An urban compass for the European Pillar of Social Rights and its renewed Action Plan

Policy recommendations:

- **Adopting a place-based approach in the new Action Plan**: Despite cities' central role in delivering the Pillar's objectives, its Action Plan lacks a systematic territorial impact assessment (TIA) of related policies. Integrating TIA into social policymaking can help refine targets by accounting for territorial disparities in accessing social services and in socio-economic conditions. This requires incorporating place-sensitive indicators into the Social Scoreboard, such as a revised housing cost overburden definition, eviction rates, and poverty levels, while also considering spillover effects on surrounding areas.

- **Tackling poverty where it is most visible:** An EU Council recommendation should uphold the commitment of ending homelessness by 2030, with a renewed mandate for the European Platform on Combating Homelessness (EPOCH) to support cities administrations in combatting homelessness. An anti-poverty strategy must tackle urban segregation, energy and transport poverty, and barriers to essential services. Strengthening the monitoring of the Council Recommendation on Minimum Income and updating the European Quality Framework for Social Services are important first steps to reducing exclusion.

- **An ambitious Action Plan to address the housing crisis in cities**: To address the housing crisis in cities, the Pillar must strengthen its focus on affordable housing challenges and enhance the monitoring and steering of member states' policies through the Social Scoreboard and European Semester. This should be done by adopting an EU-wide approach to affordable housing, expanding public financing via an update of State Aid rules for SGEI, and leveraging an EU Social Taxonomy to drive private investment in socially sustainable housing.

- **A strengthened equal opportunities agenda to fight discrimination:** A stronger intersectional approach is needed to combat discrimination and uphold Principle 3 of the Pillar. Expanding the Social Scoreboard's data collection to address equality holistically, alongside engaging cities in shaping and implementing equality strategies, is essential for a more effective response. Additionally, post-2025 roadmaps for the European Disability Rights Strategy and an extension of key EU equality strategies should ensure inclusive service delivery and sustained progress in accessibility, employment, and independent living.

- **A reinforced EU Child Guarantee:** To enhance the impact of the European Child Guarantee, it is essential to involve cities more actively in its governance, design, and implementation. This includes establishing mandatory consultation mechanisms for national coordinators and setting urban-level targets for monitoring progress. Additionally, a more ambitious target for child poverty and urban-level indicators should be introduced to ensure targeted interventions and effective tracking of outcomes. To address the increasing labour shortages in the Early Childhood Education and Care workforce, it is crucial to involve cities and social partners in the upcoming EU Teachers and Trainers agenda.

- **Providing quality employment, skills, and education for all residents**: Cities are key drivers of education, employment, and skills development, playing a vital role in closing skills gaps and shortages in sectors essential for the green and digital transition. To support this, the Pillar should establish a clear monitoring framework through the Social Scoreboard, tracking key targets set in the Union of Skills, and ensuring cities are included in its monitoring governance, such as the European Skills Intelligence Observatory and European Skills High-level Board.

- **Mainstreaming mental health issues:** Mental health policy should be integrated across all principles of the new Action Plan, not just Principle 16, as mental well-being is closely linked to social protection, employment, housing, and inequality. This approach is crucial for addressing the disproportionate impact on vulnerable groups, such as health workers, young people, and women.

Introduction

In 2017, the adoption of the European Pillar of Social Rights (which we will refer to as the Pillar) by the European Council, the European Parliament and the European Commission, marked a key milestone in building a strong Social Europe. In 2021, an Action Plan was launched to restate the EU's commitment to fostering a fair, resilient and prosperous society for all people across the EU, setting three ambitious goals to achieve by 2030. European cities have played a vital role in turning these goals into reality.

However, in the face of an increasingly complex socio-economic landscape, characterised by rising inflation and cost of living, an ageing population, changing labour markets and persistent social and economic segregation, ensuring inclusion and equal opportunities for all residents has become more critical than ever. The start of a new legislative cycle and the 2025 review of the Action Plan presents a key opportunity to refine and 'localise' its targets.

The role of cities in achieving the Pillar's target

Cities are important drivers of social cohesion and inclusion across Europe. Despite their varying competences in delivering resources, social services and employment support measures, cities have an active role in delivering the welfare state at local level. Since the adoption of the Pillar, many cities[1]. have understood its relevance and started to set up the foundations for strategic alignment between EU social priorities and urban initiatives. Following a hands-on pragmatic approach, cities have been ready from the beginning to work on the ground to turn the Pillar's principles and its Action Plan into concrete actions. Thanks to the Eurocities' InclusiveCities4All political campaign, mayors outlined their cities' ongoing and planned efforts to implement the Pillar via city pledges. As of March 2024, 61 cities across 23 countries have made over 100 city pledges, committing over €15 billion to reduce inequality, promoting social rights, and fostering inclusion, thus strengthening cities' commitment towards a Social Europe. While the Pillar's full set of 20 principles underpins EU-wide social objectives, cities have competences on those most closely tied to education and training, equal opportunities, gender equality, active support to employment, local service provision and social inclusion, childcare, health, housing and access to essential services. The sections below provide an overview of the progress made by cities with respect to the Pillar's relevant principles, based on data collected from the InclusiveCities4All campaign.

