



DOES SOCIAL ASSISTANCE ENSURE THE MINIMUM CONSUMPTION NEEDS OF PEOPLE LIVING IN POVERTY AND PROMOTE THE LABOUR MARKET INTEGRATION

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SUMMARY

The Importance of the Audit

The reduction of income inequality and poverty requires a system of social assistance, designed to provide persons with insufficient income with the bare necessities of life. Despite the growth of the Lithuanian economy, income inequality and poverty remain among the highest in the European Union. In 2018, the incomes of the 20 per cent of the wealthiest residents of Lithuania were 7.1 times higher than those of the 20 per cent of their poorest compatriots. Over the past two years, the at-risk-of-poverty rate has remained high (in 2017 and 2018, the at-risk-of-poverty rate was 22.9 per cent, while the level of absolute poverty went down by 2.7 per cent in 2018 and reached 11.1 per cent).

The OECD and EC have noted that even though, during the past several years, Lithuania has implemented certain important poverty-reduction measures (such as increasing the level of state-supported income, instituting universal child benefits, making improvements to the legislation related to social assistance benefits, etc.), the adequacy of social benefits has remained relatively low, the standard of living of the poorest households did not change in any significant way, and the impact on the reduction of income inequality still falls below the EU average. Given the failure to collect information on the advantages and services provided to Lithuanian residents, it is not possible to assess the extent to which these measures have reduced the poverty level.

Studies have shown that, given high levels of poverty, societies incur significant economic and health care costs, as well as those related to the social system – the poor are unable to fully participate in the life of society, and their children have a lower chance of learning and realising themselves.

In acknowledgement of the importance of the system of social assistance in ensuring the required or at least the minimum consumption needs, protection of the poor, and in order to assess the effectiveness of the system of social assistance, namely – its accessibility, empowerment potential, and adequacy, the National Audit Office has conducted a performance audit.

The Objective and Scope of the Audit

The objective of the audit was to assess whether the system of social assistance designed for the poor is sufficient to provide said persons with the minimum consumption needs, and whether municipalities have implemented any measures intended to promote the poor to enter the labour market.

The audit was based on the assumption that systems of social assistance are effective only if they are: accessible – persons are provided the opportunity to receive all the information on social assistance they require, to be identified, and, if necessary, to receive assistance; empowering – social assistance encourages persons capable of re-entering the labour market to integrate back into society; and adequate – effective at ensuring the minimum consumption needs. For there to be the possibility of adjusting it to changes, the system must be continuously monitored and assessed.

The key questions of the audit were as follows:

- is the system in place informative and capable of identifying the poor in need of social assistance? (accessibility);
- are the poor, following their identification, provided with complex assistance and encouraged to enter the labour market and integrate back into society? (empowerment);
- does the complex social assistance provided to the poor succeeds in ensuring their minimum consumption needs? (adequacy);
- is there a mechanism in place for monitoring and assessing the system of social assistance?

Audited entities – the Ministry of Social Security and Labour, responsible for the development of public policy in the area of social assistance, and municipalities, responsible for the arrangement and provision of social assistance to residents (audit procedures were conducted in 12 municipalities in total).

Information and data were collected in accordance with the following methods – case studies of 426 recipients of social assistance; surveys of all the municipalities, social workers, and residents; communication with scientists and non-governmental organisations; and analysis of the data provided by the Employment Service and Statistics Lithuania, as well as national and international research and analyses.

Audited period – 2017-2018. In some cases, for the purposes of assessing tendencies and procedural changes, we have also made use of data on years prior to the aforesaid.

The audit was carried out in accordance with the Public Auditing Requirements and the International Standards of Supreme Audit Institutions. A more detailed description of the scope and methodology of the audit is provided in Annex 2, “The Scope and Methodology of the Audit” (p. 46).

Main Results of the Audit

The system in place fails to ensure the minimum consumption needs of the poor, while municipalities provide assistance without having regard to individual needs, and fail to assess information on all available services and advantages, which prevents them from successfully coordinating the individual forms of assistance (benefits, advantages, and services) and deploying measures designed to encourage residents to seek employment. Information on social assistance is provided to the public in a complicated manner, and there is a lack of measures for the identification of the poor, which prevents the creation of conditions whereby all those in need of social assistance could receive it. Furthermore, there are insufficient assessment indicators and methods for the analysis of the impact of social assistance at the national and municipal levels.

