



European Minimum Income Network country report Finland

Analysis and Road Map for Adequate and Accessible
Minimum Income Schemes in EU Member States

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1. Introduction and overview of the grounds for social assistance

Through the years, Finland has developed an extensive social security system made up of different benefits and forms of support, which are roughly divided into three areas. First are the employment-related benefits, such as occupational health care provided by employers and the earnings-related unemployment allowances paid by the trade unions' own or independent unemployment funds to their members. The second area of support consists of residence-based¹ basic social security benefits managed by Kela (Social Insurance Institute of Finland), which are funded by tax revenue and to which employed persons are also entitled. In addition to National Health Insurance, there are many other benefits provided by Kela for special needs or life situations, such as is available for families with children, persons with disabilities, students, the unemployed and pensioners. Public discourse on social security often focuses precisely on these primary benefits, the need for increases to these benefits, and the need to lighten the complexity and bureaucracy of the system.

This report focuses on the third and last-resort form of Finnish social security, namely the means-tested social assistance provided by municipal social services. Social assistance is intended to secure one's livelihood when other income sources fail or the primary social benefits are insufficient for living and functioning within Finnish society. In other words, it is a last-resort safety net offered by public administration to compensate for a lack of income sources. This report places the spotlight on those individuals and households that are viewed as having no income and whose only source of livelihood is social assistance together with the general housing allowance provided by Kela and, in some cases, also child benefits and the child maintenance allowances. In Finland, the number of individuals without income has been increasing, particularly during the 2000s. The most recent estimate states that approximately 20,000 households are currently without a source of income (Honkanen 2013).

This report is based on earlier studies, reports and public documents on social security and social assistance. Additionally, within the framework of this project, we have heard viewpoints about minimum security and the minimum security system from, among others, NGOs, trade union confederations and third sector service providers. Along with enquiries carried out through e-mail, the project has also involved interviews with social workers, as well as service providers and stakeholders on different levels. These interviews provided information as to the viewpoints of the different stakeholders on the minimum security system, its problems and faults, as well as areas for development.

1.1. Social assistance in general

Social assistance is described as the *'tailboard'* of society, which secures the livelihood of individuals and families when all other sources of income have failed (Ahola & Hiilamo 2013a, 11). Its intention is to guarantee the right *to the necessary* subsistence and care, and to promote the independent ability of individuals and families to manage in everyday life. Social assistance is primarily sought in writing from the municipal social services. The municipality pays the assistance in currency. Before means-tested social assistance

¹ Legally speaking, a permanent resident of Finland is considered to be a person who primarily and uninterruptedly resides in Finland and who has a permanent residence and home.

can be granted, the financial situation of the applicant and prerequisites to receive any other types of income are investigated. Social assistance is intended to be a form of temporary aid, and is, therefore, applied for and granted on a monthly basis (STM - Toimeentulotuki).

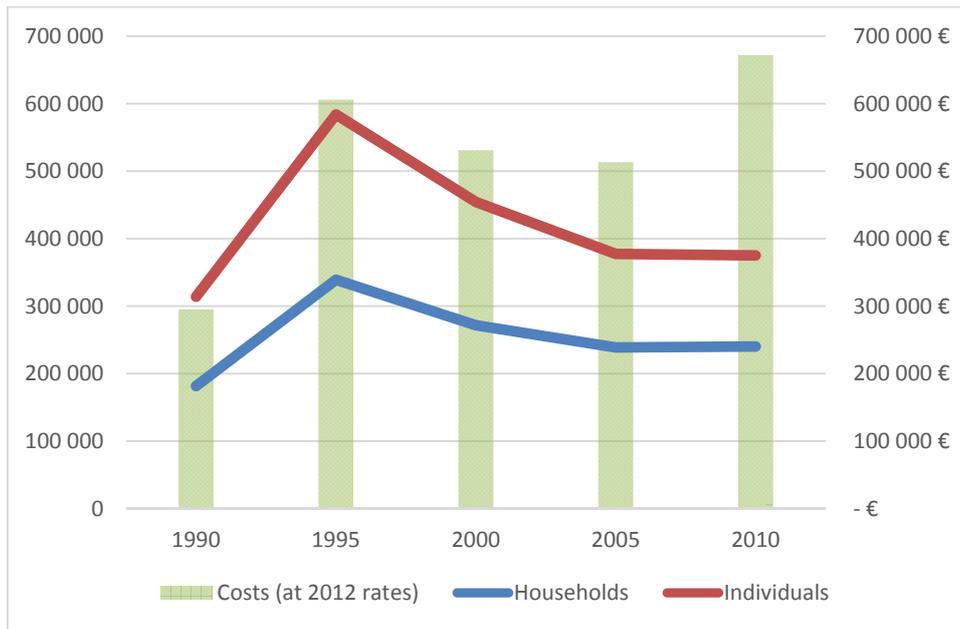
Social assistance is comprised of basic social assistance, supplementary social assistance and preventive social assistance. The expenses covered by the basic social assistance are the everyday costs of living, including food and clothing, minor health care costs, personal and home hygiene and cleaning products, fees for the use of a telephone and public transportation, as well as costs for hobbies and recreational activities. The supplementary social assistance may be granted on a discretionary basis for other special needs, such as child day care fees, children's hobbies or ordinary living expenses, such as, for example, removal costs. Additionally, municipalities may grant, based on their own considerations and principles, preventive social assistance, for example, for the purpose of relieving or preventing difficulties caused by one's weakened financial situation.