Chapter I: Equal opportunities and access to the labour market

Driven by a commitment to education and lifelong learning, EU cities have invested over EUR 97 million in training programmes and infrastructure. These funds support 37 national projects for upskilling young, adult, and migrant workers, alongside the construction or improvement of over 40 public educational buildings, benefiting more than 50,000 people. As reported by the Social Scoreboard, the share of early leavers from education and training in EU cities among youths (8.6% in 2023) is already below the target for 2030, i.e. less than 9%. Indeed, local authorities can address this through community-based educational programmes or support services, thereby disentangling the vicious link between early school leaving and higher local unemployment, risk of poverty, and social exclusion.

As drivers of social inclusion, cities have been instrumental in advancing equal opportunities through targeted policies. Over EUR 323 million has been allocated to ensuring equal treatment in employment, housing, education, and social services, including 45 initiatives focused on minority rights. Cities also champion gender equality, with EUR 1.825 million supporting 35 initiatives for women's rights and safety, along with seven programmes aimed at enhancing women's employment and professional development.

In terms of active support for employment, municipalities have dedicated more than EUR 528,000 to initiatives focused on fostering employment. Overall, 120,000 people in municipalities are going to

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[1] A full list of cities that have pledged can be found at: https://inclusivecities4all.eu/political-campaign/

benefit from new policies enhancing employment opportunities and incentivising reskilling and upskilling. According to Eurostat, 2.927 million young people (aged 15-24) were unemployed in the EU in December 2024, and the youth unemployment rate was 15%. Nonetheless, many urban areas faced higher youth unemployment levels compared to national averages, with the biggest gaps reported in cities in the South of Italy (Taranto, Palermo, Napoli, Messina) and the South of Spain (Cádiz, Córdoba, Granada, Sevilla), all of which exhibited youth unemployment rates higher than 35% in 2023. To tackle these challenges, cities are increasingly taking the lead in piloting innovative policy solutions in support of employment. 'Zero unemployment areas' (ZUA) are gaining traction across Europe: municipalities in France have been actively implementing such measures (Territoires Zéro Chômeur de Longue Durée) since 2016, and Belgium followed suit in 2022.

Innovation for employment at the city level, such as ZUA, has been recognised as an effective bottom-up approach to tackling unemployment in urban areas across the EU, empowering local communities to develop job opportunities tailored to their specific labour market needs. Local actors, including municipalities, businesses, and social enterprises, can collaborate to create sustainable jobs that benefit both individuals and the community. These initiatives focus on inclusive employment, generating roles that might not exist in the traditional job market but address local needs, such as environmental services or social care. This shows the crucial role cities can play in driving innovation for employment. By reallocating unemployment benefits into funding for job creation, ZUA programmes are a cost-effective, sustainable model that strengthens local economies while reducing long-term reliance on social welfare. Their success has reinforced the importance of better, direct funding for local initiatives, as they can offer more adaptable and efficient solutions compared to top-down national policies.

Chapter II: Social protection and inclusion

Although cities are not properly recognised as key actors or stakeholders when it comes to designing social protection schemes, they still play an active role due to their key position in addressing poverty and social exclusion.

Ensuring access to affordable and adequate housing remains both a priority and a challenge for many cities. Falling incomes, precarious work contracts, the unregulated cost of rents, and decreasing investment in social infrastructure have exacerbated urban inequalities. Likewise, upward trends in urban poverty, unemployment, migration and people with mental health issues are also influencing the overall amount of homelessness.[2] Many cities have responded by implementing social housing strategies, rent controls, and homelessness prevention programmes. In Vienna, the SMART Housing programme promotes social integration by incorporating shared community spaces and multipurpose open areas, such as playgrounds and activity zones. In Palermo, the PON METRO programme has led to the establishment of a Social Agency for Housing, which provides housing solutions alongside broader socio-economic integration measures.

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[2] Eurocities (2020) 'European Pillar of Social Rights Cities delivering social rights. Access to affordable and social housing and support to homeless people.'

Based on the 'Housing First' approach, this initiative combines different administrative processes to deliver comprehensive support for vulnerable populations. It tackles the root causes of housing poverty by linking beneficiaries to employment opportunities, education, healthcare, and social inclusion services. The programme serves a wide range of at-risk groups, including young people, families, and older people facing housing insecurity. By leveraging synergies between the European Social Fund Plus (ESF+) and the European Regional Development Fund (ERDF), the initiative demonstrates how integrated approaches can create sustainable housing solutions. Other initiatives include rent stabilisation (Berlin, Leipzig, Riga, Stockholm, Vienna) and measures to encourage the renting of empty housing – for example in Ghent through high taxation of housing units that stay empty for more than one year.

Another example of cities' role in social protection are minimum income schemes.[3] While minimum income remains a national responsibility, cities face rising levels of urban poverty (in 2023, 21.6% of people living in cities were at risk of poverty or social exclusion[4]), especially in the wake of the COVID-19 pandemic. Many cities have implemented local anti-poverty strategies to fill the gaps left by national schemes. EU urban areas mobilised EUR 184 million to limit social inequalities through the implementation of minimum income schemes and the definition of urban regeneration programmes. Barcelona's City Council secured a EUR 9.3 million subsidy from Spain's Ministry of Inclusion, Social Security, and Migration to support social and labour market inclusion for beneficiaries of Spain's basic minimum income scheme. Similarly, Berlin's Solidary Basic Income scheme supports long-term unemployed people by offering public-interest jobs, while Lyon launched a financial assistance programme for young people under 25.

