among the national plans from one Member States to another³². When the proposed measures or stated policy objectives will be fully implemented, gaps are likely to remain. Further efforts will therefore be needed to reform the social protection systems in several countries to ensure formal and effective access to adequate social protection for all. In January 2022, together with the Commission the SPC published a partial update of the monitoring framework on access to social protection.

The **non-take up of benefits** has been identified as a specific area for improvement and was discussed at a dedicated SPC thematic review in March 2022. Based on the severity of the challenge (with minimum income non-take up rates ranging from 30 to 40% of the eligible population in the examined countries) and the important role of benefits in supporting social inclusion and labour market integration, further efforts will be needed across Member States to improve the uptake, as well as to ensure an adequate indexation of benefits in the context of the current high inflation rates. Some of the policy measures to reduce the non-take up include simplifying access, through integration of respective services, revision of the accessibility criteria and the development of personalised support, adapted to the most disadvantaged.

In the area of minimum income, in March 2021 the SPC agreed to prepare the first joint report of the Committee and the European Commission on minimum incomes (Box 1). The report was prepared relying on the SPC benchmarking framework on minimum income, and with the support of the Indicators Subgroup together with input from the MINET (Minimum Income Network) working group of the SPC. The report was adopted in September 2022.

Box 1: Key findings from the report on progress achieved in the development of minimum income protection

In 2020, the Council of the European Union³³ reflected upon the importance of strengthening minimum income protection and acknowledged that minimum income protection, accompanied by activation and social inclusion services, plays a vital role in mitigating the risk of poverty and social exclusion. The Council also invited the European Commission and the Social Protection Committee (SPC) to 'prepare periodically a joint report to analyse and review progress achieved in the development of minimum income protection in the Member States, building on the benchmarking framework for minimum income protection established at EU level.'

The joint report of the SPC and the European Commission was completed in September 2022. The report's six chapters contain an overview of trends in the outcome and performance indicators

³² The conclusions of the review were used as the basis for a debate in the December 2021 EPSCO Council.

³³ Council of the European Union (2020), [Council conclusions on strengthening minimum income protection to combat poverty and social exclusion in the COVID-19 pandemic and beyond](#).

of the benchmarking framework, as well as an assessment of the adequacy of minimum income and related developments over the last decade. The report further presents eligibility criteria to access the schemes, discusses activation elements and access to services; and finally provides an overview of governance mechanisms and recent reforms. Volume II of the report consist of 27 country fiches on Member States' national minimum income schemes.

Based on the report's findings, the Social Protection Committee considers further efforts will be needed to implement principle 14 of the European Pillar of Social Rights, in coordination with other relevant principles. Taking into consideration the national circumstances, the EU should continue to support national efforts to ensure adequate minimum income schemes, also in conjunction with the Council Recommendation on the integration of the long-term unemployed into the labour market.

The benchmarking framework on minimum income has provided a valuable basis for elaborating the report. It will be useful to update the framework regularly, taking into account interactions with other benefits, and to review the potential for further expansion in different dimensions (such as eligibility criteria, access to services and labour market transitions and incentives).

Minimum income schemes require continuous monitoring and analysis, particularly given the changes and developments in the socioeconomic context (the impact of the pandemic and of the Russian war against Ukraine, developments on the labour market and the green and digital transitions). In this context, Member States can benefit from the support of EU funds (such as the European Social Fund Plus or the Recovery and Resilience Facility), and minimum income schemes should remain a focus of the European Semester.

As mentioned above, the SPC and the Commission should periodically prepare a joint report to analyse and review progress achieved in the development of minimum income protection in the Member States, building on the benchmarking framework for minimum income protection and further input from the Member States.

The crisis also brought to the fore pre-existing challenges in accessing **services**. To ensure continuity of operation at the onset of the pandemic, the use of ICT and on-line tools was significantly strengthened. At the same time, past SPC thematic discussions have highlighted the importance of taking into account the specific needs of the most vulnerable and their heavier reliance on personal contact for services. Measures to **reinforce and integrate the provision of benefits with social services** and to integrate various services into one-stop shops have proven beneficial and need to continue, as they often lead to reinforced case management through multidisciplinary teams and better serve the needs of the individual beneficiaries. The joint EMCO-SPC reviews on the integrated delivery of services have also shown that further efforts to increase the effective cooperation and coordination among service providers are required to ensure that people have a single point of contact through which to access relevant support. To that end, the

capacity of the relevant providers could be further strengthened and efforts to improve coordination between different administrative levels may be needed.

Structural measures taken by the Member States to broaden participation in and improve quality of **early childhood education and care** include lowering the compulsory pre-school age, or ensuring universal free access to pre-school education, the construction and renovation of kindergartens, as well as increasing tuition fee support in particular for children with different needs or coming from families with a disadvantaged background. At the same time, the joint EMCO-SPC exchange on the topic demonstrated that additional efforts to expand capacity and improve affordability are needed, as the demand for childcare continues to outstrip the supply in a number of countries. Affordability of care also remains an issue, especially in countries where capacity is low. Addressing these concerns would enable parents to access full-time jobs, as well as improve the well-being of children. Furthermore, with nearly one in four children being at risk of poverty or social exclusion, targeted efforts to support children at risk and their parents will continue to be required.

The pandemic has also increased **homelessness and housing exclusion**, as the crisis made it more difficult for many households to pay for adequate housing, while also disrupting the construction of new homes. Low-income owners and private renters were particularly affected, as were people with an average income, who became burdened by increased housing and maintenance costs. As demonstrated in past SPC thematic work, structural efforts to address homelessness and housing exclusion should prioritize integrated approaches that combine prevention, rapid access to permanent housing and the provision of enabling support services. The construction of new social housing also needs to be accelerated.

As part of its thematic work under the 2022 European Semester, the SPC also held an in-depth discussion with a particular focus on the **specific situation of young people in accessing various social protection benefits and services**.

The exchange confirmed that young people in all Member States are covered by minimum income support schemes, either under a general scheme, or - in some cases - under more categorical schemes. At the same time, evidence from some Member States points to more significant non-take-up rates among younger people. The main reasons identified are lack of information, fear of stigmatization and the inadequate level of benefits.

The exchange also confirmed that while in most Member States the rules regulating access to social protection benefits (other than minimum income, such as unemployment, sickness or maternity benefits) are not age-specific, certain gaps and obstacles to access are more significant for young people, compared to the rest of the population. With the increasing flexibility of the labour market, young people are also more likely to work with non-standard or temporary contracts, which are characterized by more constrained access to social protection, both in terms of formal coverage and effective coverage (e.g. short-term employment history not fulfilling the rules, governing entitlements). The COVID-19 pandemic increased the visibility of these obstacles and in response, a number of countries took temporary measures to ensure the protection of

young workers from major social risks. In addition, efforts are being made to tailor and target social and employment support to individual needs, as barriers for young people to enter, or return to the labour market often differ from the barriers faced by the rest of the population.

The detailed outcomes of the thematic discussion on the situation of young people in accessing social protection benefits and services, as well as on the non-take-up of benefits, are included in Annex 2 of this report.

Reforms in the area of pensions

Pensions, given their high budgetary weight and social importance, in particular in view of Europe's ageing societies and changing labour markets, have been a focus area since the very start of the European Semester. In the years prior to the COVID-19 outbreak, approximately three-quarters of the Member States received country-specific recommendations (CSRs) focused on the dual aspects of long-term fiscal sustainability and adequacy of their pension systems.

In 2020, the special circumstances and extraordinary nature of the COVID-19 crisis resulted in no CSRs on pensions being issued by the Council, even though pension issues were identified in the recitals of Recommendations. In 2021, given the comprehensive and forward-looking policy nature of the recovery and resilience plans³⁴, no (non-fiscal) country-specific recommendations were proposed either. At the same time, the pension-related CSR issued in 2019 remained relevant.

The SPC country specific reviews have confirmed that in order to **ensure the financial sustainability of their pension systems**, Member States continue to pursue the objective of prolonging working lives. The reported measures include continuing the gradual increase of pensionable ages to reflect longevity gains, phasing out early retirement pathways and other forms of exit from the labour market. Supporting measures to improve women's labour market participation, as well as measures to facilitate older workers remaining in work, are also being implemented.

Several Member States are also reporting measures to **reinforce the income-maintenance and poverty prevention capacity of their pension systems**, including through increases in minimum (old-age or disability) pensions and minimum old-age benefits and adaptations to the indexation rules. Efforts are also made to broaden pension coverage and to ensure an adequate retirement income for people on temporary or non-standard work contracts.

In addition to the country-specific reviews, the SPC also held an in-depth thematic discussion on pensions in February 2022, with particular focus on the **effectiveness of minimum pensions and minimum old-age benefits in tackling old-age poverty**, as well as on the **role of pensions credits for care periods in tackling the gender pension gap**.

³⁴ The national Recovery and Resilience Plans include pension reform measures for seven Member States (Belgium, Spain, Latvia, Austria, Romania, Slovakia and Slovenia).