Social assistance recipients in Finland

As a result of the mass unemployment following the most serious economic crisis to have occurred in the history of Finland since its independence, the number of social assistance recipients peaked in the mid-1990s. The figures continued to increase dramatically until 1996, by which time there was a total of 609,636 people, or about 12% of the population, receiving social assistance. From 1997 on, the numbers fell steadily until 2008, due to the improving economic and labour market situation, but began in 2009 to rise again in response to the financial crisis that took hold in the United States and resulting global recession (Kuivalainen 2013, 17). As happened during the recession in the 1990s, the first group to feel the weight of the recession were young adults aged 18-29. The number of social assistance recipients aged 18-29 in 2009 grew by nearly 20% from the previous year (THL 2010).

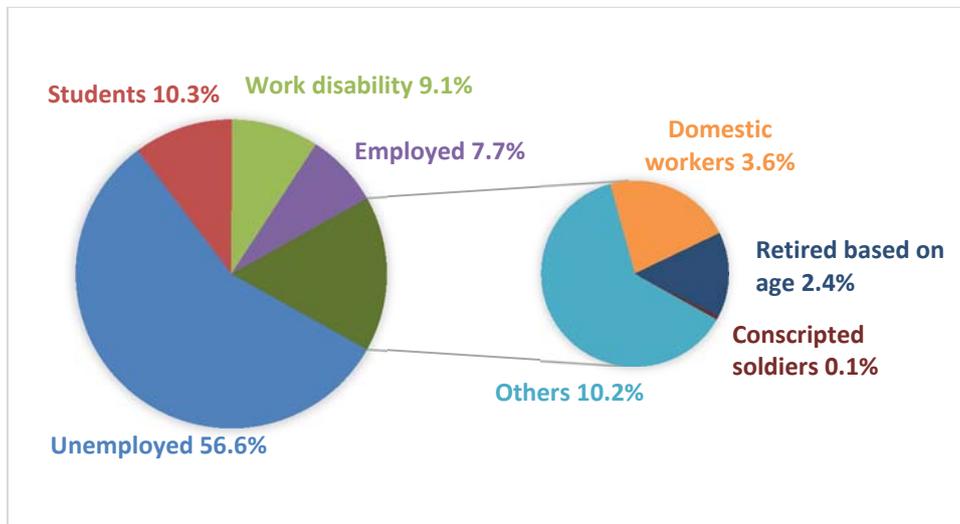
In the report on the use of social assistance in the City of Helsinki, the recession was visible as an increase in the number of new customers for social assistance. In Helsinki, the impacts of the first stage of the economic crisis appear, however, to have levelled in about one year (Ahola & Hiilamo 2013b.) By the start of the 2010s, the number of social assistance recipients turned downward slightly in light of the data reflecting the entire country. In 2012, social assistance was granted to 370,454 individuals in 238,373 households. When viewed in terms of the overall population of Finland, this means that approximately 6.8% of all residents were receiving social assistance (THL 2014).