Cities have played a crucial role in advancing social inclusion through targeted investments in accessibility, childcare, and community support. A budget of EUR 41.5 million has strengthened social care and public space adjustments for people with disabilities, with an additional EUR 14.8 million allocated for accessible housing modifications. In Mannheim, a EUR 3.35 million urban resilience project supports single parents, people with disabilities, school dropouts, and migrants. Cities have also led efforts in childcare, with over EUR 558 million invested in infrastructure and services, resulting in 525 new community centres and education facilities. Additionally, EUR 9 million has been allocated to food aid, benefiting 800,000 pupils, further demonstrating the vital role of cities in fostering inclusive and supportive environments.

Moreover, cities have also been central to improving healthcare access and social care. In total, EUR 32.9 million has been allocated to renovating and expanding healthcare services, strengthening mental health initiatives, and introducing new counselling programmes for financial well-being across cities. Cities have also enhanced elderly care, with EUR 20 million invested in expanding long-term care services, reaching 75,000 people and fostering collaborations with social entities and universities. In Finland, the cities of Helsinki, Espoo and Vantaa are leading healthcare reforms to address COVID-19 backlogs.

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[3] Eurocities (2024) Cities social trends paper: Minimum income. Available at: https://inclusivecities4all.eu/
[4] Eurostat (2024) Urban-rural Europe - income and living conditions. Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php?oldid=656968&utm_source=chatgpt.com

With their direct impact on communities, cities are key to turning the Child Guarantee into action and lifting at least five million children out of poverty by 2030, as set out in the Pillar's action plan. Brasov, Zagreb and Ghent have led the way by creating access points to integrated services, introducing free school meals through national support schemes, and providing scholarships for children with disabilities and those at risk of social exclusion.[5]

What's missing? Shortcomings and limitations of the Pillar from a local perspective

A missing urban dimension

One of the most significant limitations of the Pillar is its lack of a territorial perspective. The Action Plan does not sufficiently consider the specific urban dimension of the social challenges it intends to address. Socio-economic challenges are deeply intertwined with local dynamics,[6] but the Pillar focuses on broad social objectives without explicitly anchoring them to spatial inequalities. Even within the Recovery and Resilience Facility (RRF), which, amongst other things, is tasked with advancing the Pillar's objectives, some limits concerning the spatial focus of EU interventions are evident. The milestones and targets agreed between national authorities and the EU rely mainly on national level indicators to track progress, and may miss an urban dimension, thus reducing their impact.[7] Moreover, the reforms and investments in national plans within the social and territorial cohesion pillar focus primarily on enhancing territorial infrastructure and services. Due to cities not being addressed in the drafting of national plans, their policy areas, such as social protection, and providing social housing or other social infrastructures are significantly less addressed through reforms and investments[8]. As the Pillar becomes an increasingly important benchmark for guiding member state reforms, it is crucial to track these changes using granular, local-level indicators to ensure that interventions effectively address the diverse needs of Europe's cities.

A missing just transition dimension

A just transition framework emerged with the publication of the European Green Deal (EGD) in 2019.[9] This framework consists of several EU initiatives explicitly aimed at ensuring that the green transition is socially inclusive, including the Just Transition Mechanism (JTM), the Social Climate Fund (SCF), and elements of the ESF+ and the ERDF. However, while the EGD indicates the Pillar as a reference for

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[5] Eurocities (2024) 'Recognising cities' role in realising the EU Child Guarantee.' Available here: https://eurocities.eu/latest/recognising-cities-role-in-realising-the-eu-child-guarantee/

[6] Rodríguez-Pose, A., and Wilkie, C. (2017). Revamping Local and Regional Development Through Place-Based Strategies. Cityscape, 19(1), 151–170. http://www.jstor.org/stable/26328304.

[7] Begg, I., Corti, F. et al (2023) Social Tracking Methodology for the EU Budget. Directorate-General for Internal Policies.

[8] Martinez, R. and Reviglio, P. (2023) Urban Recovery Watch. Empowering Cities in the EU Green and Digital Transition.

[9] Sabato S. and Vanhille, J. (2024) The European Green Deal and the 'Leave No One Behind' principle: state of the art, gaps and ways forward. Study commissioned by the Belgian Federal Minister for Climate, Environment, Sustainable Development and Green Deal in the framework of the 2024 Belgian Presidency of the Council of the EU, OSE Paper Series, Research Paper No. 63, Brussels: European Social Observatory.

ensuring no one is left behind, the Pillar and its Action Plan – and its implementing tools – currently lack a strong 'just transition' dimension, and clear acknowledgement of the intrinsic links between social policy, territorial and environmental challenges.[10]

When it comes to the tools to advance the Pillar's objectives, only the Just Transition Fund (JTF) and the Modernisation Fund have a marked territorial focus. However, they only place strong emphasis on clean energy production and industrial innovation, and their main focus remains on polluting industries, e.g. the automotive sector and mining. Workers and jobseekers living in nearby areas or the sectors more exposed to the consequences of the green transition are identified as a particularly vulnerable category in the EU's just transition initiatives. But their vulnerability is mainly framed in terms of risk of losing their jobs or low employability in a 'greener' economy. Consequently, there is a major focus on measures for training, re-skilling and up-skilling the workforce, offering little support to those not working.[11] Little or no mention is made to the large numbers of vulnerable groups living in urban areas, or to cities as clearly defined targets of such interventions. Vulnerable groups identified in the Just Transition Mechanism' tools are taken singularly and not considered holistically, in relation to the broader urban context they live in. As a result, without a strong, just transition framework embedded within the Pillar, cities, and particularly their low-income and marginalised communities, may be left behind by climate interventions that prioritise activation measures over social protection.

