Common social values in the European Union: stocktaking, with a focus on social inclusion and social protection

By Fran Bennett and Sandy Ruxton

For Luxembourg Presidency of the Council of the European Union

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Contents

1. Introduction

This report is written by **Fran Bennett and Sandy Ruxton**[1] for the Luxembourg Presidency of the Council of the European Union (EU), with the aim of drawing out **widely shared values, principles, recommendations and ways forward on social** objectives**.**

These consensual views may be expressed through Treaty provisions, European Commission (EC) documents, Council conclusions and other reports, and documents produced by the Social Protection Committee (SPC) which, alongside the Employment Committee (EMCO), has an advisory role in this area of EU policy.[2]

The detail in the report focuses largely on **social inclusion and social protection**, including the modernisation of social protection systems and social impact assessment. The report is structured as follows:

- The remainder of this **Introduction** describes the broad shared social objectives of the EU as set out in the Treaties; it then outlines the social Open Method of Coordination, supported by the Europe 2020 strategy, in furthering these objectives, and the recent reaffirmation of the role of the SPC (and EMCO) by the Council of the European Union in May 2015.
- The next section, **Overview of common social values**, examines the shared social objectives, in particular in relation to social inclusion and social protection, and how these have been furthered in recent years.
- The remaining sections discuss the common values and principles in more specific areas of social inclusion and social protection: **social inclusion (with a specific focus on combating poverty and social exclusion, child poverty and wellbeing, and homelessness and housing exclusion); and social protection (with a focus on pensions, healthcare** and **long-term care)**.
- There is a short **Conclusion**, summarising the trajectory and achievements to date and pointing the way forward.

Background: social objectives of the European Union in Treaties

The EU's social objectives were set out clearly in **article 3 of the Treaty on European Union** (consolidated in the Lisbon Treaty in 2007, in force from 2009). These include the objectives of:
- *'promoting the well-being of its peoples'* (clause 1);

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[2] Council decisions (EU) 2015/773 and 2015/772:
http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL_2015_121_R_0006,
http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL_2015_121_R_0005.

- *'aiming at full employment and social progress'* (clause 3);

and the following principles:

- *'[the Union] shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child'* (clause 3).

Article 3 also makes clear that *'the Union shall pursue its objectives by appropriate means commensurate with the competences which are conferred upon it in the Treaties'*.

Article 9 of the Treaty on the Functioning of the European Union (TFEU, consolidated in the Lisbon Treaty in 2007, in force from 2009), known as the horizontal social clause, states that

> *'in defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health'*.

'The Union' here refers to both the EU as a whole and its individual member states. These two articles describe the broad social objectives of the EU. Title X of the TFEU (articles 151–161) elaborates further the basis for adoption of EU social policy initiatives in relation to issues such as: the combating of social exclusion; the modernisation of social protection systems; social security; working conditions; equality between men and women, and equal pay. It also recognises and promotes the role of the 'social partners' at EU level, and commits the Commission to reporting annually to the European Parliament on social developments within the Union.

The entry into force of the Lisbon Treaty also gave binding effect to the 'Charter of Fundamental Rights', which recognises a range of personal, civil, political, economic and social rights of EU citizens and residents, and enshrines them into EU law. The Charter contains 54 articles, grouped into seven chapters (dignity; freedoms; equality; solidarity; citizens' rights; justice; and general provisions). Its provisions apply to the European institutions, subject to the principle of subsidiarity, but do not extend the powers and tasks conferred on them by the Treaties. The Charter also applies to EU countries when they implement EU law.

Consensual views on social objectives are also expressed in documents from the Commission, the Council and the SPC. The SPC, set up in 2000,[3] is an advisory policy committee 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 to **identify, discuss and implement the policy mix to best respond to the challenges** faced by social policies. Its role is set out in more detail below.

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[3] Council Decision 2000/436/EC; repealed and replaced by Council Decision 2004/689/EC: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32000D0436.

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The social Open Method of Coordination and the Europe 2020 Strategy

The **social Open Method of Coordination (OMC)**, established by the Lisbon European Council in 2000,[4] has been a major element of the EU framework for coordinating and supporting member state policies on social inclusion and social protection. It covers the major social policy strands of social inclusion, pensions, healthcare and long-term care.[5] The range of tools now in use includes social monitoring, multilateral surveillance, thematic policy discussion and ex-ante discussion.[6]

The social OMC focuses on social inclusion, and social protection (comprising pensions, health and long-term care), and comprises **common objectives, common indicators, reporting, analytical capacity building and mutual learning instruments**. Four portfolios of indicators have been adopted by the SPC's indicators sub-group and then the SPC itself, in order to monitor performance, and are continuously improved, with each of these portfolios corresponding to the respective areas of focus: social inclusion, pensions, healthcare and long-term care, as well as a series of overarching indicators.

The **Europe 2020 Strategy** was launched in June 2010, aiming to create the conditions for **smart, sustainable and inclusive growth**. For the first time, there was an EU-wide target to reduce the numbers at risk of poverty or social exclusion. In addition, the growth to be achieved should be 'inclusive'. Progress towards the goals of the Europe 2020 Strategy, including the achievement of the five headline targets which include employment growth, social inclusion and poverty reduction, is monitored through the **European Semester**, an annual cyclical process of economic and budgetary coordination.

Shared social objectives were also reaffirmed in 2011,[7] and are to promote:

- social cohesion, equality between men and women and equal opportunities for all through adequate, accessible, financially sustainable, adaptable and efficient social protection systems and social inclusion policies;
- effective and mutual interaction between the Europe 2020 objectives of smart, sustainable and inclusive growth, taking full account of the relevant social provisions of the Lisbon Treaty;
- good governance, transparency and the involvement of stakeholders in the design, implementation and monitoring of policy.

The shared objectives also contained values and principles for each of the key strands of work in addition to the overarching common objectives cited above. These are set out in subsequent sections of this document below.

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[4] Lisbon European Council presidency conclusions March 2000: http://www.europarl.europa.eu/summits/lis1_en.htm.
[5] SPC (2015) *Aiming for Inclusive Growth: Annual report of the SPC 2014:*
http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7744.
[6] SPC (2015) *2015 Work Programme*: http://ec.europa.eu/social/BlobServlet?docId=13549&langId=en.
[7] SPC (2011) *The Future of the Social Open Method of Coordination (OMC)*, 10405/11:
http://register.consilium.europa.eu/doc/srv?l=EN&f=ST%2010405%202011%20INIT.

In 2011, it was argued that, whilst the social OMC had succeeded in bringing forward shared social priorities, influencing policies, and developing common indicators, it **should be strengthened**, and that the horizontal social clause and other provisions of the Lisbon treaty provided an opportunity to do this. In particular, the horizontal social clause gives a solid basis for mainstreaming EU social objectives into policy making in relation to EU level policies and policies implemented by member states at national and sub-national level. The social OMC should be the driving force of social policy initiatives at the European level, including **adequacy, financial sustainability and modernisation of social protection systems**, and should be developed to provide a **visible expression of Social Europe**.

The Social Protection Committee's role reaffirmed

The SPC, in collaboration with other institutions, has been a major actor since 2000 in the social OMC process and in pursuing the EU's social objectives more broadly. The Council decision of 11 May 2015 recalled the conclusions of the Lisbon European Council (2000),[8] which

> *'acknowledged the importance of social protection in further developing and modernising an active and dynamic welfare state in Europe, and called upon the Council to strengthen cooperation between member states by exchanging experiences and best practice on the basis of improved information networks'.*

The Council reaffirmed the SPC (article 160, TFEU) and outlined its tasks, to:

- **monitor the social situation and the development of social protection policies** in the member states and the Union;
- **promote exchanges of information, experience and good practice** between member states and with the Commission; and
- **prepare reports, formulate opinions or undertake other work** within its fields of competence, at the request of either the Council or the Commission or on its own initiative.[9]

The role of the Employment Committee (EMCO, art. 150, TFEU) has also been reaffirmed recently in a similar way, and the two committees work closely together on areas of common concern.

The next section provides an **overview of common social values**, in particular in the areas of **social inclusion and social protection.**

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[8] Council Decision (EU) 2015/773, para. 4.
[9] (without prejudice to Article 240 of the Treaty)

2. Overview of common social values: developments

The EU sees **social policy as having a crucial role to play**, as outlined above. As the **Employment, Social Policy, Health and Consumer Affairs (**EPSCO) Council affirmed in 2013, in its conclusions on a social investment approach:[10]

> *'social policy instruments should be responsive to the needs of society and its citizens, adequate to respond to crises, and incentivise active participation in the labour market and society'.*

It continued by emphasising

> *'the critical role of social policy in developing and preserving human capital, stabilising the economy and providing adequate and sustainable social protection' (para. 3).*

Two of the main ways in which the role of social policy is understood in the EU, as noted in the Introduction above, are **social inclusion and social protection**. (These are sometimes considered together under the umbrella term 'social protection', as in the Council conclusions of 1999.)[11] This section outlines some **recent expressions of common social values in particular in relation to social inclusion and social protection**, before setting out the topics examined in greater detail in the subsections of the next section of this report.

Social consequences of the crisis and consolidation measures: testing times

First, the crisis and subsequent period of consolidation by member states have proved to be testing times for the achievement of the broad commonly agreed social objectives. But in relation to the social consequences, the SPC argued, in analysis for the Council in 2012:[12]

- for the importance of **maintaining the resilience of social protection systems** that were relevant to the population as a whole;
- that maintaining **adequate levels of income support** is an effective way to offset the worst effects of the crisis and boost aggregate demand;
- that low job creation and insufficient implementation of active inclusion **undermine the success of efforts to tackle unemployment;**
- that **mitigating inequalities is key** to ensure a fair distributional impact of austerity programmes, and to restore confidence in inclusive growth; and

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[10] Council conclusions: 'Towards social investment for growth and cohesion', Employment, Social Policy, Health and Consumer Affairs Council, 20-21 June 2013: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/lsa/137545.pdf.
[11] Council Conclusions, 17 December 1999 (http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32000Y0112(04)), cited in Council Decision (EU) 2015/773 of 11 May 2015, para. 3.
[12] SPC (2012) *Third Report on the Social Impact of the Economic Crisis and Ongoing Fiscal Consolidation 2011* (http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=6841). See also SPC (2012) *Priorities for Action in the Areas of Employment and Social Policies: Political guidance in 2012*, 5851/12 (http://ec.europa.eu/social/BlobServlet?docId=7394&langId=en).

- that the effects of changes in the financing of social protection (such as shifting taxes away from labour) need **very careful analysis**.

Social protection systems cannot be reduced solely to safety nets for the poorest citizens. Adequate financing of social security is key for sustainability and adequacy, to reach all citizens and guarantee solidarity. The right emphasis should be put on human capital investment, essential for growth; and the structural causes of increased spending pressures should be recognised (ageing populations and unemployment).[13] The Council itself underlined the **key role of employment and social protection policies in enhancing growth** and the **need for strategies to address the social consequences of the crisis** and longer-term risks of exclusion, labour market detachment and decreased human capital. Its recommendations included tackling growing poverty and social exclusion, and reforming social protection systems to ensure not just their financial sustainability but also adequacy, and their role as automatic stabilisers and in encouraging labour market participation.

In 2013, it was additionally argued[14] that whilst macro-economic and fiscal considerations still played a dominant role in the European Semester,[15] a yearly cycle of economic policy coordination in the EU, **social policy priorities should shift** from dealing with the social consequences of the crisis **to building adequate, effective, resilient and flexible social protection** systems, with a strong social investment dimension, better protection, solid governance and sustainable financing.

In addition, the Annual Growth Survey, the Commission document launching the Semester and setting out EU priorities, should **pay more attention to the long-term social priorities** stemming from the Europe 2020 strategy.[16] The main role of social protection is to provide **adequate safeguards to citizens across their life-cycle against the economic risks** of loss of employment or income, health deterioration or invalidity, as well as **effective support in their transitions** from education to work and between jobs.

Social policy reforms need to involve both universal and targeted approaches, while avoiding fragmentation and segmented social protection and the dissociation of adequacy from sustainability. **Social impact assessment** should precede Economic Adjustment Programmes, in order to choose the most appropriate path for reforms and adjust the distributional impact across income and age groups.

A balanced agenda is needed

In 2014, a 'scoreboard' of key employment and social indicators, presented by the Commission in October 2013,[17] was approved by the Council and integrated into the Joint Employment Report. In a joint opinion, SPC and EMCO stressed that the scoreboard is one of

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[13] SPC (2012) *Priorities for Action in the Areas of Employment and Social Policies: Political guidance in 2012*, 5851/12. The relevant Council conclusions are at http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/lsa/128036.pdf .

[14] SPC (2013) *Social Policy Reforms for Growth and Cohesion: Review of recent structural reforms 2013*, Report of the SPC: http://ec.europa.eu/social/BlobServlet?docId=10976&langId=en).

[15] EC: http://ec.europa.eu/europe2020/making-it-happen/index_en.htm.

[16] EC: http://ec.europa.eu/europe2020/index_en.htm.

