

Brussels, 10 October 2024  
(OR. en)

14329/24  
ADD 2

SOC 749  
EMPL 515  
ECOFIN 1116  
EDUC 385

**COVER NOTE**

---

From: The Social Protection Committee  
To: Delegations  
Subject: 2024 SPC Annual Report Executive Summary

---

Delegations will find attached the Executive Summary of the 2024 SPC Annual Report.

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

# 2024 SPC Annual Report

## Executive Summary

The Social Protection Committee's (SPC) annual review of the social situation in the EU and the policy developments in the Member States delivers on its Treaty mandate and provides input in the context of the preparation of the 2025 Annual Sustainable Growth Survey.<sup>1</sup> The report i) **monitors the social situation, including the progress towards the 2030 target on reducing poverty and social exclusion** and highlighting the most recent trends to watch, ii) identifies **key structural social challenges facing individual Member States, as well as good social outcomes**, and iii) reviews recent **social policy developments**.

The 2024 edition focuses on long-term care as the SPC's Thematic Social Reporting in 2024 takes stock of the implementation of the Council Recommendation on access to affordable high-quality long-term care, as a deliverable of the European Care Strategy.

### A. Latest developments in the social situation in the EU and progress on the 2030 target on reducing poverty and social exclusion

#### *[Economic growth, employment and progress towards the EU 2030 poverty reduction target](#)*

The effects of Russia's war of aggression against Ukraine that started in February 2022 continue to be felt in the economic and social situation in Europe. However, despite the slowdown in economic growth, total employment continued to expand in 2023 and the unemployment rate in the EU has remained remarkably stable at very close to 6%. Gross disposable household income improved slightly, mainly reflecting a slight recovery in compensation of employees and of the self-employed, and inflation was more subdued in almost all Member States after the sharp rises witnessed in 2022.

Nevertheless, **the purchasing power of households has been strongly impacted by rising prices** over recent years and the overall share of people in the EU reporting financial distress rose sharply from March 2022 onwards, before peaking in summer 2023 and then falling slightly from then onwards. Despite falling recently, financial distress remains particularly high for those on low incomes.

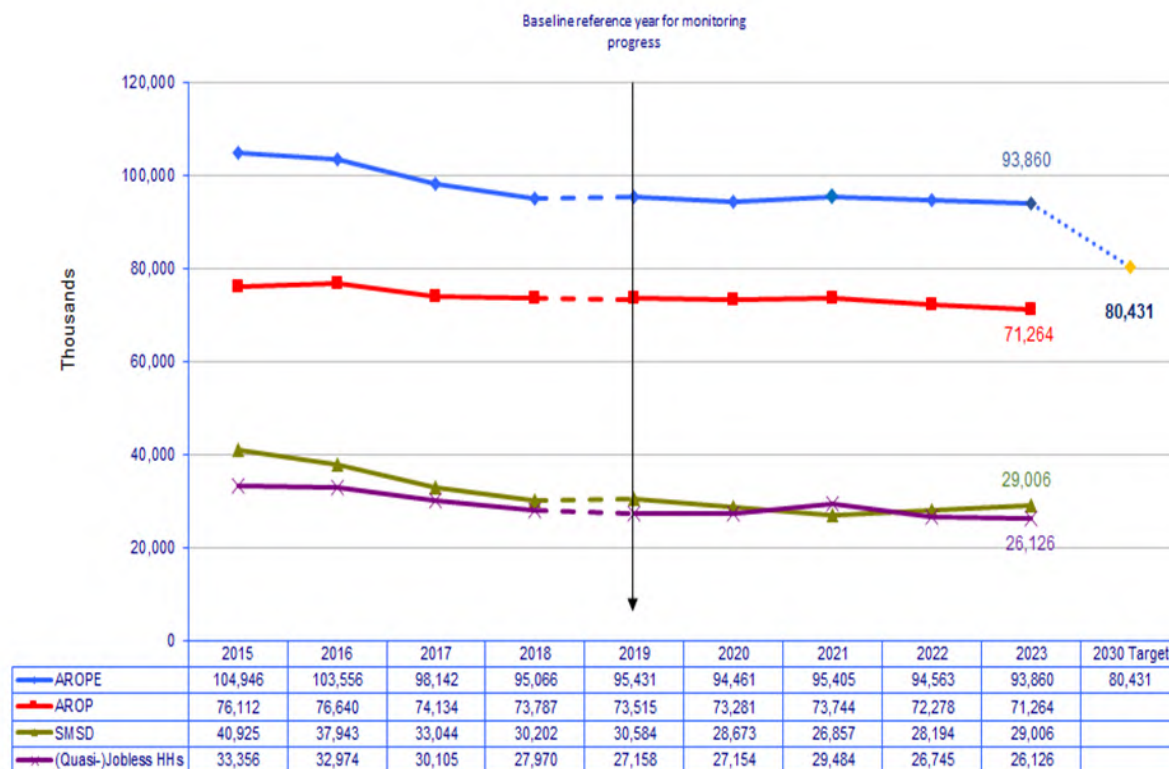
**With regard to progress on the 2030 target on poverty reduction**, figures for the EU27 aggregate suggest a slight reduction in 2023 (around 0.6 million) in the overall number of people at risk of poverty or social exclusion compared to the previous year (Figure ES1). This reflects underlying decreases of around 0.9 million in the population at risk of poverty and of around 0.7 million in the number of people living in (quasi-)jobless households, but with a rise of 0.8 million in those in severe material and social deprivation. The situation was also broadly stable for children in 2023,