Not enough focus on civic engagement and co-designing policies with vulnerable groups

The Pillar's framework pays limited attention to broader societal participation, civic engagement, and democratic inclusion. While labour market integration is a key aspect of social inclusion, the ability to participate in society extends beyond economic activity alone. Civic engagement, access to cultural life, to non-commodified public space, and community participation are underexplored within the Action Plan, leaving an imbalance between employment-centred policies and the broader social dimensions of inclusion and well-being. Furthermore, the Action Plan does not recognise the role of local social capital in fostering economic and social resilience. Strong community networks, social ties, and inclusive public spaces are essential for reducing inequalities. Yet, these aspects remain absent from the framework, limiting its potential to create cohesive and sustainable urban communities.

Central to addressing these shortcomings is the recognition that the current framework of the Pillar significantly lacks meaningful participation from vulnerable groups in the design and implementation of social policies. The Pillar overlooks concrete mechanisms and requirements for ensuring that those most affected by these policies are actively involved in their creation. This shortcoming not only undermines the effectiveness of the Pillar but also creates a disconnect between policy development and the lived experiences of those it intends to serve. Meaningful participation of vulnerable groups in policy design and discussions should be a cornerstone of the Pillar, which otherwise risks to never bridging the gap between policy objectives and their tangible impact on the ground.

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[10] Sabato, S., and Grossi, T. (forthcoming) 'Implementing the European Pillar of Social Rights through eco-social policies: governance options,' OSE Paper Series, Brussels: European Social Observatory.

[11] Grossi, T., Rayner, L., Brady, D., Dervishi, X. (2024) The EU Social Agenda and the Future of the Social Pillar. Policy Study. FEPS: Brussels.

Interconnectedness of service provision is missing

Public services are key to the realisation of the Pillar's objectives, as they deliver goods and services at the local level. The mounting pressure on cities' budgets for public schools, social housing agencies, childcare infrastructures, healthcare facilities, and public employment agencies heavily contributes to the under-provision of the services deemed essential to achieve the full realisation of the Pillar. Importantly, while public services should play a more prominent role, they must also be delivered in a coordinated and interconnected manner. While growing evidence suggests that integrated welfare policies enhance each other's effectiveness, the Pillar struggles to acknowledge the interdependence of service provision. High-quality early childhood care has proved to have positive spillover effects, including improved work-life balance, higher female employment participation, and beneficial demographic trends. However, it can also lead to greater levels of equality, social inclusion, and the poorer cognitive development of children, particularly those from disadvantage backgrounds.[12] The intersectionality of contemporary challenges and inequalities calls for more attention to policy interactions in social policy design. The effectiveness of such an approach is often undermined by the fragmentation of EU funding, which remains siloed and restricts the implementation of truly integrated policies. European social policies need to transcend this 'siloed approach,' which has hindered interventions in social areas, often prioritising them only if they align with fiscal criteria. On the contrary, when interventions in areas such as education and active labour market policies are designed to work together, they can create synergies that enhance their impact.[13] To achieve this, EU funding mechanisms must be adapted to support cross-cutting policy initiatives, ensuring financial resources are allocated in ways that enable cities to implement comprehensive and interconnected solutions that address multiple social challenges simultaneously.

Recognising the importance of integrated approaches, cities are increasingly implementing social policies that consider multiple policy areas simultaneously, demonstrating a key ingredient for achieving social inclusion. This holistic approach at the local level should be mirrored by the Pillar. In an era of complex challenges, such as the green and digital transitions, demographic changes, and the rising cost of living, adopting a similarly integrated and interconnected framework at the EU level is crucial for effectively achieving EU's social targets. In Ghent, for example, a system was created for enrolling children in early childhood education and care (ECEC) services to ensure a good mix of children from all backgrounds, provide support for every child, and encourage community involvement. Other cities offer measures that target both children and their families in an integrated way.[14]

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[12] Informal Working Group on Social Investment (2023) 'Social investment for resilient economies.' Available here: https://www.inclusion.gob.es/documents/384697/3692129/IWGSI+-+Working+Document+14112023.pdf
[13] Plavgo, I. (2023) 'Education and active labour market policy complementarities in promoting employment: Reinforcement, substitution and compensation,' Social Policy ad Administration. Volume57, Issue2 Special Issue: Education as Social Policy: New Tensions in Maturing Knowledge Economies.
[14] Eurocities (2020) 'European Pillar of Social Rights: Cities delivering social rights. Early childhood education and child welfare in cities in Europe.' These cities are: Amsterdam, Antwerp, Bialystok, Brno, Ghent, Ljubljana, Netwerkstad, Twente, Palermo, Porto, Stockholm and Warsaw.

