



Mutual Learning Programme

DG Employment, Social Affairs and Inclusion

Peer Country Comments Paper - Spain

Social and employment services: we don't know each other, but we share a responsibility and need to foster cooperation

Peer Review on "Way to work – strengthening the links between active labour market policy measures and social support services"

Vilnius, Lithuania, 11-12 June 2018

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1 Introduction

This paper has been prepared for the Peer Review on "Way to work – strengthening the links between active labour market policy measures and social support" within the framework of the Mutual Learning Programme. It provides a comparative assessment of the policy example of the host country (Lithuania) and the situation in Spain. For information on the host country policy example, please refer to the Host Country Discussion Paper.

The issues discussed and the policy presented by Lithuania are of utmost interest for Spain due to the high rate of long-term and very long-term unemployment in Spain and the social difficulties that these persons face. Other barriers to employment, such as family responsibilities, are hardly addressed by employment policies. As a result of the economic and financial crisis, the profile of social services users has changed and the presence of persons without severe social problems, but only those derived from long unemployment and lack of income, has increased. These persons show levels of employability that, with adequate social *and* employment support, would allow them to re-enter the labour market. The European Council has repeatedly recommended Spain during the last four years, in different wordings, to "reinforce the coordination between regional employment services, social services and employers, to better respond to jobseekers' and employers' needs. (...) Address regional disparities and fragmentation in income guarantee schemes and improve family support, including access to quality childcare" (Council Recommendation on the 2017 National Reform programme of Spain).

2 Labour market situation in Spain

2.1 Labour market context and trends

The economic and financial crisis hit the Spanish labour market severely, unemployment rate hit a peak in 2013, along with GDP evolution, that started to grow again in 2014. The unemployment rate of the less skilled is more than 2,5 times the one of the highest skilled, and its weight over total unemployment during the period has been stable. Yet, as of today, over half the unemployed have attained utmost lower secondary educational level.

Over the years of the crisis, the share of long-term (over 1 year) and very long-term unemployment has gained importance, particularly the latter one. After some improvement along with the economic recovery since 2014, according to the most recent data, 52% of unemployed have been in this situation for over one year and 40% for over two years. In parallel, inactivity has increased among men between 2008 and 2014 (+9.6%), particularly among those with upper secondary and post-secondary non-tertiary education (+37.5%), but has decreased among women (-16%), particularly among those with less than lower secondary education (-30%).

The barriers to employment faced by the unemployed are multiple and combine in varied ways, which requires similarly varied services that need to combine also differently. The report *Faces of joblessness in Spain* (Browne and Fernández, 2016) identifies 13 profiles of unemployed and estimates the share of unemployed and inactive persons with more than three barriers at 45%. The 13 groups identified and their weights are:

1. "Labour-market inactive women with low education and weak financial incentives" (14% of those with no or weak labour market attachment)
2. "Unemployed prime-age adults with low work experience" (13%)
3. "Experienced but low-skilled unemployed men" (11%)
4. "Well-educated prime-age adults with weak labour market attachment" (9%)

5. "Early retirees with weak financial incentives" (9%)
6. "Unemployed women with low work experience" (7%)
7. "Low-skilled women in unstable jobs" (6%)
8. "Labour-market inactive mothers with low work experience" (6%)
9. "Low-skilled individuals with health problems and high levels of earnings-replacement benefits" (5%)
10. "Educated parents in short-term unemployment or working part time" (5%)
11. "Unemployed youth without any past work experience facing scarce job opportunities" (5%)
12. "Unemployed mothers actively looking for work but facing scarce job opportunities" (4%)
13. "Short-term unemployed men with high earnings-replacement benefits facing scarce job opportunities" (4%)