The exchange confirmed the importance of **universal pensions, contributory minimum pensions and/or social assistance benefits for older people** in addressing old-age poverty, taking into account the heterogeneity of Member States' social and tax systems. It was demonstrated that the conditionality and capacity of such support to prevent poverty varies substantially across Member States. In addition, in Member States whose systems provide for this, the interplay between the levels of minimum non-contributory and minimum contributory pensions deserves special attention, as this interplay has a direct impact on incentives to contribute to the pension system, thus affecting both the long-term sustainability and adequacy of pensions.

Care credits, provided to compensate caregivers (mostly women) for the time spent out of paid work to look after family members, can also play an important role in protecting the future pension income of care providers and contribute to narrowing the gender pension gap.

The detailed outcome of the thematic discussion on pensions is included in Annex 2 of this report.

Reforms in the area of healthcare

The COVID-19 pandemic impacted the delivery of healthcare in all EU countries, highlighting the need to improve the preparedness of health systems to better respond to crisis events.

Accordingly, the 2020 cycle of the European Semester put a strong emphasis on reforms in the area of healthcare, with all Member States receiving a country-specific recommendation to address the resilience of their systems. Depending on the country, the identified challenges included scarcity of medical personnel and working conditions; differences (including regional) in the quality, availability and access to healthcare; the need to ensure adequate access to critical medical products and infrastructure, as well as the need to strengthen the provision of public health, e-health and primary care in order to improve prevention and access to health services.

In 2021, given the comprehensive and forward-looking policy nature of the recovery and resilience plans³⁵, no non-fiscal CSRs were proposed. In this context, reform implementation in the area of healthcare continues to be monitored by the Social Protection Committee by means of a thematic discussion, as well as by country-specific reviews of the past CSRs, where relevant.

In the framework of the 2022 SPC multilateral reviews, Member States reported on **a range of measures in the area of Healthcare**. Many of those measures were taken in the context of addressing the immediate challenges of the COVID-19 outbreak, but have the potential to reinforce the capacity of the national health system beyond the pandemic. Some Member States are also integrating the lessons learned since 2020 in their longer-term national health reform plans over the course of several years.

³⁵ All 22 national Recovery and Resilience Plans that had been adopted at the time when this review was organised included health care reform measures.

Among the measures reported are efforts to **strengthen the provision of public health and primary care**, including through investments in new primary health care units, increased deployment of e-health solutions and better integration between the health and social sectors.

Supporting measures to improve the attractiveness of the medical profession and **address unequal distribution of health personnel** include temporary relocations, financial incentives and adjustments of wages, as well as increased training opportunities and scholarships for medical schools. A few Member States have also introduced administrative simplifications to facilitate the recruitment of medical staff from third countries. A number of measures to ensure adequate access to critical medical products were also reported.

In March 2022, the SPC also held a thematic discussion on healthcare, structured around the **issues of workforce availability** and the **uptake of telemedicine**, thus reflecting two of the major common challenges for all Member States.

The exchange clearly confirmed the need to expand the capacity of the health workforces across all Member States to address the access challenge. In addition to the measures, already reported by Member States as part of their country-specific reviews, the **importance for efficient coordination** between social and healthcare systems was emphasized, as well as the importance of designing and aligning incentives at regional and sub-regional levels, supported by national **quality assessment frameworks** to ensure equity across the country. Reorienting service delivery away from hospitals to primary care remains a key priority.

As far as **telemedicine** is concerned there are indications in a number of Member States on the increased level of acceptance from patients and medical professionals alike. At the same time, additional evidence may be needed to properly assess its effectiveness. This, combined with the potential threat of increasing the digital divide, may require additional policy actions focused on quality, accessibility and efficiency, alongside with efforts to minimize the risks of widening health inequalities through digital exclusion.

The detailed outcome of the thematic discussion on healthcare is included in Annex 2 of this report.

Reforms in the area of long-term care

The care sector was hit hard by the COVID-19 pandemic, with difficulties in ensuring continuity of care affecting the well-being of care recipients and care providers alike. While the pandemic has put the Member States' long-term care (LTC) systems under unprecedented stress, many of the weaknesses in the sector (for example related to access to and affordability of care, quality of care and the care workforce) were structural and existed before the outbreak of the pandemic. In addition, projections show how population ageing is expected to lead to a strong increase in demand for quality long-term care, while less people of working age will be available to finance such services.

Over the years, a varying number of Member States have been receiving country-specific recommendations (CSRs) in the context of the European Semester. In 2019, there were eight LTC-related CSRs, focusing on sustainability, cost-effectiveness, access, affordability, quality and female labour market participation. In 2020, given the extraordinary circumstances, the CSRs were streamlined and three Member States received such CSRs, while some relevant aspects were reflected in the recitals. In 2021, given the comprehensive and forward-looking policy nature of the recovery and resilience plans³⁶, no (non-fiscal) CSRs were proposed.

The SPC work, conducted in the framework of the 2022 European Semester provided evidence of the diverse sets of measures being implemented to address the challenges highlighted in the CSRs. Some Member States are strengthening the role and recognition of long-term care as part of their social protection systems. Several are also reviewing and streamlining eligibility criteria, needs assessment processes and pathways to access care, in order to ensure that all in need have access to care in a timely and equitable manner. Efforts are also made to reduce the financial burden on care users, to increase investment in infrastructure and the formal care workforce and to promote innovation. Workforce challenges are also being addressed, with some Member States taking measures to reinforce formal care services and provide support to informal carers.

The thematic discussion in the SPC focused on the **role of social protection in ensuring everyone in need has access to long-term care**. It has demonstrated that there are pronounced differences in the supply and organisation of long-term care, the corresponding social protection systems and public expenditure levels across the Member States. Long-term care systems are often characterised by fragmentation at horizontal (health and social care) and vertical (national, regional and local) levels, whereby the responsibility for provision, funding, quality assurance and regulation is divided between multiple actors. Social protection coverage for long-term care needs varies considerably across the Member States and even when available, it is in some cases insufficient to ensure that people in need of care are not pushed into poverty. The importance of reorienting care models from a purely medical view to a person-centered perspective is gaining recognition. This entails integrated delivery of services focused on personal needs, while respecting individual choices, ensuring continuity of care, and supporting independent living in all care settings.

The SPC also discussed **how to ensure and measure the quality of care in various settings**. The exchange showed that there is a need to elaborate and/or expand quality standards and quality assurance mechanisms to respond to existing structural weaknesses in the provision of care, also reflecting the increasing diversity of care services, care settings and care users preferences.

The detailed outcome of the thematic discussion on long-term care is included in Annex 2 of this report.

³⁶ Fifteen of the twenty two Recovery and Resilience Plans, adopted at the time when this review was organised included long-term care related measures.

VI. Thematic Social Reporting of the SPC in 2022

Collection of information related to the Member States' use of distributional impact assessment (DIA) in budgetary processes and planning of reforms

Every year, the members of the Social Protection Committee engage in thematic social reporting, which involves the collection of information on a topic selected according to the current policy priorities.

In 2022, the SPC chose the topic of *Member States' use of distributional impact assessments³⁷ (DIAs) in budgetary processes and planning of reforms³⁸*. The requested information was collected by the SPC Members, in cooperation with their national counterparts from the Employment Committee and the Economic Policy Committee between February and March 2022. This followed the conference on economic inequalities that brought together Members of the EMCO, EPC and SPC in Autumn 2021, where one of the workshops was dedicated to DIA practice across Member States. In the discussion, the Committees' Members agreed that DIA was an important tool and should be further promoted and that the Committees should continue exchanging on the subject in order to promote more systematic use of DIA. As a follow-up, three mutual learning events were organised on 14 Dec 2021, 10 Feb and 7 March 2022.

The collected contributions allowed taking stock of the national practices regarding conducting DIA analysis, including the choice of models, data used, policy areas covered, indicators used and ways of disseminating results. They also allowed identification of good practices, which were further discussed at a dedicated meeting of the SPC with the EMCO in April 2022.

The main findings, stemming from the collected information are listed below:

- **Reliance on DIAs varies significantly across Member States, but most report conducting some DIA analysis on a regular basis.** The remaining approximately one third of the Member States report carrying out DIA on an ad-hoc basis as need arises. Only in few instances, conducting DIA is required by law.