Shortcomings of the Social Scoreboard

The implementation of the Pillar is monitored through the Social Scoreboard and the Semester, which also steers its implementation. However, there are notable gaps in the current monitoring framework. One of the main criticisms made towards the Social Scoreboard is that it lacks an intersectional approach and disaggregated data on various characteristics, such as gender, age, ethnicity and socio-economic status. This would better enable the measurement of the impact of policies on various groups, particularly those in vulnerable situations.

For instance, regarding the rights of people with disabilities, the only indicator covers the disability employment gap, which significantly fails to recognise the numerous other barriers that persons with disabilities face.[15]

Another major shortcoming is the lack of clear housing indicators. The Urban Agenda Partnership on Housing identified two key challenges in this regard: first, the limited access to housing market data at regional and city levels, particularly the absence of comparable rental price data, making it difficult to assess affordability and housing cost overburden rates across the EU. Second, the Semester and Social Scoreboard often fail to reflect local and regional housing dynamics. The European Committee of the Regions (CoR) has stated that recommendations on housing are made from a macroeconomic perspective based on national figures, without considering local and regional peculiarities. The existing housing cost overburden indicator (currently defined by Eurostat as the percentage of the population living in households where total housing costs exceed 40% of disposable income) is insufficient for assessing the full scope of housing challenges, particularly homelessness, which is covered under Principle 19 of the Pillar.

Research by the Housing Partnership indicates that the housing cost overburden rate is significantly higher for low-income households and increasingly affects middle-income households in many EU cities. Moreover, the Housing Partnership recommends lowering the reference threshold to 25% of disposable income when measuring housing affordability to better capture financial strain on households. Compounding this issue is the lack of a clear taxonomy for housing affordability, as factors such as energy efficiency requirements and regional cost variations further complicate an EU-wide definition.[16] Linked to this is the lack of a clear taxonomy for housing affordability. While affordable housing is a central challenge for the Pillar, defining 'affordability' remains difficult due to factors such as energy efficiency requirements and regional cost variations.

Another weakness of the Social Scoreboard includes the lack of geographically disaggregated data, as current statistics are primarily national and fail to differentiate between urban and rural realities. This omission obscures the specific challenges faced by large cities, particularly regarding housing, employment, and social inclusion. Additionally, some critical topics are only covered if a member state provides data. For example, Ireland has received significant attention regarding homelessness because it provides national data, whereas equally severe homelessness issues in other member states remain underreported due to a lack of data submission. This creates a counterproductive effect, where

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[15] Grossi, T., Rayner, L., Brady, D., Dervishi, X. (2024) The EU Social Agenda and the Future of the Social Pillar. Policy Study. FEPS: Brussels.
[16] Available here: https://futurium.ec.europa.eu/sites/default/files/2021-02/Housing.pdf

member states can avoid scrutiny by withholding data on social exclusion, ultimately weakening the effectiveness of the monitoring framework.

Governance and funding

The involvement of cities in shaping the Pillar's implementation remains limited, despite the fact that cities and local governments bear not just the costs but hold key statutory competences in social service provision. The lack of structured collaboration between EU institutions and urban actors weakens the governance of social rights.

Moreover, the achievement of the Pillar's targets is hampered by a poor monitoring system which is unable to realistically track the progresses made, resulting in a gap between high-level policy objectives and their on-the-ground implementation. Fostering multilevel governance is therefore deemed as a crucial precondition to safeguard EU policies management at local level. For this reason, a real partnership principle with co-design processes of real added value is key to ensure a proper delivery of EU objectives in urban areas.

This is notably the case for the European Semester, which is supposed to align member states' policies with the principles of the Pillar and its related social policy initiatives. Despite the considerable impact on cities' budgets and investment/reform areas, the European Semester largely remains a top-down and centralised exercise that does not allow cities to contribute to the full alignment with Country-Specific Recommendations (CSRs).

Following the introduction of the new Social Convergence Framework, it is crucial that urban authorities are formally involved in member states' policy interventions, the design, monitoring, implementation and evaluation process of social investments, and reforms falling within cities' remits. The Semester does provide guidance to member states on the priority areas for targeting (social) interventions, and on this basis, it disburses 50% of Cohesion Policy funds for 2026-2027 (the so-called flexibility amount).

However, a clear statement on the rationale used to direct resources to the local level is still missing, with numerous cities advocating for access to increased direct EU funding to address the specific challenges they are confronted with. Most of these cities say that recent trends towards EU financing centralisation made it harder for them to access the necessary resources, and in relation to Cohesion Policy they state that nationally and regionally managed EU programmes often overlook urban needs. They make it clear that even regional operational programmes are often falling short of dedicating adequate resources to urban areas.

This strongly limits cities' ability to deliver on key EU priorities and results in low absorption rates. Additionally, different political agendas and priorities at the national and regional levels might prevent cities from designing operational programmes that effectively address their specific challenges.

Recommendations for the future Pillar's framework

Ensuring the full implementation of the Pillar requires continuous monitoring and evaluation, robust enforcement mechanisms, and adequate financial resources. Moreover, to reinforce the Pillar governance structures must better integrate urban challenges, ensuring alignment with cities' needs and ambitions. While setting targets at the EU level provides strategic direction, achievements must be measured locally, reflecting the realities of cities. Cities are capable of assuming greater responsibility, but they require stronger support. As key actors in social policy implementation, they must be adequately prepared to address future challenges and emerging inequalities and can serve as strategic allies for the European Commission's new initiatives, such as the Quality Jobs Roadmap, the Union of Skills, the upcoming Anti-Poverty strategy and the upcoming Affordable Housing Plan.

