



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 8 October 2010

**14254/1/10
REV 1**

SOC 589

COVER NOTE

from: The Social Protection Committee
to: Permanent Representatives Committee (Part I)/Council (EPSCO)
Subject: SPC Opinion on the social dimension of the Europe 2020 Strategy

Delegations will find attached an Opinion by the Social Protection Committee, as adopted by the SPC on 6 October 2010 and presented with a view to the session of the Council (EPSCO) on 21 October 2010.



The Social Protection Committee

SPC OPINION ON THE SOCIAL DIMENSION OF THE EUROPE 2020 STRATEGY

I. THE SOCIAL DIMENSION OF THE EUROPE 2020 STRATEGY AND THE ROLE OF THE SPC

The Europe 2020 Strategy is based on the mutually reinforcing priorities and the interrelated targets decided by the European Council. A reinforced interaction between economic, employment and social policies and objectives is therefore essential to deliver on the overall goals of the Europe 2020.

Promoting inclusive growth and a cohesive society is a fundamental priority of Europe 2020. The EU headline target on social inclusion and poverty reduction is at the core of the new ten-year EU Strategy. Europe 2020 opens new opportunities for an effective mainstreaming of social values and objectives in both national and EU policies.

In line with the European Council conclusions and in order to start the implementation of the new strategy Member States "should, in close dialogue with the Commission, rapidly finalise their national targets"¹.

The EPSCO Council has a key role in the social dimension of Europe 2020 and its governance, and appropriate input will be provided by the Social Protection Committee to this aim².

¹ European Council Conclusions of 17 June 2010, par. 4.

² "The social dimension of the Europe 2020 Strategy", Presidency background paper (Council doc. 13274/10).

The Social Protection Committee is mandated by the Treaty to promote cooperation on social protection policies between Member States and with the Commission³. In line with its Treaty-based role and building on the important experience of ten years' cooperation in the field of social protection and social inclusion policies, under the framework of the Social OMC, the SPC will contribute to the work of the EPSCO Council on the social dimension of the Europe 2020 Strategy.

Following the informal meeting of Ministers for Social Affairs of 9 July 2010, the SPC was asked to “*present an opinion on the social dimension of the Europe 2020 Strategy to the EPSCO Council meeting in October. This Opinion will outline the organisation of the SPC work to ensure the role of EPSCO in the social dimension of the Strategy, making the most of the potential that the Social OMC holds for effective implementation of the new Strategy. The EPSCO Council will adopt conclusions on this basis.*”⁴

The EPSCO Council intends, in line with the new governance structure given by Europe 2020, to provide inputs into both the thematic surveillance (based on the five interrelated headlines targets) and the macro-economic surveillance, as these two pillars are closely interrelated⁵. More specifically, it will:

- examine progress towards the EU headline target on social inclusion and poverty reduction.

³ Art. 160 TFEU, which also provides the following specific tasks of the SPC:
"- to monitor the social situation and the development of social protection policies in the Member States and the Union;
- to promote exchanges of information, experience and good practice between Member States and with the Commission;
- without prejudice to Article 240, to 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."

⁴ Presidency background paper (*see fn. 2*).

⁵ Presidency background paper (*see fn. 2*).

- monitor the implementation of structural reforms designed to deliver inclusive growth at national and EU levels through the National Reform Programmes that will be prepared in accordance with the new set of integrated guidelines.⁶

The SPC contribution to EPSCO on Europe 2020 will be based on the following activities:

- Monitoring progress towards the EU social inclusion and poverty reduction target;
- Monitoring implementation of social aspects of the integrated guidelines, focussing in particular on integrated guideline 10;
- Conducting OMC work to monitor the social situation and the development of social protection policies.
- Providing its contribution to foster positive interaction between the social OMC activities and the future flagship initiative intended to support the fight against poverty and social exclusion, expected to be presented by the Commission at end of 2010.

II. THE EUROPE 2020 STRATEGY AND THE ORGANISATION OF SPC WORK

The SPC work on the Europe 2020 Strategy will be structured along the calendar of the European semester. Other social OMC activities, including the annual thematic focus, will be mainly implemented during the second semester of the cycle. In doing so, the Committee will seek to simplify reporting activities and avoid duplications, while ensuring the substantive input of its work.

⁶ Presidency background paper (*see fn. 2*). See also Commission's guidance note on the governance and policy cycle of Europe 2020 (*Commission Secretary General's letter to Member States of July 2010*), where it is also recalled the key role of EPSCO, throughout the year, in examining progress in advancing the flagship initiatives, including the "*European Platform against Poverty*".