2.2 Policy context

The territorial organisation of Spain has a high degree of decentralisation of employment and social services through 17 Autonomous Communities (AACC) (and 2 Autonomous Cities), as foreseen in the Spanish Constitution (art 148). The **distribution of relevant competences is as follows**: on the one hand, employment legislation and management of unemployment benefits and subsidies are competences of the state Ministry of Labour and Social Security (MLSS); the Public employment Services (PES) on national level is responsible for managing unemployment benefits and subsidies, some active policy measures, it is also responsible for distributing funding among the Autonomous Communities, coordination, control and for elaborating the Employment Activation Strategy and the annual Employment Policy Plans (PAPes); management of ALMP is responsibility of the regional ministries of employment and the regional PESSs. On the other hand, legislation and management of social services are exclusive competence of the 17 regions and the Ministry of Health, Social Services and Equality (MHSSE) has only very marginal responsibility. In particular, the regions have set up means-tested minimum income schemes that support, among other collectives, long-term unemployed who have exhausted their unemployment benefits / subsidies. Regional social services manage also other economic benefits, such as housing, energy or meals costs. At the local level, municipalities over 20,000 inhabitants are responsible for delivering social services; in smaller municipalities these are organised either by the autonomous communities or by supra-municipal local entities (*diputaciones, cabildos, etc.*).

At national level, coordination between both ministries is weak, given the lack of competences of the latter. However, in 2010 a Network for Social Inclusion (*Red de Inclusión Social, RIS*) was set up, co-funded by ESF, with the aim to promote coordination between employment and social services. The RIS has since then been active in fostering coordination, as will be further explained below. At regional level, increasing attention is being devoted to the issue and some interesting experiences exist already (see next section). However, coordinated delivery of services is rather the exception in Spain.

3 Assessment of the policy measure

3.1 Similarities and differences with the Lithuanian experience

ALMP measures are roughly similar in Lithuania and Spain, with the difference that, as explained, they are managed by the regions, and the municipalities have, in principle, no competences¹. Also, **primary social services provision is roughly similar**, although provided by the regions and the municipalities larger than 20,000 inhabitants².

In Spain, employment services provide ALMP to registered unemployed, mostly during the time they are entitled to unemployment benefit or subsidy. After exhausting state employment benefits, these persons may be entitled to the regional minimum income. In general, beneficiaries are required by the regional social services to be registered with the regional PES, but the regional PES usually does not know if a person is receiving a regional minimum income or other type of social support. As for the social services, they cannot provide the recipients of regional minimum income with activation support measures and referrals of beneficiaries from the social services to PES are not always effective.

A national common ALMP information system exists (called SISPE) with comparable employment information of individuals of all regions. However, the national information social services system (called SIUSS) is not implemented in all regions and is not so widely used in the regions it is implemented. Instead, regions have their own social services information systems. At regional level, some experiences exist that timidly share information about users of both employment and social services.

Similar to the Lithuanian CIA model, PES on national level is at present developing a **profiling tool** for registered unemployed. It would be of utmost interest that this profiling tool included an assessment of employability / social exclusion that allows planning of both employment and social resources and coordination. It would also be of utmost interest that the social services were involved in the technical development of this profiling tool.

Also similar to Lithuania, **specialised social NGOs** play a very important role providing employment support to people far away from the labour market. Both employment and social services outsource regularly the implementation of integrated pathways for individuals referred by either employment offices or social services centres. However, two challenges exist in this respect:

- firstly, the management of the information about the beneficiaries: NGOs are often reluctant to share it and the public information systems are not usually prepared for external agents (NGOs) to access, consult and introduce information;
- second, NGOs usually work on competitive project-linked calls for grant basis, more and more results-oriented: this makes NGOs compete for different uncoordinated funding sources, which reduces inter-NGO cooperation, encourages "hold onto" clients, rather than collaboration among stakeholders³

¹ However, both the MLSS and the regions transfer funds to the municipalities for them to implement employment related programs, which the municipalities would complement with their own resources, as possible. This results in large disparities between municipalities.

² There are over 8,000 municipalities in Spain, out of which 6,800 have less than 5,000 inhabitants, gathering 20% of the population in 2017) and 400 more than 20,000 (with the remaining 80% of the population). Source: INE, Population Census.

³ European Commission (2018), "Supporting effective outreach to vulnerable NEETS. Experiences on the ground" (forthcoming)

and results in people in need falling through in the breaks between funding rounds until the new funding is confirmed.