[17] EC: http://ec.europa.eu/research/press/2013/pdf/indicator_of_innovation_output.pdf.

the instruments contributing to the strengthening of the social dimension of the European Semester.[18]

Later in 2014, the Employment Committee (EMCO) and SPC, in a joint evaluation of the European Semester, stressed **the importance of the inclusive growth dimension** in a balanced investment agenda for growth, jobs and social inclusion:

- budgetary consolidation and macro-economic adjustments should be **coherent with social goals,**
- taking into account the social implications of policy choices and their **distributional impact** across income groups, generations and time,
- as well as their **impact on growth, social cohesion and job creation**, while contributing to all strands of the Europe 2020 Strategy; and
- such awareness of the social and employment implications of policies should be informed by appropriate tools, such as **social impact assessments.**[19]

Overall, the Semester **needed to work in a more balanced way** to steer progress towards all the Europe 2020 Strategy objectives and targets and take due account of the employment and social impact of reforms. These conclusions were endorsed by the Council on 16 October 2014.

Bringing social, employment and economic objectives together

The Social Investment Package[20] (SIP) presented by the Commission in 2013 sets out a long-term vision for the future of social policies.[21] This approach seeks to reconcile social, employment and economic objectives by calling for social protection systems that **address risks across the lifecycle and support activation,** and for **improved effectiveness and efficiency** for social expenditure.

Benefits and services should be well-targeted, comprehensive and enabling. The SIP highlights the importance of **preventative approaches**. Policies should facilitate the integration into sustainable, quality employment of those who can work and provide resources sufficient to live in dignity, with support for social participation, for those who cannot. The complementary roles of different social policies should be taken into account by comprehensive assessment of each country's policy mix.

An integrated approach, forming a comprehensive policy response, can ensure adequate livelihoods and prevent and reduce the level and depth of poverty. A social investment

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[18] SPC and EMCO (2014), 10337/14: http://ec.europa.eu/social/BlobServlet?docId=12447&langId=en.
[19] EMCO and SPC (2014) *Europe 2020 Strategy: Mid-term Review, including the Evaluation of the European Semester*, 13809/14: http://ec.europa.eu/social/BlobServlet?docId=12878&langId=en.
[20] EC Social Investment Package:
http://ec.europa.eu/social/main.jsp?langId=en&catId=1044&newsId=1807&furtherNews=yes,Council.
[21] As described in SPC (2015) *Aiming for Inclusive Growth: Annual report of the SPC 2014* (summarised here):
http://ec.europa.eu/social/BlobServlet?docId=13608&langId=en.

approach **supports people at critical periods over the lifecycle**[22] and is **growth-enhancing.** But the investment dimension of welfare systems needs to be reflected better.[23]

In June 2013,[24] the EPSCO Council said the functions of social policies as macro-economic stabilisers and social protection would be **reinforced by a social investment approach**:

> *'by addressing people's needs using preventative and integrated strategies; by strengthening their current and future capacities; and by acting as a catalyst for economic recovery, improved social outcomes and long-term sustainable growth and social cohesion'* (para. 5).

Reform of social protection systems, where necessary, can **safeguard adequacy as well as sustainability** (para. 7). Reform should be informed by active inclusion principles, supporting the most disadvantaged to participate in the labour market and society through access to adequate income support, balanced and effective activation measures and access to services to support inclusion. *'In particular, policy needs to address a combination of extreme marginalisation and discrimination that reinforces social exclusion'* (para. 8). Social investment is best delivered through aligning services and benefits to needs through the life-cycle, with early intervention being particularly important (para. 9).

Improving the social situation: a widely shared priority

The EPSCO Council in June 2013 **welcomed the** SIP, including the European Commission Recommendation on Investing in Children (2013). The Council suggested examining both the **financing of social protection systems and their effectiveness and efficiency** in addressing social investment and other goals, as well as **reference budgets** as part of efficient and adequate income support (para. 20).

Member states were invited to:

- recognise the value of the emphasis on prevention in social investment (para. 25);
- consider simplified benefit systems and more joined-up social policies, with universal as well as selective approaches to attain adequacy and sustainability (para. 26);
- pay attention to the design and implementation of active inclusion strategies (para. 27);
- invest in children and break the cycle of social disadvantage (para. 28);
- design and implement policies to tackle gender inequalities (para. 29);
- promote inclusive labour markets (para. 30);
- tackle social and health risks at critical moments in the life-course (para. 31);
- confront homelessness through comprehensive strategies (para. 32);
- emphasise social policy innovation, including financing approaches (paras. 33-4);
- improve the timeliness of social statistics (para. 35); and

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[22] SPC (2015) *Aiming for Inclusive Growth: Annual report of the SPC 2014*, p122 and p89.
[23] SPC (2015) *2015 Work Programme*: http://ec.europa.eu/social/BlobServlet?docId=13549&langId=en .
[24] Council conclusions: 'Towards social investment for growth and cohesion' June 2013, 11487/13: http://register.consilium.europa.eu/doc/srv?l=EN&f=ST%2011487%202013%20INIT.

- involve social partners and broader civil society in social investment (para. 36).

In March 2014, the Council conclusions on the SPC social situation report[25] stated at the start that **coherence between the economic and social objectives of the Union was crucial** (para. 1):

> *'The Council stresses that the key factor for achieving the Europe 2020 objectives for smart, sustainable and inclusive growth is working toward policy coherence between the economic and social objectives of the Union. Further to their impact on income and living conditions, growing economic and social imbalances weaken the economic strength of the Union and put at test its core values.'*

The Council said there should be **stronger resolve to stay on course with the Europe 2020 strategy** and deliver on the target of reducing the numbers of people at risk of poverty or social exclusion by at least 20 million by 2020 (paras. 4-5). Moreover,

> *'effective social protection and higher employment rates will further a more competitive and cohesive Europe. Policy efforts should prioritise effective prevention to avoid further worsening of the social situation in the EU, spur human capital investments and support labour market activation'* (para. 6)*.*

The Council also outlined the **implications of this imperative** in more detail. Both growth and social investment were needed in order for social improvements to come from more employment (particularly for young people) and from reduced poverty and social exclusion. Earnings and social benefits should lift people out of poverty and make work pay. Investing in children and young people should be a priority, as should boosting women's labour market participation and enhancing employability for those exposed to long-term unemployment (para. 7). The effectiveness of social protection policies should be enhanced (para. 8).

Improving the social situation across the Union must become a widely shared priority:

> *'Structural reforms need to take into account social and employment concerns. Reforms, particularly major ones, should be impact-assessed and sequenced to minimise adverse effects. Where reforms entail trade-offs, those at greater risk of poverty and social exclusion should not bear the brunt of economic adjustment.'*

Social protection integral to high level of inclusion, performance, employment

The 2015 joint report between the SPC and the Commission Services on financing, effectiveness and efficiency of social protection[26] defined **social protection as an integral part of highly inclusive, high performance and high employment** social market economies; well-designed systems combine protection, stabilisation and social protection in a balanced way. It identified the two pressures on social protection systems - of the crisis (and consolidation of public finances) and ageing - and urged reforms that underpin inclusive

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[25] Council of the European Union 'Council conclusions on the social situation in the EU', March 2014: http://www.consilium.europa.eu/en/workarea/downloadasset.aspx?id=15555.
[26] SPC and European Commission Services (2015) *Social Protection Systems in the EU: Financing arrangements and the effectiveness and efficiency of resource allocation*: http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7743.

growth with adequate and sustainable systems. Social investment was put forward as an approach to increase effectiveness and efficiency.

Social protection policies should support the development and deployment of skills that are key for growth in a knowledge-based society. Access to benefits and services, and more emphasis on prevention and activation, will facilitate active participation. Social protection systems should cover the needs of all age groups. **Better evidence is needed for comprehensive assessment**, taking account of the multi-dimensional processes leading to social outcomes and the multiple objectives of social protection policies. A comprehensive approach can help to identify social challenges at the macro level, including potential trade-offs and the interplay of fiscal, economic, employment and social policies. Such a framework could complement the existing social monitoring instruments at EU level; and comparative evidence is a good way to encourage member states to improve their systems.

The Council conclusions in March 2015 on the Annual Growth Survey (AGS) and Joint Employment Report (JER),[27] jointly prepared by SPC and EMCO, said that the renewed focus of the AGS and the JER on the social situation, and the announcement on strengthening the employment and social aspects of economic governance, were important in terms of making clear policy priorities; but the **link between AGS priorities and the Europe 2020 strategy and objectives**, especially in terms of inclusive growth, **needs to be clarified and strengthened**.

In particular, the Council recommended:

- **reinforcing labour market dynamism, tackling high unemployment and supporting the creation of quality jobs** - by preventing and reducing long-term unemployment; addressing youth unemployment; stimulating job creation and improving incentives (remembering that tax systems have other functions as well); supporting labour mobility; fostering job quality and investing in skills and vocational training;
- **modernising social protection systems**, with an emphasis on social inclusion and social investment - by improving their effectiveness and efficiency, whilst retaining their core functions; ensuring an adequate level of protection for all, by complementing universal provisions with targeting, ensuring and improving coverage and take-up of minimum income schemes, and avoiding loss of human capital;
- **ensuring universal and equitable access to quality and safety in health services** while securing their affordability, sustainability and cost-effectiveness;
- doing more to ensure the **adequacy of future pensions**;
- strengthening policy efforts to **fight poverty, social exclusion, and inequality**; and
- giving more priority to **gender equality**, including in relation to labour market participation and poverty and social exclusion.

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[27] *Council Conclusions on the 2015 Annual Growth Survey and Joint Employment Report*, 9 March 2015:
http://ec.europa.eu/social/BlobServlet?docId=13935&langId=en;
http://register.consilium.europa.eu/doc/srv?l=EN&f=ST%207007%202015%20INIT.

Gender equality

The Council conclusions above made reference to the **gender dimension** of policies. This has for many years been seen as key in EU social objectives, as noted in the Introduction above, including within social inclusion and social protection policies.

The EPSCO Council of 17 December 2008 which adopted the strategy on active inclusion emphasised the promotion of gender equality and equal opportunity as an essential element.[28] The joint evaluation of the European Semester by EMCO and the SPC in the context of the midterm review, for example, included a recommendation that, in line with the June 2014 Council conclusions, as well as the views of the Ministers responsible, **gender equality deserves more prominence** in a revised Europe 2020 Strategy. Synergies between gender equality and other strategies (including health and safety at work, and education and training) should be reinforced. In addition, social policy changes **should not create new gender gaps or disadvantages** for women and men that could accumulate during the life-cycle; such approaches would not support the goals of the Europe 2020 Strategy.[29]

The 2015 JER illustrates the importance of **gender equality in the labour market**, which the Council argued had not been paid sufficient attention in the AGS.[30] Some action had been taken to facilitate participation in the workplace by member states, but not enough. In addition, more visibility should be given to gender differences in poverty and social exclusion. And these measures were also very important for ensuring that women have access to an adequate and sustainable pension in the future.

Involvement of stakeholders

As noted above, the overarching objectives of the social OMC, as reaffirmed in 2011, emphasised the need for the involvement of stakeholders in the design, implementation and monitoring of policy. The active inclusion strategy,[31] adopted by the Council in 2008, also recommended that 'the participation of the persons concerned in developing, framing, monitoring and reviewing active inclusion policies should be encouraged' (para. 26). Over recent years the process of involving the different stakeholders in EU co-operation in the social field has improved, even if progress still remains to be made.

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[28] *Council Conclusions on Common Active Inclusion Principles to Combat Poverty more Effectively,* 17 December 2008: http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/lsa/104818.pdf.
[29] SPC (2013) *Social Policy Reforms for Growth and Cohesion: Review of recent structural reforms 2013*: http://ec.europa.eu/social/BlobServlet?docId=10976&langId=en.
[30] *Council Conclusions on the 2015 Annual Growth Survey and Joint Employment Report*, 9 March 2015.
[31] *Council Conclusions on Common Active Inclusion Principles to Combat Poverty more Effectively*, 17 December 2008: http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/lsa/104818.pdf.

3. Social inclusion

This section includes outlines of commonly agreed social values and recommendations in key policy areas within social inclusion. We cover combating poverty and social exclusion, **child poverty and wellbeing, and homelessness and housing exclusion**.

The objectives set out in the social OMC (reaffirmed in 2011) on poverty and social exclusion were to achieve 'a decisive impact on the eradication of poverty and social exclusion by ensuring:

- access for all to the resources, rights and services needed for participation in society, preventing and addressing exclusion, and fighting all forms of discrimination leading to exclusion;
- the active social inclusion of all, both by promoting participation in the labour market and by fighting poverty and exclusion;
- that social inclusion policies are well-coordinated and involve all levels of government and relevant actors, including people experiencing poverty, that they are efficient and effective and mainstreamed into all relevant public policies, including economic, budgetary, education and training policies and structural fund (notably ESF) programmes.'