In-depth reviews of the social situation and the development of social protection policies will be conducted by the SPC in close cooperation with the Commission at appropriate moments of the implementation of the new Strategy. In particular, this work will provide timely contribution for the mid-term review and the final assessment of the new Strategy (i.e. in 2013 and 2018).

Key and focussed SPC priorities will be identified through a *multi-annual work programme*. The structure of this multi-annual plan will be discussed when preparing the next SPC annual work-programme to be transmitted to EPSCO in 2011. Flexibility would need to be maintained to adapt the multi-annual plan to take account of new priorities (e.g. possible follow-up of ongoing initiatives such as the joint EPC-SPC report on pensions) as well as the role of the SPC in the governance of Europe 2020.

One important issue to be considered is how current national plans and strategies for social protection and inclusion, which entail the important aspect of the stakeholders' involvement and benefit from EU level coordination, will fully contribute to the National Reform Programmes under Europe 2020. The SPC will address this issue in 2011 on the basis of the experience of the first NRPs to be presented in April 2011, as well as in the light of ongoing OMC activities in the framework of the SPC. On this basis, the SPC will present its views to the EPSCO Council.

II.1. SPC Report on social inclusion and social protection policies

The SPC will issue an annual report on the social situation and the development of social protection policies, including an assessment of the social dimension of Europe 2020. This report will be transmitted to the EPSCO Council preparing the Spring European Council.

The SPC report will be structured around the following parts:

a) Assessment of progress towards the EU headline target on social inclusion and poverty reduction

This assessment will be based on: *i*) tracking progress towards the national targets and their contribution to the EU headline target; *ii*) analysis of key related EU indicators reflecting the determinants of trends in poverty and social exclusion as well as the situation of population sub-groups, duly strengthened along the lines agreed by the Council in June 2010⁷; *iii*) the relevant findings of the analysis conducted under OMC activities [see *b*) and *c*)].

b) Monitoring the implementation of social aspects of the Integrated Guidelines, in particular of IG 10

This monitoring will be based on the "Joint assessment framework for the monitoring of the employment guidelines under Europe 2020", that EMCO, SPC and the Commission are currently preparing.

The SPC will also provide input to the assessment of integrated guidelines 1 to 6 in view of their social implications⁸. This work will be conducted in dialogue with the Economic Policy Committee (EPC).

⁷ “During the process of implementation of the EU 2020 Strategy, there will be scope for strengthening the current instruments for measuring progress in the reduction of poverty and deprivation and for understanding the phenomenon of exclusion from the labour market. The relationship between labour market exclusion and the situation of poverty at individual level will have to be better taken into account.” EPSCO Council Conclusions, 7-8 June 2010 (Council document 10560/10).

⁸ Attention will be given notably to aspects relating to the quality and sustainability of public finances (reform of tax-benefit systems and age-related expenditure), orientation of R&D and innovation, e-inclusion, fair distribution of the costs and benefits of sustainable development measures, etc.

c) OMC work to monitor the social situation and the development of social protection policies

This part will include the results of other work conducted by the SPC in line with its mandate to monitor the social situation and the development of social protection policies in the Member States and the Union. This work will draw on the already agreed and where necessary updated and/or new indicators, as well as specific analytical work such as the monitoring of the social impact of the crisis.

There will be two steps in the presentation of the SPC report on the social situation and the development of social protection policies:

- An interim version will be prepared by SPC at its November and December meetings with a view to the launch of the following European Semester on the basis of the Commission's Annual Growth Survey.
- The final version will be adopted by the SPC at its February meeting and will be transmitted to the EPSCO Council. It will contribute to the EPSCO preparation of the Spring European Council as regards the Europe 2020 Strategy.

The first report during the transition phase of Europe 2020

The first SPC report assessing the social dimension of Europe 2020 will be adopted by the SPC in February 2011 with a view to its transmission to EPSCO preparing the 2011 Spring European Council.

Given the current transition phase of the Europe 2020 Strategy, this report will be based on the relevant aspects of the draft National Reform Programmes that Member States will submit by 12 November 2010.

As regards the part reviewing the social situation and the development of social protection policies, it will reflect the ongoing SPC activities, in particular the *EC-SPC crisis monitoring report*, the *EPC-SPC report on pensions* and the SPC work on the *social services of general interest (SSGI)*. It will also draw on the conclusions of the *SPC report on Growth Jobs and Social Progress (2009)*.