---

<sup>1</sup> The figures quoted in this report are generally based on data available around 27 June 2024.

with only a marginal decrease (down 0.1 million) compared to 2022 in the child population at risk of poverty or social exclusion.

Figure ES1: Evolution of the population at risk of poverty or social exclusion and its components in the EU27 (1000s), 2015-2023



Source: Eurostat (EU-SILC, table *ilc\_pecs01*) and DG EMPL calculations. Note: Figures adjusted for major breaks in DE (in 2020) and in FR (in 2022)

However, individual Member States' figures for 2023 show mixed trends in the population at risk of poverty or social exclusion compared to the year before and in progress towards national 2030 poverty and social exclusion targets. Around half of Member States saw a noticeable rise in 2023, thus moving away from the poverty target, and only a third a reduction (Table ES1).

Reaching the 2030 poverty reduction target will require an acceleration of progress over the second part of the decade. Compared to the reference year (2019) for monitoring progress towards the 2030 target, adjusted data series for AROPE correcting for breaks suggest that the EU population at risk of poverty or social exclusion in 2023 has reduced by around 1.6 million. However, the COVID pandemic, the impacts of the Russian war of aggression against Ukraine, and the substantial rise in inflation over recent years have all acted as brakes to a significant improvement in the social situation. As a result, there have not been many Member States recording substantial improvements in the risk of poverty or social exclusion or the related components compared to the situation in 2019, but on the other hand there have also not been many recording significant deteriorations in the situation, with the EU passing through the various

crises in a relatively stable manner overall. Nevertheless, the EU child population at risk of poverty or social exclusion in 2023 was up by 0.6 million compared to 2019, moving away from the objective of a reduction by 5 million.

### *Recent common trends identified by the Social Protection Performance Monitor (SPPM)*

Certain positive developments in the social situation took place in the Member States in 2023, as highlighted by the Social Protection Performance Monitor (SPPM) dashboard (Figure ES2). Based on the latest annual 2023 EU-SILC data and 2023 LFS data, the following positive trends were highlighted:

- reductions in the share of the population living in **(quasi-)jobless households** in a third of Member States and continued rises in the **employment rate of older workers** in almost all, reflecting improvements in the labour market;
- the **situation for youth also improved**, with declines in the NEETs<sup>2</sup> rate in almost half of the Member States;
- In many countries, the risk of poverty or social exclusion declined for the **older population** aged over 65, and for **persons with disabilities**, suggesting they were relatively better protected against the rising cost of living.

Nevertheless, there are some **areas to watch** concerning the latest developments, with signs of deterioration in the social situation as indicated by the following:

- Reductions in the **impact of social transfers** in reducing poverty in over a third of Member States and rises in the **poverty risk for persons living in (quasi-)jobless households** in a similar number, pointing to a weakening in the effectiveness of social protection systems in many countries, in a context of a lowering of the **poverty threshold** in real terms in almost half of the Member States. At the same time, in-work poverty rose in 9 countries;
- Significant rises in the **housing cost overburden rate** in more than half of the Member States, as the cost of servicing mortgages and rents remained high, probably in combination with a decrease in purchasing power in most countries;
- A worsening in the situation of **children**, with their risk of poverty or social exclusion rising in almost half of Member States, along with increases in their material and social deprivation rate and in the depth of child poverty in a similar number of countries;
- Increases in **severe material and social deprivation** and in **standard material and social deprivation** for the general population in around a third of countries, reflecting that financial conditions of households worsened in 2023 as the affordability of many items declined due to inflation, albeit at a lower rate compared to recent years;
- A worsening of **income inequality** in almost a third of Member States;

---

<sup>2</sup> Those not in employment, education nor training

- Increases in the self-reported **unmet need for medical care** in a third of Member States.