Critically, the new Pillar should better reflect current realities, acknowledging the shifts that have occurred since its inception. The post-COVID landscape, marked by significant political, social and economic changes, such as increased energy prices, the housing crisis, and a surge in mental health issues, created new and complex social challenges that are threatening social cohesion, especially at urban level. The Pillar must evolve to address these realities and embed a stronger urban dimension. The following recommendations reinforce commitments to key principles and 'localise' targets to urban needs, ensuring stronger coordination between EU-level policies and city-level implementation.

Adopting a place-based approach in the new Action Plan

Although most of the Pillar's objectives rely on cities' interventions to achieve its targets and deliver them on the ground, the Pillar and its Action Plan fail to systematically assess the territorial impact of its related policies and initiatives. Place-sensitive (or place-based) policies[17] can help reduce disparities in the provision of social services and outcomes and better anchor social policies to sustainable urban development strategies (SUD). Integrating territorial impact assessment (TIA) into social policymaking can help when it comes to understanding the regional differentiation of the impact of EU policies and finetuning the new Action Plan's targets. This can be done via the use of TIA in social policy-making and by integrating relevant indicators into the social scoreboard. One example is an indicator providing a revised definition of housing cost overburden in combination with other indicators, for example as rates of eviction and poverty rates that better consider the realities of the socio-economic situation of EU citizens. TIA can be conducted by collecting and analysing data on a wide range of territorial indicators, such as demographic trends, economic activity, social service provision, and environmental factors. They should not be limited to the territories directly addressed by the policy but should also take into account the potential spillover – that is, a diffusion of the policy outcomes to territories not covered by the intervention. Adopting such approaches would also ensure greater involvement of cities and local actors into policy design for data collection and consultations.

Funding should also be place-sensitive. Cities would benefit from sustained levels of social funding from the EU budget that can support the achievement of the targets of the Pillar and is implemented

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[17] Rodríguez-Pose, A., & Wilkie, C. (2017). Revamping Local and Regional Development Through Place-Based Strategies. Cityscape, 19(1), 151–170.

in partnership with cities. To achieve this objective, it is important that the current Partnership Principle, particularly The Code of Conduct on the Partnership Principle governing Cohesion Policy, should be revised to strengthen its implementation and broaden its scope to other EU policies, especially the European Semester. This can induce reforms that will directly benefit city administrations and budgets.

It is essential that the Semester is compliant with the Partnership Principle by setting up meaningful consultation processes before the validation of CSRs within the Social Convergence Framework. The lack of adequate funding to provide urban support for vulnerable groups stands among cities' major concerns, stressing the need for a targeted approach which disentangles central and local responsibilities, while increasing the funds directed to specific interventions.

An ambitious action plan to tackle the housing crisis in cities

Housing stands as a critical determinant of wellbeing, health, financial stability, and family cohesion. However, growing housing unaffordability is becoming an urgent challenge across European cities. The steep increase in energy and rent prices poses a heightened challenge to those already at risk of poverty and social exclusion. Yet, access to decent and affordable housing remains a challenge due to increasing mortgage payments, high rents, and evictions. A lack of accessible housing is also a significant concern for people with disabilities and young people. Ethnic minorities, such as Roma, experience severe housing exclusion and are frequently pushed into segregated, poor-quality housing with limited access to essential services. Moreover, the recent surge in rents and utilities has not only displaced vulnerable residents from city centres but is increasingly affecting middle-income households.

Tackling the housing crisis requires bold and ambitious actions: while the EU lacks direct competence over housing policy, it wields indirect influence on housing conditions in member states through regulations such as the state aid law, fiscal law and competition law.[18] However, actions like this will only work if the Scoreboard and the Semester put greater emphasis on urban housing challenges and if the new European Commission's Project Group on Affordable Housing[19] manages to systematically involve cities during the design and implementation of the different phases of this work. For instance, the new working group could help the Scoreboard move beyond its limited focus on the housing cost overburden rate and embrace a more comprehensive approach. It would be especially beneficial to include an indicator on social, public and affordable housing, providing more timely, clear and comparable data.

The European Affordable Housing Plan should aim to provide decent and affordable housing for all, preventing and eradicating homelessness, building on Principle 19 of the Pillar and Article 34 of the Charter of Fundamental Rights of the EU.

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[18] The EU has already been addressing the topic of housing through various related initiatives, including the strategy 'A Renovation Wave for Europe,' an affordable housing initiative, revisions of the 'Energy Performance of Buildings Directive,' the 'New European Bauhaus Initiative' and the European Platform on Combatting Homelessness; these should be continued under the next legislature.
[19] https://commission.europa.eu/document/download/8d0173c6-8c41-4032-8eaf-8c73a57b11b1_en?filename=Decision%20on%20the%20establishment%20of%20a%20Commissioners%27%20Project%20Group%20on%20Affordable%20Housing.pdf

A fundamental element for this is the upcoming reform of State Aid rules applicable to housing, which must embrace an EU-wide approach to affordable housing, using the 'housing continuum' as a reference model.[20] This new approach should be integrated into the upcoming reform of State aid and service of general economic interest (SGEI) rules, while also supporting an expanded scope of public financing to address housing needs more effectively. However, the EU housing crisis cannot be solved with public funding alone.

