Planned future developments of EU-SILC

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Abstract

The current crisis has generated a number of challenges for social statistics. Policy makers need timely and reliable data on poverty and social exclusion in order to take informed, timely and effective policy measures. EU-SILC is the main data source for comparative analysis and indicators on income and living conditions in the EU. Given its high policy relevance, there is increasing demand for new developments. Modernization of social statistics is one of the solutions identified to meet the growing needs of users through improved statistical processes, reuse of data and synergies. The revision of EU-SILC is part of this process and is being carried out by the European Statistical System (ESS). This paper describes the planned developments in the framework of the modernization of social statistics.

1. Introduction

The current crisis has generated a number of challenges for official statistics and more in particular for social statistics. Policy makers have turned to statistics to have the necessary toolbox to timely and reliably describe the current situation and patterns in order to take informed, timely and effective policy measures.

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The "EU Statistics on Income and Living Conditions" (EU-SILC) is the main data source for comparative analysis and indicators on income and living conditions in the EU. Given the high policy relevance of EU-SILC there is increasing demand from the stakeholders for new developments in EU-SILC to insure the correct monitoring of the evolution of social exclusion phenomena.

In the meanwhile, resources available to statistical authorities are shrinking and only coordinated efforts for achieving modern and cost effective solutions are a viable way forward.

Modernization of social statistics is one of the solutions identified to meet the growing needs of users through improved statistical processes, reuse of data and synergies achieved through standardization. The revision of EU-SILC is part of this process and is being carried out by the European Statistical System (ESS).

This paper describes the planned developments of EU-SILC in the framework of the modernization of social statistics.

2. Policy context

Since the launch of the "Europe 2020" Strategy for smart, sustainable and inclusive growth, the importance of EU-SILC has grown further: one of the five Europe 2020 headline targets is based on EU-SILC data (the social inclusion EU target, which consists of lifting at least 20 million people in the EU from the risk of poverty and exclusion by 2020).

The social consequences of the economic and financial crisis have given increased importance to data on the income and social situation. In particular, the lack of timely data on the extent of poverty and social exclusion have become a burning issue especially for countries where the crisis has hit hardest. In the conclusions of the December 2010 Employment, Social Policy, Health and Consumer Affairs Council (EPSCO), ministers of social affairs recognised the importance of this issue and invited "the Commission to support, in collaboration with the Member States, the timely availability of valid indicators to monitor the social dimension of the Europe 2020 Strategy".

The "Social Investment Package" adopted in February 2013, urging countries to put more emphasis on social investment to achieve the EU2020 target, also increased the demand of timely and reliable data on the social situation in Europe.

Last but not least, the 'Beyond GDP' debate has drawn attention to the need to complement GDP measures with indicators that encompass environmental and social aspects of progress. In the specific case of social aspects, more data are needed on distributional aspects, household perspective as well as relations between income, consumption and wealth.

3. Modernisation of social statistics

In September 2011, the ESSC adopted the Wiesbaden Memorandum on a "New conceptual design for household and social statistics". This memorandum calls for progress towards an overall common architecture for European social statistics together with actions on sampling frames, administrative data sources, measurement of quality of life and of the living conditions of population subgroups, time use and household budgets. In line with these orientations, Eurostat has been working on the modernisation of social statistics. The main objectives are to increase responsiveness to user needs, quality and efficiency.

The programme includes actions pushing towards integration of data collections, with standardisation of variables and modules, wider use of administrative data sources and improved statistical frames. The programme covers social microdata collections (social surveys), population statistics (including census) and purely administratively-based statistics and accounts. The ongoing revision of EU-SILC is part of this program.

4. Planned developments for EU-SILC

4.1   Background

As mentioned above, the high priority given by the Council and the Commission to the fight against poverty and social exclusion in the European Union, even more in the context of the economic and financial crisis, requires comparable and as much as possible timely statistics to monitor this process. The demands concerning living conditions, income, poverty, inequalities and quality of life are also increasing in the context of a better measurement of the progress of societies (GDP and beyond). As a consequence, the requests for improving EU-SILC focus on:

✓ The need for timely data, generally and in particular in the crisis context where social impact of the policies are important, as well as in the context of MIP (Macroeconomic Imbalance Procedure where AROPE and its components are auxiliary indicators) and of the European Semester,

✓ The need for regional data in the context of the forthcoming monitoring and the allocation of funds on the basis of indicators derived from EU-SILC,

✓ The importance of dynamics of poverty, not enough covered with a 4 year longitudinal component, which has structural limitations for long term poverty measurement,

✓ The necessity to cover the multidimensional aspects of living conditions, poverty and social exclusion. There are several requests that cannot any longer be accommodated in the current flexibility mechanism of the ad hoc modules (like social transfers in kind, more information on children, access to services, vulnerability, wealth, structure of the households, quality of life and well-being, health, etc.). More generally, the needs will continue to evolve, and flexibility is required.