Thus, apart from the RIS, implemented at national level, the policy measures in Spain are adopted at the regional or local level. In the cases where a coordination approach has been addressed, this tends to address the same issues as Lithuania, although with large differences among regions as will be detailed in next section. Also, recently, some regions are reforming their minimum income laws by, among other issues, reinforcing what it is called the dual right (and obligation) to a minimum income and to integrated pathways towards employment. Effective implementation of these new laws face the challenge of coordinated delivery of services.

3.2 Comparative examples of policies

3.2.1 The national Network for Social Inclusion (RIS)

At national level, the Network for Social Inclusion (RIS), set up in 2010 with support of ESF, is jointly managed by the MLSS and the MHSSE and is participated by the regional ministries for employment and social services, social partners, municipalities and large NGOs⁴. The objective of the RIS is to promote changes in the design and implementation of employment and social inclusion policies so as increase effectiveness in the access to employment of persons further away from the labour market. To achieve this objective, it promotes:

- knowledge exchange among its members;
- identification and analysis of good practices;
- joint capacity building for professionals of employment and social services so as to improve mutual knowledge, common understanding and language;
- analysis of information systems of employment and social services so as to ease /improve their connection;
- analysis of transitions to employment by minimum income recipients;
- thematic studies about issues related to poverty and employment.

Three tools have been designed by two working groups within RIS: a conceptual model for integrated services that places the person at the centre of the intervention; a model for integrated pathway towards employment for persons far from the labour market⁵ with participation of both employment and social services; a methodology for designing a coordination protocol. These three tools have proved inspirational for some of the regions, which have started to design and implement their own coordination process.

Having been highlighted as good practice by the ESF Managing Authority, the work of the RIS is based on *soft* coordination, i.e. on exchanging information, views on common problems and ways to better address them, where impact is usually very slowly produced.

3.2.2 Basque country reform of management of regional minimum income

A second interesting experience implemented in the **Basque Country** in 2011 consisted of transferring the management of the regional minimum income from the local social

⁴ More at www.redinclusion-social.es

⁵ This can be the result of structural difficulties faced by the person (dysfunctional family background, -gender based- violence, addictions, physical, psychical or mental disabilities or other social problems that the person away from the labour market) or labour related difficulties, such as long-term unemployment, low qualification or limited labour experience. In the context of the RIS, no specific definition has been elaborated.

services -with no/little employment activation resources- to the regional PES (Lanbide) (González-Gago, 2018). One of the main objectives was to foster activation of recipients of the minimum income by referring them to the regional PES offices and by obliging PES to **adapt ALMP measures** to the needs of their new "clients". **Coordination protocols** were designed to guarantee adequate social support when needed. One important element of the reform is the implementation of the so-called "**employment incentives**", allowing a recipient of the regional minimum income to engage in paid formal employment up to the amount of the income received. In these cases, the benefit is reduced by a quantity which is always below the labour income received to ensure that it always pays off to work.

Despite serious initial difficulties in implementing this major reform, due, among other things, to its coincidence with the economic crisis and also to political weakness of Basque Government, it has proved to be effective in providing employment support to persons who had hardly been previously in contact with the labour services. Interestingly, a cost-benefit analysis proved that the reform has contributed to increase the transition rate of recipients to the labour market and diminished the cost of the intervention (Márton & Fertig, 2018).

Even though the delivery of ALMP and the management of the regional minimum income is integrated in one institution (Basque PES), it still needs to improve coordination between employment and social services to be able to provide integrated employment and social services support.

3.2.3 Coordination protocol in Murcia

Another interesting experience is being developed in the Spanish **southeast region of Murcia**. A **protocol** has been recently signed between the regional department responsible for social services and the regional PES, after two years of joint work. Based on a **common understanding** of social exclusion and employability, coordination is articulated with a tool that registers the quantitative and qualitative assessment made by social services professionals about the level of social exclusion and employability of their users. Accordingly, in Murcia, persons are grouped into three categories:

1. Pre-employability level, where social services have to work with the person;
2. Medium level, where both social services and employment have to work jointly;
3. High employability level: only employment services are needed.