3.1 Combating poverty and social exclusion

'Social inclusion' is used to cover **poverty and social exclusion.** These are defined[32] as:

- **Poverty:** People are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which they live. Because of their poverty they may experience multiple disadvantage through unemployment, low income, poor housing, inadequate healthcare and barriers to lifelong learning, culture, sport and recreation. They are often excluded and marginalised from participating in activities (economic, social and cultural) that are the norm for other people and their access to fundamental rights may be restricted.
- **Social exclusion:** Social exclusion is a process whereby certain individuals are pushed to the edge of society and prevented from participating fully by virtue of their poverty, or lack of basic competencies and lifelong learning opportunities, or as a result of discrimination. This distances them from job, income and education opportunities as well as social and community networks and activities. They have

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[32] In European Commission (2004) *Joint Report on Social Inclusion 2004,* Luxembourg: European Communities, pp9-10: http://ec.europa.eu/employment_social/social_inclusion/docs/final_joint_inclusion_report_2003_en.pdf.

little access to power and decision-making bodies and thus often feel powerless and unable to take control over the decisions that affect their day to day lives.

Social inclusion is a process ensuring that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life and to enjoy a standard of living and well-being that is considered normal in the society in the society in which they live. It ensures that they have greater participation in decision making which affects their lives and access to their fundamental rights.[33]

These definitions were intended to complement and reinforce the understanding reflected in the common objectives and commonly agreed indicators which underpin the social OMC. Poverty and social exclusion have been addressed in the EU recently through policies on **active inclusion,**[34] and homelessness/housing exclusion and other **severe forms** of poverty and social exclusion, including fuel poverty and financial exclusion.[35] We examine homelessness in another subsection (3.2). But a wide range of EU approaches and member state policies can also be used to achieve, or have implications for, social inclusion.

Background

In 1992, the European Council made a R**ecommendation**[36] **about the introduction of minimum income schemes** by member states.

In 2008, the Commission made a R**ecommendation on the active inclusion** of people most excluded from the labour market,[37] including common principles and practical guidelines to

> '*facilitate the integration into sustainable, quality employment of those who can work and provide resources which are sufficient to live in dignity, together with support for social participation, for those who cannot'.*

The EPSCO Council of 17 December 2008 welcomed the Commission Recommendation and adopted the strategy of active inclusion, which contained a range of common principles shared at the EU level.[38]

The **Lisbon Treaty** (2009) provided a legal basis for mainstreaming social inclusion and social objectives across EU and national policies.

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[33] As defined in the Charter of the Fundamental Rights of the European Union (footnoted in 2004 Report).
[34] *Commission Recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market*: 2008/867/EC: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32008H0867&from=EN. The Recommendation refers to Article 137(1)(h) of the Treaty. See especially para. 1, which sets out these three elements. The active inclusion strategy was adopted by the EPSCO Council on 17 December 2008 (see below).
[35] SPC (2011) *The Social Dimension of the Europe 2020 Strategy*, p8: http://ec.europa.eu/social/BlobServlet?docId=6895&langId=en.
[36] Council recommendation 92/441/EEC: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31992H0441:EN:HTML.
[37] Commission recommendation 2008/867/EC: http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32008H0867.
[38] *Council Conclusions on Common Active Inclusion Principles to Combat Poverty more Effectively*, 17 December 2008: http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/lsa/104818.pdf.

A target of the **Europe 2020 Strategy** (2010) is to lift at least 20 million people out of the risk of poverty and social exclusion by 2020. As part of this effort, there are seven flagship initiatives, including a **Platform against Poverty and Social Exclusion**. Achievement of this target is now under threat from current and likely future levels of poverty and social exclusion;[39] but the SPC and Employment Committee recommend that it should be maintained.[40]

The **European Semester** provides the framework for EU Member States' economic and social reforms to reach the Europe 2020 targets. Challenges and proposed solutions are reflected in agreed Country-Specific Recommendations (CSRs) which have addressed social inclusion issues in recent years. The 2013 Council recommendation (N6)[41] to the euro area focuses on collective actions to overcome the social consequences of the crisis. Minimum income schemes are being actively explored and promoted in the euro area in particular.

The **Social Investment Package (SIP)** encourages the use of social policy to strengthen people's current and future capacities. One SIP project is to develop a common methodology for calculating reference budgets (minimum income levels for households), to inform policies on minimum income schemes.

Today the social inclusion target is seen as a significant step in demonstrating the **importance of social objectives** in the Europe 2020 strategy, and its broad nature means that **multiple policies are needed** to achieve it, including universal and targeted approaches and measures to help the most severely excluded.[42] Social policy reforms

> 'should… be informed by the principles of active inclusion, thereby enabling and sup-porting the most disadvantaged to participate in the labour market and society. These measures should… combine: access to adequate income support…; effective activ-ation measures that involve a proper balance between rights and responsibilities; and access to a wide range of services that support economic and social inclusion'.[43]

In the current context, there is a focus on adequacy and eligibility criteria for benefits to stimulate those able to work to return quickly, and to ensure adequate income support for people in need in and out of work.[44] As the EU is entering recovery, there should be a **focus on strengthening the fight against poverty and social exclusion.**[45] Social investment is seen as being able to improve the capacity of social inclusion (and social protection) systems to provide effective protection against risks faced over the life cycle.

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[39] SPC (2013) *Social Policy Reforms for Growth and Cohesion: Review of recent structural reforms 2013*, p55.

[40] SPC and Employment Committee (2014) *Europe 2020 Strategy: Mid-term review, including the evaluation of the European Semester*.

[41] See *Official Journal of the European Union*, C217, vol.56, 30 July 2013: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C:2013:217:FULL&from=EN.

[42] SPC and Employment Committee (2014) *Europe 2020 Strategy: Mid-term review, including the evaluation of the European Semester*.

[43] Council conclusions 'Towards social investment for growth and cohesion', June 2013: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/lsa/137545.pdf.

[44] As set out, for example, in SPC (2013) *Social Policy Reforms for Growth and Cohesion: Review of recent structural reforms 2013*.

[45] SPC and Employment Committee (2014) *Europe 2020 Strategy: Mid-term review, including the evaluation of the European Semester*.

Social inclusion measures undertaken by member states were categorised in 2013 into several broad areas:

- encouraging labour market participation, including for specific groups;
- improving access to school/pre-school education for some disadvantaged people;
- improvement of housing conditions;
- mitigating the risk of exclusion by increasing certain social benefits and allowances.[46]

Within this general context, we examine below recent expressions of common social values in this area.

Common social values and recommendations

Active inclusion encompasses three equally important pillars: **adequate income support, inclusive labour markets, and access to quality services.** These strands should be fused in the right mix. The effectiveness of active inclusion policies can be ensured through comprehensive policy design, integrated implementation, policy coordination at different levels and active participation of relevant actors. They should support the implementation of fundamental rights; promote gender equality and equal opportunity; carefully consider the complexities of multiple disadvantages and specific vulnerable groups; take due account of local circumstances; and be consistent with a lifecycle approach. These and other common principles were set out in the Council conclusions adopting the strategy of active inclusion on 17 December 2008, based on the Commission Recommendation.[47]

- **Adequate income support**

Policies should recognise the individual's basic right to resources and social assistance sufficient to lead a life **compatible with human dignity**. Active inclusion refers not only to labour market participation but also to economic and social integration measures. Both incentives to make work pay and additions for special needs should be considered.[48]

Policies that tighten eligibility, include means testing or result in poverty and unemployment traps, may withdraw support from those just above the poverty line, or reduce coverage. They risk **undermining the income support pillar of active inclusion** when all three pillars are needed. Poverty may increase, with offsetting costs elsewhere. It is important to assess the effects of increasing conditionality and automatic sanctions on activation and benefits.[49]

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[46] As set out in SPC (2013) Social Policy Reforms for Growth and Cohesion: Review of recent structural reforms 2013.
[47] *Commission Recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market*; *Council Conclusions on Common Active Inclusion Principles to Combat Poverty more Effectively,* 17 December 2008 (EPSCO): http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/lsa/104818.pdf.
[48] *Commission Recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market*; *Council Conclusions on Common Active Inclusion Principles to Combat Poverty more Effectively,* 17 December 2008 (EPSCO): http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/lsa/104818.pdf.
[49] SPC (2013) *Social Europe - Current Challenges and the Way Forward*, Annual report of the SPC (2012), pp101-7: http://ec.europa.eu/social/BlobServlet?docId=9760&langId=en.

As described in the 2010 Joint Report on Social Protection and Social Inclusion, **minimum income schemes** *'provide cash benefits aimed at ensuring a minimum standard of living to individuals and their dependants having no, or insufficient, means of financial support (including contributory cash benefits and support from other family members)'.*[50]

A **minimum income guarantee** is usually seen as a comprehensive safety net, not just social assistance confined to certain groups (though even in comprehensive schemes some groups, such as homeless people and refugees/asylum seekers, may be excluded). Minimum income schemes, with unlimited length of entitlement, are important to cushion the social impact of the crisis. Minimum incomes should be high enough for a decent life.[51]

But there are still **challenges** relating to adequacy, coverage, non-take-up, links to activation, and efficient and effective delivery.[52] Coverage and composition of benefits are crucial. Reference budgets are currently being developed in order to guide the assessment of adequacy of incomes for such schemes.

- **Inclusive labour markets**

Principles include addressing the needs of people excluded from the labour market to help them reintegrate into society too; ensuring access to employment for all; and promoting quality jobs, including lifelong learning and career prospects, in particular to prevent in work poverty; tackling labour market segmentation by promoting job retention and advancement.[53]

Linking activation policies with measures to improve social assistance and social services and labour market inclusiveness **facilitates labour market participation of vulnerable groups**. Participation of employers is also crucial for this and can be encouraged by, for instance, subsidies or grants. Conditionality in terms of active involvement in job search can lead to more insecure and part-time jobs; it is the **provision of assistance into secure employment** that makes for long-term labour market attachment.[54]

Measures to promote better labour market inclusion of **people with specific needs** are especially important. For older people, prevention of loss of skills and retraining programmes are key to their integration. Those with health impairments or disabilities need assistance to be active. Other groups with specific needs include young people and immigrants.[55]

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[50] Commission Staff Working Document, 17 February 2010: 'Proposal for the Joint Report on Social Protection and Social Inclusion 2010': http://register.consilium.europa.eu/doc/srv?l=EN&f=ST%206323%202010%20ADD%201.

[51] SPC (2015) *Aiming for Inclusive Growth*: Annual report of the SPC (2014), p121.

[52] European Commission Staff Working Document, 20 February 2013:

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[53] *Commission Recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market*..

[54] SPC (2013) *Social Europe - Current Challenges and the Way Forward*, Annual report of the SPC (2012).

[55] SPC (2013) *Social Europe - Current Challenges and the Way Forward*, Annual report of the SPC (2012),.

- **Access to good quality services**

Principles include accessibility (geographically and physically) and affordability; solidarity, equal opportunities and taking account of diversity; investment in human capital, working conditions and physical infrastructure; comprehensive and coordinated services conceived and delivered in an integrated way; involvement of users and personalised approaches; monitoring, performance evaluation and sharing of best practices.[56]

Enabling services, including early childhood education and care (ECEC), education and training, transport, housing, help with job search, debt counselling, health and long-term care, can help reduce the depth of poverty and support people to improve their living conditions and employment prospects. Efforts should be made to simplify services and benefits, reduce administrative burdens and increase take-up.[57]

Cuts to services as part of budgetary consolidation, combined with growing demand, can lead to reduced access and quality for disadvantaged groups in particular.[58] But **better designed systems** could improve access while reducing administrative burdens and costs. **Service integration** can help improve access and take-up and cope with new social risks, an increased role for prevention, and the need for coordination between services.[59] And forward-looking approaches combine **the three pillars of active inclusion** through integrated services, targeted services, and moving beyond labour market activation (through social activation, including cultural and leisure services).[60]

3.2 Child poverty and well-being

Although definitions of 'child well-being' vary, it is generally accepted that it is a multi-dimensional concept, linking holistically cognitive, social, emotional and physical development. Various indicators have been used to assess child well-being including, for instance, child health, personal relationships, material resources, education, behaviour and risk, and housing and the environment. Promoting child well-being is essential to tackling child poverty and social exclusion. Child well-being focuses attention on developing policies and programmes for all children to prevent them and their families from falling into poverty. It emphasises that children hold rights as individuals, and that policy development must address the lives of children both here and now and in the future. It also foregrounds children's participation in the key decisions affecting their lives.[61]

'Child poverty and social exclusion' refers to the circumstances of children growing up in families in which parents have inadequate income and resources to afford a decent

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[56] *Commission Recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market.*
[57] SPC (2015) *Aiming for Inclusive Growth*: Annual report of the SPC 2014, p116.
[58] SPC (2013) *Social Europe - Current Challenges and the Way Forward*, Annual report of the SPC (2012).
[59] SPC (2015) *Aiming for Inclusive Growth:* Annual report of the SPC, p119.
[60] SPC (2013) *Social Europe - Current Challenges and the Way Forward*, Annual report of the SPC (2012)
[61] Frazer H. and Marlier, E. (2012) *Current Situation in Relation to Child Poverty and Child Well-being: EU policy context, key challenges ahead and ways forward,* CEPS/Instead: www.ceps.lu/publi_viewer.cfm?tmp=2604.

standard of living, whether in or out of employment. Child poverty and social exclusion can also be related to a combination of wider factors that damage well-being, such as poor housing and environment; lack of access to good quality child care, education and healthcare; and lack of opportunities to participate in social, cultural, recreational, sporting and civic activities or have a voice in everyday issues affecting their lives.[62]

Children growing up in poverty and social exclusion are less likely to do well in school, enjoy good health and realise their full potential. Moreover, the transmission of disadvantage across generations produces significant costs not only for individual children but also for society as a whole.[63] The SPC Annual Report on the social situation in the EU in 2014[64] concludes that it is 'particularly worrying that the economic recession has had an especially strong negative impact on youth and children. More young people and children face poverty and exclusion, which imperils the development of those generations' human capital'.

