Council of the European Union

Brussels, 5 October 2026
(OR. en)

13807/26

SOC 634
EMPL 368
EDUC 394
ECOFIN 1244

NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Key social challenges: key messages from the Social Protection Committee based on the Review of the Social Protection Performance Monitor *- Endorsement*

Delegations will find attached the key messages based on the 2026 Annual Review of the Social Protection Performance Monitor and developments in social protection policies, as finalised by the Social Protection Committee on 22-23 September 2026, with a view to their endorsement by the Council on 19 October 2026.

The full report can be found in doc. 13807/26 ADD 1.

The Social Protection Performance Monitor (SPPM) Country Profiles annexed to this report are contained in docs. 13807/26 ADDs 2-3.

2026 SPC Annual Report

Key messages

Delivering on its mandate as set out in Article 160 of the TFEU, the Social Protection Committee (SPC) has produced its annual review of the social situation and policy developments in the Member States and the Union[1] and highlights the following findings and common priorities which should guide the preparatory work for the 2027 cycle of the European Semester.

1. **Economic growth** in the EU was broadly **stable** over 2025 at around 1.5%, with continued but **slower expansion in employment and stable unemployment** at historically low levels, while **inflation was more subdued** compared to previous years. **Growth in real household income** in the EU **was lower in 2025 than in the previous year**, but average levels are noticeably **higher compared to 2019**. The at-risk-of-poverty rate anchored in time[2] fell in 2025, reflecting **positive recent developments in purchasing power in many countries, including for those with low income.** However, the level of **financial distress remains high and** these developments are subject to the volatile geopolitical situation that **increases the risks of surges in inflation, and that may impact especially people on lower incomes**.

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1 The SPC annual report is based on the most recent data and information available in mid-2026.

2 Whereby the poverty threshold evolves only with inflation.

2. The update of the **Social Protection Performance Monitor (SPPM) dashboard** using 2025 data points to a **broadly stable situation overall**, but with rather **mixed developments across Member States and across many key social indicators** over the last year. **Improvements** in many countries in **real incomes and in rates of material and social deprivation** were counterbalanced by **declines in the effectiveness of social protection systems in reducing the at-risk-of-poverty rate for (quasi-)jobless households along with very limited change in the social and labour market situation for young people**. In a longer-term perspective, developments compared to 2019 show limited change in the social situation as reflected in key indicators on poverty and social exclusion except in a few areas; nevertheless the EU has proven to be rather resilient given the backdrop of the serious challenges posed by recent crises.

3. The **SPPM vertical assessment backed up the findings of the dashboard, in particular concerning effectiveness of social protection**, identifying **key social challenges in adequacy** of benefits, **access to social protection for non-standard workers**, **old-age poverty**, pension adequacy, and access to long-term care and healthcare services. In general, the assessment points to **challenges in poverty and social exclusion, including for children**, **territorial inequalities, access to adequate housing, energy poverty** and the challenges affecting **people with migrant background, persons with disabilities and Roma communities**.

4. **Reaching the EU poverty reduction target and national targets by 2030 will require stronger, sustained and more coordinated efforts.** Compared to 2019, **the EU population at risk of poverty or social exclusion has decreased by around 3.5 million**, with mixed trends in the Member States, and with most recording no significant change. Following a slight **decline from 2024 to 2025, an average decrease by at least 2.3 million per year until 2030 is needed.**

5. While **child poverty and social exclusion slightly declined in 2025** (by around 0.2 million), the **situation for children remains especially challenging**, as the **gap to achieving the related 2030 complementary target remains at around 5 million.** Child poverty fell in only a few countries in 2025, despite the efforts made towards the child-related 2030 poverty reduction ambitions and ongoing implementation of the European Child Guarantee. The **2026 Thematic Social Reporting** takes stock of the implementation of the corresponding 2021 Council Recommendation**.** In general, addressing child poverty requires the provision of services to children in need as well as measures to support households' incomes, such as the labour market activation of parents and more effective child-related benefit systems and prevention and early intervention. **As pointed out by the recently published Communication on breaking the cycle of disadvantage – strengthening the European Child Guarantee, further action is needed to address remaining and emerging challenges in access to services.**

6. In line with the EU **Anti-Poverty Strategy**, national **frameworks for anti-poverty policies that reflect the multidimensional nature of poverty and follow a life-cycle approach are essential. Delivery of integrated support** to address individual needs is key, **combining adequate resources, including income support and in-kind benefits, with effective support to labour market participation and access to enabling social and essential services**. Specific attention is also needed to gender equality as well as groups with heightened risks and territorial disparities. It is crucial that Member States address the root causes of poverty; **distributional impact assessment of all public policies and reforms** can help prevent adverse effects on poverty and inequalities and should be used more systematically**.**

7. **In the light of demographic challenges and changes in the labour markets, efforts to improve adequacy, sustainability, fairness and equity of social protection systems are key**. **New forms of work and non-linear career paths put additional pressure on social protection systems**, warranting close monitoring and improved data availability and quality. **Digitalisation** can **strengthen the transparency and accessibility** of systems, but reforms must also **address the digital divide and preserve personal contacts** alongside digital services.

8. The promotion of **healthy and active ageing and of longer working lives,** in combination with **continued efforts to safeguard pension adequacy for all, pension reforms aimed at increasing incentives to postpone retirement, limit early retirement, facilitate flexible retirement pathways and develop supplementary pensions, are important elements** of reforming European pension systems, including reducing the gender pension gap. The risk of poverty or social exclusion in old age, in particular among older women, has not shown substantial improvement and remains high in some countries, undermining women's economic independence.

9. In light of increased demand, there is a **need to enhance synergies and effective coordination between long-term care and health care to ensure person-centredness and cost-effectiveness.** Gaps in access to **affordable and high-quality long-term care (LTC) services** highlight the need for **further investments and reforms to strengthen social protection for LTC, step up prevention and community-based care, and increase the attractiveness of the LTC sector and support for informal carers.** As regards health care, there is a **need to close health gaps by ensuring equitable access to timely, affordable and high-quality health care** all over the EU. This requires a multisectoral approach that addresses unmet needs for medical care while tackling the shortage of healthcare professionals. Greater emphasis should be placed on strengthening primary care and access to preventive services to improve health outcomes.

10. **Housing affordability** remains a **considerable challenge in the EU**, in particular for people in vulnerable situations who face higher risks of homelessness and housing exclusion. While integrated approaches have been adopted in some Member States, **strengthening the provision of adequate and affordable housing, including social housing, and enhancing access to integrated, person-centred housing-led assistance,** requires further coordinated action at EU, national and local level, taking into account the diversity of housing systems and the division of competences.

11. The social situation in Europe requires an integrated approach to economic, fiscal, employment and social policies. Therefore, meaningful exchange and joint and timely reflection between EPSCO and ECOFIN filieres within the European Semester are essential, fully respecting the coordinating and monitoring role of the EPSCO filière in all matters related to labour market, skills and social policies.

The European Commission is invited to take into account the above policy guidance in the preparatory work of the 2027 cycle of the European Semester.