As a background element, the increased use of administrative data for the income components and the often associated problems of delays in their availability have also to be noticed. New data collection modes and sources shall be also considered (web interviews, matching).

4.2   Purpose

As a consequence, the objective is to re-design the EU-SILC so as to:

✓ Maintain and if possible slightly decrease the burden and the costs,

✓ Maintain the stability of the main indicators, with adapted frequency and keeping a cross-cutting approach,

✓ Increase its responsiveness to new policy needs, currently and for the future,

✓ Deliver data faster,

✓ Allow sufficient regional breakdown,

✓ Ensure adequate accuracy and quality of measurements,

✓ Adapt to multi-modes and multi-sources data collections,

✓ Ensure a general consistency of the different element of the tool (e.g. frequency of non-annual modules and length of the longitudinal component).

4.3   Approach

The main directions retained in a global equilibrium are the following:

1) To modularise the content of EU-SILC and better adapt the periodicity of collection of the modules to the needs. This implies the less frequent collection of data that are not absolutely needed yearly. Currently, about 135 non-technical variables are really collected from the households or the registers in the yearly EU-SILC and about 20-25 in the ad hoc modules. The project is to collect only 115 variables yearly ("nucleus" covering income, some labour data, deprivation – as part of the Europe 2020 framework - and additional variables on health, child care, education, housing costs and quality of life). The space left empty by the removal of the 40-45 other variables will be used for fixed rotating modules with a periodicity of 3 years for the variables dealing with labour, health, children and housing and with a periodicity of 6 years for the others (social participation, quality of life, access to services, wealth and debt, consumption, intergenerational transmission of disadvantages). Each module will contain about 20 variables. Some of the 6 year modules will be dedicated to new policy needs and will be changing. In the first wave, respondents will also be asked about stable variables (e.g., country of birth and education of parents, in the context of migration and intergenerational transmission).

2) To improve timeliness, by shortening the global availability of EU-SILC by 6 months (from December N+1 to June N+1), by collecting earlier material deprivation (and all other available non-income data, if possible) at the end of the reference period N, by introducing elements in the collection that would be useful to estimate the evolutions of income distribution, and by maximising the possibilities of micro-simulation for flash-estimates.

3) To extend the rotational panel from 4 to 6 years, so as to have better estimations of longer phenomenon (the persistent risk of poverty indicator will then be based on a sample size double than what is currently feasible) and study transitions and recurrences of poverty and social exclusion. However, some analysis and tests are still needed on this issue.

4) To allow for more regional breakdowns, on a country based approach. This would combine several solutions, including 3 years averaging, re-design of the sample, modelling and calibration, and in limited cases, increased sample size.

5) To increase the possibilities for linking and matching data with other data collections or estimations: harmonisation of variables including a household grid, additional information for instance for social transfer in kind estimation, short modules on wealth and if feasible on consumption, to get better data on joint distributions of income, consumption and wealth.

6) To define precision requirements in a way that facilitates compliance assessment based on the standard error to be achieved. This would have as an effect a precision of about +/- 1% for the largest Member-States and about +/- 1.5% for the smallest ones for the main indicators (in particular for AROPE) at national level and about +/- 2.5% at regional level. A requirement will also be placed on the longitudinal component.

7) To improve other elements, like the quality reports, the tracing rules, the metadata on sources of data, etc., also promoting best practices.

8) To promote an integrated approach for the use of registers and multi-mode data collection, for instance by allowing whenever possible, interview time compatible with CATI (telephone interview), when income is available in registers, and/or CAWI (web interview).

4.4   Timetable / key steps

An overall acceptation of this approach has been reached with the Directors of Social Statistics of the European Statistical System (ESS). Some work is still needed concerning the duration of the longitudinal component.