1. Information and Identification Measures and the Process for the Provision of Social Assistance Fail to Ensure their Accessibility

The public should be informed about social assistance in a clear and understandable manner, yet the current information measures lack duly systematised, relevant, regularly updated, and conveniently accessible information on all types of social assistance, as well as the amounts, and the conditions applicable to their provision and receipt. This leads to the failure to provide residents with the conditions necessary to receive information and exercise their rights to social assistance. Municipalities should take all the measures necessary to ensure that social assistance is provided even to those impoverished persons who have not applied for it. Less than half of the municipalities have indicated their efforts to identify such persons by way of cooperation with NGOs, different communities, and law enforcement, education, and health care authorities, yet the aforesaid initiatives remain rare (Sub-Section 1.1, pages 14-19).

In order to simplify the assistance provision procedure, residents should have the opportunity to submit applications for assistance in an electronic format, yet for some types of social assistance such an option is still unavailable. To receive assistance, residents are required to submit supporting documents, while municipalities still lack access to E. Health, and the Lithuanian Courts Information System. This reduces the opportunity to increase the speed of assistance-related decision-making (Sub-Section 1.2, pages 19-21).

2. Failure to Make use of all the Opportunities to Meet the Individual Needs of Persons and to Integrate them into the Labour Market

Assistance is provided without having regard to the individual needs of persons, and different types of assistance are not coordinated

When providing assistance, municipalities fail to assess whether the types of social assistance provided are likely to ensure the minimum consumption needs and integrate persons capable of working into the labour market. Municipalities are not obligated to draw up assistance plans for the purposes of coordinating different types of assistance – none of the municipalities have been found to conclude said plans or consider individual needs. Financial benefits are prioritised above all – in assessed cases, payable benefits and compensations have been duly provided, yet the provision of advantages and services was rare (observed in 2.3 per cent, each, of the assessed cases). All information on recipients of assistance is logged in multiple information systems, data accumulated in different systems is not integrated, and all information is stored on paper files by each individual type of assistance. This makes it more difficult for municipalities to make decisions regarding social assistance, coordinating its different types, and making the necessary decisions (Sub-Section 2.1, pages 22-26).

Municipalities fail to dedicate sufficient attention to the provision of social services

Even though social services are necessary for assistance to encourage persons capable of returning to the labour market to integrate back into society, municipalities fail to identify the actual needs of residents – when concluding social service plans, 50 of the municipalities did not survey residents, 45 municipalities did not survey NGOs and elderships, and another 45 relied on data from previous years. Municipalities fail to provide information on social services in the information system – not one of the municipalities provided data on all 30 types of services, and 22 provided information on no more than 5 types. For this reason, both municipalities and the Ministry lack information on which services should be developed in order to meet the minimum consumption needs of residents (Sub-Section 2.2, pages 26-28).

Municipalities fail to make use of available measures to promote employment

A significant proportion of recipients of social benefits become dependent on the system of social assistance: in 2018, 46 per cent of such persons received social benefits continuously for over a year, and 36 per cent received them intermittently for more than 5 years. Municipalities had the opportunity to pay additional benefits to persons who have gained employment, thereby encouraging their participation in the labour market, yet most of them did not make any use of it: in 2018, such benefits were paid to only about 18 per cent of the aforesaid persons. The main reasons for this are the lack of information provided to the public and restrictive legal conditions applicable to recipients of benefits who have gained employment. When implementing employment programmes, municipalities have the capacity to provide a variety of social inclusion services and assistance to persons who wish to become established in the labour market, yet many of them limit themselves to temporary employment: in 2018, upon graduating from the

programme, 17 per cent of unemployed persons succeeded in gaining employment, yet 3 months later only 6 per cent (or, in the case of 13 municipalities – 0) of them were still in the labour market (Sub-Section 2.3, pages 28-33).

3. Social Assistance Fails to Ensure the Minimum Consumption Needs

Even though the purpose of social assistance is to ensure the minimum consumption needs of residents, upon comparison of the total assistance provided to persons selected from the list of recipients of social assistance with the amount of the minimum consumption needs, it is evident that, in the 1st half of 2018, 86 per cent of persons/families (households) did not have their minimum needs met, which is down one per cent as compared to the 2nd half of 2017 (87 per cent). We note that municipalities have calculated and submitted the values of social services and advantages only for the purposes of the audit, but they do not do so when providing benefits. In 2017, benefits ranged between 125 and 230 Eur per person on average, and between 130 and 270 Eur in 2018, dependent on the type of household. In the assessed cases, the minimum needs of single persons were neglected the most: in 2017 and 2018 only 4 and 3 per cent of single persons, respectively, had their minimum needs met; the least neglected were large families: in 2017, 41 per cent of such families had their minimum needs met, going up to 56 per cent in 2018. The above situation leads to the failure of creating the conditions necessary to meet the basic needs of residents (Section 3, pages 34-37).