Information produced by the social services and employment has not been integrated, but the protocol foresees that persons with medium or high employability level are registered in the PES information system as such. As a result, the regional PES counts with a reliable estimation of the number of persons in or at risk of social exclusion in order to plan the services it can provide them. Moreover, it has been agreed that each employment office counts with an **employment counsellor specifically trained** and devoted to attend and accompany vulnerable persons, acting as a tutor. Social services and NGOs derive persons to these counsellors, who are also in charge of connecting services.

Finally, efforts have been devoted to **communicating and training** employment and social services professionals about the protocol, its impact in the daily work and the need to coordinate.

3.2.4 Coordination in Castilla y León

In **Castilla and León**, the largest Spanish region in terms of surface, the coordination approach is slightly different as in the other cases explained. Thus, a common information management system has been established in the region and all 2,250 municipalities (Unified Access System to Social Services, SAUSS) serving as the basis for a unified social services system. Employment professionals have partial access to this system to check monthly data of recipients of the regional minimum income; in

turn, when requested by the social services, employment professionals provide them with the individual's employability assessment to allow social services to improve their capacity to adapt to the individual's needs. When the person is in a pre-labour stage, social services provide basic social and labour intervention to him/her; if the person has a higher employability level, then a more complex itinerary is designed, including vocational training, and the person is directed to an NGO. As in the Basque country, this region has established a system of **"employment incentives"** compatible with the regional minimum income to ensure that working always pays off. The region is at present working, with ESF EASI support, on a **profiling tool** allowing anticipation of needs and planning of resources.

3.3 Challenges

The complex institutional setting of public employment and social services delivery by both the state, regions and municipalities poses a major coordination challenge for Spain in its daily policy making and implementation.

Despite some coordination channels among the national and regional ministries of employment and social services, difficulties arise related to their different concepts and approaches.

- they address the needs of persons with vulnerabilities with **different approaches and goals**, usually not in a complementary and reinforcing way. The professionals of the two fields **speak different languages** and **they do not know each other well**, in particular, they often do not know the resources and measures available in the other department to work out coordination or integration mechanisms;
- the existing **statistical and administrative information** produced in the two fields is rarely shared and thus whole picture of the beneficiaries' needs is lacking. Adding to this, **insufficient knowledge of the regulatory requirements for personal data protection** is making entities involved reluctant to share information about the beneficiaries, which is a barrier to the effective coordination and integration of the services.
- the current labour market developments and the increase of **precarious jobs** (temporary, part-time, poorly paid), in particular for the lowest skills and most vulnerable, is a challenge for achieving sustainable labour access and permanence. Instead, continuous spells in employment, unemployment benefits/subsidies/social income/services risk to become the rule for vulnerable persons.
- the budget, general knowledge and social perception of employment policies and services are higher and better than those of the social services policies. This is also reflected in the political level, which is an important barrier for effective peer to peer coordination.
- coordination and integration of employment and social services needs to occur in the local level in larger than 20,000 inhabitants' municipalities. The local level would, in principle, be an adequate field to implement coordination between employment and social services, however, municipalities are not competent and do not always count on sufficient employment policy resources, so that, again, coordination with and funding from the respective region or the state is needed.
- cooperation and coordination among different ministries or regional /local departments face difficulties related to daily work in silos practice, political unwillingness to share responsibilities and lack of staff's capacity to coordinate. Indeed, only rarely is coordination planned, assessing explicitly the time, budget and capacities needed for it.

- In this context, sound monitoring and evaluation of coordination efforts and practices and of the impact of coordinated intervention is only very timidly being introduced in some regions.

4 Questions

- What is the estimated work-load and cost of case managers? That is, what will be the financial investment of the government to municipalities and labour territories?
- How will the integrated information system (IS) be designed and implemented (e.g. integrating current labour and social services databases)? Can you please explain more how the profiling of individuals will be elaborated and used? Will it also lead the case manager / beneficiary to a determined package of services?
- Will the monitoring and evaluation system be based also on the IS and profiling?
- In Spain, social perception of employment and social services by citizenship is different, which has to do with stigma (i.e. being unemployed -thus in an employment office- is not so grave as being (at risk of) socially excluded). Is this the case also in Lithuania? Is there a difference foreseen as if a person enters the CIA through a municipality or through a labour exchange?
- Are there capacity building and wide communication efforts foreseen? If then, which contents, target groups, intensity...?

