ESPN Thematic Report on integrated support for the long-term unemployed

Latvia

2015
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Summary

Although the share of long-term unemployed (LTU) has been decreasing in recent years, long-term unemployment remains a very serious problem for Latvia.

After the period during which they can claim unemployment benefit runs out, the LTU can receive municipal social assistance benefits that are means tested. Alongside the mandatory benefits that are payable (guaranteed minimum income (GMI) benefit, housing benefit, a one-off benefit in an emergency), the municipalities may also establish other ways to support low-income individuals and families. According to Word Bank research, targeting of the GMI programme is very good, but its coverage and amount are insufficient to have a meaningful impact on poverty and inequality. There is little evidence of large-scale dependence on benefits, and disincentives to work are unlikely to be the main barrier to employment; however, those people on means-tested benefit face high effective marginal tax rates. The approval in October 2014 of the Concept Paper on Defining the Minimum Income Level was a significant step towards reducing income inequality and poverty. In March 2015, a legislative proposal was submitted to Parliament with the aim of removing the disincentives for social assistance recipients to move into paid work: it proposes introducing a phased withdrawal of social assistance benefit when a claimant starts work.

For a person who is of working age but does not work to receive municipal social assistance, one of the conditions is that he or she must register as unemployed with the State Employment Agency (SEA). The LTU can receive services from the SEA, as well as municipal social services. Loss of unemployed status for failing to fulfil the duties expected of an unemployed person without good reason provides grounds for terminating or proportionally reducing the municipal social assistance benefit received by the household of the unemployed person.

Activation of the long-term unemployed and provision of services is largely the responsibility of the SEA. A significant role is also played by the municipal social services. Although there is cooperation between the two institutions, some of the key problems in inter-professional and inter-institutional cooperation are: lack of information exchange; lack of clarity in the division of responsibility between the cooperation partners; and lack of knowledge and skills in the institutions of how to get involved in addressing a client’s social problems. At the end of 2013, the government approved several policy planning documents with a view to enhancing the effectiveness of the work of social workers and inter-institutional cooperation in dealing with persons at risk of poverty and social exclusion.

Until now, coordination between the two agencies in Latvia has not been formalised through partnerships. Information exchange does exist between the SEA and municipal social assistance services; however, the current practice can be described as information exchange, rather than the existence and use of a single system.

Active labour market policy measures are accessible to unemployed people, irrespective of the length of the period of unemployment, on the basis of assessment of their needs, motivation and subsequent unemployed profiling. The conditions attached to social or activation support take account of the individual’s personal situation.

There are individual job-search plans drawn up by SEA services, as well as individual social rehabilitation plans that are developed by local authority social services for the LTU. Implementation of the plans is monitored by social workers and by SEA staff, and the plans are updated if necessary. The plans should complement each other; however, in practice better cooperation is required. In order to improve the effectiveness of these integration contracts, there needs to be a clearer separation of the tasks and of the services offered to the LTU by each body, and a uniform methodology should be designed for the implementation of cooperation. Cooperation also needs to be developed among inter-professional teams, and a single database should be established in order to provide integrated support for the LTU.
1 Benefits and services supporting the long-term unemployed

1.1 Income support for the long-term unemployed – availability and effectiveness

According to Eurostat, in 2013 the long-term unemployment rate in Latvia was 5.7% (EU-28 average – 5.1%). Although this rate has been declining in recent years, the share of the long-term unemployed (LTU) in the total number of registered unemployed remains high (more than 30%) and the average duration of unemployment among the LTU has been increasing. Thus long-term unemployment remains a very serious problem for Latvia.

When the period during which they can claim unemployment benefit runs out after nine months, the LTU can receive municipal social assistance benefits that are means tested. To be eligible for social assistance, the person must acquire the status of a “needy person”. Alongside the mandatory benefits that are payable (guaranteed minimum income (GMI) benefit, housing (apartment) benefit, a one-off benefit in an emergency, when, following a natural disaster or some other unforeseeable event, the individual or family is incapable of satisfying their basic needs), municipalities may establish other ways to support low-income individuals and families. The local authorities take individual decisions regarding additional benefit payments to be granted; they also decide on the conditions under which benefits are granted, depending on their financial opportunities and municipal priorities. The most frequently granted benefits are payments to cover health care costs, children's education and care, and meals at kindergarten and school; however, these benefits are more like one-off payments, or else they are based on an assessment of an individual application.