³⁷ *Distributional Impact Assessment (DIA) is commonly referred to as an analysis, usually quantitative in nature, which assesses the distributional effects of policy measures on monetary incomes across various groups of the population. DIA improves transparency and supports better policymaking by helping quantify the effect policies have on household incomes, including for the most vulnerable as well as the middle class. Conducting it as part of the budgetary process allows for more informed decision-making and targeting in terms of social impacts of policy measures and reforms. More generally, it allows more scrutiny of the impact of proposed measures and can assist in improving the quality of the public debate in Member States.*

- **Member States differ in terms of the extent to which the models and the underpinning data are made available to researchers and analysts on the one hand and the public on the other.** Most Member States report presenting the outcome of DIA publicly through budgetary and other documents either proposing or implementing reforms, as well as through annual reports published by public institutions.
- **Almost half of the Member States report significant public interest and media coverage of distributional considerations.** Media attention varies according to the scale of the expected impact of planned or implemented measures, or whether the analysis is linked to the impact of programmes of political parties in the run-up to elections.
- **The policy measures analysed typically include direct tax and social contributions reforms and changes in social benefits.** In some instances, other types of measures (such as indirect taxes and reforms of in-kind benefits) are also subject to DIA. Key factors for the selection of measures (reforms) to analyse include the scale of the potential impact of the measure, the feasibility of simulating the impact in a reliable manner, policy priorities and time constraints.
- **The main actors charged with carrying out DIA across most Member States are Ministries of Finance, with other Ministries (mainly Ministries of Social Affairs) also involved in some Member States.** In some instances, DIA analysis is outsourced to universities and independent or governmental research institutes as need arises or is carried out on their own initiative. Overall, it appears that there is scope for improvement in the coordination of DIA activities across the institutions involved.
- **Almost all Member States use pre-defined models when conducting DIA.** Some Member States rely entirely on EUROMOD (tax-benefit microsimulation model maintained by the Commission available for all Member States), while the rest use country-specific microsimulation model(s), or a combination of EUROMOD and country-specific model(s). Most Member States report on ongoing efforts to improve the model used.
- **When performing DIA, most Member States use a combination of administrative data and survey data (SILC or HBS data for instance).** Some Member States apply uprating and reweighting to the data to take into account more recent developments.
- **The main indicators used by Member States are:** winners and losers by income decile, average change in disposable income by income deciles, S80/S20, AROP, Gini,. Most Member States also present **estimates of how many households are affected**, with some also presenting details on the expected impact of the affected.
- **Many Member States take into account the longer-term effects of reforms, when conducting DIA.** The time horizon of the analysis varies and may cover the medium term (typically 4 years), as well as the very long-term (until 2070).

The information, collected from the Member States will feed into the Commission initiative, announced in the European Pillar of Social Rights Action Plan, to provide guidance for Member States on improving their use of distributional impact assessments to better identify the expected effect of reforms and investments on the income of different groups.

Annex 1: SPPM Country Profiles

(See separate annex)

Annex 2: Key findings from the 2022 SPC in-depth thematic discussions

Thematic discussion on Social Protection and Social Inclusion

Thematic discussion on Pensions

Thematic discussion on Healthcare

Thematic discussion on Long-term care

Thematic discussion on Access to rights of vulnerable groups and the problem of non-take-up

Thematic discussion on Social Protection and Social Inclusion in the context of the 2022 SPC Multilateral Implementation Reviews

Background

Young people, and in particular those that needed to enter the labour market for the first time were also strongly impacted by the COVID-19 pandemic, as witnessed by the notable increase of young people not in employment, education or training (NEET), which marked the end of the six-year trend of declining NEET numbers. In addition, young people are generally less well covered by social protection systems across the Member States, resulting in a higher risk of poverty or social exclusion (AROPE) for 16-29 year olds, than for older people.

To reflect on these developments, on 5 April, the SPC held a thematic discussion on *Social Protection and Social Inclusion*, with a particular focus on the specific situation of young people in accessing various benefits and services of social protection. The exchange was framed by presentations from the European Commission and Denmark and was moderated by Sarah Marchal, assistant research professor at the University of Antwerp.

Outcome of the discussion

In the first round of exchanges, the delegates reflected on the *role of the minimum income schemes to assist young people in actively participating in the society and the labour market*. During the exchange, the following key elements emerged:

- Means-tested minimum income schemes exist in all EU Member States to provide income replacement for those without sufficient means of existence. They may supplement low wages and pensions. These schemes vary significantly in terms of adequacy, coverage, take-up, articulation with labour market activation measures and provision of enabling goods or services.
- The exchange has shown that young people in all Member States are covered by income support schemes, either under a general scheme, or - in some cases - under more targeted schemes. As income support is provided at household level, in several instances the eligibility criteria are adapted to better reflect the circumstances of families with young individuals. This may entail, for example, not taking into account certain education-related incomes (student loans or grants) during the means testing.
- Typically, people aged 18 and above have access to such schemes, but in several Member States, minimum income support can be granted to minors subject to specific conditions. In a few national practices, the age criterion is set higher than 18.
- A major condition for receiving minimum income benefits across all Member States is the requirement for beneficiaries, who are able to work, to actively seek employment and participate in active labour market policies. This condition also applies to young people, but is often modified to incentivise a return to education, especially for young people with low or incomplete qualifications.

- Evidence from some Member States points to more significant non-take-up rates among the younger persons. Among the main reason identified were lack of information, fear of stigmatization and the level of the benefit. The importance of outreach activities was highlighted in a number of interventions.
- In contrast, in some other Member States, young people seem to be over-represented among minimum income recipients, which can be attributed to the overall generosity of the benefit in these countries, rather than to obstacles preventing access the labour market. This illustrates the issue of financial incentives and the need for a multidisciplinary approach to support youth. Important efforts are made by the Member States to prevent, or reduce long-term benefit dependency, in particular by outreach activities and the provision of various services.
- Tailoring and targeting social and employment support to the individual needs is of high importance as barriers for young people to enter, or return to the labour market often differ from the barriers faced by the rest of the population. Efforts to integrate various services into one stop-shops have proven beneficial, as they often lead to reinforced case management through multidisciplinary teams and better serve the needs of the individual beneficiaries.

In the second round of discussions, the delegates focused on the question of how to *further improve the access of young workers to effective and adequate social protection*.

- The exchange confirmed that in most intervening Member States, the rules governing access to social protection are not age-specific, but certain gaps and obstacles to access are more significant for young people, compared to the rest of the population. For example, formal eligibility criteria may exclude certain categories, such as interns or apprentices, or impact certain types of non-standard work in which young workers are overrepresented. In addition, contributory requirements for workers to qualify may prevent recent graduates or young persons with short or unstable careers from accessing social protection, in particular contributory benefits such as unemployment or sickness benefits.
- For instance, the qualifying period needed for accessing unemployment benefits is 12 months or more for employees in more than half of the Member States. This eligibility condition is more difficult to be met by young workers when losing their job. 3 Member States are taking this into account by imposing a shorter qualifying period for young people. Moreover, young people entitled to unemployment benefits tend to receive them for a shorter period than other workers (due to shorter periods of contributions) and the method used to calculate benefits often leads to lower level of benefits
- The COVID 19 pandemic increased the visibility of these obstacles and in response, a number of countries took temporary measures to ensure the protection of young workers from major social risks.
- In response to the 2019 Council Recommendation on Access to Social Protection, Member States have initiated various reforms through national plans submitted throughout 2021, as described in the detail in the dedicated section of the 2021 SPC Annual Report. The exchange confirmed that – with a few exceptions – those reforms and measures do not

target specifically younger people, but could indirectly benefit them. Such measures include efforts to improve access to unemployment benefits, extend healthcare insurance, better access to sickness and maternity leaves, as well as efforts to extend the formal coverage of specific categories, such as, for example, platform workers, seasonal or day workers.

- Multidimensional approaches may be required to improve the formal and effective access to (adequate and transparent) social protection benefits for young workers in need. Such approaches could include actions like monitoring the situation to address explicit obstacles (such as lack of formal access), adapting the eligibility rules to support access for young workers, as well as building on the temporary measures introduced as a response to COVID-19 crisis, to promote structural reform.
- The discussions confirmed that there is scope for further exchanges on the issue in the context of the mutual learning activities of the Member States and in the Minimum Income Network.

Thematic discussion on Pensions in the context of the 2022 SPC Multilateral Implementation Reviews

Background

The thematic discussions on *pensions* took place on 28 February. At the meeting, the Member States engaged in a moderated exchange on two steering questions. The scene for the exchange was set by presentations from the European Commission and relevant case studies from Latvia, Italy and Croatia. The exchange was moderated by Gijbrecht 'Gijb' Dekkers - former Chair of the SPC Working Group on Pensions Adequacy.

Outcome of the discussion

In the first part of the meeting, *the delegates reflected on the effectiveness of minimum pensions and minimum old-age benefits in tackling old-age poverty*. The presented case studies were from Latvia and Italy.

- During the exchange, a consensus emerged that non-contributory pensions, contributory minimum pensions and social assistance benefits for older people with low income can be effective in addressing old-age poverty by providing basic income safety. The exchange also demonstrated that while the provision of some form of minimum income support for older persons is ensured in most Member States, the conditionality and capacity of such support to prevent poverty varies substantially across the Member States.
- More concretely, in Member States where the public pension system provides a residence-based flat-rate pension or pension component, this benefit ensures some level of minimum income protection in old age, though those who don't meet the residence criterion may still fall through the gaps. In countries with an earnings-based pension system, the provision of a contributory minimum pension is subject to qualifying conditions

and the level of benefit may vary, depending on the length of career, thus emphasising the importance of including periods of inactivity (such as unemployment, illness, care periods or career breaks) in the calculation of contributory periods. Beyond minimum pensions, almost all Member States provide specific social assistance benefits for older people, in most cases as a protection of last resort, subject to means- or income-testing.