This is why it is important to implement a Social Taxonomy framework to direct private investments toward socially sustainable housing projects, ensuring alignment with EU sustainability and inclusion objectives. For this work, cities must be systematically and meaningfully consulted in the design and implementation of the European Affordable Housing Plan and the State Aid reform, reflecting their crucial role in addressing local housing needs.

Ending homelessness and tackling urban poverty

An EU Council recommendation should be introduced to establish an enabling framework that recognises the role and needs of cities in ending homelessness by 2030. This recommendation should guide capacity-building and partnerships between national contact points and city administrations. To achieve this goal, the mandate of the European Platform on Combatting Homelessness (EPOCH) should be renewed, with a structured work programme providing guidance and funding for local authorities. Importantly, cities have been at the forefront of ensuring the right to housing for all residents through initiatives such as the 'Housing First' approach. This model, which prioritises immediate access to stable housing as a foundation for addressing other needs such as healthcare and employment support, has proven effective in tackling chronic homelessness. Additionally, a stronger focus on prevention and early intervention is essential, including targeted policies to support at-risk individuals before they lose their homes, improved coordination between social services, and mechanisms for rapid response to prevent long-term homelessness. Achieving this objective requires sustained investment in social housing and support services, ensuring that affordable housing options are available alongside integrated support in areas such as income security, healthcare, and mental health services. A comprehensive, multi-sectoral approach is necessary to address homelessness effectively and break the cycle of housing exclusion.

To effectively contribute to the EU's target of lifting 15 million people out of poverty, an ambitious anti-poverty strategy must explicitly acknowledge and address the urban dimension of poverty. Poverty in cities and metropolitan areas often manifests in distinct ways, including spatial segregation, energy poverty, and transport poverty, which require targeted interventions beyond general anti-poverty measures. Urban poverty is not only about income deprivation but also about access to affordable housing, essential services, and mobility. Segregation, both socio-economic and spatial, concentrates disadvantage in certain neighbourhoods, limiting residents' access to education, jobs, and public services. Similarly, energy poverty disproportionately affects low-income urban households, especially in inefficient or unaffordable housing. Meanwhile, transport poverty restricts mobility for those who cannot afford adequate transportation, further deepening exclusion. Access to essential services, such as healthcare, childcare, care for the elderly, assistance for disabled people, and social housing, is often hindered by unnecessarily restrictive State aid rules.

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[20] Figure 2, page 12: Final_action_plan_euua_housing_partnership_december_2018_1.pdf.

A review of the SGEI decision 2012/21/EU would simplify funding for these vital services and adapt competition rules to the current social funding needs of cities. In addition, the future revision of the EU public procurement directives must move away from price-based competition, which can lead to the provision of poor-quality services.

The monitoring of such Council recommendation on minimum income must be further strengthened to address the persistent challenge of limited access and take-up by those who need these services the most. The European Quality Framework for Social Services requires urgent updating. Specifically, it must explicitly address the prohibition of discrimination on grounds of social origin, property, or socio-economic disadvantage. Additionally, the Framework should provide clear guidance on access to remedies when people are denied essential services, with particular attention to third-country nationals who face heightened risks of discrimination. The Framework must also address the digital divide, recognising that most social services are now delivered online. As highlighted in the Council Recommendation[21] on adequate minimum income for active inclusion, both online and in-person access to social services must be ensured to prevent non-take-up and ensure a fair access for all.

A strengthened equal opportunities agenda to fight discrimination

A wider intersectional approach is required to address discrimination and uphold Principle 3 of the Pillar. To achieve a true Union of Equality, it is essential to mainstream an intersectional approach within the renewed Action Plan. Adopting this approach will ensure that policies consider the multiple layers of discrimination people may face, promoting a holistic and more effective strategy for combating prejudice. This requires the collection of quality, disaggregated data.

As it stands, the Social Scoreboard refers only to breakdowns of the indicators by age group, gender, country of birth and disability status (though this is specific to the disability employment gap), omitting racial and ethnic origin, as well as other grounds for discrimination.[22] Enhancing the Scoreboard's effectiveness requires a significant augmentation of data collection practices. Member states should work with cities in both reviewing and following up on equality strategies, acknowledging their pivotal role in designing and implementing national equality strategies. Cities play a crucial role in this effort, having strong data and direct experience in addressing discrimination at the local level. At the same time, the European Disability Rights Strategy 2021-2030 must be strengthened.

Since the current Action Plan only extends to 2025, a comprehensive roadmap for intervention for post-2025 is essential to sustain progress in accessibility, employment, independent living, and ESF+ support. Moreover, a review of the EU's equality strategies currently running until 2030, is of crucial importance, especially if re-designed to include the provision of essential services. This includes reviewing the EU Roma Strategic Framework, and extending those expiring in 2025, such as the LGBTIQ, Gender Equality, and Anti-Racism strategies. This agenda should ensure that equality strategies are designed and implemented with meaningful input from cities, recognising their expertise and direct experience in addressing local discrimination and that essential social services are delivered equitably and inclusively to all residents.

More and better skills for inclusive cities

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[21] Available here: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=oj:JOC_2023_041_R_0001
[22] Grossi, T., Rayner, L., Brady, D., Dervishi, X. (2024) The EU Social Agenda and the Future of the Social Pillar. Policy Study. FEPS: Brussels.

