

**Employment, Social Policy, Health and Consumer Affairs Council**  
**(employment and social policy issues)**

**Monday 5 October in Luxembourg**

*An informal meeting of Ministers for Labour, Employment and Social Affairs of the euro area will be held prior to the formal session.*

*The Council will start at 10.30, chaired by Mr Nicolas Schmit, Luxembourg Minister for Labour, Employment and the Social and Solidarity Economy. Most of the meeting will be public and can be followed by video streaming at <http://video.consilium.europa.eu/>.*

*The Council will hold a policy debate on **social governance in an inclusive Europe**. It is expected to endorse the key messages of the Social Protection Committee report.*

*It will hold a policy debate on the recommendation concerning the **integration of the long-term unemployed into the labour market** which the Commission will present to it.*

*The Council will be invited to endorse the key messages of the report '**Adequate retirement incomes in the context of ageing societies**' and to adopt conclusions.*

*The Council will take stock of the state of play as regards the **Women on Company Boards Directive**.*

*The Council is expected to adopt a decision on the **employment guidelines**.*

*It will be asked to adopt conclusions on the new **Agenda for Health and Safety at Work** to foster better working conditions.*

*It will take note of the state of play of the work on **relaunching the social dialogue** based on the information provided by the Commission.*

*It will also take note of the work on mobility based on the information provided by the Commission regarding the challenges, facts and figures.*

*Over lunch, ministers will discuss: '**The impact of the refugee issue on the labour markets and social policy**'.*

*A Presidency press conference will be held at the end of the meeting (+/- 18.00).*

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Press conferences and public events by video streaming: <http://video.consilium.europa.eu>

Video coverage in broadcast quality (MPEG4) and photo gallery on: [www.eucouncil.tv](http://www.eucouncil.tv).

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<sup>1</sup> This note has been drawn up under the responsibility of the press office.

## Social governance

The Council will hold a policy debate on **social governance in an inclusive Europe** based on a Presidency note ([12082/15](#)).

Given that one of the priorities of the Luxembourg Presidency is to deepen the European social dimension, the EPSCO Council will discuss the more specific issue of 'social governance'.

Ministers will be invited to respond to the following questions set out in the Presidency note in order to determine the possible options and decide on the way forward:

- On a practical level, what contribution would the Member States like to make to the drafting of the Joint Employment and Social Report, and what are their views on the role the Report should play in the revamped Semester?
- How do Member States perceive this strengthening of the social component of the MIP and of its corrective arm? To what extent should the MIP take into account the national specificities of social and employment policies and their monitoring at EU level?
- What are the views of Member States on the governance arrangements recommended by the report, through the European Semester and a strengthened MIP, to foster convergence towards the best employment and social performance in the euro area in the short and medium term?
- How do Member States envisage the formalisation of the convergence process, in particular for employment and social policies, through the definition and monitoring of standards and their possible integration into Union legislation in the medium and long term? What interaction, if any, would Member States like to see between those standards and the Europe 2020 strategy targets?

The starting point for further discussion on the social dimension of the European economic and monetary union (EMU) will be the recently published Five Presidents' Report, which refers to the President of the European Commission's idea of a 'social triple A' for Europe.

### Key messages of the report on social policy reforms

The Council is also expected to endorse the key messages of the Social Protection Committee (SPC) report on the social policy reforms for growth and cohesion: contribution to the Annual Growth Survey 2016 (12079/15 + ADD 1).

This report complements the SPC report on the social situation in the EU. The SPC monitors the social situation and the development of social protection policies in the Member States and the Union.

It reviews the areas of social inclusion, pensions, health and long-term care. The review of health care policies and the related key messages were produced in conjunction with the Working Party on public health at senior level.

## Integration of the long-term unemployed into the labour market

The Council will hold a policy debate on the recommendation concerning the integration of the long-term unemployed into the labour market which the Commission will present to it.

Ministers will have the opportunity to discuss the major challenges, and to exchange national experience in combating long-term unemployment.

## **Proposal for a recommendation**

The proposal for a recommendation was adopted by the Commission on 17 September 2015 following a public consultation. Modelled on the youth initiative (Youth Guarantee), the initiative is targeted towards a group that was hit especially hard by the economic crisis: long-term jobseekers (12081 + ADD 1).

Currently, 5% of the active population and half of the total number of unemployed are in long-term unemployment. However, long-term unemployment affects Member States to different degrees depending on the impact of the crisis, the macroeconomic situation, the economic structure and the functioning of national labour markets.

It affects a wide range of people, generally characterised by low employability and often coping with multiple disadvantages. Workers with low skills or qualifications as well as third-country nationals are twice as likely to experience long-term unemployment.

Even when recruitment rises again in the Member States, the risk is that many long-term unemployed will be left behind as they are the furthest from the labour market. The longer people are out of work, the more difficult it is for them to rejoin the labour market as their skills are gradually eroded.

This entails personal hardship, under-use of human capital, a waste of economic potential and an increase in social expenditure, further exacerbating the impact of the demographic decline. Many of those unemployed for a year or more risk leaving the labour market altogether. Each year, a fifth of them stop trying to find another job and are considered inactive.

Tackling long-term unemployment requires a broad set of actions, including structural reforms, across policy areas (employment, economic, fiscal policies, investment in human capital) and combining curative and preventive measures.

The objective of the initiative is to provide Member States with guidance on service delivery in order to increase the rate of transition from long-term unemployment to employment. The recommendation sets out specific actions to strengthen the personalised support for the long-term unemployed provided by employment services and social services.

The recommendation will complement the existing tools by introducing a framework for action to integrate the long-term unemployed into the labour market. The framework will cover all Member States and will aim at the overall improvement of the integration process. The objective is to promote the strengthening of administrative capacity, enhance cooperation between service providers, strengthen partnerships with the private sector and improve the efficiency of public spending.