Municipalities, who bear the responsibility for providing social assistance, fail to make use of approximately half of the funds allocated to their budgets for the provision of social benefits provided by the law (in 2018, 223 million Eur were allocated, but only ~106 million Eur were used), even though the demand for other means of social assistance (e.g., services and other financial benefits) remains unmet. In 2018, the funds allocated to them under the law for the purposes of providing social benefits amounted to 57 per cent of their social security budgets. The proportion of municipal funds allocated to social security went down from 20 per cent in 2012 to 12.95 per cent in 2018. The overall increase of municipal budgets was used for increasing educational, economic, health care, recreational, and cultural expenditure (Section 3, pages 37-38).

4. The System for Assessing Social Assistance Fails to Demonstrate its Effectiveness at the State and Municipal Levels

No decision has yet been made regarding which indicators to monitor and what analyses to perform for the purposes of measuring the effectiveness and impact of social assistance. There are currently no target or recommended indicator values in place within municipalities for gauging the effectiveness of social assistance measures. The level of poverty at the municipal level is neither monitored, nor assessed, and the indicators specified in strategic documents fail to demonstrate the impact of implemented measures, or are lacking altogether (Section 4, pages 39-41).

Changes which took place during the audit

The Ministry is currently implementing three projects designed to accomplish the following:

- provide municipalities with the conditions necessary for more rapid decision-making regarding social assistance and the coordination of the different types of assistance (projects “Development of the Electronic Services of the Information System of Social Assistance for Families” and “Improving Accessibility to Social Assistance);
- provide employment promotion and motivation services to help residents enter the labour market (a pilot project in six municipalities);
- develop an analytic, forecasting, and organisational model designed for the monitoring and assessment of the effectiveness of the social assistance system (the project “Development of a System for the Forecasting of Assistance Policy Changes, Decision-Making, Coordination, and Effective Monitoring”).

Recommendations

To the Ministry of Social Security and Labour

1. In order for social assistance to ensure the minimum consumption needs and individual needs of the recipients, as well as to promote integration into the labour market, municipalities should implement the social assistance complex provision model. This requires the development of measures which, upon implementation, would allow municipalities to set, plan, and monitor the effectiveness of social assistance provided to specific persons or families (audit results 2 and 3).
2. In order to increase the accessibility of social assistance and ensure provision of clear and easy-to-understand information to the public, as well as to improve the convenience of the provision of social assistance and ensure that it reaches all those who need it:
 - 2.1. provide the commonly used information channels with information on all the types of assistance by each specific life situation (audit result 1);
 - 2.2. improve information systems so as to ensure the possibility of filing applications, drawing up personal files, and accessing missing registers or information systems (audit result 1).
3. In order to ensure that persons capable of working are able to integrate into the labour market, and encourage social engagement in persons who are not capable of doing so:
 - 3.1. revise the methodology for social assistance plan conclusion – set a detailed procedure for identifying the demand for services (audit result 2);
 - 3.2. prepare legislative amendments, having regard to the conditions for providing additional social benefits upon employment and the practice of their implementation (audit result 2).

4. In order to implement evidence-based policies, make justified decisions and analyse the impact of the implemented measures and investment on social well-being:
 - 4.1. improve the system designed for the monitoring of the effectiveness and impact of state social assistance (audit result 4);
 - 4.2. develop a system for the measurement of the effectiveness of social assistance provided by municipalities (audit result 4).

To Municipalities

Municipalities perform autonomous functions in the area of social assistance and have been granted extensive powers. When implementing defined policies, municipalities must ensure that social assistance reaches all those who require it, ensures the minimum consumption needs, and integrates persons capable of working back into the labour market.

Municipalities should assist the Ministry in its efforts to implement the public audit recommendations by improving the public information procedure, as well as the procedure for identifying the poor, providing social services which meet the actual needs of residents, and being more pro-active in exercising their rights to provide persons with additional assistance and assessing the impact of the use of resources on social indicators. In order to increase the impact of the audit, its results were submitted to municipal administrations and municipal control and audit services.

Measures and deadlines for the implementation of recommendations are specified in "The Plan for the Implementation of Recommendations" (p. 42).