In a longer term perspective, compared to 2019, the reference year for the 2030 poverty and social exclusion target, the overall picture in the latest SPPM update is one of generally little change except in a few areas.

#### Near-term outlook

Looking ahead, a continuation in the slight decrease of the risk of poverty is expected, according to the latest indications from Eurostat flash estimates of income developments, with the at-risk-of-poverty rate expected to remain stable in most countries. In a context of overall stabilisation of living standards and purchasing power, diverse developments across countries would reflect the heterogeneous impact of inflation. A rather stable trend is also expected in income inequalities.

GDP growth is expected to be 1.0% for 2024 as a whole in the EU and to improve to 1.6% in 2025, according to the European Commission's Spring 2024 Economic Forecast. Importantly, almost all Member States are expected to return to growth in 2024. Inflation is expected to decline further. However, employment growth is expected to be more subdued, while the unemployment rate should hover around the current low rates. Growth in real wages is set to continue which combined with employment growth is expected to sustain growth in disposable income in 2024 and in 2025.

## B. Key structural social challenges facing individual Member States

The analysis of Member States' Key Social Challenges (KSCs) and Good Social Outcomes (GSOs) continues to point to a heterogeneous performance of social protection and social inclusion systems across the EU, along with the overall broad stability in the social situation that has been ensured during recent years. Differences in level and intensity of the outcomes point to persistent challenges and emerging ones, as summarised below:

- Almost all Member States have at least one KSC in the area of **poverty and social exclusion**, when considering all age groups, ranging from the risk of poverty or social exclusion, the at-risk-of-poverty rate, the share of people living in (quasi-)jobless households, the severe material and social deprivation rate, the persistent at-risk-of-poverty rate, and the relative median poverty risk gap. **Inequality**, the social situation of **persons with disabilities**, of **Roma** and of **migrants and refugees**, and the **housing** situation, notably issues related to housing deprivation and housing cost overburden, also appear as challenges for many countries along with the **territorial dimension** of poverty and social exclusion;
- Regarding the effectiveness of social protection, many countries registered challenges in the **social inclusion of children**, covering the effectiveness of **social benefits** for the working age population, the effectiveness of **social services**, and the **inclusiveness of labour markets**. The **adequacy of minimum income schemes** and **gaps in access to social**

**protection** for some categories of non-standard workers or self-employed were also identified as KSCs for many;

- Regarding **Pensions**, many Member States face challenges concerning **poverty prevention or income replacement in old age**, and several concerning **pension adequacy** related to high gender poverty gaps and pension gaps issues.
- KSCs related to **long-term care**, covering **insufficient access** to long-term care services, their **affordability, quality**, or the **sub-optimal design** of long-term care systems, were identified for around half of Member States;
- Regarding **Healthcare**, **life expectancy** of the population proves to be a KSC in two-thirds of Member States, while challenges in **access to health care** have been identified for half the Member States.

### C. Monitoring policy developments

The activities of the Social Protection Committee focus mainly on three main interlinked areas of policy work, which also support the implementation of the European Pillar of Social Rights and its Action Plan: thematic work, the European Semester, and mutual learning. Furthermore, the Committee carried out several joint activities with the Employment Committee (EMCO), providing numerous deliverables to the Council, partially related to the European Semester and initiated by the Spanish and Belgian presidencies.

#### [Thematic work](#)

The 2024 edition of the triennial [Pension Adequacy Report](#) of the Social Protection Committee and the European Commission provides an overview of pension policies in EU Member States and Norway, focusing on the adequacy of old-age incomes today and in the future. While European pension systems have protected retired Europeans' living standards in the face of the crises of recent years, and demographic and labour market changes, the report calls for further reforms to ensure fair retirement security for all and prevent socio-economic inequalities from increasing with age, including by focusing on gender gaps in old age.