5 List of references

- Browne and Fernández, 2016, Faces of joblessness in Spain. Anatomy of Employment barriers. Paris. Publisher, OECD
- European Council, 2017, Council Recommendation on the 2017 National Reform programme of Spain
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- Márton, C. and Fertig, M. (2018), "Integrated social services for activating minimum income recipients: success factors and reform pathways", final conference of the Project in Brussels, 8th March 2018. Forthcoming document, presentation available at https://docs.wixstatic.com/ugd/470ba3_8a2b582db465400c93700c9d3a0a6c1b.ppt?dn=3_IDSS_Study_results_Cost_benefit_Marton_Csillag%5B1%5D.ppt

Annex 1 Summary table

The main points covered by the paper are summarised below.

Labour market situation in the peer country

- The economic and financial crisis hit the Spanish labour market severely, unemployment rate hit a peak in 2013 at 26%. The unemployment rate of the less skilled is more than 2,5 times the one of the highest skilled; over half the unemployed have attained utmost lower secondary educational level.
- After some improvement along with the economic recovery since 2014, according to the most recent data, 52% of unemployed have been in this situation for over one year and 40% for over two years.
- Inactivity has increased among men between 2008 and 2014 (+9.6%), particularly among those with upper secondary and post-secondary non-tertiary education (+37.5%), but has decreased among women (-16%), particularly among those with less than lower secondary education (-30%).
- The barriers to employment faced by the unemployed are multiple and combine in varied ways. The report *Faces of joblessness in Spain* (Browne and Fernández, 2016) identifies 13 profiles of unemployed who would need different combinations of services.
- The share of unemployed and inactive persons with more than three employment barriers is estimated at 45% of unemployed and inactive persons.

Assessment of the policy measure

- The complex institutional setting and competences' distribution among the national, regional and local levels and the little policy coordination culture and experience in Spain is a challenge. However, some experiences exist that are paving the way for more and better coordination of employment and social services. These experiences share the general approach and some specific elements with the Lithuanian model but differ from each other.
- The national **Network for Social Inclusion** is participated by national and regional ministries of employment and social services, municipalities, social partners and NGOs. It aims to promote coordination between employment and social services, through debates, working groups and joint capacity building for staff of both policies.
- Through a reform in the Basque Country, the regional PES assumed the management of the regional minimum income, approaching thereby recipients of the benefit, usual "clients" of the social services, to the ALMP provided by the PES. An "employment incentives" has been implemented that are compatible with the minimum income, ensuring the working pays always off.
- In Murcia, a **protocol** has been recently signed between the regional department responsible for social services and the regional PES, after two years joint work. Based on a **common understanding of social exclusion and employability**, the regional PES counts with **reliable estimation of the number** of persons in situation or at risk of social exclusion so as to plan the attention it can provide them. Thus, each employment office counts with an **employment counsellor** specifically trained. Efforts have been devoted to communicating and training employment and social services professionals about the protocol.
- In Castilla y León, social services and employment exchange information and this allows social services to improve its capacity to adapt to the individual's needs. When the person is in a pre-labour stage, then social services work basic social and labour intervention with him/her; if the person has a higher employability level,

then a more complex itinerary is designed, including vocational training, and the person is derived to an NGO. The region has also established a system of "employment incentives" that ensures that working always pays off. Moreover, it is at present working, with ESF EASI support, in a **profiling tool** allowing anticipation of needs and planning of resources.