According to Word Bank research, which, among other things, analyses the effectiveness of social assistance, targeting of the GMI programme is very good, but its coverage and amount are inadequate to have a meaningful impact on poverty and inequality. As the analysis reveals, the GMI programme has virtually no leakage into the upper quintiles: 91.3% of the benefits go to the poorest quintile and a further 7.1% to the second quintile. However, the meagre amount and low coverage mean that the impact of the programme on poverty is limited, and the poor continue to rely on additional support received from non-means-tested programmes. Despite recent increases in the minimum wage and non-taxable minimum, in household income and several benefits for families with children and persons with disabilities, the GMI programme still covers very few of the poor. According to municipal monthly data on social assistance, only a third of Latvia's needy were receiving the GMI benefit in February 2015. This figure has remained stable in recent years. As was stressed in the research, the GMI programme does not appear to provide adequate income support and contributes very little to the income of those in the poorest quintile. The average monthly amount of GMI benefit per beneficiary was €37.64 in February 2015. According to the World Bank research findings, there is little evidence of large-scale dependence on benefits and disincentives to work are unlikely to be the main barrier to employment after a deep recession; however those on means-tested benefit face high effective marginal tax rates.

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1 http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tgs00053&plugin=1
2 A family (individual) is recognised as poor if its average income per family member has not exceeded €128.06 per month during the last three months.
6 ibid.
To address the afore-mentioned challenges, a comprehensive reform of the social security system, including social assistance reform, has begun and several policy initiatives have been planned since 2013. As was mentioned in a previous country profile report, the approval in October 2014 of the Concept Paper on Defining the Minimum Income Level is regarded by policymakers and stakeholders as a significant step towards reducing income inequality and poverty. The aim of the Concept Paper is to establish a methodologically justified minimum income level that corresponds to the social economic situation and that would serve as a reference point for improving support measures set out in areas of the social security system. The new GMI and other benefits (including minimum pension) might gradually begin to be introduced in 2017. Research conducted by the World Bank in 2013 recommended that Latvia should introduce policy measures and incentives for people to move out of unemployment and into the labour market, even if into a low-wage job. In March 2015, the Ministry of Welfare submitted to Parliament for a second reading a legislative proposal for amendments to the Law on Social Services and Social Assistance to remove the disincentives for social assistance recipients to move into paid work: it proposes introducing the phased withdrawal of social assistance benefit when a claimant starts work and disregarding several kinds of income (family state benefit, income from work during summer vacations for pupils, etc.) in order to improve the situation for certain groups in accessing the necessary assistance.

1.2 Services providing support for the long-term unemployed

The LTU can receive services from the State Employment Agency (SEA), as well as municipal social services.

Services offered by the SEA:
- Support in job-seeking that includes:
  - measures to improve competitiveness, among them individual or group consultations with a psychologist or psychotherapist; and
  - career counselling, where support is provided within the framework of individual and group career consultations
- Training activities that include:
  - vocational training, retraining and upgrading of qualifications;
  - informal education (including computer literacy, state language proficiency and proficiency in other languages, transport vehicle driving skills); and
  - practical training in priority sectors (processing industry, transport and logistics, tourism, information and communication technologies).

Likewise the SEA also offers support measures for unemployed youths, supported employment measures and support in starting out as an entrepreneur, as well as temporary community work. The SEA offers specific programmes for certain groups of clients (support measures for the unemployed with addiction problems – the Minnesota 12 Step Programme).

Social services are allocated on the basis of assessment of the family’s needs and its material situation, irrespective of the length of the period of unemployment. If a family needs childcare services, a service is offered, depending on the possibilities of the specific local government. If the long-term unemployed person is disabled and requires, for example, auxiliary technical aids, these are provided. Social rehabilitation and other services may also be offered after the needs assessment. However, these may be described as services to meet current needs, and may have no direct link with the activation of the LTU to enable their return to the labour market.