Background

The basis for EU action to address child poverty and social exclusion and child well-being has been strengthened in recent years:

- In a report in 2008,[65] the SPC identified the **main factors affecting child poverty** in each member state, based on commonly agreed indicators. The report also reviewed the national monitoring and evaluation systems in place and proposed a comprehensive methodological framework for **assessing and monitoring child poverty and social exclusion**, and child well-being across the EU.
- The **Lisbon Treaty** (2009) stated for the first time that the protection of children's right**s** was one of the EU's objectives for its internal and external policies.
- In 2010, the **Europe 2020 Strategy** included a target relating to poverty and social exclusion. In practice there has been a significant increase in the number of people at risk of poverty or social exclusion (including children) since this target was agreed.[66] The strategy does not, however, currently include an EU poverty or social exclusion target in relation to children specifically (although some member states have adopted such targets at the national level).
- The **Country Specific Recommendations (CSRs)** in the European Semester have addressed social protection/social inclusion issues in recent years (including those affecting children). However this has not been done systematically over time.
- The **Social Investment Package** (SIP) put forward by the European Commission encourages member states to use social policy as a tool to strengthen current and future capacities. As part of the implementation of the Package, the **European**

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[62] Frazer H. and Marlier, E. (2012) *Current Situation in Relation to Child Poverty and Child Well-being: EU policy context, key challenges ahead and ways forward,* CEPS/Instead.
[63] SPC (2014) *Social Europe: Many ways, one objective*, Annual Report of the SPC on the social situation in the EU (2013): http://ec.europa.eu/social/BlobServlet?docId=11503&langId=en.
[64] SPC (2015) *Social Europe: Aiming for inclusive growth*, Annual report of the SPC on the social situation in the EU (2014)
[65] SPC (2008) *Child Poverty and Well-Being in the EU: Current status and way forward*: http://ec.europa.eu/social/BlobServlet?docId=2049&langId=en.
[66] Communication from the Commission (2014) 'Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth': http://ec.europa.eu/europe2020/pdf/europe2020stocktaking_en.pdf.

Platform on Investing in Children (EPIC) will identify and evaluate good practices for investing in children, in particular related to early childhood education and care, parenting support, and child participation. EPIC has been set up to share experience and expertise on different areas related to child and family policy.

- A series of **peer reviews** on child poverty-related themes have been conducted between member states. For instance, in 2015 a peer review in Belgium discussed ways of ensuring and enhancing cooperation between various services and actors involved in the fight against child poverty.[67] In 2014, a peer review in Italy explored innovative practices with marginalised families to prevent institutionalisation.[68]

The European Commission has also been active in various policy fields affecting children that relate to child well-being.[69] For example, in 2011 it published a **Communication on Early Childhood Education and Care (ECEC)**.[70] This acknowledges the crucial importance of going beyond the earlier conceptualization of children's services purely as child care for working parents and embraces the importance of integrating care and education, and addressing children's needs holistically. A focus on child well-being emphasises the importance of high quality ECEC to foster the development of the child, regardless of the work status of the parent(s). In 2011, the Commission also launched an **EU Agenda for the Rights of the Child**,[71] setting out general child rights principles, and concrete actions in specific policy areas (e.g. child-friendly justice, child protection).

Common social values and recommendations

As part of the Social Investment Package (SIP), on 20 February 2013 an important **Commission Recommendation** ('Investing in Children: Breaking the cycle of disadvantage')[72] was adopted. The Recommendation closely followed the proposals set out by the SPC in an advisory report to the Commission[73] in relation to three pillars of action:

1. **Access to adequate resources and support to households** through supporting parents' participation in the labour market (notably by helping them to reconcile work and family life), and providing adequate income support to households with children through a combination of benefits.
2. **Access to quality services through investing in reducing inequality** through early childhood education and care (ECEC), further developing the impact of education systems on equal opportunities, preventing health inequalities through early

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[67] http://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=2100&furtherNews=yes
[68] http://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=2133&furtherNews=yes
[69] For a full description of different policy instruments and initiatives, see European Commission (2015) *EU Acquis and Policy Documents on the Rights of the Child*: http://ec.europa.eu/justice/fundamental-rights/files/acquis_rights_of_child.pdf.
[70] Communication from the Commission of 17 February 2011, *Early Childhood Education and Care: Providing all our children with the best start for the world of tomorrow*: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0066:FIN:EN:PDF.
[71] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions (2011) *An EU Agenda for the Rights of the Child*, Brussels: http://ec.europa.eu/justice/policies/children/docs/com_2011_60_en.pdf.
[72] Commission Recommendation, 20 February 2013, *Investing in Children: Breaking the cycle of disadvantage*: http://ec.europa.eu/justice/fundamental-rights/files/c_2013_778_en.pdf.
[73] SPC (2012) *Advisory Report to the Commission on Tackling and Preventing Child Poverty, Promoting Child Well-being*, Brussels: 27 June: http://ec.europa.eu/social/BlobServlet?docId=7849&langId=en.

intervention, improving the housing and living environment, and support for children and families in the child's best interest.

3. **Children's participation:** supporting the participation of all children in social, cultural, recreational, sporting and civic activities, and putting in place relevant mechanisms to ensure children's participation in decisions affecting their lives.

The advisory report set out a range of overarching principles that were largely reflected in the 2013 Commission Recommendation. These included the need to:

- consider combating child poverty and social exclusion, as well as preventing the inter-generational transmission of disadvantages, as a crucial **investment in Europe's future**, as well as a direct contribution to (and an important focus of) the Europe 2020 Strategy;
- recognise that investment in tackling and preventing child poverty and promoting child well-being will have costs, but that these **costs will be outweighed by the long-term benefits** for children, the society and the economy;
- **mainstream the objective of 'fighting child poverty and social exclusion and promoting child well-being'** across all relevant policy areas at EU and national level;
- **develop integrated multi-dimensional strategies** going beyond ensuring children's material security and focusing on key aspects of child well-being, **and promote equal opportunities** for all children;
- take a **children's rights approach**, putting children's best interests as a primary consideration and recognising children as independent rights-holders (whilst fully acknowledging the importance of supporting families as children's primary carers);
- maintain an appropriate **balance between universal policies**, aimed at promoting the well-being of all children, **and targeted approaches,** aimed at combating poverty and social exclusion among the most vulnerable children;
- recognise the **key role played by local services and ensure their effective coordination, and early identification of children at risk** (in particular Roma children, children from a migrant background, children of ethnic minority parents, children with a disability, children living in institutional care, street children, children within single parent or large families and children in low work intensity households).

Key elements regarding **governance, implementation and monitoring arrangements** were also identified**:**

- **the need for a multi-annual approach**: bearing in mind the principles of subsidiarity and proportionality, a multi-annual work programme could be developed in cooperation with the SPC;
- **addressing child poverty and social exclusion as a key issue within the Europe 2020 Strategy and the social OMC;**
- **developing adequate planning, monitoring, evaluation arrangements and instruments,** including consolidating work on agreed EU indicators on child poverty and well-being, and improving the timeliness, coverage and relevance of data;
- **mainstreaming the fight against child poverty and social exclusion and strengthening synergies between key policy areas** by, for instance, encouraging

more systematic ex-ante assessment of the potential impact of policies on children (e.g. economic and budget, migration, discrimination, gender equality, employment and active inclusion, housing, health and education, culture, environment, energy and transport policies) and monitoring their (ex-post) actual impact;

- **strengthening co-operation with public authorities at various levels and stakeholder participation,** including, for example, ensuring better co-ordination from the local to the EU level as well as across departments, and encouraging meaningful participation of children themselves;

- **making full use of relevant EU financial instruments,** such as the Structural Funds, and considering supporting the development of transnational activities and networks in priority areas, such as early childhood education and care, and de-institutionalisation;

- **strengthening the use of mutual learning and evidence-based approaches in addressing child poverty and social exclusion,** making full use of the available tools for EU co-operation on social inclusion, and of instruments provided in the context of the EU's action on social innovation and social policy experimentation; and

- **further specific proposals for data collection and indicators development** in relation to issues such as the situation of the most vulnerable, child deprivation, health indicators, early childhood education, and child participation.

Current policy challenges have been highlighted by the SPC in the results of an in-depth thematic review.[74] Some of the key findings are summarised below:

Access to adequate resources

Parents' participation in the labour market: Making work pay involves looking at the design and integration of tax and benefits systems; a steep effective marginal tax rate can result in unemployment or inactivity traps. For parents, childcare costs act as an additional major barrier to work and can be particularly influential in determining net income gains for a 'second earner'. Parental leave policies are important in maintaining the attachment of parents, specifically mothers, to the labour market; the provision of paid leave in member states has a positive effect on mothers' employment rates and has contributed to reducing the gender employment gap.

Effectiveness and efficiency of social protection in reducing child poverty: Social protection as a whole has a significant impact on reducing child poverty. The adequacy of benefits should be promoted as a primary tool against child poverty and social exclusion. Targeting of support within a broader universal system can improve the effectiveness of the benefits system. In kind benefits should complement rather than replace support in cash.

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[74] SPC (2014) *Social Europe: Many ways, one objective*, Annual Report of the SPC on the social situation in the EU (2013).

Access to affordable and quality services

Early childhood care and education: High quality integrated ECEC can compensate for linguistic, educational and other gaps that may arise in the home learning environment. ECEC also supports families in a non-stigmatising and non-judgemental way.

Health: Adequate access to quality healthcare for children and their families is essential to guarantee positive health outcomes for the population. In the context of children's health, the focus should be on early interventions and public health and preventative measures.

Housing: Ensuring that families with children can live in adequate and affordable housing creates stability within the child's environment.

Social services: Preventive social and family support services which take an integrated approach across services and contact points (social services, school, youth organisations, health workers) can provide effective prevention and support the child's social inclusion.

Ensuring an integrated approach: An integrated approach may include addressing child poverty as a specific policy objective, and ensuring that children overall and in particular those facing multiple disadvantages receive specific attention in a context of budgetary consolidation.

3.3 Homelessness and housing exclusion

According to the broad ETHOS definition, homelessness and housing exclusion can be categorised as 'rooflessness', 'houselessness', 'insecure accommodation' and 'inadequate housing'.[75] It has been estimated that about 4.1 million people in the EU are exposed to rooflessness and houselessness each year. The risk of homelessness is higher for particular disadvantaged groups, such as young people, ethnic minorities, migrants, and Roma people. Men make up about 75-85% of the homeless population; however, women are less likely to be recorded in official data, as they are more likely to be part of the 'hidden homeless'. [76] [77]

A short period of homelessness – and/or living in insanitary or overcrowded conditions - can lead to a deterioration of physical and mental health, and undermine social skills, employability and prospects for reintegration. Long term, the damage may be irreversible, with significantly reduced life expectancy. Homeless people may struggle to exercise their

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[75] The 'European Typology of Homelessness and Housing Exclusion', agreed at a 2010 European Consensus Conference between stakeholders and the European Commission. This includes: people living rough and people in emergency accommodation ('rooflessness'); people in accommodation for the homeless, in women's shelters, in accommodation for immigrants, people due to be released from institutions and people receiving long-term support due to homelessness ('houselessness'); people living in insecure tenancies, under threat of eviction or violence ('insecure accommodation'); people living in unfit housing, non-conventional dwellings e.g. in caravans without adequate access to public utilities such as water, electricity or gas or in situations of extreme overcrowding ('inadequate housing').

[76] European Commission (2013) Staff Working Document, *Confronting Homelessness in the European Union*, 20.2.2013: ec.europa.eu/social/BlobServlet?docId=9770&langId=en.