- The delegates also agreed that the effectiveness of minimum pensions and minimum old-age benefits in addressing poverty can be augmented when combined with other measures, such as for example access to long-term care and healthcare, or benefits targeted to cover specific needs, such as housing costs.
- The rising importance of non-contributory pensions, as well as the proliferation of new forms of work often characterised by low contributions, illustrate the increasing need to balance the objective of the pensions systems of ensuring protection from poverty versus that of ensuring income replacement. In that sense, the interplay between the levels of minimum non-contributory and minimum contributory pensions deserves special attention, as this interplay has a direct impact on incentives to contribute to the pensions system, thus affecting both the long-term sustainability and adequacy of pensions. In this respect, carefully setting the eligibility conditions for obtaining a contributory minimum pension is also important.
- A number of Member States also reflected on the increasing pressure to finance pensions through fiscal revenue, rather than social contributions – this is already the main source of financing public pensions in some Member States. Other delegates emphasised the view that to ensure the adequacy of future pensions, measures are needed to address labour market segmentation and the generally low levels of wages in certain professions, as those impact people's pension adequacy in contribution-based pension schemes.

In the second part of the thematic discussion, *the Member States reflected on the role of pensions credits for care periods³⁹ in tackling the gender pension gap*. The exchange confirmed the important role of such credits to promote gender equality in the pensions systems.

- The delegates acknowledged that across Europe, older women face a significantly higher poverty risk and lower pensions than men do. Given the longer life expectancy, the old age-poverty risk among women becomes even higher after the age of 75. Care responsibilities, which often push women into part-time work, career breaks or early retirement; and negatively affect their income and pension entitlements, in conjunction with the gender pay gap, were identified as one of the main contributing factors for old age poverty among women.
- To that end, almost all EU Member States are offering credits to compensate caregivers (mostly women) for the time spent out of paid work to look after family members. Such credits may be limited in time, or conditional on the caregiver being entitled to childcare benefits, but there is clear evidence from several countries that additionally credited

³⁹ Broadly understood as pension rights granted for non-working periods, when the person is taking break from paid employment to provide care for dependent children or adults

periods of care are very important and effective in protecting the future pension income of care providers.

- A number of interventions pointed out the role of labour markets in addressing the gender pension gap. Future old-age poverty among women can be addressed by measures that encourage labour market participation rather than directly increasing pension benefits. Such measures include supportive policies for working mothers (such as flexible working conditions, provision of formal child care, income tax subsidies), but also measures to facilitate re-entry into the workforce after a career interruption. In addition, the gender pay gap should be addressed. Several Member States also emphasized the importance of ensuring that individuals are well informed about the impact of lost contribution periods on pensions.
- The delegates agreed on the importance of systematic monitoring of the gender pension gap and the effects of reforms on women's pension adequacy. Comprehensive assessments of Member States' pension systems should always consider the systems' capacity to promote gender equality in old age.

Thematic discussion on Healthcare in the context of the 2022 SPC Multilateral Implementation Reviews

Background

The SPC held its thematic discussion on Healthcare on 16 March. The exchange was structured around the issues of workforce availability and the uptake of telemedicine, reflecting two of the major common challenges for all Member States. Presentations from the European Commission, Lithuania and Portugal were used to frame the discussions, which was moderated by Josep Figueras, Director of the European Observatory on Health Systems and Policies - in his capacity as a thematic expert in the area of Healthcare.

Outcome of the discussions

In the first round of interventions, *the delegates focused on the issue of workforce availability and its impact on the equity of access to healthcare*. To frame the discussion, Lithuania presented its efforts in tackling the uneven distribution of healthcare professionals across the country.

- In the ensuing discussion, a number of intervening Member States acknowledged that they experience, albeit to a different degree, shortages and regional disparities in the availability of their health workforce. Family doctors, nursing and intensive care unit staff, as well as medical personnel with certain specialist knowledge were recognized as professions, where the shortages are most severe. These shortages in turn negatively impact the provision of quality healthcare and equity of access for the population.
- The COVID-19 pandemic has put the existing health workforce under tremendous pressure. While the far reaching health impacts of the pandemic are yet to be fully understood, the need to expand the capacity of the health workforces across all Member

States is being recognized. In addition, projections in a number of countries show that future demand for health workers will increase, also in view of the ageing of the population. The on-going war in Ukraine and the need to address the health needs of refugees fleeing from conflict is also expected to have an impact in both the short- and the long term.

- The delegates further discussed strategies and measures to address the challenge, agreeing that there is no single best recipe for attracting and retaining the needed medical professionals. The importance for efficient coordination between social and healthcare systems was mentioned, as well as the importance of designing and aligning incentives at regional and sub-regional levels, supported by national quality assessment frameworks to ensure equity across the country. Reorienting service delivery away from hospitals to primary care remains a key priority.
- To increase the attractiveness of the medical profession, a package of measures, which might include efforts to improve the working conditions, to increase the remuneration, to provide flexible working hours and other non-economic incentives is needed. Communication to medical students was also recognized as an effective way to promote less-attractive professions. Some countries are also taking steps to facilitate the hiring of medical staff from non-EU Member States.
- All intervening Member States emphasized their on-going efforts to improve the qualifications of medical personnel, for example through cross-training and enrolment in training programmes. Several Member States highlighted the increased availability of scholarships and the higher number of places in medical schools. The importance of training both patients and medical professionals in the use of digital technologies was emphasized.
- A number of Member States also recognized the role of EU funding, and in particular the RRF for financing national measures and reforms. At the time of the review, all adopted Recovery and Resilience Plans for a total of 22 Member States include measures to improve their health systems.

In the second round of interventions, the discussions focused on the accelerated uptake of telemedicine. In particular, *the delegates reflected on how to maintain the momentum for innovation, created by the COVID-19 pandemic, whilst addressing digital divide concerns related to limited digital skills and IT access issues in parts of the population.* The discussion was framed by a presentation from Portugal.

- The delegates agreed that the pandemic has served as a catalyst for innovation and resulted in a massive acceleration in the take-up of digital health tools. The examples from the Member States demonstrated the potential of telemedicine to improve access to medical care, reduce overall costs, waiting times and regional access inequalities, as well as to contribute to addressing the shortages of health workers.
- Member States with already developed infrastructure and tools have been able to scale up the delivery of telemedicine more quickly, but during the pandemic all Member States

introduced digital solutions to ensure the continued provision of medical service. A number of Member States reported an increased level of acceptance from patients and medical professionals alike.

- At the same time, innovation in the provision of healthcare services may pose a threat of increasing the digital divide related to limited digital skills and IT access issues. This could have a negative impact on social groups with disadvantaged socio-economic status, or on people in areas with less developed digital infrastructure. Such groups need to be provided with additional information and support to ensure they are not left behind. A blended approach, with a mix of digital and physical provision of health services, may need to be maintained to promote access to quality healthcare for all.
- The delegates also agreed that there is a need for additional evidence about the effectiveness of telemedicine. This, combined with the potential threat of increasing the digital divide may require additional policy actions focused on quality, accessibility and efficiency, alongside with efforts to minimize the risks of widening health inequalities through digital exclusion.
- Member States emphasized their intention to continue developing e-health solutions in a long-term sustainable manner. To that end, efforts to define the appropriate legal and financial framework are underway in several Member States. A number of interventions emphasized the need for sustained investments in the implementation and maintenance of IT infrastructure and equipment, including in cybersecurity and training of personnel.

Thematic discussion on Long-term care in the context of the 2022 SPC Multilateral Implementation Reviews

Background

The thematic discussion on *long-term care* took place on 25 February. At the meeting, the Member States engaged in an exchange around two steering questions focused on social protection for and quality of LTC. The scene for the exchange was set by presentations from the European Commission and relevant case studies from Spain, Slovenia and Germany. The exchange was moderated by Stefania Ilinca, researcher at the *European Centre for Social Welfare Policy and Research*.

Outcome of the discussion

The first set of interventions focused on the question of *social protection systems ensuring that everyone in need has access to long-term care, also taking into consideration regional disparities in the provision of care*. The presented case studies were from Spain and Slovenia.

- The exchange clearly demonstrated the significant differences in the supply and organisation of long-term care, the corresponding social protection systems and public expenditure levels across the Member States. At the same, the interventions confirmed

that - against the backdrop of population ageing - Member States are facing common challenges in relation to long-term care.