II.2. SPC contribution to the assessment of the National Reform Programmes

The (*draft*) decision on the employment guidelines⁹ recalls that “*The Employment Committee and the Social Protection Committee should monitor progress in relation to the employment and social aspects of the employment guidelines, in line with their respective Treaty-based mandates. This should in particular build on the activities of the open method of coordination in the fields of employment and of social protection and social inclusion.*”

According to the Commission’s guidance note on the governance and policy cycle of Europe 2020¹⁰, in June of each year the Commission will propose a single set of country-specific recommendations and/or draft opinions attached to a single country report. The foreseen legal instruments include recommendations on thematic issues (Art. 148 TFEU).

The SPC will provide a contribution to assess the relevant aspects of the National Reform Programmes that Member States will submit in April each year. This work will be based on the assessment methodology of the employment guidelines to be agreed with EMCO. In line with its Treaty-based mandate, the SPC will provide its contribution in time for the preparation by the Commission and finalisation by EPSCO of the policy guidance of Europe 2020, including through possible country specific recommendations¹¹.

⁹ Scheduled for adoption by EPSCO on 21 October 2010.

¹⁰ Commission’s guidance note on the governance and policy cycle of Europe 2020 (*Commission Secretary General's letter to Member States of July 2010*)

¹¹ This aspect of the future SPC work will need to be described in more detail when more precise elements of the calendar of the Europe 2020 governance will be available.

II.3 social OMC activities

Ten years of experience under the Social OMC has proved the value of flexible and effective policy coordination for fighting poverty and social exclusion and for reforming and modernising social protection systems, while respecting the diversity of the Member States.

The SPC is committed to build further on this *acquis*, based also on the 2006 common objectives agreed by the European Council, and to possibly adjust the current OMC work in light of the Europe 2020 Strategy.

In this vein and in light of the Europe 2020 Strategy, the OMC process will support Member States' efforts aimed at achieving progress towards the poverty reduction and social inclusion target, providing adequate and sustainable pensions, and promoting accessible, high-quality and sustainable healthcare and long-term care¹².

A continued commitment to this coordinated approach will enable the Committee to provide a strong contribution to Europe 2020, and in particular on its social dimension.

II.4 Cooperation with other policy Committees

The integrated approach to policy making inherent to the Europe 2020 Strategy will benefit from strengthened cooperation between the SPC and other relevant policy Committees for the three strands of the work conducted under the Social OMC (social inclusion, pensions, health and long-term care).

The SPC should continue its cooperation with the Economic Policy Committee (EPC) with respect to mutual implications between economic decisions and social protection and inclusion policies. This cooperation could be developed, for instance, along similar arrangements used for the joint work conducted in 2010 on pensions or through other forms of regular cooperation (joint ad hoc groups, meeting between chairs, etc).

¹² Council document 6801/06.

Moreover, the SPC, EMCO and the Commission are jointly defining the overall architecture of the Joint Assessment Framework for the monitoring of the Employment Guidelines.

The elements of the draft Joint Employment Report concerning the implementation of guideline 10 in relation to the EU headline target on social inclusion and poverty reduction will be discussed and agreed by the SPC and transmitted to EMCO. Practical arrangements for the cooperation between EMCO and SPC on the monitoring of implementation of the employment and social aspects of the employment guidelines are currently under negotiation.

For the multilateral surveillance, EMCO and SPC will also cooperate in monitoring the implementation of the Employment Guidelines in light of the National Reform Programs presented by Member States in April. The two Chairs have proposed that an SPC representative is present at each session of the EMCO country examination (the "Cambridge Review") and transmits the SPC views to the EMCO group.

Regarding work on health and long-term care, SPC intends to cooperate with relevant committees and high-level groups following, for instance, the steps already conducted in the area of "*health inequalities*" and ongoing work on "*active, healthy and dignified ageing*".

Other areas where enhanced cooperation should be established through closer dialogue with relevant bodies include education, climate and energy.

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Accordingly, the organisation of the SPC work in the Europe 2020 Strategy will require adaptations of the Committee's activities aiming at monitoring the social situation and the development of social protection policies.

In particular, the Committee would conduct regular analysis of the social situation and key national challenges based on the agreed indicators and a review of policy developments. It would agree on annual thematic focus in the areas of social inclusion, pensions and health- and long-term care in order to concentrate and coordinate effort to address specific common challenges. Enhanced mutual learning process would continue to be developed by Member States and the Commission in the framework of the Social Protection Committee. Involvement of all stakeholders, including people experiencing poverty, will be particularly important in the new Strategy.

As the design of the Europe 2020 governance is not yet fully developed (e.g. preparation of and work on the first National Reform Programmes, and flagship initiative on "poverty"), the SPC will review this opinion in 2011.