Figure 1: Individuals and households receiving social assistance in Finland 1990-2010 (Source: THL)



When examined in terms of households, it appears that single-person households received social assistance more frequently than other types of households. Of those who received social assistance, altogether 46% were individuals living alone. In terms of family structure, single-parent families received proportionately the largest share of social assistance; of all single-parent families, 24% received social assistance (THL 2014).

Figure 2: Labour market position of those receiving social assistance in November 2012 (Source: THL)



Recipients of social assistance lived, in particular, in urban municipalities. In urban areas, the proportional share of individuals receiving social assistance was about 40% higher than the corresponding proportion in rural or densely populated municipalities. (Ibid.) This can be partially explained by the fact that social assistance is granted to compensate for the high cost of housing in large cities, where the level of the housing allowance has proven to be slow in catching up with the need. One suggestion has also been that "the

control of the surrounding community in small municipalities may be more heavily present" (Kuivalainen 2007, 53). The fear of a social stigma related to social assistance may have a stronger impact in the rural areas than it does in the cities.

The funding and expenditure related to social assistance

The State and municipalities share the costs of the basic social assistance equally. Supplementary and preventive social assistance are funded by the municipality in question, but the State participates in the costs through the state subsidy system for social affairs and health care. The purpose of the system is to secure the availability of services throughout the entire country. In 2012, the total expenditure for social assistance was €703.3 million, of which the expenditure for the basic social assistance was about €635 million (THL 2014; STM Tiedote 75/2014).

The development of the expenditure in the 2000s has departed from the development seen in terms of the number of customers. In comparison to the number of customers, the expenditure has grown significantly. In real terms, the social assistance expenditure has more than doubled since 1990. The rapid increase of the real expenditure in relation to the number of customers has been explained by, among other things, the facts that the social assistance currently covers reasonable housing expenses to a larger extent than it did before and that the number of long-term customers has increased over the years (Kauppinen, Moisio & Munkkila 2013, 39). The rise in the overall expenditure has also been affected by increases in the social assistance levels through a reform in 2012. In accordance with the reform, the basic portion of social assistance was increased by 6% and single parents received a 10% higher basic portion than is intended for those living alone.

1.2. Eligibility conditions

According to the Act on Social Assistance, everyone in Finland is responsible for looking after themselves and their own maintenance according to their abilities and also the maintenance of their spouse and underage children. If, however, basic subsistence cannot be secured, for one reason or another, then each person covered under the Finnish social security scheme is generally entitled to receive social assistance (Toimeentulolaki 1421/1997). Wages or social security benefits do not usually exclude anyone from the possibility to receive social assistance, if the need can be proven in accordance with the relevant regulations.

In Finland, one can receive social assistance regardless of nationality. As concerns foreigners in Finland, the eligibility for social assistance is dependent on whether the person in question has the right to reside in Finland. The right to reside in Finland is determined on the basis of the applicant's reason for being in Finland and, for example, the applicant's country of origin (STM 2013, 52). There are also no special age restrictions limiting the right to receive social assistance. In practice, social assistance is, however, rarely granted to those under the age of 18, since they are generally included in the support application filed by their parents. Persons are eligible for social assistance if they are not able to maintain their own subsistence through gainful employment, entrepreneurial activities, the help of basic social benefits or by other means (Ibid., 20). The necessity for last resort support is verified through means testing (Kuivalainen 2013).

Means testing for social assistance

Means testing for social assistance can be seen as an administrative and technical solution to ensure that benefits are allocated to low-income households (Kuivalainen 2010, 380). An applicant for social assistance must display a financial need for social assistance. The granting process for social assistance takes into account the applicant's or household's expenses, income and assets. The assistance is the amount by which *the applicant's eligible expenses* exceed the person's income and assets (STM 2013, see also Appendix 1).

Eligible expenses are expenses to be covered by the basic social assistance, and they may additionally include reasonable rental costs as determined by each municipality², maintenance charges for owner-occupied residences, reasonable interest on housing loans, and other living costs, such as water, electricity and home insurance. Other expenses that fall within the sphere of social assistance include, for example, any health care costs that are greater than minor costs (Toimeentulolaki 1421/1997).