- In many of the intervening Member States the sector is characterised by horizontal (health and social care) and vertical (national, regional and local) fragmentation, whereby the responsibility for provision, funding, quality assurance and regulation is divided between multiple actors. As a result, differences in the criteria for entitlement to long-term care, the needs assessment, the depth of social protection and the services and benefits offered may exist at national and regional levels leading to disparities in the provision of care.
- The discussion also confirmed that social protection coverage for long-term care needs varies considerably across the Member States and even when available, it is in some cases insufficient to ensure that people in need of care are not pushed into poverty. For example, out-of-pocket costs for homecare can be extremely high for older people with severe care needs, or for older people with low incomes, even if they have only moderate care needs. In many cases, the high financial burden is an obstacle to accessing formal care, which results in either unmet care needs, or forcing persons in need to arrange care informally. This, in turn, comes with significant financial and non-financial costs for the informal carers in both the short and long run.
- The exchange also provided evidence for the diverse sets of measures being implemented to address the challenges described. Some Member States are strengthening the role and recognition of long-term care as part of their social protection systems. Several are also reviewing and streamlining eligibility criteria, needs assessment processes and pathways to access care, in order to ensure that all in need have access to care in a timely and equitable manner.
- In some cases, efforts are also being made to increase the allocation of financial resources for the LTC systems. Such efforts include measures to reduce the financial burden on care users, to increase investment in infrastructure and the formal care workforce and to promote innovation. At the same time, the Member States recognized the need to ensure that the available resources are deployed in the most effective manner both in terms of facilitating access to care and promoting care system sustainability.
- Workforce challenges are also being addressed, with some Member States taking measures to reinforce formal care services and provide support to informal carers. Relevant support measures include counselling and training, the provision of care benefits, health insurance coverage, improved remuneration, or the provision of pension credits for care periods.
- The delegates also discussed the importance of reorienting care models from a purely medical view to a person-centered perspective. This entails integrated delivery of services focused on personal needs, while respecting individual choices, ensuring continuity of care, and supporting independent living in all care settings.

The second part of the meeting was dedicated to *reflections on ensuring and measuring the quality of care in various settings*. The presented case study was from Germany.

- The discussion illustrated how the degree of development of quality assurance mechanisms varies significantly between countries, with significant differences in the degree of enforcement and monitoring. Further, while many Member States have a strong set of regulations and standards applicable to residential care, there is more variation when it comes to homecare services.
- The exchange showed that there is a need to elaborate and/or expand quality standards to respond to structural weaknesses revealed by the Covid 19 pandemic, while reflecting the increasing diversity of care services and care settings and care users preferences.
- The importance of strengthening the national stewardship of long-term care systems, while supporting regional and local level authorities and promoting the convergence of service delivery standards and processes was recognized by a number of interventions.
- Many Member States agreed that further efforts are needed to ensure the availability of high quality and timely data. This could aid surveillance efforts, required during health emergencies and support authorities in their efforts to continuously assess service delivery and performance and to be able to respond with corrective, evidence-based interventions.

Thematic discussion on Access to rights of vulnerable groups and the problem of non-take-up

Upon a proposal of the French Presidency of the EU, the Social Protection Committee held a thematic discussion on the topic of *Access to rights of vulnerable groups and the problem of non-take-up (NTU)*. The exchange was framed by the presentation of a comparative study, conducted by the French *Directorate for Research, Studies, Evaluation and Statistics (DREES)*, analysing the issue in five European Countries. Researchers from the University of Antwerp presented the effect of various forms of automation on the take-up of income-tested health insurance in Belgium.

The delegates further discussed the scope of the issue of non-take-up of social rights, its causes and possible solutions. The exchange highlighted that:

- **The right to social benefits plays a major role in reducing the risk of poverty and social exclusion. It further supports social and labour market integration.** Such benefits usually come in the form of transfers (in cash or in kind) by social

protection schemes to individuals or households in need. They may also provide or facilitate access to health, education, care or other (social) services. Their design shows considerable variety across Europe, but their effectiveness largely depends on the level of the benefits and on ensuring that the benefits actually reach those, they are intended for.

- **Non-take-up of social benefits affects a range of different public services** and typically refers to persons or households being unaware, or unable to take advantage of the social benefits to which they are eligible in principle. Such entitlement is usually defined by law and takes into account a range of factors, such as household composition, residence, age and means testing, used to assess the household's level of income or assets against a defined threshold.
- **The non-take up of benefits appears to be high in all the Member States** considered in the comparative study conducted by DREES, typically ranging around 30% to 40% of the eligible population to minimum income benefits and sometimes as high as 50%. This in turn raises questions and concerns about the effectiveness of social protection and social inclusion systems.
- **The main factors, leading to this high non-take-up of social rights include: complexity of procedures, lack of awareness, fear of stigmatisation, unwillingness to declare income, and the relevance of the support offered.** The exchange further demonstrated that Member States are considering similar measures to address the issue, such as simplification and consolidation of services, improved accessibility and developing personalized support adapted to the most disadvantaged.
- **An important challenge in view of designing effective policies to tackle NTU consists in monitoring it by comparing the size and composition of the group of those who are potentially eligible to receive the social benefit considered with the size and composition of the group that actually receives the benefit.** The importance of using multiple sources of information – such as administrative data, tax reporting, studies or in-person interviews was emphasized, alongside with the need for better data exchange within the administration.
- **Automation and improved data exchanges between relevant authorities can improve the uptake of social rights.** There are various levels of automation possible, which could include, for example, the automatic identification and means assessment of potential beneficiaries; their automatic enrolment in social assistance schemes; as well as automatic assessment of their continued eligibility. Such automation could streamline the process of granting access to social rights and – by reducing the time spent in administrative tasks – enable social workers to target their efforts more efficiently. On the other hand, some concerns were raised, linked to privacy and data protection; the large-scale and immediate impact of potential programming errors, as well as a possible lower capacity of identifying

more specific needs. An example was shown of how automation has led to a substantially increased take up of a benefit.

- **Better integration of benefits and services can improve the effectiveness of social protection.** In some cases, the multiplicity of benefits and services, agencies, and application procedures increase the complexity for people to access all the support they are entitled to. Lack of integration of benefits and services reduces their effectiveness in addressing poverty, and in supporting social and labour market integration.
- **The importance of making information available to potential beneficiaries was emphasized.** This needs to happen through various channels, and be accompanied by efforts to address self-censorship and stigmatisation to make the receipt of social benefits more acceptable in all the society.

The exchange demonstrated the need to deepen the dialogue among competent authorities, and for further mutual learning activities to promote the exchange of best practices and sharing of good experiences among the Members States. To that end, the SPC Minimum Income Network will engage in further discussion of the issue of non-take-up in minimum income schemes.

Annex 3: Information collected via the SPC-ISG and EMCO-IG on take up of short time work schemes or similar measures, and other emergency measures aimed at supporting the self-employed and households

Table 7: Number of recipients of benefits under short time work schemes or similar support measures