The SPC Thematic Review on the implementation of the Council Recommendation on **ensuring a fair transition towards climate neutrality** highlighted that most countries are taking measures to improve their existing social protection systems, but only a few explicitly address how these systems account for the challenges of the green transition. Most reforms include a strong focus on reducing regional inequalities in quality and access to care services and/or measures to reduce emissions. All Member States have reported some form of temporary measures to households most affected by inflation in energy prices.

The [thematic discussion](#) held on the implementation of the Council Recommendation on **access to social protection** gathered Member States reflections on their challenges in implementing the Recommendation and explored ideas on what could be done at the EU-level to further support its

implementation. It was stressed that the Recommendation on access to social protection is considered a right policy framework and its implementation is essential. The existing monitoring framework requires an update and improvement and the possibility of providing a periodic report to the Council could be explored, while minimising potential additional administrative burden. Continuous exchange of practices and mutual learning at EU-level can support Member States in tackling structural and new challenges.

### Box 1: 2024 SPC Thematic Social Reporting

The thematic social reporting of this year focused on the implementation of the Council Recommendation on **access to affordable high-quality long-term care**, as a deliverable of the European Care Strategy. The set of measures taken or planned by the Member States show a high commitment at national and regional levels. Most **gaps relate to** the funding of LTC, the workforce, and availability of services, including territorial disparities and quality of services, notably through better integration and coordination of care provision. **Policy responses** from more than two thirds of Member States focus on availability and workforce-related measures, with more than half of the Member States reporting measures related to adequacy, quality, and support for informal carers. A significant number of countries work towards improving governance and coordination, stakeholder involvement, and evidence-based approaches for LTC. At the same time, ensuring adequate and sustainable financing and, in some cases, improving the administrative capacity to effectively implement planned measures, are some of the remaining challenges. All reporting Member States stress the importance of EU support to implement the Council Recommendation. Member States also mention the added value of exchanges on best practices and mutual learning. A self-assessment tool for a structured qualitative analysis of national long-term care systems is being developed as part of the strategic partnership with the World Health Organisation.

In addition to the thematic social reporting, mutual learning seminars were organised in 2023-2024 on the implementation of the Council Recommendation. Among others, the seminars concluded that person-centred and integrated care requires systemic change in the design, governance, and regulation of care, incorporating the views of users and their families, and investing in training the care workforce. ICT and digital tools play a key role in this respect. Comprehensiveness of service provision requires overcoming horizontal and vertical fragmentation.

### [The European Semester](#)

During the 2024 Semester cycle, the Committee contributed jointly with the Employment Committee (EMCO) to the delivery of the Joint Employment Report and the corresponding Council conclusions. For reviewing Member States' reform implementation efforts in the context of

the European Semester the Committee conducted 16 **Multilateral Implementation Reviews** (MIRs) of country-specific recommendations (CSRs) in policy areas under its competence. Additionally, piloting the Social Convergence Framework (SCF) as described in the related EMCO-SPC Key Messages and the underlying Report of the EMCO-SPC joint Working Group <sup>(3)</sup>, and laid out in the Joint Employment Report (JER) 2024 Key Messages <sup>(4)</sup>, the 7 countries identified for the second stage analysis <sup>(5)</sup> were reviewed in **joint SCF pilot reviews** of the EMCO and the SPC, also covering 2023 CSRs, as relevant.

The conclusions of the reviews fed into the joint Opinion of the EMCO and SPC on the 2024 cycle of the European Semester, endorsed by the Council. The reviews concerned pension, long term and healthcare policies, and social protection and social inclusion systems, including measures tackling energy poverty and housing challenges. The reviews concluded that fostering increased participation in the labour market in general or specifically supporting the employment of older workers can improve the fiscal sustainability of the **pension** system. The presented challenges triggered by an ageing society have been putting **long-term care** systems under pressure. New measures to finance the **healthcare** system, including by changing the nature of the health insurance from complementary, or voluntary to mandatory, have been introduced. Several policy measures have been implemented to support economic growth and employment, as well as reforms of the **social protection and inclusion** systems in order to simplify them and improve their efficiency, including for instance overarching reform to incentivise labour market participation, in line with the Council Recommendation on minimum income ensuring active inclusion. **Energy poverty** measures have to be targeted on vulnerable groups, where room for improvement still exists in order to make them not only effective but fit for ensuring fairness and to protect people in vulnerable situations. To strengthen the provision of **adequate and social housing**, holistic approaches are key to improving housing affordability. The development of the necessary legal framework has to be complemented by additional funding and financing mechanisms in order to achieve the objectives.