Income is basically considered as the total of an individual's or household's disposable income, including basic social security benefits. Benefits granted on the basis of certain special needs, such as disability benefits, are not included in the calculation. In accordance with the Act on Social Assistance, other income that are not taken into account include insignificant earned income and financial assistance, and income for the part that corresponds to the amount of travel expenses and other expenses related to one's job or work. The aim is to promote the recipient's independent living. In terms of the income of those under 18 years of age, insignificant regular income and, for example, occasional summer work and weekend wages are also not taken into account as income (STM 2013, 133). In practice, the internal application provisions of the municipality, the discretion of the social worker and the interpretation of the law all affect the degree to which earnings and financial assistance are viewed as insignificant and how the income of those under 18 is taken into account. This serves, in the end, to weaken regional equality.

Assets are viewed to include, among other things, savings, securities and easily liquidated property. Assets do not include the regular home used by the person or family and the necessary home movables, necessary equipment for working and studying, or any other assets considered to be necessary to ensure a continuous subsistence (STM 2013, 139). If one's life situation or financial circumstances should change, the applicant for social assistance is obliged to immediately inform the authorities of any changes in subsistence. The need for social assistance and the amount thereof are reviewed if changes take place in the circumstances of the person or family. Temporary increases in income, for example, often result in a reduction of social assistance and basic social security benefits and may even lead to the reclaim of the support.

Conditions for social assistance

Social assistance can be fundamentally considered to be conditional and binding. In order to receive social assistance, applicants must always first clarify their eligibility for primary basic social security benefits. Furthermore, applicants who are capable of working and are of working age are obligated to register with their local TE office as an unemployed

² The municipalities have discretionary power to determine the level of the assistance. For instance, in the City of Kuopio, a reasonable rent for a single-person household receiving social assistance is 500 euro per month, or for a two-person household, 600 euro per month. Correspondingly, the rental costs for a single-person household in the City of Helsinki can be covered fully up to 650 euro and for a two-person household, up to 770 euro per month. The reasonable rental costs are proportional to the reasonable rental costs of the location in question.

jobseeker and to participate in any activities specified in the employment plan drafted for them.

An employment plan is drawn up together by the applicant and the employment authority (local TE office). The plan details the proposed job-seeking process, the objectives of the job search and the services intended to support the job search and promote employment. Additionally, the employment plan can, if necessary, specify any services that improve one's labour market readiness, functioning and competence, as well as, for example, measures taken to clarify the individual's work ability or health status.

1.3. Amount of social assistance

The amount of the social assistance varies depending on the size of the applicant's family and financial situation. The amount of the basic social assistance and its annual index adjustment are prescribed, however, by the Act on Social Assistance. The adjustment is bound to the National Pensions Index, which is linked to the Cost-of-Living Index. The basic social assistance benefit in 2014 for a single person is €480.20 per month.

Table 1: The calculated amounts of basic social assistance for 2014 (STM / Kuntainfo)

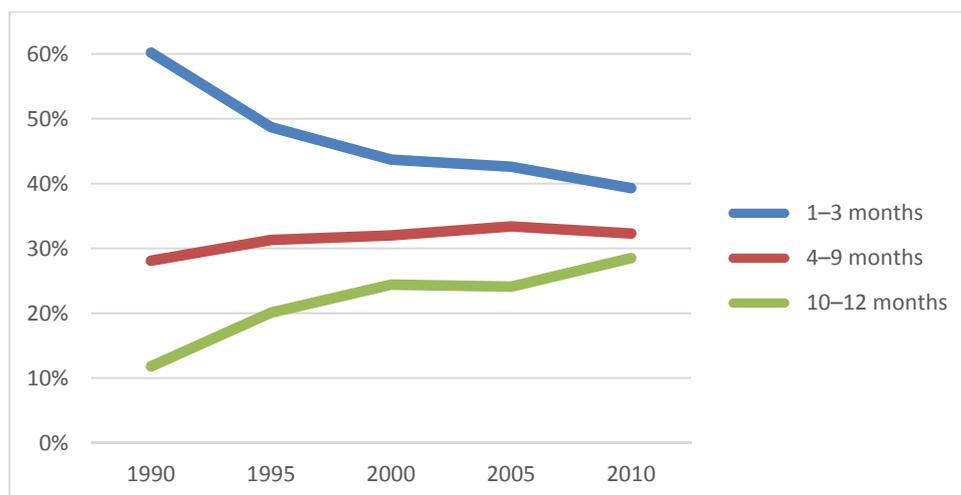
Recipient of social assistance	€/month	Share of basic assistance for a single person
Single	€480.20	100%
Single parent	€528.22	110%
Spouse or cohabitant	€408.17	85%
Child of 18 years or older who lives with his/her parent	€350.55	73%
1st child (10-17 years)	€336.14	70%
2nd child (10-17 years)	€312.13	65%
3rd child or more (10-17 years)	€288.12	60%
1st child (under 10 years)	€302.53	63%
2nd child (under 10 years)	€278.52	58 %
3rd child or more (under 10 years)	€254.51	53 %