		BE	BG	DK		DE	EE		IE			EL			ES											
Scheme name		Chômage temporaire / Tijdelijke werkloosheid	Unemployment fund (wage subsidies under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak)	Division of labor	Division of labor (temporary) - from 14 September 2020	Temporary Wage Compensation Scheme	Short time work (Kurzarbeitergeld)	Temporary subsidy program (tohtasu luvut)	Salary grant (tohtasu toetus)	Short Time-Work Support	Temporary Wage Subsidy Scheme	Employment Wage Subsidy Scheme	"Casual" jobseekers	SYN ERGASIA	Special purpose compensation for employees	Open programme of 100 000 new subsidized jobs (started on 01.10.2020)	ERTE - job suspension or reduction of working hours	Extraordinary Unemployment Benefit for permanent seasonal workers	Extraordinary Unemployment Subsidy for temporary workers	Subsidio especial por agotamiento de prestaciones (SACO)	Prestación o subsidios extraordinarios entorno artístico, cultural y personal técnico de sector cultura	Subsidio Especial Empleados de Hogar	ERTE- Social contribution exemptions			
Year	Month																									
2018	Jan	131,986		312			22,520			426			50,231													
	Feb	143,724		7			23,137			461			50,317													
	Mar	137,221		161			26,837			390			49,466													
	Apr	74,949		92			13,315			313			48,127													
	May	57,793		20			11,631			332			46,917													
	Jun	62,724					16,466			281			45,988													
	Jul	59,713					13,954			281			45,145													
	Aug	80,103					32,697			287			43,594													
	Sep	62,745		30			34,138			768			42,124													
	Oct	93,166		39			37,443			796			41,653													
	Nov	96,012		400			42,990			826			41,759													
	Dec	102,243		144			25,589			806			41,751													
2019	Jan	159,864		315			41,568			449			41,240				4,034									
	Feb	120,124		142			28,621			484			41,264				3,947									
	Mar	125,357		31			32,375			496			40,759				3,889									
	Apr	88,287		37			40,170			388			39,683				3,947									
	May	85,392		74			44,996			376			38,396				3,947									
	Jun	78,305		5			42,570			334			38,115				3,944									
	Jul	65,249		154			46,827			369			37,586				4,289									
	Aug	67,088		21			51,248			326			36,779				4,164									
	Sep	75,070		44			75,249			304			36,111				3,909									
	Oct	107,222		164			101,747			402			35,949				3,629									
	Nov	92,727		68			115,193			406			36,526				3,821									
	Dec	119,868		28			97,298			400			36,816				3,880									
2020	Jan	125,117		48			133,198			385			36,355				1,141									
	Feb	131,019		208			133,924			416			36,606				1,207									
	Mar	929,714	89,348	5,471			2,579,666	33,674		350	71,847		36,607		806,703		10,522						258,645			
	Apr	1,145,571	142,302	2,822			5,995,429	121,490		282	428,565		36,297				2,565,930	511					3,386,785			
	May	916,569	129,802	1,005			5,714,842	91,130		365	459,642		36,516		542,037		3,390,788	4,182	5,455				2,998,970			
	Jun	560,765	79,021	707			4,452,284	32,109		457	441,109	29,664	36,656		135,528		2,859,153	4,020	1,858				936	67	1,830,664	
	Jul	339,898	132,902	122			3,305,887			451	441,896		37,221	44,524	72,887		1,956,631	1,932	450			1,308	7,057	1,118,540		
	Aug	310,214	137,249	1,099			2,537,053			452	397,328	32,300	36,681	39,311	104,347		1,446,315	1,200	91			1,668	8,483	894,478		
	Sep	246,707	132,408	533	2,397		2,229,430			876	Scheme closed	345,000	36,862	42,547	122,772		1,246,778	1,060	63			1,002	7,559	752,711		
	Oct	376,354	137,350	95	3,904		2,020,651			1,009		344,000	41,988	41,217	143,000	8,516	974,032	43,820	40					836	9,186	728,321
	Nov	465,107	138,592	52	4,533		2,386,194			1,367		269,300	41,742	29,878	742,342	5,485	1,004,081	81,458	13					681	5,831	526,746
	Dec	352,803	129,566	46	2,597		2,675,968			1,348		319,200	40,758	19,485	652,733	2,971	1,006,384	88,994	5		59,607			810	2,091	562,137
2021	Jan	381,952	149,502	55	3,612		3,293,888			1,328		346,900	39,957	17,352	632,534	3,149	975,091	96,940	9		1,173	1,890		1,890	622,732	
	Feb	392,740	153,165	34	3,529	358378*	3,358,070			1,601		306,800	39,287	17,353	535,093	3,727	1,043,199	100,158	4		77,292	622	1,587		761,694	
	Mar	425,120	158,695	26	2,816		2,818,317	35,044		1,619		304,500	38,309	16,745	507,464	4,308	1,012,532	92,692	1		11,200	484	314		676,484	
	Apr	410,725	142,313	9	1,545		2,560,303	36,510		1,506		299,000	36,161	17,221	474,308	5,051	913,363	87,498	0		903	530	235		615,899	
	May	289,662	147,361	10	2,650		2,320,489	19,000		1,371		301,200	32,799	24,927	203,442	12,183	674,380	57,927	1		474	507	269		579,432	
	Jun	234,130	67,846	19	1,203		1,547,552			1,131		344,700	31,877	25,873	98,672	12,073	608,339	8,333	0		334	631	152		531,484	
	Jul	172,472	61,287		739		1,068,043			1,074		342,525	29,937	36,651	29,994	14,659	84,521	7,920			315	651	95		532,241	
	Aug	160,684	47,691	9	479		838,090			1,011		321,200	28,197	37,935	3,482	4,764	68,476	7,901			192	590	70		514,004	
	Sep	159,997	57,403		351		839,492			933		312,400	27,169	37,983	2,588	7,269	57,914	5,478			156	589	93		492,163	
	Oct	156,974	61,435	18	949		762,378			854		291,900	26,648	37,192	0	5,828	45,547	23,098			135	596	82		442,993	
	Nov	198,835	72,547		165		750,167			825		283,900	26,431	30,528	0	6,184	2,062	67,171			81	637	24		58,333	
	Dec	231,813	47,224		128		772,383			892		280,700	26,016	29,056	0	3,833	1,674	102,951			60	693	14		77,080	
2022	Jan	274,855	65,499		678		849,593			822		266,000	25,179	32,372	45,871	6,567	1,703	115,912			46	586	9		80,253	
	Feb	208,882	57,785		218		813,772							33,250		7,383	1,500	101,260			33	481	10		90,677	
	Mar	173,499	44,074				732,913							31,550		14,726	1,296	138,670			22	838			77,096	
	Apr	158,713	51,412				401,258																			
	May	112,098	41,074																							
	Jun																									
	Jul																									
	Aug																									
	Sep																									
	Oct																									
	Nov																									
	Dec																									

Source: Data on recipients of crisis support measures collected via the SPC-ISG and EMCO-IG.

Notes: Figures show the number of persons receiving benefits compensating for the loss of wage or salary due to formal short-time working arrangements, and/or intermittent work schedules and where the employer/employee relationship continues. Figures are generally the total number of benefit recipients during the month in question (i.e. the stock of all recipients of benefits). For CY, figures for the cells do not correspond strictly to calendar months (e.g. March, April, May and June 2020 respectively actually refer to the periods: 16/03/2020 – 12/04/2020, 13/04/2020 – 12/05/2020, 13/05/2020 – 12/06/2020, 13/06/2020 – 30/06/2020). For DK the figure shown for the temporary wage compensation scheme is the total number for the period (i.e. those who received compensation/benefit at one point in time from the beginning of the start of the scheme i.e. from March 2020) to week 7 2022. For EL, first entry for the "Special purpose compensation for employees" covers a period of 45 days (mid March-end April). Data relate to payments made to beneficiaries every month of the relevant measures for the specific reference months. The data for the "Open programme of 100.000 subsidized jobs" concern the new work positions for each month. For FR, from March 2020 onwards, number of individuals who benefited from "activité partielle" is estimated, based on administrative data (SI APART), adjusted with survey ACEMO-Covid. For HU the figures are the number of new recipients of benefits only (i.e. those that started receiving benefits in the month in question). For LV figures are the new recipients in the month only. For NL, figures cover the following phases. NOW 1 ran from March-May 2020, NOW 2 ran from June-September 2020, NOW 3.1 ran from October - December 2020, NOW 3.2 figures for January through to March 2021, NOW 3.3 figures for April to June 2021, NOW 4 figures for July to September 2021. For PL, approved recipients (employees) are covered by STW for three consecutive months, e.g. the number of approved recipients (employees) in June were covered by STW schemes from June till August. Negative values are the result of: ' - employers' update of submitted applications. Some of them expected deeper negative impact of lockdown on their businesses at 1st wave of pandemic. When the restrictions were eased (II-III quarter 2020) they applied for reduction of employees covered by the measure.; - incorrect application by employers. The PES or ZUS carried out formal verification of the applications. Corrections are recorded with the current date in the system and not with the date of the application. This resulted in negative numbers. The most common mistake was to enter incorrect values for the number of employees and the amount of benefits. For SE, July 2020 figure includes data until 11th August. No separate data for July 2020 available.