1.3 Activation, conditionality and targeting of social services

There are no active labour market policy measures or social programmes to which an unemployed person becomes eligible only after a given period of unemployment. The
only restrictions imposed by the law are related to participation in training programmes; however, these restrictions apply to the unemployed of all groups – an unemployed person may not join a vocational education programme until two years have elapsed since completion of any previous vocational education programme. And an unemployed person or a person seeking employment may be involved in no more than two non-formal education programmes in a single year.\(^8\)

For a person who is of working age but does not work to receive municipal social assistance, one of the conditions is that he or she must register as unemployed with the State Employment Agency, thus becoming eligible for the activation tools provided by the SEA. Exceptions to this rule are recipients of a disability pension; women on maternity and post-natal leave, one of the parents of the child or any other person during the childcare period; one of the parents of a disabled child if the child does not receive appropriate care services; a person over the age of 15 who is a full-time pupil at a general secondary or vocational secondary educational institution or is a full-time student at a higher educational institution.

Loss of unemployed status for twice refusing a suitable job offer or for failing to fulfil the duties expected of an unemployed person without good reason (e.g. failure to implement the individual job-search plan) provides grounds for terminating or proportionally reducing the municipal social assistance benefit received by the household of the unemployed.

According to the data provided by the SEA, in 2014 from all registered unemployed persons, unemployed status was lost by 112,986 persons (including 17,852 LTU), of whom 73,115 (64.7%) had found a job (including 58,514 persons who lost their unemployed status in 2014 because they had “become employees, self-employed”).\(^9\)

There are no benefits, services or conditions for linking activation and benefits for the long-term unemployed that are specific to a given age cohort: everything is based only on the person’s employment status and/or the income assessment, irrespective of the age group.

Still it must be pointed out that the unemployed of pre-retirement age have been identified as a special risk group and enhanced attention is paid to this particular group by offering various services and support measures.

## 2 Coordination between services towards a one-stop shop approach

### 2.1 Institutional cooperation

Activation of the long-term unemployed and provision of services is mostly the responsibility of the State Employment Agency, the Latvian public employment service. A significant role is also played by the social services of municipalities.

According to information provided by the Ministry of Welfare, during the period from 17 July to 15 August 2013, a survey was conducted among the staff of the SEA and municipal social services about the situation as regards cooperation between the two institutions in addressing client problems. On the whole, both institutions cooperate in addressing the client’s situation – social services more frequently (93.7%) than the SEA (76.7%). Matters where the institutions cooperate most are related to their clients’ unemployment situation and involvement in paid temporary community work. Although it does not happen frequently, the SEA has cooperated with the social services in finding solutions to clients’ addiction problems, health care services and lack of livelihood; very seldom have they cooperated on care services. Social workers are positive about paid temporary community work, information about vacancies and projects for various target groups; they also give a positive assessment of participation in meetings of the SEA advisory council in discussing and identifying weaknesses and strengths of each project, and what really works in local government.

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8 Likumi (2011).
9 State Employment Agency (2014).
However, data from the survey show that cooperation agreements and the establishment of inter-professional teams are comparatively rare in both social services and the SEA.

One of the problems mentioned by some of the SEA staff is that the SEA has to work with unmotivated clients who are not prepared to start work. In their view, it is social services that should work with such clients. Currently work is conducted along parallel lines, with both institutions trying to do the same thing, but with minimum results.

The results of the survey show that institutional cooperation is assessed as positive; however, specific aspects aimed at addressing client situations more successfully should be improved.

Another piece of research has identified the key problems in inter-professional and inter-institutional cooperation: lack of information exchange; lack of clarity in the division of responsibility among cooperation partners; and lack of understanding, knowledge and skills in the institutions of how to get involved in addressing a client’s social problems (these problems are to be found not only in cooperation between social services and the SEA, but likewise in cooperation with other institutions, for example, health care institutions, the police, non-governmental institutions, etc.).

In order to address the above problems, at the end of 2013 the Cabinet of Ministers approved a policy planning document entitled “Basic Guidelines for the Development of Professional Social Work for 2014–2020”. An activity “Development of Professional Social Work in Local Governments” was conducted within the framework of the Action Programme “Growth and Employment” to enhance both the effectiveness of the work of social workers and inter-institutional cooperation in work with persons at risk of poverty and social exclusion.