[77] Women are more likely to be found in insecure accommodation or in inadequate housing than roofless. They also tend to spend shorter periods in shelters or specialised centres than men.

basic rights and gain access to healthcare and other services. They may also be stigmatised, discriminated against or even criminalised. Homelessness also results in significant costs for society. Homeless people often need complex, costly long-term support. And exclusion from the labour market means society loses their potential contribution.[78]

In 2012 SPC delegates answered a questionnaire on homelessness and housing exclusion. This showed more people at risk of longer periods of homelessness and its negative effects. The economic and financial crisis seemed to have affected homelessness, with budget cuts reducing the capacity of welfare states to alleviate and prevent homelessness. Other contributory factors, often interrelated in complex ways, were: the mortgage crisis; intra-EU and third country migration; the growing number of single households; the ageing society; family breakdown; and deinstitutionalisation without adequate support.[79]

Background

The primary responsibility for tackling homelessness and housing exclusion lies with the member states and their regional or local authorities. The **EU's role is to complement and support national action**. Tackling homelessness has progressed from being a marginal issue on the EU social inclusion agenda to being a key area of EU social policy:

- The Europe 2020 strategy, through its Flagship Initiative '**European Platform against Poverty and Social Exclusion',**[80] states that national authorities need to 'define and implement measures addressing the specific circumstances of groups at particular risk such as…the homeless'.
- The **European Year of Combating Poverty and Social Exclusion (2010)** raised awareness of homelessness across Europe. A consensus conference under the Belgian EU Presidency brought together a wide range of interested parties and developed recommendations for comprehensive homelessness strategies.
- The **2010 Joint Report on Social Protection and Social Inclusion**[81] called on member states to develop integrated policies to tackle homelessness, with financial support to individuals, effective regulation and quality social services. It emphasised effective governance, monitoring and evaluation, and the setting of specific targets.
- In 2011 the **European Parliament** adopted a **Resolution**[82] urging member states to make progress towards the goal of ending street homelessness by 2015.
- The June 2012 **EPSCO Council** called on member states and the Commission to 'develop and promote adequate schemes for persons who are homeless' in accordance with their respective competences, and taking into account the specific situation in each member state.
- The European Commission's 2013 **'Social Investment Package'** urged member states to 'confront homelessness through comprehensive strategies based on prevention,

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[78] European Commission (2013) Staff Working Document, *Confronting Homelessness in the European Union*.
[79] SPC (2013) *Social Europe: Current challenges and the way forward*, Annual Report (2012).
[80] EC: http://ec.europa.eu/social/main.jsp?catId=961.
[81] European Commission (2010) *Joint Report on Social Protection and Social Inclusion*:
http://ec.europa.eu/social/BlobServlet?docId=5503&langId=en.
[82] Resolution of the European Parliament on an EU Homelessness Strategy B7-0475/2011.

housing-led approaches and reviewing regulations and practices on eviction'. It also included a Commission Staff Working Document on homelessness,[83] with guidelines for developing integrated policies to prevent and tackle it.

Common social values and recommendations

The social Open Method of Coordination (OMC) has provided the main framework for policy progress on homelessness at EU level over the last decade.

Having a decent home is essential, according to the SPC. Access to affordable quality housing 'is one of the main determinants of well-being and social participation. Housing policies provide low-income families with a roof over their head even when they lack resources'.[84] The SPC has endorsed the need for a **broad definition of homelessness**, and a shift towards the use of the ETHOS classification of homelessness and housing exclusion has been identified. It has supported the development of **integrated homelessness strategies**, believing that these, together with a broad definition, help to address 'the multidimensional and dynamic nature of homelessness and the subsequent need for comprehensive policy solutions'. The adoption by a growing number of member states of national or regional homelessness strategies has been noted (and is a trend which has continued).[85]

Housing affordability is regarded as an important challenge: 'Housing costs are on average the most important single expenditure item relative to income. For a significant part of the population housing costs account for over 40% of disposable income, which can significantly reduce the capacity of the household to adequately cope with all the other needs besides accommodation...'. And despite the weight of housing costs in total disposable income, **expenditure on housing-related benefits** remains very limited in most member states. [86]

An increasing **burden of housing costs** on a household's income, as well as the over-indebtedness of many households, may result in inability to pay mortgages, rent or utility bills, increasing vulnerability to repossessions, foreclosures and evictions and in some cases, homelessness. The SPC concludes that 'there is a growing need for locally available affordable housing, including social housing and affordable private rentals, as well as a sufficient level of housing and heating allowances'[87], and identifies housing cost overburden as one of the main 'social trends to watch'.

The SPC has put the development of **indicators and monitoring methods** at the forefront of its approach. It has adopted indicators in the field of housing (e.g. housing cost overburden[88] and overcrowding rate with poor/non-poor breakdowns[89]) alongside a range

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[83] European Commission (2013) Staff Working Document, *Confronting Homelessness in the European Union*.
[84] SPC (2013) *Social Europe: Current challenges and the way forward*, Annual Report (2012).
[85] SPC (2015) *Social Europe: Aiming for inclusive growth*, Annual report of the SPC on the social situation in the EU (2014).
[86] SPC (2015) *Review of Recent Social Policy Reforms for a Fair and Competitive Europe*, 2014 Report: http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7737.
[87] SPC (2015) *Social Europe: Aiming for inclusive growth*, Annual report of the SPC on the social situation in the EU (2014).
[88] I.e. the share of population at risk of poverty living in a household where the total housing costs (net of housing allowances) represent more than 40% of the total disposable household income (net of housing allowances).
[89] I.e. the percentage of the population at risk of poverty living in an overcrowded household.

of social exclusion indicators. Further information on the housing market and on homelessness may help to put social housing policies in context, while information on groups who benefit the most from social housing would also be of interest.[90] However, homelessness remains a complex phenomenon to measure and as yet, no regular EU monitoring tool is available.

Housing and social exclusion are increasingly seen as linked under the umbrella of **'active inclusion'**. This recognises the importance of tackling these issues by a combination of sufficient income support, access to essential services (in particular healthcare, early childhood education and care, education and housing) and active labour market policies.

Peer reviews have been conducted between member states on various aspects of homelessness. Lessons from recent peer reviews include :

Building a homelessness strategy[91]

- **Stakeholder buy-in** from the beginning is essential. NGOs, central government departments and municipalities must all have a sense of 'ownership'.
- **Concrete targets**, both qualitative and quantitative, are needed, which can be clearly monitored, together with an implementation plan. The goals must also be backed by a clear, realistic financial commitment.

Preventing homelessness[92]

- A three-pronged approach is likely to be most effective:
    - primary prevention – such as **welfare support measures which reduce risks of homelessness**, especially housing benefits;
    - secondary prevention – **targeting support on those facing specific risks**, such as individuals from institutional backgrounds or those who left school early; and
    - tertiary prevention – **'harm reduction' measures** which ensure the rapid rehousing of those who are homeless and prevent its re-occurrence.
- With respect to youth homelessness, the single most important priority is to resist restrictions on **access to welfare benefits and services for young people**.

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[90] SPC/European Commission Services (2015) *Social Protection Systems in the EU: Financing arrangements and the effectiveness and efficiency of resource allocation.*

[91] Fitzpatrick, S. (2011) *Building a Comprehensive and Participative Strategy on Homelessness*, Peer Review in Social Protection and Social Inclusion Synthesis Report, Lisbon, 4-5 November 2010: http://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=1421&moreDocuments=yes&tableName=news.

[92] Fitzpatrick, S. (2014) *Sustainable Ways of Preventing Homelessness*, Peer Review in Social Protection and Social Inclusion Synthesis Report, Denmark, 22 November 2013: http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1884&furtherNews=yes.

Data collection[93]

- Three key components for effective data collection are: **clear management responsibility**; an **agreed definition** of homelessness; and **established information systems** which are kept under review.
- Different EU countries are at different stages with data collection. **Mapping service provision** is a good place to start for member states that have little information.

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[93] Edgar, B. (2010) *Counting the Homeless: Improving the basis for planning assistance*, Peer Review in Social Protection and Social Inclusion Synthesis Report, Vienna, 12-13 November 2009: http://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=1408&furtherNews=yes.

4. Social protection

This section includes outlines of commonly agreed social values and recommendations in key policy areas within social protection. We cover pensions, healthcare and long-term care.

4.1 Pensions

The objectives on pensions, as set out in the reinvigorated social OMC (2011), are to 'achieve adequate and sustainable pensions by ensuring:

- adequate retirement incomes for all and access to pensions which allow people to maintain, to a reasonable degree, their living standard after retirement, in the spirit of solidarity and fairness between and within generations;
- the financial sustainability of public and private pension schemes, bearing in mind pressures on public finances and the ageing of populations, and in the context of the three pronged strategy for tackling the budgetary implications of ageing, notably by: supporting longer working lives and active ageing; by balancing contributions and benefits in an appropriate and socially fair manner; and by promoting the affordability and the security of funded and private schemes;
- that pension systems are transparent, well adapted to the needs and aspirations of women and men and the requirements of modern societies, demographic ageing and structural change; that people receive the information they need to plan their retirement and that reforms are conducted on the basis of the broadest possible consensus.'

Some one in four of the EU population are elderly, of whom almost two thirds are women.[94] Pensions are increasingly of common concern in the EU: pensions are key for Europe's social as well as economic success, and pension systems in one country can affect others.[95]

'Pensions' are largely payments to older people, though they may also include survivors' benefits, and disability benefits linked to ill-health early retirement. They may be paid by the state or by social insurance institutions, employers or financial services companies; many people have several pensions from different sources. State pensions may be paid from a certain age whether or not someone has retired; conversely, the effective retirement age may be lower than pension age. Countries' pension spending varies, with those having below average social protection spending per person allocating on average a higher

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[94] SPC (2015) *Social Europe: Aiming for inclusive growth* - Annual report of the SPC on the social situation in the EU (2014).
[95] European Commission (2012) *An Agenda for Adequate, Safe and Sustainable Pensions*, White Paper: http://ec.europa.eu/social/BlobServlet?docId=7341&langId=en.

proportion to pensions.[96] Average public pension expenditure for the EU28 could be no higher in 2060 than in 2013, following a range of policy changes by member states.[97]

Outcomes in pensions are the cumulative effect of policies over time.[98] Key policy issues include **adequacy of income** (prevention of poverty; replacement of pre-retirement income; and comparison with average incomes for those below pension age); the significance of this issue makes it the subject of regular reports.[99] The **sustainability of pensions** is also seen as important, and as relying in particular on improvements in employment rates. In addition to their social protection functions, pension systems also act as an automatic stabiliser.[100]

To judge **how adequately pensions replace income**, coverage and what proportion of income is from pensions are both key. Pensions are a significant element of social protection in many countries. **Population ageing** has resulted in pensions having more prominence recently, and this has been **aggravated by the crisis**[101] - largely relevant to future pensioners, but potentially also affecting pensions in payment and retirement rules for current pensioners.[102]

Background

Pensions are primarily the responsibility of member states, but **the EU has a role** under Articles 153 and 9; many other EU competences and policy initiatives also affect pensions.[103] **Joint Reports on Social Protection and Social Inclusion** in 2008, 2009 and 2010 also devoted significant space to pensions issues. Council conclusions on active ageing were adopted in June 2010, calling for the increased involvement of older people in society.[104] Council conclusions on adequate and sustainable pensions were adopted in December 2010. The same Council adopted a Declaration concerning the European Year on Active Ageing and Solidarity between Generations (which took place in 2012); this Declaration contains in its annex the common principles adopted jointly by EMCO and the SPC.[105] 2012 also saw a White Paper: *An Agenda for Adequate, Safe and Sustainable Pensions*,[106] an *Ageing Report*[107] and a *Pension Adequacy Report.*[108]

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[96] SPC and European Commission Services (2015) *Social Protection Systems in the EU: Financing arrangements and the effectiveness and efficiency of resource allocation*, p31 (in Purchasing Power Standard per inhabitant). Pension spending includes spending on survivors' benefits.

[97] European Commission and Economic Policy Committee, *2015 Ageing Report: Economic and budgetary projections for the28 EU member states and Norway (2013-60):* http://ec.europa.eu/economy.../european_economy/2015/pdf/ee3_en.pdf.

[98] SPC and European Commission Services (2015) *Social Protection Systems in the EU: Financing arrangements and the effectiveness and efficiency of resource allocation*, p45.

[99] SPC (2015) *Adequate Incomes in Old Age: 2015 pension adequacy report of the SPC of the EU* (forthcoming).

[100] European Commission (2012) *An Agenda for Adequate, Safe and Sustainable Pensions*, White Paper.

[101] European Commission (2010) *Joint Report on Social Protection and Social Inclusion 2010*.

[102] SPC (2015) *Review of Recent Social Policy Reforms for a Fair and Competitive Europe*.

[103] European Commission (2012) *An Agenda for Adequate, Safe and Sustainable Pensions*, White Paper.

[104] Press release on Council conclusions, 7 and 8 June 2010: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/lsa/115003.pdf

[105] *Council Conclusions on Adequate, Safe and Sustainable Pensions for all European Citizens*, 6 December 2010: http://www.socialsecurity.fgov.be/eu/docs/agenda/06-07_12_10_conclusions_pensions_en.pdf.

[106] European Commission (2012) *An Agenda for Adequate, Safe and Sustainable Pensions*, White Paper.

[107] European Commission (2012) *The 2012 Ageing Report: Economic and budgetary projections for the 27 EU Member States (2010-2060)*: http://ec.europa.eu/economy_finance/publications/european_economy/2012/pdf/ee-2012-2_en.pdf.