Table 9: Recipients of income support payments for the self-employed

Country	BE	CZ		DK	DE	EL	ES	IE	IT	CY	LV	LT	LU			HU	NL	AT	PL		PT			SI	SK		FI						
Scheme name/type	Income support payments to the self-employed (Overbruggingsgarantie/Overpasserende)	Compensatory bonus Self-Employed	Income support payments of small limited liability Companies (Compensatory bonus Ltd)	Income support payments to the self-employed (Social contributions payment relief for self-employed)	Compensation scheme for the self-employed (lost turnover)	Sořaditel	Support to self-employed & sole proprietors (excluding scientific occupations)	Income support payments to the self-employed (Extraordinary benefit due to cessation of activity)	Fandemic Unemployment Payment (available to employees and self-employed who lost their job from March 13 due to COVID-19 pandemic) Numbers provided here refer to the self-employed	Allowance for self-employed workers	Special Scheme for self-employed	Allowance for sole time for self-employed	Income support payment to the self-employed	1st support for self-employed	2nd support for self-employed	3rd support for self-employed	Income support payments to the self-employed	Income support payments to the self-employed (1000 and 802)	Income support payments to the self-employed (SNS überbrückungsfonds/rukningsfonds)	Income support payments to the self-employed (Handlungs-fund-Hilfefonds)	Income support payments to the self-employed (name of scheme: 15sz - Co-financing of business activities conducted by natural persons not hiring employees)	15szd - A low-interest loan to cover the costs of running business for a micro-entrepreneurial, self-employed persons whose business activity is maintained for 3 months	Income support payments to the self-employed (Exceptional family support)	Income support payments to the self-employed (Extraordinary support for reducing economic activity)	Income support payments to the self-employed (Extraordinary support to incentive to professional activities)	Income support payments to the self-employed (Extraordinary support for workers)	Universal income for self-employed	Self-employed persons whose sales decreased by at least 20% or had to close the transactions on the basis of a decision of the Public Health Authority	Self-employed persons who have no income from business activities	Self-employed receiving unemployment benefits including under temporary changes relating to eligibility requirements and improving benefit levels			
2020	January																																
	February																																
	March	391,987	537,296	39,539				78,623	2,849,060	19,967	1,655	87,964					251,020							16253	136099		58,622	39,571	10,573				
	April	411,363				1,338,979	453,780		119,344	2,828,763	21,675	2,205	88,275	2,565	4,196		281,020			10,348	8,661	199,522	7320	134347		53,321	47,444	12,264		8,443			
	May	376,349	304,575	41,526		1,881,109	73,000	1,429,117	120,499	16,977	1,798	87,594					280,020			119,827	70,535	865,262	8922	118017	7,910	47,387	41,488	8,616	31,517				
	June	178,252				1,856,174	133,000	1,469,135	95,314	0	1,283	87,220					128,020			81,061	85,809	596,408	3965	82277	4,970	0	29,931	5,976	31,554				
	July	126,033	N/A			1,868,609	209,20	1,25,197	68,695	1,041		86,675					106,020			37,917	72,806	162,639	0	71978	4,874	5,625	0	23,800	4,850	30,281			
	August	124,444	N/A				4,900	142,203	56,827	964		86,160					95,020	5,293	64,846	34,281	37,394		65885	3,475	8,014	0	22,613	4,392	22,251				
	September	91,911	N/A				148,704	49,661	49,661	956		0					85,020	21,241	64,283	22,022	14,666		22278	720	18,599	0	24,679	4,626	21,623				
	October	118,040	139,869				212,237	66,496	66,496	1,017		51,528					76,020	20,590	71,236	10,702	7,918		0	11471	398	17,465	38,300	39,766	8,115	21,172			
	November	164,698	288,667				346,814	72,073	72,073	3,393	3,097	81,942					88,020	4,456	93,681	7,338	6,351		0	12664	564	21,002	38,531	15,574	10,814	20,904			
	December	135,340	258,958				390,342	73,834	73,834	3,147	6,058	81,453					95,020	567	107,816	8,567	6,419		0	11903	676	23,141	38,077	46,786	9,867	23,022			
2021	January	127,736	141,174	4,570			383,848	97,410	8,738	6,764	62,309					147,320	3,404	115,822	9,117	5,309		5763	94803	8,405	31,733	65,849	15,897	23,375					
	February	126,900	155,655	46,564	88,620		361,644	97,029	6,720	6,748	61,891					146,690		122,886	12,106	1,942		5921	97831	8,066	32,000	70,722	13,593	21,342					
	March	125,693	163,257	171,832			438,398	91,576	3,203	7,244	61,579					138,540		131,700	9,359	2,670		4206	98443	7,694	37,697	69,388	12,504	23,713					
	April	124,719	151,994	167,370			455,962	82,770	8,126	3,894	61,241					1	66,880		121,626	9,370	2,318		142	52452	502	36,970	66,778	10,724	24,273				
	May	94,281	110,453	141,644			458,375	66,863	6,064	2,212	61,052					5	65,510		111,649	7,659	1,944		0	8714	60	28,664	58,899	8,383	23,356				
	June	78,790	N/A	73,579			146,272	89,987	1,396	1,238	60,532						42,385		62,269		91,367	5,742	2,334	0	7810	69	31,166	51,653	7,373	22,376			
	July	30,560	N/A	30,876			219,039	43,221	1,253			20,640					20,640				80,495	-4	-7	0	6597	39	31,374	5,539	21,528				
	August	25,441	N/A	30,048			222,736	34,052	879			6,713									83,137	-3	-8	0	5949	31	0	0	19,387				
	September	23,174	N/A	20,724			226,436	29,291	797			4,449									34,378	-3	-16	0	0	0	33,397	5,461	18,816				
	October	13,278	N/A	10,027			94,351	25,629	778			1,345									42,916	0	179	0	0	0	37,812	6,322	18,161				
	November	15,923		5,675			106,180	12,086				4,598									13,409	-9	-79	0	0	0	44,234	7,312	16,307				
	December	24,832	71,573	3,677			168,178	16,144				120									43,213	-12	233	4630	316	0	47,364	7,971	15,920				
2022	January	24,892	70,990				110,831	18,229			194										0	15	5833	468	2	52,821	7,736	964					
	February	18,110					111,331	14,021			19										0	-177				48,845	7,235	9,907					
	March	14,501					1,445																										
	April	400					920																										
	May	94					837																										
	June																																
	July																																
	August																																
	September																																
	October																																
	November																																
	December																																

Source: Data on recipients of crisis support measures collected via the SPC-IG and EMCO-IG. Notes: Figures are generally the total number of benefit recipients during the month in question (i.e. the stock of all recipients of benefits) except for AT, DK, DE, HU and LV. For AT, HU and LV figures are the new recipients in the month only. For DK the figure shown is the total number for those who received compensation/benefit at one point in time from the beginning of the start of the scheme, i.e. for unique recipients during the period from March 2020. For DE the figures for the self-employed are cumulative i.e. total number of recipients up to the respective month.

Annex 4: Technical Annex

- SPPM dashboard methodology
- SPPM methodology used for the identification of Member States' key social challenges and good social outcomes
- Definitions and data sources

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 2019, as the base year for monitoring progress towards the 2030 poverty and social exclusion target.

What is the basis of the SPPM dashboard?

The SPPM makes use of the EU portfolio of social indicators⁴⁰, 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 2019, 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 changes⁴¹ (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.

⁴⁰ <http://ec.europa.eu/social/BlobServlet?docId=14239&langId=en>

⁴¹ This consists of setting thresholds based on the historical variability in the distribution of each indicator rather than using a rule-of-thumb approach. This allows for tailoring of the checks for substantive changes with regard to the historical volatility of the different indicators. Common parameter values to use for the cut-off point for outliers in the distribution and the significance threshold for the remaining distribution have been agreed - a 7.5% cut-off value for outliers and a threshold of 1 Standard Deviation for flagging up significant changes.

Table 12: Summary table of the current statistical and substantive significance rules applied for the SPPM indicators

Indicator	Significance thresholds used			
	change 2020-2021*		change 2019-2021*	
	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 and social 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
Material and social deprivation rate for children (%)	Estat estimates	EMPL estimates based on variability of series	n.a.	n.a.
Relative median at-risk-of-poverty gap for children (%)	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.	EMPL estimates based on variability of series	>+5%	EMPL estimates based on variability of series
Healthy life years at 65 - females	n.a.	EMPL estimates based on variability of series	>+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 some Member States the reference period for EU-SILC based indicators is 2019-2020 and no calculations are available for changes 2019-2021..

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.

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, which had been adapted in 2021 to follow a more policy-based approach. 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 Sustainable Growth Strategy.

Scope of the exercise

The assessment of KSCs and GSOs included in the SPPM Country Profiles now follows a more broad policy-based approach instead of the previous one that reflected the age-based structure of the Joint Assessment Framework (JAF) Policy Area 11 – *Poverty and Social Exclusion*, to which selected indicators from the JAF module on Health were added to make the indicators' framework more exhaustive.

The new summary table for the country profiles is divided in the following five main policy areas:

1. Poverty, social exclusion and inequality
2. Effectiveness of social protection
3. Pensions
4. Long-term care
5. Healthcare

Each policy area is further broken down into sub-categories that 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 order⁴².

- The quantitative step of the exercise is based on an assessment of levels⁴³ and three-year changes⁴⁴ 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 EU27 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 average⁴⁵.

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

- ➔ (-7; +7): the performance of an indicator is classified as *around the EU average (0) for levels and constant (0) for changes*;
- ➔ (-7; -13 **or** +7; +13): the performance of an indicator is classified as *better (+) / worse (-) than the EU average for levels, and registering a positive (+) / negative (-) development for changes*, depending on the polarity of the indicator;
- ➔ (< -13 **or** > +13): the performance of an indicator is classified as *significantly better (++) / significantly worse (--) than the EU average for levels, and registering a significantly positive (++) / significantly negative (--) development for changes*, always depending on the polarity of the indicator.

⁴² 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.

⁴³ The latest year available for EU – e.g. the SPC Annual Report 2021 looks at 2019 data for levels.

⁴⁴ From [latest year available for EU – 3 years] to [latest year available for EU] - e.g. the SPC Annual Report 2021 looks at 2016-2019 data for changes.

⁴⁵ 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.