It should be noted that the final decision regarding the amount of the social assistance is in the hands of the authorities providing means-tested supplementary and preventive social assistance (Kuivalainen 2011). The fact that we know that there are differences between the practices that different municipalities apply for the granting of, for example, preventive social assistance (Ibid.), leads to a situation in which the necessary level to receive support will also fluctuate, albeit within given limits.

1.4. Duration of support

The duration of the social assistance is not limited and it can last as long as the applicant meets the conditions for eligibility. During 2012, actual social assistance was received for an average of 5.9 months. Of the recipients, a total of 61% received social assistance for at least 4 months.

Figure 3: Duration of social assistance paid to households 1990-2010 (Source: THL)



Of all the customers who received social assistance, more than one fourth received long-term assistance, in other words, for 10-12 months of the calendar year. The largest group among all those receiving long-term social assistance was comprised of men living alone. In 2012, their share of all long-term customers was nearly one half (48%) (THL 2014). In considering the duration of the social assistance, it would be justified to state that the social assistance that it intended to provide interim or temporary aid has, for some of the recipients, become a permanent source of income to supplement the often insufficient basic social security benefits. The reality is that customers may continue to receive assistance for years, sometimes even for generations.

1.5. Relation of social assistance to other benefits

A major part of those households that are eligible for social assistance (71% in November 2012) are receiving the general housing allowance provided by Kela. The general housing allowance covers up to 80% of the reasonable housing costs. The basic deductible to be assumed by the recipient is affected by the income and assets of all those living in the household. Those in the lowest income bracket are not liable to pay any deductible. The housing allowance is calculated with consideration for reasonable housing costs as determined by the Finnish Government in accordance with the number of residents and size of the home, the form of housing and the municipality in which the home is located, as well as the age of the home and year in which any improvements or repairs have been done (Kela 2014). Even in situations in which the deductible has been removed, the general housing allowance is not often enough to cover *the actual* housing expenses. Since social services generally compensate for reasonable housing costs to a higher degree than the housing allowance does, a portion of the actual housing expenses are left to be compensated for by social services.

Social assistance is also in other ways linked to the benefits provided by Kela. Most typically, social assistance recipients also received basic social security benefits provided by Kela, such as a labour market subsidy or basic daily allowance³, which was paid to 39%

³ The basic unemployment allowance is available to persons who meet the condition regarding previous employment, and who have registered as unemployed job seekers with the local TE office. The basic unemployment allowance is paid for no more than 500 days. The labour market subsidy is available to applicants who do not meet the condition regarding previous employment or who have already received an earnings-related or basic unemployment allowance for 500

of the social assistance recipients (THL 2012.) Of the labour market subsidy recipients, 25% received social assistance on a long-term basis (10-12 months) and 37% for at least six months (Hannikainen-Ingman, Hiilamo, Honkamo, Kuivalainen & Moisio 2012). This tells something about the low level of the primary benefits and holes in the basic security system. Even though the basic social security benefits should be higher than the minimum security, an increasing number of basic security recipients are having to rely on social assistance as a last-resort source in addition to the benefits provided by Kela. This is partly due to the development over the last couple decades, which has resulted in a relative drop in the level of basic security. Basic social security benefits and social assistance can be more broadly viewed together as a security system that ensures the minimum security. In this way, the social assistance acts as an extension of the basic social security benefits and a last-resort guarantee of minimum income.

days. The duration of the labour market subsidy is indefinite, but its availability is limited by certain qualifications. The condition regarding previous employment is considered as being met if the employee has been in paid employment for at least 26 weeks during the 28 months preceding the unemployment, and the working hours have been a minimum of 18 hours per week. The wages must correspond with the relevant collective agreement. If there is no relevant collective agreement, the income must be at least €1,154/month. In terms of self-employed entrepreneurs, the condition regarding previous employment differs slightly from the condition that is applicable to employees (Kela 2014).