[108] European Commission and SPC (2012) *Pension Adequacy in the European Union: 2010-2050*: http://ec.europa.eu/social/BlobServlet?docId=7805&langId=en.

In the context of the **Europe 2020 strategy**, the Commission monitors pension and labour market reforms in line with the Annual Growth Surveys and provides guidance on pension reforms through CSRs.[109]

The SPC recognizes[110] that 'besides the statutory pension age, and given the competence of member states in the area of social security in general and pensions in particular, many other tools are also available as policy options for increasing the effective retirement age and for adapting pension systems to changing demographic and economic conditions. Therefore, the most appropriate mix of policy options in the area of pensions depends on the specificities of national pension systems, the sustainability challenge and the current and projected adequacy of future pensions, which should be reflected in whether and how CSRs in this area are formulated.'

EU initiatives in support of member states[111] have included:

- a focus on balancing time spent in work and retirement (including reducing the pensions gender gap);
- developing complementary private retirement savings;
- enhancing the EU monitoring tools; and
- strengthening synergies across policy areas (EU funding can be available).

Common values and recommendations

A focus on adequacy is needed to achieve political as well as financial sustainability. Reforms could imply significant risks for future adequacy of incomes in old age, including by lowering benefits or weaker links between wage developments and pension benefits, thus increasing the risk of poverty for future pensioners.[112] Policy reversals are also possible if reforms leave a growing number of old people with inadequate incomes; monitoring adequacy trends is key from a social as well as fiscal perspective. Ensuring pension adequacy may include improving not just public pensions but also regulation of funded schemes.[113] The more complex pension systems that may result from reform require **closer examination of private pensions, especially tax exemptions.**[114]

Assessing pension 'adequacy' involves not just the relationship with median incomes and poverty rates (with gender breakdowns) but also indexation mechanisms, benefit changes,

[109] European Commission (2012) *An Agenda for Adequate, Safe and Sustainable Pensions*, White Paper, Annex 1.
[110] SPC (2015) *2015 SPC Country-specific Multilateral Conclusions on the Implementation of the Recommendations in the Areas of Social Protection and Social Inclusion*:
http://data.consilium.europa.eu/doc/document/ST-7760-2015-INIT/en/pdf.
[111] European Commission (2012) *An Agenda for Adequate, Safe and Sustainable Pensions*, White Paper, Annex 1.
[112] SPC (2015) *2015 Pension Adequacy Report* (forthcoming).
[113] SPC (2013) *Examination of the National Reform Programmes (2013) and the Implementation of the 2012 Country Specific Recommendations*: http://ec.europa.eu/social/BlobServlet?docId=12440&langId=en.
[114] SPC and European Commission Services (2015) *Social Protection Systems in the EU: Financing arrangements and the effectiveness and efficiency of resource allocation*.

distribution of income and inequality among pensioners, and the poverty gap among the 65/75+ group (etc.). Broader adequacy measures could give a **more holistic assessment.**[115]

For many EU countries, pensions have been successful in tackling poverty risks among older people.[116] Pensioners' living standards have largely been protected during the crisis, yet poverty problems persist in some countries; severe material deprivation has actually increased slightly between 2009 and 2012; and there are big gender differences in pension outcomes. Recent improvements may be due to median income having declined; pension income being more stable;[117] public pay-as-you-go schemes being resistant to cyclical fluctuations; and pensioners benefiting from low inflation.[118] So it is necessary to examine **absolute income levels** as well[119] (though some minimum pensions have improved).[120]

Extended working (longer, less interrupted working lives) is proposed to achieve sustainability and adequacy.[121] Some countries have linked pension age to life expectancy (proposed in the 2012 White Paper).[122] But this *'requires broad political and public support which is not always within reach'*. And increasing pension age does not automatically lead to sustainability. So *'incentives need to be put in place to stimulate employers to hire and retain older workers and barriers restricting their employment must be removed'.*[123]

More specifically, **incentives to later retirement should be introduced or strengthened** (eg by increasing accrual rates after certain ages). But as labour market exit linked to early retirement due to disability is sometimes linked to a poor working environment, **work standards should be set for older workers;** and flexicurity should be made available, including partial pension schemes and phased retirement paths. **Labour demand measures**, such as subsidies for recruiting/retaining older workers, can also help.[124] Older workers need working conditions and times that match their preferences.[125]

The effective retirement age should be increased, and older people should be encouraged to work up to statutory pension age. But in reality, **longer working lives will depend** on the extent to which future cohorts, especially women, can achieve fuller careers; on whether older workers have good enough health, skills and opportunities to work to older ages and

[115] SPC and European Commission Services (2015) *Social Protection Systems in the EU: Financing arrangements and the effectiveness and efficiency of resource allocation*.
[116] SPC and European Commission (2015) *2015 Pension Adequacy Report* (forthcoming). The points following this are from the same source.
[117] SPC (2015) *Social Europe: Aiming for Inclusive Growth* - Annual report of the SPC on the social situation in the EU, p145.
[118] European Commission (2010) *Joint Report on Social Protection and Social Inclusion 2010*.
[119] SPC (2015) *Social Europe: Aiming for Inclusive Growth* - Annual report of SPC on the social situation in the EU.
[120] European Commission (2010) *Joint Report on Social Protection and Social Inclusion 2010*.
[121] SPC and European Commission Services (2015) *Social Protection Systems in the EU: Financing arrangements and the effectiveness and efficiency of resource allocation*, p54.
[122] European Commission (2012) *An Agenda for Adequate, Safe and Sustainable Pensions*, White Paper.
[123] SPC (2013) *Examination of the National Reform Programmes (2013) and the Implementation of the 2012 Country Specific Recommendations*, Opinion of SPC, para. 8. See also SPC (2012) *Priorities for Action in the Areas of Employment and Social Policies: Political guidance in 2012*, 5851/12, para. 12: 'Without bold efforts to improve employment rate for older workers, the 2012 AGS pension priorities (raising effective retirement ages and extending working lives) will not produce the desired results. A three pronged approach is therefore needed.'
[124] SPC and European Commission Services (2015) *Social Protection Systems in the EU: Financing arrangements and the effectiveness and efficiency of resource allocation*.
[125] SPC and European Commission (2015) *2015 Pension Adequacy Report* (forthcoming)

earn more pension rights; and on whether there is affordable care for children and older dependants, to make it possible to reconcile family obligations with longer working lives.[126]

Women pensioners have a higher risk of poverty and lower pensions. Women have a lower participation rate, lower pay, and interruptions to working life due to childrearing. Working patterns overall have not become more equal, despite greater equality in older workers' employment rate.[127] And some countries have increased women's pension ages recently.[128] **Gender should be mainstreamed.**[129] Reducing the gender pension gap will require equal opportunity policies across several fields with long-term effects, as well as adjustments to pension systems in the shorter term.[130]

Enhancing quality employment over the whole life course should be given priority. But because of unequal opportunities to work longer and without interruption in a good quality job, and save in a supplementary scheme, **protection mechanisms will be needed in public pension schemes** for those without long employment records and savings, including those at the margins of the labour market. **Minimum pensions and minimum income** will be needed, as well as **pension credits** (etc.) for periods when people are unable to build up full entitlement because of involuntary absence due to caring, sickness or unemployment.

Pensions are the main income source for older people. But their **living standards also depend on other factors**, such as private assets (especially home ownership), access to other benefits and services, and work opportunities. There may be scope to enhance opportunities for supplementary retirement savings, perhaps through collective agreements and auto-enrolment, and tax and other incentives; but they must be safe and cost-effective.[131]

4.2 Healthcare and long-term care

The agreed objectives in the areas of healthcare and long-term care, as set out in the context of the reinvigorated social OMC in 2011, are to achieve 'accessible, high-quality and sustainable healthcare and long-term care by ensuring:

- access for all to adequate health and long-term care and that the need for care does not lead to poverty and financial dependency; and that inequities in access to care and in health outcomes are addressed;
- quality in health and long-term care and by adapting care, including developing preventive care, to the changing needs and preferences of society and individuals,

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[126] SPC and European Commission (2015) *2015 Pension Adequacy Report* (forthcoming). See also European Commission (2012) *An Agenda for Adequate, Safe and Sustainable Pensions*, White Paper, p7.
[127] SPC (2015) *Social Europe: Aiming for Inclusive Growth* - Annual report of the SPC on the social situation in the EU.
[128] SPC and European Commission (2015) *2015 Pension Adequacy Report* (forthcoming).
[129] SPC and European Commission Services (2015) *Social Protection Systems in the EU: Financing arrangements and the effectiveness and efficiency of resource allocation*.
[130] SPC and European Commission (2015) *2015 Pension Adequacy Report* (forthcoming). The points following this are from the same source.
[131] European Commission (2012) *An Agenda for Adequate, Safe and Sustainable Pensions*, White Paper.

notably by developing quality standards reflecting best international practice and by strengthening the responsibility of health professionals and of patients and care recipients;

- that adequate and high quality health and long-term care remains affordable and financially sustainable by promoting a rational use of resources, notably through appropriate incentives for users and providers, good governance and coordination between care systems and public and private institutions. Long-term sustainability and quality require the promotion of healthy and active life styles and good human resources for the care sector.'

4.2.1 Healthcare

Health has been defined as *'a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity'*.[132] Whilst health status is a key determinant of the well-being of the individual, a healthy population is also associated with better educational attainment, better earnings and wages, and higher labour market participation. Moreover, positive levels of health have been shown to foster economic growth and support social welfare.[133]

A range of policy challenges exist in relation to healthcare. For example: how to invest in health systems in a sustainable way; how to balance appropriately expenditure on treatment with expenditure on health prevention and promotion; how to address chronic diseases (health systems have been more focused on acute diseases and care in the past); and staff depletion due to emigration, or ageing, of skilled health workers (particularly physicians and specialists).[134] There are also threats from new diseases (or strains of diseases), and cross-border health threats — including biological agents and infectious disease, chemical agents and environmental hazards.[135]

Background

The scope of EU health policy is set in Article 168 of the Treaty on the Functioning of the European Union (TFEU), which states that *'A high level of human health protection shall be ensured in the definition and implementation of all Union policies and activities'*. The Treaty also makes clear that the EU must fully respect the responsibility of individual member states for their own health policies and the organisation and delivery of health services and medical care. **The EU's main role therefore is to complement national approaches** and promote **co-ordination, co-operation, and the exchange of information and good practice** between member states. This approach has been developed through a range of initiatives:

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[132] *Preamble* to the Constitution of the World Health Organization as adopted by the International Health Conference, New York, 19-22 June, 1946; signed on 22 July 1946 by the representatives of 61 States (Official Records of the World Health Organization, no. 2, p. 100) and entered into force on 7 April 1948.

[133] SPC (2015) *Social Europe: Aiming for inclusive growth*, Annual report of the SPC on the social situation in the EU (2014)

[134] SPC (2013) *Social Europe: Current challenges and the way forward,* Annual Report of the Social Protection Committee (2012)

[135] European Commission (2014) *Public Health: Improving health for all EU citizens*: http://ec.europa.eu/health/health_policies/docs/improving_health_for_all_eu_citizens_en.pdf.

- In 2006, the European Council adopted a **statement on common values and principles** in EU healthcare systems (elaborated below). In 2007, the EU adopted a **'health strategy'**,[136] which identified three key objectives: fostering good health in an ageing Europe; protecting citizens from health threats; and supporting dynamic health systems and new technologies. The strategy also takes into account the gender dimension of health policy and stresses the need to tackle health inequalities between social groups.
- In 2009, the European Commission published a Communication ('Solidarity in Health')[137] announcing a series of actions to help member states and other actors to **tackle growing health inequalities** between and within EU countries.
- The principles and objectives of the 2007 EU health strategy remain relevant to the EU's 10-year **Europe 2020 Strategy**.
- Member states and the European Commission established a 'reflection process' in 2011 under the auspices of the **Working Party on Public Health at Senior Level** (WPPHSL)**,** aiming to identify effective ways of investing in health. This has promoted work on: enhancing the representation of health in the Europe 2020 Strategy and the European Semester; defining success factors for the effective use of Structural Funds for health investments; cost-effective use of medicines; integrated care models and better hospital management; and measuring and monitoring the effectiveness of health investments.[138]
- In 2013, the European Commission adopted the Social Investment Package, one part of which is dedicated to **investments in health**. An accompanying European Commission Staff Working Document ('Investing in health')[139] argued that it was necessary to invest in **sustainable health systems**, in people's **health as human capital**, in **reducing health inequalities** and through adequate support from EU funds.
- In 2013, the Council published Conclusions on the **'reflection process on health systems'**,[140] setting out a wide range of proposals at Member State and EU levels. These include continuing efforts to: ensure co-operation and co-ordination of policy-making within the European Semester; continue monitoring and exchange of information; and share knowledge, experience, and best practice.

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[136] European Commission (2007) *Together for Health: A strategic approach for the EU 2008-2013*, White Paper: http://ec.europa.eu/health-eu/doc/whitepaper_en.pdf.