The following categories of messages result from the analysis and are used as a basis for determining KSCs and GSOs, based on the 5 x 5 two-way table below:

Quantitative assessment	Levels	Changes
1. Indicator significantly worse than EU average	'--'	'--', '-', '0'
2. Indicator worse than EU average	'-'	'--', '-', '0'
3. Indicator significantly better than EU average	'++'	'0', '+', '++'
4. Indicator worse than EU average & some positive development	'--', '-'	'+'
5. Indicator worse than EU average & significantly positive development	'--', '-'	'++'
6. Indicator better than EU average & significantly negative development	'+'	'--'
7. Indicator better than EU average & some positive development	'+'	'+'
8. Indicator better than EU average & significantly positive development	'+'	'++'
9. Indicator around EU average & some negative development	'0'	'-'
10. Indicator around EU average & significantly negative development	'0'	'--'

Levels	Changes				
	"--"	"-"	"0"	"+"	"++"
"--"	1	1	1	4	5
"-"	2	2	2	4	5
"0"	10	9			
"+"	6			7	8
"++"			3	3	3

Within the 'low performance' band (i.e. area highlighted in red), a variety of situations are described:

- 1. Indicator substantially⁴⁶ worse than the EU average, and no clear improvement or getting worse
- 2. Indicator worse than the EU average, and no clear improvement or getting worse
- 4. Indicator worse than the EU average and some positive development
- 5. Indicator worse than the EU average and substantially positive development
- 6. Indicator better than the EU average and substantially negative development
- 9. Indicator around EU average and some negative development
- 10. Indicator around EU average and substantially negative development

⁴⁶ The term 'significant(ly)' is replaced with 'substantial(ly)' to prevent any confusion with statistical significance

A two-step approach is then used to support a robust prioritisation. In a first step, messages of type 1, 2, and 4 are scrutinised for the purpose of identifying KSCs, as they relate to the levels and there are no signs of strong improvement, which is indicative of structural challenges. Should the scrutiny lead to the identification of none or a very low number of underperforming areas (1-2), in a second step, the scrutiny may be extended to indicators for which a message of type 5 or 10 are flagged.

Further, these results are assessed in a third step from the perspective of their priority at country-level, with a view to identifying the most important challenges. Assigning priority levels draws primarily on the available country-specific expertise and may involve several aspects, e.g.

- ✓ a review of already identified key challenges,
- ✓ an integrated look across all policy areas,
- ✓ review of findings from relevant studies and other international bodies like the OECD etc. on key social policy challenges, or
- ✓ a quantitative look at groups most at-risk of poverty and exclusion to see which specific problem areas, if tackled, would contribute strongest to achieving progress.

The table below summarises the relation between the three steps and the final classification of an area as a JAF-based key social challenge or good outcome.

JAF DECISION TREE				
STEP 1 and STEP 2 Findings from quantitative qualitative performance check	STEP 3 Assessing priority	Key Employment /Social Challenge	Potential Risk Area	Best Practice
High performance	Low	-	-	-
High performance	Medium	-	-	-
High performance	High	-	-	YES
Medium performance	Low	-	-	-
Medium performance	Medium	-	-	-
Medium performance	High	-	(YES)	-
Low performance	Low	-	-	-
Low performance	Medium	-	YES	-
Low performance	High	YES	-	-

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).

In some social policy areas assessments are based on a set of *non-JAF based* data and information, including expert knowledge from country analysts and the findings of the relevant literature. The non-JAF based challenges stemming from the results of this analysis are identified in a transparent

manner and presented during the consultation phase on the basis of a reasoned assessment detailed by the Commission as per the table below:

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

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

Social Policy areas covered by the assessment and subcategories⁴⁷

The synthesis table follows a policy-based approach. The indicators and information underpinning the assessment sub-categories (including JAF indicators and/or the non-JAF policy areas) is presented in a separate column⁴⁸.

Social policy area	Subcategory		Underpinning
1. Poverty, social exclusion and inequality	1.1	Poverty and social exclusion (all age brackets)	At-risk-of-poverty rate, Severe material deprivation, (Quasi-)jobless households (VLWI), At-risk of poverty rate for people living in (quasi-)jobless households, Poverty gap, Persistent at-risk-of-poverty rate
	1.2	Inequality (general population)	Income inequality S80/S20, Interquintile income share ratio S80/S50, Interquintile income share ratio S50/S20
	1.3	Material and social deprivation rate (all age brackets)	Material and social deprivation rate
	1.4	Housing situation (all age brackets)	Housing cost overburden, Housing deprivation, Homelessness and housing exclusion (via justification table)
	1.5	<i>Social situation of persons with disabilities</i>	<i>Via justification table</i>
	1.6	<i>Social situation of Roma</i>	<i>Via justification table</i>
	1.7	<i>Social situation of migrants and refugees</i>	<i>Via justification table</i>
	1.8	<i>Regional dimension of poverty and social exclusion</i>	<i>Via justification table</i>
	1.9	<i>Energy poverty</i>	<i>Via justification table</i>
2. Effectiveness of social protection	2.1 Social inclusion of children	2.1.1 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 households at work [$0.2 < WI \leq 0.55$ and $0.55 < WI \leq 1$], Poverty gap
		2.1.2 <i>Equal opportunities for children</i>	<i>Via justification table</i>
	2.2 Active inclusion	2.2.1 Effectiveness of social benefits for the working age population	Impact of social transfers [excluding pensions] in reducing working age poverty risk, Impact of social transfers [including pensions] in reducing working age poverty risk, Poverty gap, At-risk-of-poverty rate for population living in (quasi-)jobless households, Adequacy, coverage and take-up of social assistance (via justification table)
		2.2.2 <i>Effectiveness of social services</i>	<i>Via justification table</i>
		2.2.3 Inclusive labour markets	In work poverty, Long-term unemployment, At-risk-of-poverty rate for population living in low-work

⁴⁷ Elements written in **bold** roman are based on an assessment of **JAF-based** information. Elements written in *italics* are based on an assessment of *non-JAF based* information.

⁴⁸ Note that for this year's assessment the analysis in the housing area has been implemented by using mainly JAF indicators and no analysis has been done on homelessness, due to the lack of indicators. Furthermore, the JAF indicator was not available this year on child mortality, and no JAF indicators were available in the area of "Effectiveness of curative or preventive health care".

			intensity households
	2.3 Social protection for all	<i>Gaps in access to social protection</i>	<i>Via justification table</i>
3. Pensions	3.1	Effectiveness of social protection in old age (poverty prevention and income replacement)	Poverty gap, Aggregate replacement ratio [excluding other social benefits], Median relative income
	3.2	<i>Systemic pensions adequacy issues</i>	<i>Via justification table</i>
4. Long-term care	4	<i>Long-term care</i>	<i>Via justification table</i>
5. Health	5.1	Health status	Life expectancy at birth and 65, Healthy life years at birth and 65, Child mortality
	5.2	Effectiveness of curative or preventive health care	Potential years of life lost, Treatable mortality standardized rate, Preventable mortality standardized rate, 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]

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 or socially 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 and social deprivation rate	Share of population living in households unable to afford at least 7 items out of the following 13 deprivation items: 1. Ability to 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, fish or vegetarian equivalent every second day; 5. Afford keeping their home adequately warm; 6. Have access to a car/van for personal use; 7. Afford replacing worn-out furniture; 8. Have access to an internet connection 9. Afford replacing worn-out clothes by some new ones 10. Afford having two pairs of properly fitting shoes (including a pair of all-weather shoes) 11. Afford spending a small amount of money each week on him/herself 12. Afford having regular leisure activities 13. Afford getting together with friends/family for a drink/meal at least once a month.	Eurostat – EU SILC
Share of population(0-64) in (quasi-)jobless, i.e. very low work intensity (VLWI), households	Share of people aged 0-64 living in (quasi-)jobless households, where working-age adults (18-64) worked 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-	Eurostat – EU SILC

	of poverty threshold.	
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 5 items out of the following 13 deprivation items: 1. Ability to 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, fish or vegetarian equivalent every second day; 5. Afford keeping their home adequately warm; 6. Have access to a car/van for personal use; 7. Afford replacing worn-out furniture; 8. Have access to an internet connection 9. Afford replacing worn-out clothes by some new ones 10. Afford having two pairs of properly fitting shoes (including a pair of all-weather shoes) 11. Afford spending a small amount of money each week on him/herself 12. Afford having regular leisure activities 13. Afford getting together with friends/family for a drink/meal at least once a month.	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 or socially 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
Material and social deprivation rate for children (%)	Share of child population (0-17 years) living in households lacking at least 5 items out of the following 13 items: 1. Ability to 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, fish or vegetarian equivalent every second day; 5. Afford keeping their home adequately warm; 6. Have access to a car/van for personal use; 7. Afford replacing worn-out furniture; 8. Have access to an internet connection 9. Afford replacing worn-out clothes by some new ones 10. Afford having two pairs of properly	Eurostat – EU SILC

	fitting shoes (including a pair of all-weather shoes) 11. Afford spending a small amount of money each week on him/herself 12. Afford having regular leisure activities 13. Afford getting together with friends/family for a drink/meal at least once a month.	
Relative median at-risk-of-poverty gap for children (%)	Difference between the median equivalised income of children aged 0-17 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
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 (0-64) with an equivalised disposable income below 60% of the national equivalised median income who live in households where working-age adults (18-64) worked 20% or less of their total work potential during the past year.	Eurostat – EU SILC
In-work at-risk-of-poverty rate	Individuals (18-64) who are classified as employed according to their most frequent activity status and are at risk of poverty. The distinction is made between “wage and salary employment plus self-employment” and “wage and salary employment” only.	Eurostat – EU 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,	Eurostat - LFS

	education or training	
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 or socially 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 ⁴⁹	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 + too far to travel.	Eurostat – EU SILC
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 or socially 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

⁴⁹ Pension income covers pensions from public old-age pension schemes, means-tested welfare schemes, early retirement and survivor's benefits 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.

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.