Cities are also at the forefront of skills development, particularly in sectors critical to the green and digital transitions. The construction sector, for example, plays a vital role in scaling up energy-efficient renovations and expanding the housing stock, yet persistent skills shortages hinder progress. Without coordinated investment in both workforce upskilling and the development of social and affordable housing, cities will struggle to meet sustainability targets and maintain housing accessibility.

Cities are key actors in making Europe both competitive and inclusive, playing a crucial role in delivering on the key targets of the Union of Skills and contributing to the achievement of all its targets on building skills for quality jobs and lives, upskilling and reskilling the workforce, circulating skills, and attracting talent.

To continue to achieve these goals, it is essential to anchor the targets of the Pact for Skills and its initiatives within the Pillar, ensuring their social and territorial impacts are effectively tracked. Given the fundamental role of skills forecasting at the local level in closing skills gaps and shortages in crucial sectors, cities must be included in the monitoring governance of skills policies, such as the European Skills Intelligence Observatory and the European Skills High-Level Board.

Across many member states, cities directly manage schools and employ teachers, giving them unique insights into the recruitment, retention, and professional development needs of educators. The revised Action Plan should acknowledge cities' roles as employers in many member states and the challenges regarding the attractiveness of the education sector, thus better involving them in developing the EU teachers' agenda. Their involvement is crucial for creating effective strategies to address teacher shortages and improve the quality of education. The involvement of cities can be particularly helpful in fostering the objectives of the Union of Skills, particularly in setting ambitious targets for adult and lifelong learning, as they are critical hubs of economic activity and often experience the most acute skills gaps.

More broadly, cities are key to reducing youth unemployment. Despite progress, the NEET (not in employment, education, or training) rate remains at 11.2% in 2023, still above the EU's 9% target. Tackling this challenge requires reinforced commitments under the Youth Employment Support Package, particularly the Reinforced Youth Guarantee, which aims to ensure that all young people under 30 receive a quality offer of training, apprenticeship, employment, or continued education within four months of leaving formal education or becoming unemployed. Cities, as the level of government closest to young people, play a crucial role in implementing these measures through targeted outreach, career guidance, and local training programmes. Moreover, dedicated EU funding beyond the RRF is essential for sustaining these efforts, particularly given the disproportionately high youth unemployment rates in many urban areas.[23] While the EU's 78% employment target is on track, greater focus is needed on supporting city administrations in investing in vocational education and training (VET), upskilling, reskilling, lifelong learning, and active labour market policies (ALMPs).[24] This can be achieved by further supporting social innovation for employment and inclusion in city

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[23] Eurostat (2023): Youth unemployment rates in EU metropolitan regions. Available here: https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20230213-1
[24] Akarçeşme, S., Cantillon, B., Gábos, A., Nolan, B., & Tóth, I. G. (2024). 'The prospects of achieving the European social inclusion targets through employment growth: Lessons for the European social agenda' (Working Paper No. 24/07), University of Antwerpen. Herman Deleeck Centre for Social Policy.

administrations, and by providing dedicated, directly and indirectly managed EU funding for city administrations to strengthen local social innovation ecosystems.

There cannot be a successful Competitiveness Agenda or Competitive Compass without proper investment in people, at the skills level, with adequate quality jobs, proper training, and social services. These fundamental elements are all delivered at the city level, making cities critical actors in ensuring European workers and citizens are equipped with the skills and support needed for the twin transition.

A reinforced Child Guarantee

The introduction of the European Child Guarantee demonstrates the EU's commitment to tackling child poverty and promoting equal opportunities for children. By recommending that member states ensure access to and sufficiently fund childcare services and infrastructures, such as housing, education, healthcare, nutrition and childcare, the EU aims to break the cycle of poverty and invest in future generations.

However, the Guarantee should be reinforced with a higher involvement of cities and local actors, to improve the governance of childcare and maximise its impact. This includes, for example, mandatory consultation mechanisms for national coordinators to ensure that city perspectives and local needs are adequately considered in the planning, monitoring and evaluation of childcare investments. A more ambitious target for child poverty is also crucial. To this end, cities should be more actively involved in the monitoring and implementation of the Child Guarantee, for instance by establishing urban-level targets and updating the Social Protection Committee (SPC) and its Indicators' Sub-group (ISG) to include monitoring and evaluation indicators specifically for the implementation of the Guarantee at the local level. Currently, targets are set only at the national level, but strengthening implementation requires local data to ensure effective tracking of progress and to better understand the distributional impact at the city level of childcare investments.

Mainstreaming mental health considerations

While the COVID-19 pandemic was primarily a physical health crisis, it has also had a widespread impact on people's mental health, inducing considerable levels of fear, worry, and concern. The growing burden on mental health has been referred to by some as a 'silent pandemic'. Specific groups have been particularly hard hit, including health and care workers, people with pre-existing mental health problems, younger generations and women. The pandemic also appears to have increased inequalities in mental health, both within the population and between social groups. To curb the rising rates of people suffering from mental health issues, and especially those who are disproportionately hit, mental health policy should be firmly embedded across all relevant principles of the new Action Plan, rather than being confined solely to Principle 16. Mental well-being is deeply interconnected with social protection, employment, and access to essential services, and its links to socioeconomic factors such as job security, housing, and inequality must be explicitly recognised in policy design and implementation.