[137] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions (2009) *Solidarity in Health: Reducing health inequalities in the EU*: http://ec.europa.eu/health/ph_determinants/socio_economics/documents/com2009_en.pdf.

[138] Council Conclusions (2011): *Towards modern, responsive and sustainable health systems*, EPSCO Council meeting - Health issues, Luxembourg, 6 June 2011: https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/lsa/122395.pdf.

[139] European Commission (2013) *Investing in Health*, Commission Staff Working Document, Brussels 20.2.2013: ec.europa.eu/health/strategy/docs/swd_investing_in_health.pdf.

[140] *Council Conclusions on the 'Reflection process on modern, responsive and sustainable health systems'*, Employment, Social Policy, Health and Consumer Affairs Council meeting, Brussels, 10 December 2013: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/lsa/140004.pdf.

- In 2014, the European Commission published a Communication[141] making recommendations to member states on **strengthening effectiveness, increasing accessibility and improving resilience of health systems.**
- The **EU's third multi-annual health programme** runs from 2014 to 2020. The EU's work will complement and support national efforts in four key areas: health promotion and disease prevention; protecting citizens from cross-border health threats; innovative and sustainable health systems; and better and safer healthcare for citizens.
- In 2015 the SPC and the Council Working Party on Public Health at Senior Level (WPPHSL) reached joint **conclusions on the health policy related Council country-specific recommendations (CSRs)**[142] and analysis of health challenges in member states. These showed that the main focus has been on reforms to ensure cost-effectiveness and sustainability of healthcare but for a few member states issues related to quality and accessibility have also been raised. Previous co-operation between these bodies has addressed, among other things, Health Systems Performance Assessment.

Common social values and recommendations

The shared objectives in relation to healthcare and long-term care are contained in the social OMC, reaffirmed in 2011, as set out above.

Following the economic crisis, many European governments have cut spending on healthcare services in recent years. This has occurred at a time when many people have faced rising unemployment and financial strain, which - together with population ageing - has led to increased demand for some healthcare services. In these circumstances, maintaining adequate access to quality healthcare services has proved difficult. The impact on certain population groups has been particularly severe. These include: people living in rural areas; those with low health literacy, poor education and on low incomes; people with disabilities; elderly people; people with chronic illnesses; disadvantaged ethnic minorities (such as Roma people); homeless people; children; and migrants.[143]

A thematic review on health policy was carried out in 2012[144] to examine the latest health policy developments reported by member states in their National Social Reports and National Reform Programmes. The review identified that, against the backdrop of the economic slowdown, member states have taken three kinds of actions:

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[141] Communication from the Commission on effective, accessible and resilient health systems (2014), Brussels 4.4.2014: http://ec.europa.eu/health/strategy/docs/swd_investing_in_health.pdf.
[142] SPC (2015) *SPC Country-specific Multilateral Conclusions on the Implementation of the Recommendations in the Areas of Social Protection and Social Inclusion, Including Joint Conclusions with the Council Working Party on Public Health at Senior Level for Recommendations in the Area of Health.*
[143] Eurofound (2014) *Access to Healthcare in Times of Crisis*, Luxembourg: http://www.eurofound.europa.eu/publications/report/2014/quality-of-life-social-policies/access-to-healthcare-in-times-of-crisis.
[144] SPC (2013) *Social Europe: Current challenges and the way forward*, Annual Report of the Social Protection Committee (2012).

1. cost-saving measures to reduce public health expenditure (e.g. reducing pharmaceutical and medical supplies expenditure; introduction of co-payments);
2. structural reforms in healthcare systems (e.g. reviewing the governance of healthcare systems; streamlining of clinical practice; delivery and financing of healthcare); and
3. initiatives to improve equity in health and enhancement of patient choice.

The SPC has recently argued that future policy efforts need to focus on **ensuring universal access to and equity in quality health services** while securing their **adequate and sustainable financing**. It believes that health reforms should aim to rationalise the use of available resources by making the provision of health services more cost-effective. This will require most member states to: strengthen health promotion and disease prevention; reduce the unnecessary use of specialist and hospital care; improve the coordination of care; ensure an adequate and skilled health workforce; make better use of eHealth and health technology assessment; and secure stable funding mechanisms. Improving the effectiveness of these policies can benefit from a better use of health systems performance assessment at national level, and sharing of best practices at EU level.[145]

A clear statement of common social values for EU health systems was identified by the European Council, building on the OMC. Its Conclusions[146] recognise that '*health systems of the European Union are a central part of Europe's high levels of social protection, and contribute to social cohesion and social justice as well as to sustainable development'.* The Council then describes overarching values, widely shared across the EU (although different member states have different approaches in terms of how to make these values a reality):

'***Universality*** *means that no-one is barred access to healthcare;* ***solidarity*** *is closely linked to the financial arrangement of our national health systems and the need to ensure* ***accessibility to all****; equity relates to equal access according to need, regardless of ethnicity, gender, age, social status or ability to pay. EU health systems also aim to* ***reduce the gap in health inequalities****, which is a concern of EU Member States; closely linked to this is the work in the Member States' systems on the* ***prevention of illness and disease*** *by inter alia the* ***promotion of healthy lifestyles.****'*

Member states are encouraged to adopt an approach that shifts the focus towards **preventive measures** in order to reduce the economic burden on national healthcare systems (by avoiding the need to treat disease, and reducing follow-up costs).

The Conclusions also set out a more specific set of **operating principles.** These include:

- ***Good quality care,*** in particular through the continuous training of healthcare staff based on clearly defined national standards, stimulating innovation and spreading

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[145] SPC (2015) *Review of Recent Social Policy Reforms for a Fair and Competitive Europe:* 2014 report of the Social Protection Committee.
[146] Council Conclusions (2006) on *Common values and principles in European Union Health Systems*: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2006:146:0001:0003:EN:PDF.

good practice, developing systems to ensure good clinical governance, and through monitoring quality in the health system.

- **Patient safety**: a systematic approach to ensuring patient safety, including the monitoring of risk factors and adequate, training for health professionals, and protection against misleading advertising of health products and treatments.
- **Care that is based on evidence and ethics**: Ensuring that care systems are evidence-based is essential, both for providing high quality treatment, and ensuring sustainability over the long term. All systems have to deal with the challenge of prioritising healthcare in a way that balances the needs of individual patients with the financial resources available to treat the whole population.
- **Patient involvement**: EU health systems aim to involve patients in their treatment, to be transparent with them, and to offer them choices where possible. All systems should be publicly accountable and ensure good governance and transparency.
- **Redress**: This includes having a transparent and fair complaints procedure, and clear information about liabilities and specific forms of redress determined by the health system in question.
- **Privacy and confidentiality**: The right of all EU citizens to confidentiality of personal information is recognised in EU and national legislation.

Particular attention has also focused on tackling health inequalities. Arguing that **reducing health inequalities is a key issue for social protection and social inclusion**, the SPC has stated that acting in this field would mean: *'combating health inequalities for improving sustainability of healthcare systems; focusing on vulnerable groups; addressing gender issues; implementing a comprehensive and holistic approach focusing on upstream factors (general living conditions, income policy) and on downstream factors (exposure to specific risks factors and risky lifestyles) in the social determinants of health; improving the balance between curative and preventive care spending...'*.[147]

4.2 Long-term care

Long-term care comprises **services and support for people who, due to long-term mental and/or physical frailty/disability, need help with daily living activities and/or permanent nursing care.**[148] Older people are the primary recipients, but younger people with chronic disabilities/health conditions can also be affected. Dependence on long-term care can be an important **health-related economic risk** - and is sometimes defined as a 'new social risk', because it is not only a health issue. Long-term care can be delivered by informal carers, or care workers in the public/private/voluntary sector (or both), in the home or an institution (or both). Foreign-born workers may play a key role in doing this work.

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[147] SPC (2010), *SPC Opinion on 'Solidarity in Health: Reducing health inequalities in the EU'*: http://ec.europa.eu/social/BlobServlet?docId=5363&langId=en.
[148] SPC and European Commission (2014) *Adequate Social Protection for Long-term Care Needs in an Ageing Society*, p11: http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7724. Daily living activities include self-care activities and independent living.

A rapidly increasing proportion of people will reach an age where they risk being frail and needing medical/social care. This risk rises sharply from age 80. The **supply of carers is under threat** from the decline in numbers of working age and social changes making it less likely that families provide the informal care on which most older people rely. **Rapid growth in demand, and rising expectations,** will also put pressure on care quality, enforcement of standards and public spending.[149]

Policies relevant to long-term care include: the assessment of care needs; the provision of care itself; social security benefits and/or other ways to meet care costs; leaves and/or payments from work for those taking on care; and respite care for informal carers. Policies on pensions, active ageing and healthcare are also relevant. In addition, there is concern about quality of care, terms and conditions for care workers, and also sometimes abuse of recipients. Countries' policies may differ[150] depending on social norms around caring and gender roles, as well as the family, age, disability etc. **The main influences on the development of long-term care policies** have been population ageing, a policy move towards deinstitutionalisation, and more recently the crisis and/or fiscal consolidation.

Background

The responsibility for designing long-term care systems and securing their financing remains with member states.[151] But Europe can help by exchanging best practices, pooling the cost of researching new solutions and fostering innovation.[152] And the social OMC includes the key aim of achieving **accessible, high quality and sustainable (healthcare and) long-term care**. Member states agreed the **common objectives** set out above.[153] The EPSCO Council on 30 November 2009 adopted conclusions on healthy and dignified ageing, highlighting the importance of improved co-operation between the member states to enhance dignity in elderly care in the EU.[154]

Joint Reports on Social Protection and Social Inclusion discussed developments.[155] In the Europe 2020 strategy, a pilot European Innovation Partnership in **active and healthy ageing** was launched in 2011. The aim was by 2020 to enable EU citizens to live longer independently in good health, by increasing the average number of healthy life years by two, and by improving the sustainability and efficiency of social and healthcare systems (including better screening, detection, diagnosis and treatments and innovative solutions to provide high quality, personalised medicine and health/social care, while increasing efficiency).[156]

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[149] SPC and European Commission (2014) *Adequate Social Protection for Long-term Care Needs in an Ageing Society,*.

[150] Leichsenring, K., Billings, J. and Nies, H. (2013) *Long-term Care in Europe: Improving policy and practice*, Basingstoke: Palgrave Macmillan: http://interlinks.euro.centre.org/project/reports; Colombo, F. *et al.* (2011) *Help Wanted? Providing and paying for long-term care*, OECD Health Policy Studies, Paris: OECD Publishing: http://dx.doi.org/10.1787/9789264097759-en .

[151] SPC (2015) *2015 SPC Country-specific Multilateral Conclusions on the Implementation of the Recommendations in the Areas of Social Protection and Social Inclusion, including Joint Conclusions* .

[152] SPC and European Commission (2014) *Adequate Social Protection for Long-term Care Needs in an Ageing Society*, p10.

[153] SPC and European Commission (2014) *Adequate Social Protection for Long-term Care Needs in an Ageing Society*, p9.

[154] *Council Conclusions on 'Healthy and Dignified Ageing'*: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/lsa/111553.pdf.

[155] See, for example, *Joint Report* for 2008, p79; for 2009, p150; and for 2010, p41.

[156] SPC (2011) *The Social Dimension of the Europe 2020 Strategy:* A report of the SPC (2011), p34.

The Commission worked with the SPC on a **report on long-term care policies** (examined in more detail in the subsection on long-term care below).[157] It developed a 'policy makers' manual' for member states to help in designing long-term care strategies.[158] Long-term care was also part of the Social Investment Package, with a staff working document.[159]

Common social values and recommendations

Shared social values and principles in the EU are set out in the common objectives of the social OMC, reaffirmed in 2011.[160] In relation to long-term care, these include aiming at **accessible, high-quality and sustainable (healthcare and) long-term care,** by ensuring:

- access for all to adequate … long-term care and that the need for care does not lead to poverty and financial dependency; and that inequities in access to care and in health outcomes are addressed;
- quality in … long-term care and by adapting care, including developing preventive care, to the changing needs and preferences of society and individuals, notably by developing quality standards reflecting best international practice and by strengthening the responsibility of health professionals and of patients and care recipients;
- that adequate and high quality … long-term care remains affordable and financially sustainable by promoting a rational use of resources, notably through appropriate incentives for users and providers, good governance and coordination between care systems and public and private institutions. Long-term sustainability and quality require the promotion of healthy and active life styles and good human resources for the care sector.