2. Active inclusion strategy

2.1. Active labour and social policies and the promotion of inclusion

In Finland, active labour market and social policies have been growing closer together over the years. For example, over the past couple decades, activation strategies related to employment and unemployment have become an established aspect of the country's labour market policies (Pajukoski 2012). Key methods for activation include making the receipt of social assistance or benefits conditional or available against active participation in society. Other means of activation and direction might be to make cuts in social assistance and implement the planned incentive increases to the labour market subsidy. Social assistance and unemployment security benefits have become concrete tools in activation policies.

Reduced basic social assistance

The amount of the basic social assistance can be reduced on specific grounds as prescribed by law. If the applicant for social assistance has, without justifiable cause, refused an offer of employment or participation in another measure related to labour market or educational policies, the amount of the basic social assistance can be reduced by a maximum of 20%. In situations in which the applicant repeatedly refuses work or other measure, the basic social assistance can be reduced by a maximum of 40% (STM 2013).

The grounds and amount of reduction to the basic social assistance should be considered on a case-by-case basis that takes the individual circumstances and overall situation into account. It should be noted that the basic social assistance can only be reduced if the reduction cannot be seen as unreasonable considering the applicant's situation nor can it be seen to endanger the means necessary for the person to live a life of dignity. No official threshold has been set, however, to determine what is necessary for a person to live a life of dignity. In case of a reduction, the applicant for social assistance and the authorities shall draft a plan concerning how the applicant might work towards earning an independent subsistence in the future. If the basic social assistance is reduced, it can only be reduced for a maximum of two months at a time (STM 2013, 96).

Preferential income

In accordance with the trial initiated in 2002, preferential income is applicable in connection with the granting of social assistance as a means of encouraging the applicant to seek employment. This means that a specific portion of the applicant's earnings need not be taken into account as income in the calculation of the amount of social assistance. The amount of preferential income that can be excluded is a minimum of 20% of the monthly earnings for the household, but however, no more than €150. As relates to preferential income, earnings include wages, entrepreneurial profit and support for informal care (STM 2013, 137). The objective of preferential income is to encourage those receiving social assistance to seek work and acquire additional earnings, thereby reinforcing their inclusion in working life. The provision concerning the preferential income was included in the Act on Social Assistance temporarily in order to first clarify the impacts of the trial, and no decision has yet been made concerning its continuation beyond 2014.

Other methods have also been employed to encourage job-seeking and inclusion in the labour market. At the start of 2014, an exempt amount of up to €300 in unemployment security (e.g., labour market subsidy) was introduced. In theory, this means that unemployed persons can earn up to €300 per month without suffering a reduction in their unemployment benefits. If the earnings exceed this amount, a sum equalling 50% of the earnings exceeding the said amount will be reduced from the payable unemployment allowance. In terms of minimum income, this reform does not, however, necessarily reach those who are in the weakest financial position, since the exempt amount of earnings may be taken into consideration when determining the amount of social assistance. The reform might, at its best, reduce the number of those who need social assistance, but it will not eliminate the related incentive and poverty traps.

Youth at the core of activation policies

Youth unemployment has risen to the forefront in media discourse and on political agendas as a result of the European economic crisis and, in particular, a strained labour market situation. Different activation measures are targeted at the potential work force and, in particular, to people under the age of 25 who are without education or have fallen outside of the educational system. In order to gain unemployment benefits, as is the case also with the full basic social assistance, uneducated young people under the age of 25 must seek an education and training. Young people who have not, after comprehensive or upper-secondary school, completed any vocational qualification training, must apply for a minimum of two study places during the application round for studies starting in the autumn term. Young people without an education will lose their right to unemployment benefits not only if they fail to complete the abovementioned application process, but also if they refuse to accept an offered study place, interrupt their studies without a justifiable cause or act in such a manner that they will not be chosen for a study place. The basic social assistance can also be reduced for the aforementioned reasons.⁴

According to critical evaluations, a reduction in social assistance only rarely works, in reality, for young people. From the viewpoint of social workers, sanctions only appear to act as true incentives in cases in which the young people have no particular problems (e.g., addiction or mental health issues), and when they truly have the possibilities to move forward in life. Instead of the reduction in social assistance serving as a motivator for young people, these sanctions may lead them to become indebted and drive them into an even more difficult life situation (Palola, Hannikainen-Ingman & Karjalainen 2012).