#### [Joint EMCO-SPC deliverables to the Council.](#)

- [Opinion of the Employment Committee and the Social Protection Committee on the value added of social investment and the role of the EPSCO Council filière in the governance of the European Semester](#), endorsed by the Council (EPSCO) on 28 November, 2023.

---

<sup>(3)</sup> See the [Key Messages on the introduction of a Social Convergence Framework in the European Semester](#) and the related [Report of the EMCO-SPC Working Group](#). The documents were presented to the Council (EPSCO) on 12 June 2023. The features of the Social Convergence Framework were discussed within the Working Group between October 2022 and May 2023.

<sup>(4)</sup> Adopted by the Commission as part of the Autumn Package on 21 November 2023, and subsequently [by the Council \(EPSCO\)](#) on 11 March 2024.

<sup>(5)</sup> The Commission published the second-stage analysis via a [Staff Working Document](#) on 6 May 2024. The reviews were conducted by EMCO and SPC on 16 May.

- [Future policy priorities for the Union on the European Pillar of Social Rights - Opinion of the Employment Committee and the Social Protection Committee](#), endorsed by the Council (EPSCO) on 11 March 2024.
- [Council Conclusions on the 2024 Annual Sustainable Growth Survey and the Joint Employment Report](#), approved by the Council (EPSCO) on 11 March 2024.
- [Social Convergence in the Union: Opinion of the Employment Committee and the Social Protection Committee](#), endorsed by the Council (EPSCO) on 20 June, 2024.
- [Council Conclusions on the role of labour market, skills and social policies for resilient economies](#), approved by the Council (EPSCO) on 20 June, 2024.
- [Voluntary guiding principles for EU Member States for evaluating economic effects of reforms and investments in the labour market, skills and social policy domains](#), endorsed by the Council (EPSCO) on 20 June, 2024.
- [Assessment of the country-specific recommendations for 2024 and implementation of the country-specific recommendations for 2023: Opinion of the Employment Committee and the Social Protection Committee](#), endorsed by the Council (EPSCO) on 16 July, 2024.

In the joint horizontal opinion with the EMCO on the 2024 European Semester for the June 2024 EPSCO Council, EMCO and SPC called for a more integrated approach to economic, fiscal, employment and social policies, retaining the coordinating and monitoring role of the EPSCO filière on all matters related to labour market, skills and social policies (including within the framework of the European Semester according to the Treaty provisions), and ensuring effective cooperation and joint reflections between the EPSCO and the ECOFIN filières of the Council. As detailed in their Opinion on social convergence in the Union, the Committees considered that the integration of the Social Convergence Framework country analyses in the 2024 multilateral surveillance activities facilitated a more comprehensive shared understanding of labour market, skills, and social challenges, as well as of the related policy developments.

### [Mutual learning activities](#)

The **Minimum Income Network (MINET)**<sup>6</sup> focused in 2024 on the topics of understanding and improving the take-up of minimum income benefits, of adequacy and ensuring sufficient income support and of addressing incentives and disincentives to facilitate labour market transitions.

In order to further support the implementation of the 2019 Council recommendation on **access to social protection for workers and self-employed**, mutual learning events were organised on access to [healthcare, sickness benefits and accidents at work](#), and on [transparency and simplification](#).

---

<sup>6</sup> [Minimum Income Network \(MINET\) working group - Employment, Social Affairs & Inclusion - European Commission \(europa.eu\)](#)

In November 2023, the SPC endorsed a common monitoring framework for the **European Child Guarantee** (ECG).<sup>7</sup> The meetings of the national Child Guarantee Coordinators contributed to the exchange of good practices and monitoring of its implementation. A majority of Member States have submitted their biennial progress report. It was underlined that the availability, quality and affordability of early childhood education and care is key to support the development of children, to break the inter-generational transmission of poverty and to support parents' labour market participation.