Increasing the effectiveness, sustainability and responsiveness of (health and) long-term care will be necessary in the context of austerity and ageing, including through innovative and co-ordinated health and social care delivery.[161] Ensuring access to effective good quality services is important.[162] But there seems to be a widening gap between the need for and the supply of long-term care, already leading some member states to reform their systems.[163] This gap is likely to widen further, and closing it will require an **increasingly proactive policy**, including strengthening prevention and rehabilitation, promoting age-friendly environments, boosting cost-effective home and institutional care, ensuring a sufficient care workforce and enhancing support for informal carers. To find the right policy mix requires sound information on cost-effectiveness.[164] There is no one-size-fits-all solution; but there is value in mutual learning, and it is possible to contain growth in needs,

[157] SPC and European Commission (2014) *Adequate Social Protection for Long-term Care Needs in an Ageing Society*,.
[158] European Commission (2013) *Towards Social Investment for Growth and Cohesion - including implementing the European Social Fund 2014-2020*.
[159] Commission Staff Working Document (2013), *Long-Term Care in Ageing Societies: Challenges and policy options*: http://ec.europa.eu/social/BlobServlet?docId=12633&langId=en.
[160] SPC (2011) *The Future of the Social Open Method of Coordination (OMC)*.
[161] SPC (2011) *The Social Dimension of the Europe 2020 Strategy:* A report of the SPC (2011), p8.
[162] SPC (2015) *Review of Recent Social Policy Reforms for a Fair and Competitive Europe:* 2014 report of the SPC, p72.
[163] SPC (2015) *Review of Recent Social Policy Reforms for a Fair and Competitive Europe:* 2014 report of the SPC, , p38; SPC and European Commission (2014) *Adequate Social Protection for Long-term Care Needs in an Ageing Society*.
[164] SPC (2015) *Review of Recent Social Policy Reforms for a Fair and Competitive Europe*, p73.

make care more efficient and ensure dignity if action is based on the best available knowledge.[165]

Social protection systems, based on direct provision of services or social insurance or both, pool costs and risks. There is usually less protection available for long-term care than health; but **social protection is needed, for reasons of both equity and efficiency.**[166] Social protection systems which effectively provide adequate[167] long-term care play a key role in enabling people to **participate in society and the labour market,** and ensuring **independent living by older people.**[168]

Given the links between poverty and poor health, good quality and affordable long-term care is key for those in poverty;[169] so improving access to long-term care is also part of **fighting old age poverty.**[170] With little or no social protection against this risk, the impact depends on someone's resources and/or their family's ability and willingness to provide care or pay. This may have negative effects on equity as some families will be much more affected, as well as on the economy, as relatives may need to withdraw from paid work to give informal care.[171]

Adequate social protection against long-term care dependence is also a major element of **gender equality** in old age, as well as working age. Most long-term care recipients are women, as is the vast majority of both informal and formal carers. Informal caring in the absence of support services can be a barrier to labour force participation. Some indicators for monitoring labour market participation and work-life balance, developed to cover the impact of child care (quantity, quality, access etc.), could also be useful for long-term care.

The voluntary **European Quality Framework for social services,**[172] adopted by the Social Protection Committee (SPC) in 2010, set out principles to

- respond to users' needs and expectations, including availability, accessibility, affordability, person-centredness, comprehensiveness, continuity and a focus on outcomes;
- ensure good relationships between service providers and users, including respect for rights, participation and empowerment, and between providers, public authorities and others, including partnership and good governance;
- inform the use of human and physical capital, including relationships and investment.

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[165] SPC and European Commission (2014) *Adequate Social Protection for Long-term Care Needs in an Ageing Society*, , preface by working group.
[166] SPC and European Commission (2014) *Adequate Social Protection for Long-term Care Needs in an Ageing Society*, , pp5, 10, 12.
[167] A definition of what 'adequate' involves is provided on pp 27-28 of SPC and European Commission (2014) *Adequate Social Protection for Long-term Care Needs in an Ageing Society*.
[168] SPC (2015) *Aiming for Inclusive Growth:* Annual report of the SPC on the social situation in the EU (2014), p66.
[169] SPC (2011) *The Social Dimension of the Europe 2020 Strategy:* A report of the SPC (2011), p38.
[170] SPC (2011) *The Social Dimension of the Europe 2020 Strategy:* A report of the SPC (2011), p15.
[171] SPC and European Commission (2014) *Adequate Social Protection for Long-term Care Needs in an Ageing Society.* The points in the subsequent paragraph come from the same source.
[172] SPC (2009) *Voluntary European Quality Framework for Social Services*: http://ec.europa.eu/social/BlobServlet?docId=6140&langId=en.

These principles can be seen as **particularly important for long-term care**, given the age and likely health conditions of users.[173]

Reforms to improve the sustainability of long-term care systems **should not undermine access to adequate, affordable, good quality long-term care**. Appropriate incentives are needed for users and providers, as well as good governance and co-ordination. Long-term care delivery should be improved through better use of existing resources, and the **need for care should be reduced through prevention and rehabilitation policies** at every level.[174]

Priorities for a proactive response by member states include measures aimed at

- *preventing* people becoming dependent on care, including by promoting healthy life styles and tackling the major causes of dependence, including promoting *age-friendly* environments in homes and communities[175] (potentially including adapted housing and transport services, libraries, and home support);[176]
- early *detection, rehabilitation and re-enablement* to restore capacity to live independently;
- realising the *potential of technology* to help older people remain at home, to *raise the productivity of care services* and to compensate for the decline in carer numbers;
- *fully integrating* healthcare and social provision;
- enhancing *support for informal carers* and helping them *reconcile employment and care* responsibilities; using the voluntary sector potential in providing care services.[177]

The large differences between member states in long-term care mean **great scope for mutual learning**. Activities should be linked better (e.g. through collaboration between the SPC and the Working Party on Public Health at Senior Level, and ministers of health and social affairs). **Better indicators to assess progress** are required. Major surveys could highlight the challenges posed by dependence, and demand for and supply of long-term care. A better overview of legal and administrative aspects of policies could be developed, as well as methodologies to compare provision for typical cases; spending data on long-term care could be collected in ESSPROS and MISSOC coverage could be improved.[178]

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[173] SPC (2011) *The Social Dimension of the Europe 2020 Strategy*, p45.
[174] SPC (2015) *2015 SPC Country-specific Multilateral Conclusions on the Implementation of the Recommendations in the Areas of Social Protection and Social Inclusion, Including Joint Conclusions.*
[175] SPC and European Commission (2014) *Adequate Social Protection for Long-term Care Needs in an Ageing Society.*
[176] SPC (2015) *Aiming for Inclusive Growth:* Annual report of the SPC on the social situation in the EU (2014), p66.
[177] SPC and European Commission (2014) *Adequate Social Protection for Long-term Care Needs in an Ageing Society.*
[178] (European System of Social Protection Statistics and Mutual Information System on Social Protection): SPC and European Commission (2014) *Adequate Social Protection for Long-term Care Needs in an Ageing Society*, especially pp25, 26.

5. Conclusion

This report has described the EU's shared social objectives, as set out in the Treaties, and how they have been addressed in recent years in the social Open Method of Coordination (OMC), the Europe 2020 Strategy and the European Semester. It has also highlighted how these objectives have been furthered in terms of common social values and principles, especially in the general areas of social inclusion and social protection, and outlined how these are realised in more specific policy areas: combating poverty and social exclusion; child poverty and well-being; homelessness and housing exclusion; pensions; and healthcare and long-term care.

Achievements to date in terms of advancing the shared social objectives of the EU have included:

- strengthened political commitment by the EU institutions and member states to social Europe;
- political agreement at EU level on an overarching policy framework and shared social priorities;
- influencing policy reform in a positive direction in a range of member states;
- the development of enhanced statistical data and capacity, and indicators for monitoring;
- the development of a stronger framework for mutual learning and working methods for multilateral surveillance of implementation of country specific recommendations; and
- opportunities for in-depth exploration of specific social policy issues through the introduction of thematic reviews on social trends to watch, and on common policy challenges.

In relation to social policy, the **EU and member states share 'competence'**, and member states have a key role to play in addressing issues such as these, according to the principle of subsidiarity. Nevertheless, the EU institutions also play a vital role in coordinating, monitoring and supporting the development of policies at national (and sub-national) level.

A key governance mechanism at EU level to advance this process has been the **social OMC**, overseen and led by the Social Protection Committee (SPC). In line with the assessment above, the SPC stated in the context of the reinvigorated social OMC, endorsed by the Council in 2011,[179] that *'in all member states the social OMC has triggered or contributed to policy reassessments, public discourses, and political agendas'*. The social OMC has also been a supporting factor in the passage of new legislation in some member states, and in efforts to make social protection systems financially more sustainable and more adequate.

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[179] *Endorsement of the Opinion of the Social Protection Committee on the Future of the Social Open Method of Coordination (OMC)*, Brussels, 17 June 2011, Council document 11574/11.

The **Europe 2020 Strategy** and the **European Semester** have ensured that the EU social objectives have been linked with economic and employment objectives. Since 2011, alongside increasing reference to social objectives and targets in the EU's priorities and CSRs, there has been growing emphasis on social monitoring, multilateral surveillance and peer reviews. And the development of common EU social indicators has supported the strengthening of statistical and analytical capacity in this area, both at EU and national level.

Despite this progress, **significant challenges remain** in achieving the EU's social objectives at all levels, especially in the light of the continuing impact of the global financial and economic crisis and measures taken in response. The SPC's 2014 'social situation' report[180] shows *'little improvement in the overall situation in the EU, with continued disparities across Member States and a worsening situation in several'*. Indeed, the latest figures show that *'the EU is not making any progress towards achieving its Europe 2020 poverty and social exclusion target of lifting at least 20 million people from poverty and social exclusion by 2020'*.

Whilst member states have put in place a wide range of policy measures to mitigate the effects of the crisis, the SPC has warned that the prolonged period of economic downturn makes it vital to **maintain the resilience of social protection systems** as they provide protection and services not only to the most vulnerable but also to the whole population.[181]

Although the first European Semester in 2011 was dominated by fiscal consolidation and macroeconomic austerity measures, there is evidence of some **rebalancing** of economic and social objectives in some of the subsequent Semesters. For example, the European Commission's 2014 'Annual Growth Survey' included – among other priorities – *'tackling unemployment and the social consequences of the crisis'.*[182] However, the 2015 AGS heralds a renewed emphasis on economic objectives, prioritising the 'boosting of investment', commitment to further 'structural reforms', and the pursuit of 'fiscal responsibility'.[183] This appears to signal a move away from prioritising the social objectives highlighted in the 2014 Survey.

The evidence in this report suggests that it is essential to **maintain, and indeed strengthen, the focus on EU social objectives**. For instance, although social inclusion and social protection objectives have featured in the Country Specific Recommendations drawn up in recent years, poverty is not specifically addressed in any of the 2015 CSR proposals. There also appears to be a lack of attention to social investment, health and social protection issues more generally.

The SPC's 2014 Social Situation report underlines the **need for renewed commitment to the EU social objectives at all levels**. There have been some positive developments over the

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[180] SPC (2015) *Social Europe: Aiming for inclusive growth*, Annual report of the SPC on the social situation in the EU (2014), Luxembourg: Publications Office of the EU.
[181] SPC (2012) *Third Report on the Social Impact of the Economic Crisis and Ongoing Fiscal Consolidation 2011*, Luxembourg: Publications Office of the EU.
[182] European Commission, Annual Growth Survey 2014, http://ec.europa.eu/europe2020/pdf/2014/ags2014_en.pdf
[183] European Commission, Annual Growth Survey 2015, http://ec.europa.eu/europe2020/pdf/2015/ags2015_en.pdf

past year. But though the report argues that the social situation has *'stabilised'* at EU level, it identifies worrying 'social trends to watch' in about a third or more of member states.

There are signs that the importance of strengthening governance arrangements in relation to social policy at EU level is widely recognised. More recently, the role of the SPC (in tandem with the Employment Committee [EMCO]) in driving these processes was also reaffirmed in the Council decision of 11 May 2015.[184]

As these two Committees argued recently, there needs to be a balanced investment agenda for growth, jobs and social inclusion, with economic measures coherent with social goals, and an awareness of the social implications of policy choices and their distributional impact, as well as their impact on growth, social cohesion and job creation.[185]

At EU and member state levels, weaknesses nevertheless remain in governance structures (e.g. poor co-ordination, lack of planning, insufficient involvement of key stakeholders) that often result in poor implementation of policy. To address this gap, it is essential to strengthen and reinforce existing mechanisms.

Greater emphasis should be placed on **mainstreaming the EU's social objectives into all areas of policy-making** (including those beyond the social field). In order to assess whether mainstreaming is being implemented effectively, it is also important to carry out **systematic social impact assessments** of all relevant policies, both at EU and member state levels.

The overarching objectives of the reinvigorated social OMC also refer to 'the involvement of stakeholders in the design, implementation and monitoring of policy'. Whilst the process of involving different stakeholders in EU cooperation in the social field has improved gradually over time, continued emphasis is required to make this more effective. There is now a sufficient body of good practice available to enable the SPC and the Commission to prepare and agree **guidelines for the involvement of stakeholders.**

Overall, the significance of the social agenda for Europe's future, and for its citizens' confidence in that future, suggest that there is scope for building on the achievements to date, to further advance the EU's common social values and objectives through the social OMC.

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[184] Council decision (EU) 2015/773.
[185] EMCO and SPC (2014) *Europe 2020 Strategy: Mid-term Review, including the Evaluation of the European Semester*, Council document 13809/14.