In 2014, the cooperation between the SEA and social services that started as a pilot project was continued and improved to achieve closer cooperation, in particular in respect of integration of the unemployed into the labour market. It is planned that there will be further improvement in cooperation between the SEA and social services.

Until now, coordination between the two agencies in Latvia has not been formalised through partnerships towards a coordinated service offer.

According to the Social Services and Social Assistance Law, one of the conditions for persons of working age to receive social assistance is that they must meet their co-participation obligations (based on assessment of the client’s situation). Working-age unemployed residents must register with the State Employment Agency (there are exceptions for specific groups of the population).

### 2.2 Service provision – main principles and quality standards

Until now there has been no single point of contact or a one-stop shop in Latvia organised to provide the LTU with a single, coordinated offer from social and employment services counsellors.

Individual employment plans are prepared (after a profiling exercise) by the SEA for each unemployed person. In order to stimulate the unemployed and job-seekers to be more active in seeking employment, the unemployed and job-seekers have a duty not only to formulate individual job-search plans in cooperation with the SEA, but also to report on a regular basis, at each meeting at the SEA, about the job-search activities they have undertaken.

The State Employment Agency, with its branch offices that are subordinated to the Ministry of Welfare, is responsible for providing active labour market policy measures in the country. The operation of the SEA and the procedure for providing services are regulated by national legislative acts. The SEA has an accredited internal quality management system. Thus, the SEA complies in its operation with certain standards and quality requirements.

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Centralised regulated basic principles and a framework have been defined for the operation of social services; however, practice reveals diversity in benefit payment and the provision of support in local authorities. This is also confirmed by the results of an audit conducted by the National Audit Office – “Legality and Efficiency of Social Assistance Provided by Local Governments”, which was published at the beginning of 2015. It is indicated, for example, that the Ministry of Welfare has failed to ensure that local authorities have a uniform understanding of the basic principles of social assistance and types of support provided; of when to use the discretionary powers awarded to them by normative acts to grant the status of a needy family (person); and of the necessity of introducing the status of a low-income family (person). The above failings prevent families (persons) with a corresponding income level and material situation from receiving the appropriate social support established by the state in various normative acts.11

According to the information provided by the Ministry of Welfare, regional workshops have been held to address the failings identified and proposals for their elimination. Amendments to several normative acts have also been proposed to ensure that people receive the assistance they ought to get.

Information exchange exists between the SEA and municipal social assistance services; however, the current practice can be described as “information exchange”, rather than as the existence and use of a single system. Even though specialists from the SEA and social workers have access to the databases of both services, each party still does not receive all the information it requires to ensure coordinated action and prevent duplication of the work of the parties involved.

3 Individualised approaches

3.1 Support targeting

Active labour market policy measures are accessible to the unemployed, irrespective of the length of the period of unemployment, following assessment of their needs, motivation and the subsequent unemployed profiling. On the basis of the profiling results, and in cooperation with the unemployed person, the SEA draws up an individual job-search plan and informs the unemployed person about job-search methods (independent job-search or through the agency). The individual job-search plan includes the most appropriate active unemployment measures, as well as the active job-search duties that an unemployed person must perform before the next visit to the agency, including the number of vacancies found and participation in the recruitment procedure for vacancies.

The unemployed person and the job-seeker receive a job-search diary, where they enter information about the performance of the active job-search duty. The diary is presented for review during each visit to the Agency.

The unemployed person will generally enter at least three job-search activities in the job-search diary; however, if the declared domicile of the unemployed person or the job-seeker is in an administrative territory with a high rate of registered unemployment, then the requirement is for at least one job-search activity to be listed.

