

FLEXIBLE BASIC SOCIAL SECURITY

The principles of social and healthcare organisations in the reform of basic social security

Introduction

THE FINNISH FEDERATION FOR SOCIAL AFFAIRS AND HEALTH (SOSTE) and its member organisations have long been worried about the lack of sufficient basic social security and the complexity of the benefits system. Lately, there has been much public debate about the need for a comprehensive reform of the Finnish social security system. Decision-makers have realised that the social security system is beset by problems, and political parties have proposed various models for reforming it. The government started the TOIMI2030 project to prepare a comprehensive reform of basic social security and activeness. SOSTE is represented in the parliamentary monitoring group for the Toimi project. The group's mandate ends in February 2019.

The reform of social security is closely connected to the prevention and reduction of inequality. NGOs were also represented in the working group led by Professor Juho Saari, which in March 2018 handed in its report on social security in Finland. Among the key suggestions of the working group were to unify income transfer and services into a more cohesive and encouraging whole, and to combine work and family life, while reducing inequality.

SOSTE works to promote the wellbeing economy, with the aim of wellbeing of people, and thereby create the prerequisite for a sustainable economy and public finances. A key part of the welfare economy is a just, comprehensible and clear social security system. This gives people a vision of a better tomorrow even when they are temporarily or permanently unable to support themselves by working. At the same time, it helps to build a dignified life,

confidence and a more functional labour market, providing welfare for all, not just for those in need of social security during a specific time.

In order to take part in the debate about the reform of social services, SOSTE and its members organisations have started formulating principles for the development of basic social security. Social and healthcare organisations, including those representing the unemployed, patients, the elderly, and the protection of children, represent a large group of people in Finland in various situations in life.

In June 2017, SOSTE's Board appointed a steering group consisting of experts from member organizations to discuss the reform of basic security and the social security system. Viveca Hagmark from Folkhälsan's Federation was Chair for the steering group and Pentti Arajärvi from the Central Union for Child Welfare was appointed vice chair. Secretary for the group was Anna Järvinen from SOSTE. The other members were Anu Aalto from the Finnish Neuro Society, Anna Cantell-Forsbom from the City of Vantaa, Egezona Kllokoqi-Bublaku from the Service Union United PAM, Päivi Luna from Finance Finland, Jaana Manssila from Talentia, Yrjö Mattila from the Finnish Society of Social Rights, Anne Mäki from The Finnish Association of People with Physical Disabilities, Tarja Pajunen from the Central Association of Finnish Pensioners (EKL), Juha Pantzar from the Guarantee Foundation, Anneli Pohjola from Lapin sosiaaliturvayhdistys, Riitta Särkelä from the Federation of Mother and Child Homes and Shelters and SOSTE's representatives Jussi Ahokas, Vertti Kiukas, Anne Perälähti, Erja Saarinen and Aki Siltaniemi.

We want to thank the members of the steering group for their active and enthusiastic work. Thank you also to the writers of this report: Anna Järvinen, Jussi Ahokas, Aki Siltaniemi, Anne Perälähti and Erja Saarinen, who worked on the topic, successfully defining the key points of the steering group's work. This report presents the views of the NGOs on the key problems of basic social security and the suggested solutions to them. The key is to raise the level of basic social security and to clarify the system, making it easier for people to understand. It is also essential to integrate services more closely with benefits when developing the benefits system. The work to improve basic social security will continue in cooperation with SOSTE's member organisations and other stakeholders.

In Helsinki in January 2019

Viveca Hagmark

Chair of the steering group

Vertti Kiukas

Secretary General

Finnish Federation for Social Affairs and Health
(SOSTE)

Summary

THE PURPOSE OF BASIC SOCIAL SECURITY is to give all people the right to live a good and dignified life. Securing the necessities of life is one of the basic functions of society, as is, for instance, safeguarding people's right to own property. People want to be actively involved within society and need to have access to what that requires. Adequate basic social security promotes people's ability to be actively engaged and thereby increases their sense of wellbeing. It creates social stability for example by strengthening equality, levelling out various social risks and preventing poverty from being inherited over generations. Reducing inequality, and levelling out opportunities and risks, support a peaceful society and stability by increasing people's trust in each other and the institutions in the society.

Finnish Social Security is a complex set of benefits, taxes, and services and related customer fees. The current basic social security does not fully respond to the varying situations in life that people encounter, nor to changes in the labour market. It comes across as difficult to understand and bureaucratic. The level of basic social security is low and in recent years it has been further reduced, in particular through index cuts and freezes. Because of the low level of primary benefits people are forced to resort to long-term social assistance.