To follow up on the Communication on better assessing the **distributional impact of Member States' policies**, stressing the importance of **Distributional Impact Assessment** (DIA) analyses, a first in-person mutual learning event was organised as well as several virtual mutual learning events.<sup>8</sup> They identified multiple policy areas relevant for the EMCO, SPC and EPC in which DIA can support evidence-based policy making, emphasizing the need for continuous and transparent coordination.

The **European Platform on Combatting Homelessness**, bringing together Member States, the European Parliament, the Committee of the Regions, the Economic and Social Committee, social partners and relevant civil society stakeholders, carried out mutual learning activities supporting Member States to develop and improve their national homelessness strategies. In 2024, they focused on the topic of "Financing the fight against homelessness: Funding opportunities for inclusive policy measures".

The **'Disability Platform'** held two meetings in 2024, focusing on several topics including accessible elections, passengers' rights, assistive technologies, equal access to health, social services, legal capacity, social protection and inclusive education. The Platform also addressed the setting of priorities for the second phase of the Strategy for the Rights of Persons with Disabilities after 2025.

Under the **peer review program** of the SPC, three **reviews** were organised and an additional three are planned in 2024. The aim of the peer reviews was to identify strengths, weaknesses, opportunities, and threats of given approaches and explore their potential transferability to other Member States. Topics of the peer reviews covered [Experimental methods for impact evaluation of social inclusion policies](#) (Spain), *Health monitoring of care homes in relation to the COVID-19 pandemic* (Cyprus) and *Minimum Income adequacy* (Latvia).

---

<sup>7</sup> [Monitoring framework for the Council Recommendation on a European Child Guarantee](#)

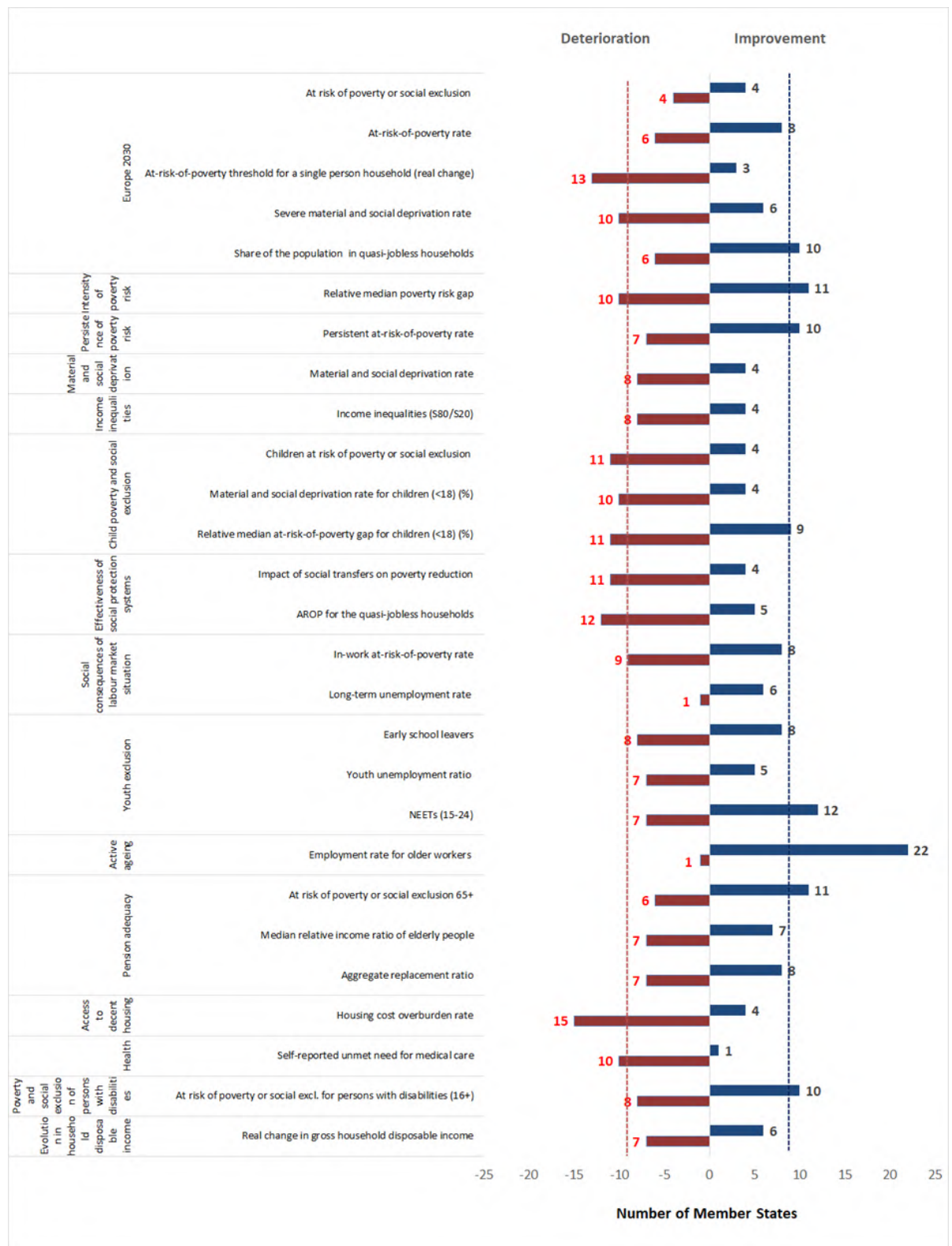
<sup>8</sup> [Report on mutual learning event on DIA](#)