Youth guarantee

In order to counteract and prevent youth unemployment in Finland, efforts are being made to improve the inclusion of youth via the youth guarantee, which was taken into use in 2013. The youth guarantee is in place to better provide youth with access to employment or education, and to prevent prolonged unemployment and the marginalisation of youth. The youth guarantee endeavours to ensure that *"everyone under the age of 25 and every new graduate under the age of 30 is offered a job, job trial, study, workshop or rehabilitation place within three months of registering as unemployed."* The youth

⁴ According to a case study on young social service customers in Helsinki, it is rare for basic social assistance to be reduced on the grounds of education, since the reason for not applying for or dropping out of education is often linked to mental health issues, such as depression or burnout (Palola, Hannikainen-Ingman & Karjalainen 2012).

guarantee also carries an inherent educational guarantee that seeks to ensure that every young person who has completed the basic comprehensive education is provided with a study place at an upper secondary school, vocational institute or similar facility (Nuorisotakuu.fi).

Participatory and conditional social security

As part of its overall Structural Policy Programme, the Finnish Government decided in 2013 to develop participatory social security among working-age people in order to prevent exclusion and increase incentives to work. *“The aim of the development process is to create a social political system in which the population of working age is offered the opportunity to be an active part of society.”* (STM 2014a, 4). One of the voiced aims of participatory social security is also to reinforce the legitimacy of social security within an atmosphere that has been characterised by criticism regarding the gratuitous nature of social security. According to the definition set forth by the working group assigned to develop participatory social security, the concrete aims of participatory social security are *to advance the participation and employment opportunities of people of working age, and to prevent marginalisation*. The aim is to further expand the current methods of activation, and to increase the role of the third sector and social security recipients in planning and implementing new activation measures.

At its most basic, the initial phase of participatory social security will concern those who are long-term unemployed and those social assistance recipients who are unemployed but not entitled to unemployment security. At its most expansive, participatory social security will comprehensively cover all those persons outside of working life and without an education who are thought to be at risk of social exclusion. Active participation might be fulfilled by, for example, assistive duties within the public sector, work rehabilitation or workshop activities, or other rehabilitation (STM 2014a).

Other key measures

The aim is to support the inclusion in the labour market of those who hold the weakest position through different employment and education programmes and reformed service models. Programmes that are currently underway include the programme intended to reintroduce persons with a partial work capacity back into the labour market (STM - Osku), and the municipal trial (TEM - Kuntakokeilu) intended to encourage the hiring of the long-term unemployed and to reduce structural unemployment. The Ministry of Employment and the Economy is running a trial involving a new model for multi-professional labour service centres' (TYP) that would offer the services of the local TE offices, Kela and the municipalities. The legislative work for a nationwide model is in the planning. The idea is that the unemployed will have access to multiprofessional services to promote employment, all from the same location. The aim of regulating the activities of the labour service centres by law is to improve the availability of services and customer equality. The current method of organising services for the unemployed creates municipality-level variation in the services and, therefore, does not guarantee the provision of similarly arranged, joint services across the country (TEM - TYP).

2.2. Access to social and health services

According to the Constitution of Finland, the public authorities shall guarantee, for everyone, adequate social, health and medical services and promote the health of the population (Suomen perustuslaki 1999/731). The foundation of the overall social and health care system is the municipal social and health services supported by State funding. Pub-

lic sector services are supplemented by private providers and third sector organisations, from which the municipalities can purchase services (Terveydenhuolto Suomessa 2013, 10). Legislation determines the key services that municipalities must provide. Within the legal framework, the municipalities decide themselves on the extent of the services and how they will be arranged. Lately, the State has shifted the cost liability for these services more concretely to the municipalities. The municipalities, however, will not likely invest more resources in their social services if the State does not contribute more to the costs than it currently does.