As the individual job-search plan is based on the unemployed person’s profiling result – where, alongside assessment of experience, skills and knowledge, there is also analysis of the person’s motivation and state of health, duties of care, etc. – it may be concluded that the conditions attached to social or activation support take account of the individual’s personal situation. Moreover, personal and external factors (for example, temporary inability to work, care of a sick child, or other objective circumstances that do not depend on the will of the unemployed person) are also

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In Latvia there are individual job-search plans formulated by SEA services, as well as individual social rehabilitation plans that are developed by the social services of local authorities (if the LTU has turned to social services for assistance). Theoretically these plans should complement each other; however, in that case there should be very good cooperation between the two agencies. As has already been indicated, improved cooperation is required for them to address LTU problems successfully and to provide integrated support for the LTU.

The requirement to develop these plans (by social services, as well as employment offices) has been defined by national normative acts. Moreover, the SEA has developed an internal normative act, followed by all SEA services, which describes the procedure for developing and updating the individual job-search plan.

The Law on Social Services and Social Assistance defines requirements for the development of the individual social rehabilitation plan and what should be included in it. The plan contains information about the social situation of the client, the process of providing social assistance and social services, including performance of co-participation duties, participation in social rehabilitation activities to retain, upgrade and acquire work skills and social skills.

The individual job-search plan for SEA clients is developed during the initial meetings with the unemployed person, immediately after the person has become unemployed and when he/she undergoes profiling. There is also a requirement for the social services of local authorities to open a file on the client that contains the individual social rehabilitation plan.

Plans are updated: the SEA plan is updated at more or less each meeting and, if required, re-profiling is undertaken (taking into consideration the individual’s situation and cooperation with the SEA); the required measures may also be changed to ensure more successful integration into the labour market. The updating of plans continues until the LTU enters the labour market; or it is terminated when the person loses his unemployed status.

Individual plans are formulated for all SEA clients who have been granted unemployed status, as well as for clients of local authority social services who have needy or low-income status.

3.2 Implementation of an individualised approach: conditionality, monitoring and effectiveness

One of the conditions for a non-working person of working age to receive municipal social assistance (and for whom the social rehabilitation plan is developed) is that he/she must register with the State Employment Agency as unemployed.

Social rehabilitation plans include the same benefits and services that can be received by needy or low-income persons (see Section 1). Some local authorities – e.g. Riga – also offer the long-term unemployed a suite of services that target them, including various activation measures. Social workers assess the situation of each individual client, develop a support programme appropriate to that client (support groups for the unemployed; day centres for foreign language studies, the Latvian language, computer literacy, etc.; psychologist’s services; an addiction prevention service for and a motivation programme for people with addiction problems.

Implementation of the various plans is monitored by social workers, as well as SEA employees within the framework of their particular competence.

If an LTU person fails to attend the SEA service according to the prescribed schedule or (without good reason) fails to participate in implementation of the plan, that person

may lose unemployed status. In their turn, social services may reduce the social assistance benefits by the amount allocated to that person, at the same time taking account of the rights and interests of each child; or may not allocate any social assistance benefit to someone who resides separately, if that person refuses to participate (or fails to do so) in addressing his/her social problem within the prescribed period of time.14

Individual plans developed by local authority social services and the SEA for the long-term unemployed reflect, to some extent, the fact that for those very distant from the labour market several steps may be necessary before accessing a job becomes a realistic option; however, the opportunities open to social services to offer various services differ (see Section 2). In the small rural local authorities, support is often very limited, since they do not have the necessary capacity and resources. According to research,15 the fewest social services are provided to populations in small rural districts. The services provided are largely home care services; whereas long-term social care and social rehabilitation services have to be purchased. Thus it is only a minimum of social services that are provided in the small districts.16

The effectiveness of the integration contracts is constrained by problems that exist in cooperation between the SEA and local authority social services: the staff of the services recognise that there is much parallel, overlapping work. It is necessary to ensure a more distinct separation of tasks and services offered to the LTU by each service, by offering various activation measures to guarantee more efficient use of financial and human resources. It is essential that cooperation is developed among inter-professional teams, that a uniform methodology is developed for the implementation of cooperation, and that a single database is established. This would stimulate a comprehensive approach to addressing the problems of the LTU and provide better opportunities for their successful integration into the labour market.

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14 ibid.
16 ibid.
4 Overview table

<table>
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<th>Medium</th>
<th>Weak</th>
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<th>Gap 2</th>
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<td>Counsellors working in parallel</td>
<td>Lack of common database</td>
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References