Table ES1: Developments across Member States in the population at risk of poverty or social exclusion, and comparison to national poverty reduction targets or equivalent in terms of AROPE

	National target (reduction of AROPE in 1000s vs 2019 figures)	AROPE population 2019 (1000s)	AROPE population 2020 (1000s)	AROPE population 2021 (1000s)	AROPE population 2022 (1000s)	AROPE population 2023 (1000s)	Mini charts of trends to latest available year	Change 2019-2020 (1000s)	Change 2020-2021 (1000s)	Change 2021-2022 (1000s)	Change 2022-2023 (1000s)	Overall change 2019-2023 (1000s)
BE	-279	2,260	2,307	2,142	2,144	2,150		47	-165	2	6	-110
BG	-787	2,324	2,332	2,193	2,206	1,933		8	-139	13	-273	-391
CZ	-120	1,264	1,205	1,123	1,209	1,247		-59	-82	86	38	-17
DK*	(-30 VLWI)	994	970	1,000	997	1,056		-24	30	-3	59	62
DE**	(-1200 VLWI)	17,401	16,735	17,255	17,543	17,886		-666	520	288	343	485
EE	-39	311	300	293	332	327		-11	-7	39	-5	16
IE	-90	988	932	985	1,003	988		-56	53	18	-15	0
EL	-860	3,059	2,880	2,971	2,722	2,658		-179	91	-249	-64	-401
ES	-2,815	12,169	12,642	13,040	12,189	12,552		473	398	-851	363	383
FR*	-1,100	11,716	12,006	12,115	12,970	12,740		290	109	855	-230	1,024
HR	-298	841	806	817	752	772		-35	11	-65	20	-69
IT	-3,200	14,803	14,821	14,834	14,305	13,392		18	13	-529	-913	-1,411
CY	-10	162	156	154	150	153		-6	-2	-4	3	-9
LV	-95	506	473	488	482	476		-33	15	-6	-6	-30
LT	-223	712	685	661	690	695		-27	-24	29	5	-17
LU	-4	119	119	126	121	139		0	7	-5	18	20
HU*	Reduce MSD rate of families with children to 13% (AROPE by 292,000)	1,923	1,854	1,865	1,750	1,872		-69	11	-115	122	-51
MT*	(-3.1 AROPE p.p.)	100	100	103	103	105		0	3	0	2	5
NL	-163	2,809	2,739	2,862	2,863	2,989		-70	123	1	126	180
AT	-204	1,434	1,460	1,519	1,555	1,592		26	59	36	37	158
PL	-1,500	6,575	6,307	6,296	5,873	5,972		-268	-11	-423	99	-603
PT	-765	2,173	2,056	2,312	2,084	2,104		-117	256	-228	20	-69
RO	-2,532	7,032	6,897	6,572	6,525	6,033		-135	-325	-47	-492	-999
SI	-9	279	295	275	276	287		16	-20	1	11	8
SK	-70	795	744	841	888	943		-51	97	47	55	148
FI	-100	788	810	773	891	866		22	-37	118	-25	78
SE	-15	1,879	1,832	1,790	1,941	1,932		-47	-42	151	-9	53

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.

Figure ES2: Areas of deterioration (social trends to watch) and improvement for the period 2022-2023 (or latest year available)



Source: Social Protection Performance Monitor