Social and healthcare NGOs want to be involved in developing the basic social service system so that it takes into consideration, as well as possible, peoples' different life situations and is flexible when situations change. The proposals are based on having confidence in people: in their willingness and ability to make the decisions that will move their lives forward and that are enabled by the system.

Proposals by SOSTE and the social and health NGOs to reform basic social security

1. The reform of basic social security must start immediately, and it must be implemented in stages

Correcting the obvious problems of the benefits system should begin immediately. Among other things, the level of basic social security needs immediate improvement. Also, the dismantling of bureaucratic traps can start without major changes to the structures of basic social security. By 2030, wider reforms must be implemented step-by-step after careful expert-supported parliamentary preparation and experimentation. Changes to the benefit system need to be considered in a holistic way and the synergies between the different actions must be considered in the plans.

2. Increase the level of basic social security over the long-term

The reform of basic social security must aim to reduce inequality and poverty. Improving the level of basic social security should begin by compensating in full the index cuts and freezes that have been implemented since 2015. The daily minimum allowance level must be unified throughout the system. After which, basic social security needs to be raised in stages towards a reasonable minimum in accordance with the reference budgets used. So that benefits no longer fail to keep up with the development of general cost of living, all benefits must be tied to the index. The taxation of benefits needs to be examined alongside the development of the benefits system.

3. A system that is easy for people to understand

Clarity is a key requirement for the benefits system. For people using the system it is essential that benefits are easy to apply for, and that decisions are clear and processing times are reasonable. The system will be developed so that benefits can be applied from a single platform that guides people to apply for the benefits and services to which they are entitled to. However, not everybody is able to use electronic devices and may need assistance and advice. Individual support must be made available to these individuals. Each application must receive a single decision that combines all the benefits that the person is entitled to for different reasons. The decision needs to be stated clearly and simply enough for the recipient to understand why a decision has been made and so that the recipient can complain about it if necessary. There

is always some benefit in the payment and any possible equalisation between different types of benefits are to be considered within the system.

4. Clarifying the benefits system must begin from standardising age limits and the concepts of family and income

In addition to making the benefit system clearer by improving the process of applying for and paying benefits, the use of the terminology used in the calculating benefits must be clarified. There are differences, for example, in the age limits of children, the definition of 'family' and 'household', in concepts of income and in needs assessment. By ensuring that terms are defined clearly, it is possible to achieve a system where differences can be found only in the obligations and service promises concerning benefits. However, changing individual basis for calculation might be difficult, as changes can have multiple cross-effects. Broad studies are needed to define what terms used in the calculation of benefits can be unified and in what situations it is necessary to maintain different definitions.

5. A flexible basic social security for changing situations in life

The long-term vision of SOSTE and social and healthcare NGO's is a flexible basic social security system that takes better account of the diverse situations where people need support than the current system. A flexible basic social security supports an individual without interruption when they, for example, study, work, are sick, are unemployed, and/or are on parental leave. The system must also support people with permanent disabilities or illnesses by creating a smooth transition for example when their ability to work and function alters.

Benefits will continue to be based on people qualifying for a certain benefit and take into account the individual and different kinds of needs, unless there is a clear reason to act otherwise. However, qualifying for benefits need to be adjusted so that fewer people drop out and the system considers more flexibly peoples life situations and changes in them. At the same time, the right for benefit related services needs to be strengthened so that people get better access to services they need in their life situations in the future. The system will be made more enabling and less sanctioning, for example, by shortening waiting period for unemployment benefits and rewarding for participation.

With various additional benefits we must ensure that groups in need of special assistance, such as people with disabilities or low-income families with children, have a sufficient income. The system must take into account

the situation of people whose need for support is continuous. Benefits and earnings must be combined more flexibly. Ideally, the benefits are reduced step-by-step while the person takes on more work, so that it is as profitable as possible for the individual to work.

6. Flexible basic social security is an investment in wellbeing

As the social security system and basic security are reformed on the basis of the objectives set out, the total cost of the system can increase in the short term. However, the idea of social and health NGOs is that, in the longer term, a better functioning benefit system and a stronger basic security will lead to fewer people having to resort to social benefits in order to maintain their livelihood.

Positive impact on functional capacity, labour market participation and hence on national income generation and, on the other hand, a diminishing effect on the need for expensive remedial social and health services, prolonged social assistance and other expenditure on social care, mean that changes in basic security proposed by social and health NGOs can be seen as an investment from the public-sector perspective. When the return on investment is ultimately realised through increased wellbeing of people, flexible basic security can be seen as a productive welfare investment.