Questions

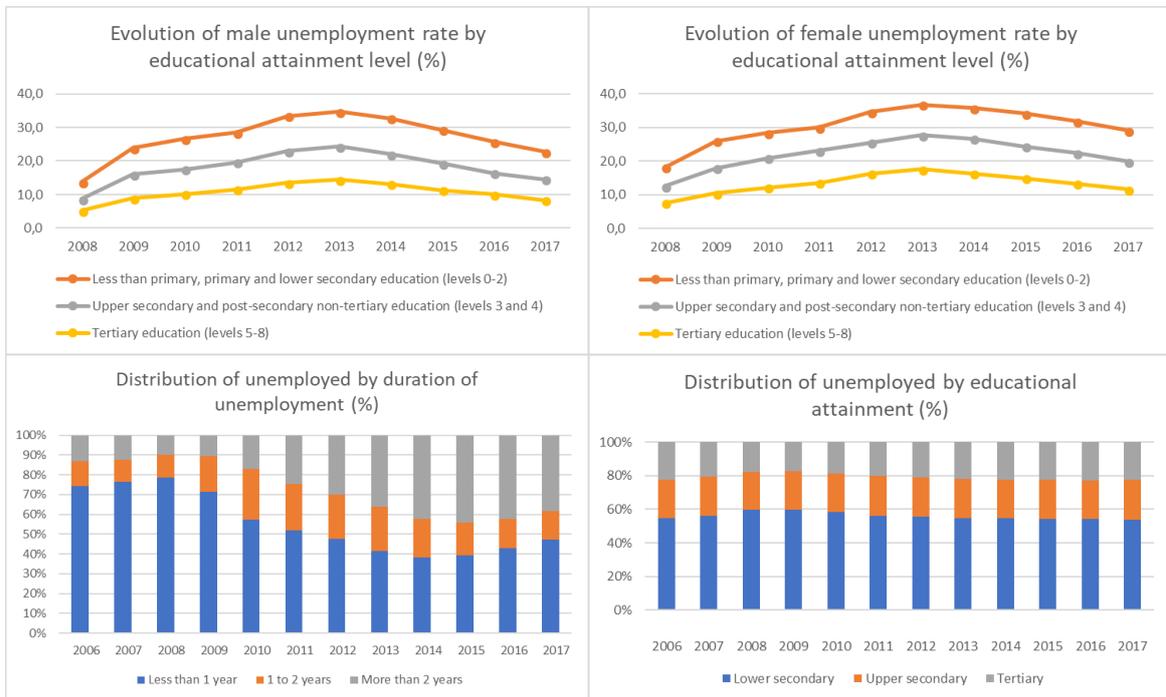
- What is the estimated work-load and cost of case managers? That is, what will be the financial investment of the government to municipalities and labour territories?
- How will the integrated information system (IS) be designed and implemented (e.g. integrating current labour and social services databases)? Can you please explain more how the profiling of individuals will be elaborated and used? Will it also lead the case manager / beneficiary to a determined package of services?
- Will the monitoring and evaluation system be based also on the IS and profiling?
- In Spain, social perception of employment and social services by citizenship is different, which has to do with stigma (i.e. being unemployed -thus in an employment office- is not so grave as being (at risk of) socially excluded). Is this the case also in Lithuania? Is there a difference foreseen as if a person enters the CIA through a municipality or through a labour exchange?
- Are there capacity building and wide communication efforts foreseen? If then, which contents, target groups, intensity...?

Annex 2 Example of relevant practice

Name of the practice:	ERSISI, "Enhancing the Right to Social Inclusion through Service Integration" (Refuerzo del derecho a la inclusión social a través de la integración de servicios)
Year of implementation:	2016-2019
Coordinating authority:	Autonomous Community of Navarra
Objectives:	This is a social innovation experimental project co-funded with the EU EaSI programme aimed at social and labour insertion of 500 persons far away from the labour market. The approach is to integrate employment and social services provided in the city of Tudela and the association of municipalities called Alsasua. This a pilot project whose most successful elements that shall be scaled up to the rest of municipalities of Navarra region.
Main activities:	The project relies on four pillars: <ol style="list-style-type: none">1. Design of "employment incentives" to make receipt of the regional minimum income benefit with a job;2. Joint work of employment and social services staff through "couples of case workers" who work in the employment offices and share common information and tools;3. Local partnerships with employers, third sector organisations, trade unions, etc.4. Rigorous impact evaluation with control groups.
Results so far:	No sound results have been produced and assessed yet. A "peer review" seminar with other autonomous communities and other members of the RIS is foreseen in November 2018 to asses and share the knowledge acquired.

Annex 3 Selected labour market indicators

Figure 1. Selected labour market indicators



Source: INE (LFS) and Eurostat (LFS)