The Presidency hopes to achieve political agreement on the text at the EPSCO Council in December 2015.

## **Adequate incomes for pensioners**

The Council will be invited to endorse the key messages of the report 'Adequate retirement incomes in the context of ageing societies' (12085/15) and to adopt conclusions (12086/15).

The report was prepared jointly by the social protection committee and the European Commission. This update of the 2012 report highlights the issue of adequacy of income related to old age. Together with the sustainability perspective already examined by Ecofin, it gives a comprehensive overview of the challenges faced.

Its key messages can be summarised as follows:

- *Current pensioners' living standards have largely been maintained over the crisis, yet poverty problems persist in some countries and pension outcomes are generally marked by big gender differences.*
- *Pension reforms with a strong focus on sustainability have been stepped up over recent years.*
- *Overall, spending on public pensions is no longer expected to be higher in 2060 than presently.*
- *Strong policies for addressing future adequacy risks are therefore essential.*
- *EU cooperation to ensure adequate incomes in old age remains important.*

The ageing report endorsed by the Ecofin Council in May 2015 foresees that despite the very sharp increase in people aged 65 years or more, the average expenditure on pensions for the EU of 28 should not be higher in 2060 than it was in 2013.

However, risks in terms of sustainability of public finances may result not only from the absence of reforms to reduce future expenditure but also from the converse situation, where reforms mean that an increasing number of older people do not receive an adequate income, i.e. an income which enables them to lead a decent life.

It is therefore of the utmost importance to ensure that pension adequacy is monitored both from the point of view of constraints on public finances and from that of social objectives.

## **Women on company boards**

The Council will take stock of a progress report on a Directive on improving the gender balance among directors of companies (12358/15).

Aiming to address the serious problem of women's under-representation in economic decision-making at the highest level, the proposed Directive would set a quantitative objective for the proportion of the under-represented sex on the boards of listed companies of 40 % by 2020 (by 2018 in the case of public undertakings). The companies would be obliged to work towards that objective, *inter alia* by introducing procedural rules on the selection and appointment of non-executive board members.

Companies which have not reached the 40 % target would be required to continue to apply the procedural rules, as well as to explain what measures they had taken and intended to take in order to reach it. For Member States that choose to apply the objective to both executive and non-executive directors, a lower target (33 %) would apply.

### **- The position of the European Parliament**

The European Parliament supports legislative action in this area, advocating binding quotas to improve the gender balance in boardrooms. It adopted its position at first reading on 20 November 2013, broadly endorsing the Commission's proposal.

## **Employment policies of the Member States**

The Council will adopt a decision on guidelines for the employment policies of the Member States (11360/15).

The set of integrated guidelines for 2015 reflect the new approach to economic policy-making, built on investment, structural reform and fiscal responsibility.

The four employment guidelines can be summarised as follows:

- **Boosting demand for labour**

Member States should facilitate the creation of high-quality jobs, reduce the barriers that businesses face in hiring people, and promote entrepreneurship. The tax burden should be shifted away from labour to other sources of taxation less detrimental to employment and growth, while protecting revenue for adequate social protection and growth-enhancing expenditure.

- **Enhancing labour supply, skills and competences**

Member States, in cooperation with social partners, should promote productivity and employability through an appropriate supply of relevant knowledge, skills and competences. Structural weaknesses in education and training systems should be addressed to ensure quality learning outcomes and to reduce the number of young people leaving school early. Youth unemployment and the high number of young people not in education, employment or training (NEETs), should be comprehensively addressed through a structural improvement in the school-to-work transition, including through the full implementation of the Youth Guarantee.

- **Enhancing the functioning of labour markets**

Member States should reduce and prevent segmentation within labour markets and fight undeclared work. Employment protection rules, labour law and institutions should all provide a suitable environment for recruitment, while offering adequate levels of protection to all those in employment and those seeking employment. Member States should promote inclusive labour markets open to all men and women, putting in place effective anti-discrimination measures, and increase employability by investing in human capital.

- **Fostering social inclusion, combating poverty and promoting equal opportunities**

Member States should modernise social protection systems to provide effective, efficient and adequate protection throughout all stages of an individual's life, fostering social inclusion, promoting equal opportunities, including for women and men, and addressing inequalities.

## **Agenda for health and safety at work**

The Council will be asked to adopt conclusions on the new **agenda for health and safety at work** to foster better working conditions (11606/15).

These conclusions are prospective in nature, highlighting the resultant changes e.g. in terms of technology and demographic change. All such changes must also be reflected in EU legislation on health and safety at work in order to ensure decent working conditions for workers.

## **Relaunching the social dialogue**

The Council will take note of the state of play of the work on **relaunching the social dialogue** based on the information provided by the Commission.

With regard to relaunching the social dialogue, the Commission organised two thematic groups with social partner organisations before summer, after the major conference in early March. The aim in the Council is to inform ministers more generally about the relaunch of the social dialogue at European level.

The Council will also be informed about the tripartite social summit to be held in the margins of the European Council, on the morning of 15 October. Preparations are under way in consultation with the social partners, and the theme this year will be '**Fostering convergence, creating jobs and growth: strengthening the role of the social partners**'.

## **Any other business**

- The Presidency will inform the Council about the informal meeting of the labour, employment and social affairs ministers of the member states of the euro area held before the formal meeting of the EPSCO Council.
  - The Commission will inform the Council about facts, figures and issues concerning labour mobility.
  - The Presidency will inform ministers about the conference '**Working conditions for tomorrow**' held in Luxembourg on 10-11 September 2015.
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