The main ongoing and next steps are, up to the end of 2015:

✓ To define better (80%) the nucleus and the rotational modules contents and variables; actually a tentative list for the nucleus and the every 3-year rolling modules have already been prepared with the dedicated Task Force while the development of the every 6-year rolling modules is ongoing in 2014-2015; however testing of related questionnaires will be necessary before finalising the list of rolling modules variables,

✓ To carry tests and pilots in 18 Member States, including improving timeliness and regional dimension (grant agreements were signed with 18 Member States in 2014 for actions ongoing up to 2017 depending on the activities carried out in each action). The call would be repeated in the next few years as a capacity-building mechanism,

✓ To draft the legal and technical specifications of the new instrument in the context of the draft Framework European Parliament and Council Regulation on Integrated European Social Statistic.

The objective is to discuss the first draft of packages to be included in the legal act at the WG in spring 2015, taking into account the first available results of the tests launched in 2014. Final draft texts will be ready by end 2015.

4.5   Implementation

The main re-design of EU-SILC (content side) cannot be implemented without a new legal act, whatever its level of details. Therefore, for the content and the panel length of SILC, it is foreseen to introduce the changes at the occasion of the Framework Regulation only.

Table 1: Severe material deprivation rates, 2011-13 – (2013 early data available by end May 2014) - % of population

	2011	2012	2013
EU-28	8.9	9.9	:
Euro area	6.8	7.7	:
Bulgaria	43.6	44.1	45.9p
Latvia	31.0	25.6	24.0
Romania	29.4	29.9	28.7p
Hungary	23.1	25.7	26.8
Lithuania	19.0	19.8	16.0p
Greece	15.2	19.5	:
Croatia	14.8	15.4	:
Poland	13.0	13.5	11.9p
Cyprus	11.7	15.0	16.1p
Italy	11.2	14.5	12.5p
Slovakia	10.6	10.5	:
Estonia	8.7	9.4	7.6p
Portugal	8.3	8.6	10.9p
Ireland	7.8	9.8	:
Malta	6.6	9.2	9.5p
Czech Republic	6.1	6.6	6.6
Slovenia	6.1	6.6	:
Belgium	5.7	6.5	:
Germany	5.3	4.9	:
France	5.2	5.3	5.0p
United Kingdom	5.1	7.8b	:
Spain	4.5	5.8	6.2
Austria	3.9	4.0	4.2p
Finland	3.2	2.9	2.5
Denmark	2.6	2.8	:
Netherlands	2.5	2.3	:
Sweden	1.2	1.3	:
Luxembourg	1.2	1.3	:
Norway	2.3	1.7	1.9
Iceland	2.1	2.4	1.9
Switzerland	1.0	0.8	:

'p' = provisional ; 'e' = estimated; 'b'=break in time series; ':'= not available

However, for the progresses on timeliness and regionalisation, this would be a gradual move, with national action plans over the next years starting in the context of the current EU-SILC.

For timeliness, already now, early data on material deprivation has started to be collected. In the first months of 2014 for the reference year 2013, data was collected for 16 Member States and two EFTA countries. These data were published in the Statistics Explained article "Material deprivation statistics - early results" in June 2014 (data available by end May 2014, see table 1 below; however, one should keep in mind that, in some cases, there may be discrepancies between provisional and final data)[2]. It

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[2]

http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Material_deprivation_statistics_-_early_results

is planned to publish in March 2015, three months earlier than in 2014 the early data on material deprivation for 2014 for a higher number of Member States.

The June N+1 deadline will also already be implemented by several countries in 2014 and 2015. Actually in 2014, 7 MS were able to provide 2013 cross-sectional data before the end of June 2014 (against 4 MS in 2013 for the 2012 data). More generally, although not achieving yet the target, it should be noted that 17 MS sent the 2013 cross-sectional data before the end of August and 23 before end of September 2014 against 9 and 15 respectively the year before.

It is planned that ESS agreements on these two timeliness issues (early Material Deprivation by end of year N and provision of final data in June N+1) could be presented in 2015 for providing a stronger framework to this ongoing effort for the period before the new legal basis enters in force.

5. Conclusion

The expectations on high quality and timely data to analyse the social situation have increased among users and in particular policy makers, as a consequence of the economic crisis. EU-SILC being the main data source for comparative analysis and indicators on income and living conditions in the EU is in this context particularly solicited for answering new demands.

The modernization of social statistics and in this context the revision of EU-SILC tries to respond to these demands while securing modern and viable foundations in the governance of the instrument in the European Statistical System. This process tackles also some specific aspects of EU-SILC needing improvements. Some strands, such as timeliness, regionalization, are already being implemented in the current EU-SILC in order to duly answer current policy needs.