Quality social and health services are crucial tools in the prevention of poverty and marginalisation. In Finland, the availability of these services is supported in different ways depending on the service in question. In terms of health care, for example, equal accessibility for all is supported by the comprehensive coverage of the system, the State subsidy system that equalizes the funding and resources among municipalities, and the statutory National Health Insurance provided by Kela, which provides compensation for, among other things, a portion of patients' medical costs (Hiilamo, Kangas, Manderbacka, Mattila-Wiro & Vuorenkoski 2010, 22). The accessibility of public health services is also promoted by keeping the service fees at a low level. On the basis of the Act on Client Fees in Social Welfare and Health Care (734/1992), the fees can be reduced or left uncollected if the collection of such fees threatens the subsistence of an individual or family. Furthermore, public health care also includes an annual payment ceiling. Once this limit is reached, the individual in question will receive any subsequent services for free or at a reduced price. The fees are adjusted every second year and they are prescribed by law and decrees (Terveydenhuolto Suomessa 2013).

3. Problems and shortcomings of the Finnish minimum security system

3.1. Coverage

The Finnish social security system is based on residency. In principle, all permanent residents of Finland are entitled to the social security benefits provided by Kela (Kela 2014). In the report of the Ministry of Social Affairs and Health on the compatibility of residence-based social security and EU legislative requirements, there are no immediate structural changes proposed to Finnish social security, but there is a call for Finland to be more active in the development of the EU legislation (STM 2014c, 9-10). Among others, undocumented immigrants whose presence in the country is not, for one reason or another, officially known or allowed by the authorities, fall outside of the current minimum security system in terms of social security, social assistance and health services.

According to an approximate estimate, there are about 3,500 people in Finland who do not hold a valid residence permit (Keskimäki, Nykänen & Kuusio 2014, 9). Despite the fact that international human rights agreements and Finland's Constitution could be interpreted in a way so as to concern also undocumented immigrants, their rights to minimum security are not being realised. They are also not receiving sufficient health care (Ibid.). The realisation of the rights of undocumented persons is a problem on the national level, and the situation is complicated. In relation to the rest of the population, they are clearly in a weaker position. Often, the opportunities for undocumented persons to be active and involved are limited, and they are susceptible to poor treatment. Their position is complicated even further by the fact that an undocumented status is often viewed as being illegal, thereby raising the threshold to seek, for example, health services. In the worst case scenario, the lives of undocumented immigrants are overshadowed by isolation, insecurity and fear.

Social assistance is also problematic for those who do hold a residence permit, since a repetitive reliance on social assistance is viewed as grounds to deny a permit extension. A repetitive reliance on social assistance is also grounds to deport an EU citizen and his/her family from Finland after a stay of more than three months (Ulkomaalaislaki, 39 § ja 167 §.)

3.2. Accessibility

The accessibility of the minimum security system is a topic that divides opinions. Even though efforts have been made over the years to simplify the system, it is still generally characterised as being bureaucratic, fragmented and complicated. In terms of accessibility, the key problem that has been identified is that benefits and security are being provided by multiple institutions. This inherently complicates the practical aspects of the system. Interviews conducted for the project brought up the criticism that accessibility is not being realised equally on the practical level. In order to meet the demands of the system, one must have a good ability to function, initiative, the ability to acquire and absorb information, and social skills required to handle their matters. On the basis of the interviews, it appears that accessibility can be a problem particularly when the applicant for support has, for one reason or another, a reduced ability to function. Those with ad-

diction and mental health problems are thought to find it especially difficult to function within the restraints of the system.

The homeless also appear to have problems handling their matters in practice. Homelessness consumes the individual's resources, is physically and mentally taxing and, often, goes hand-in-hand with other problems. As a result of homelessness and its consequences, one may find it too hard, even insurmountable, to handle the daily tasks of life, much less the bureaucratic social service system.

As concerns accessibility, the interviewees viewed the increase in electronic services and written social assistance work and the reduction in face-to-face personal service to be a threat. Despite the fact that services handled electronically or in writing might be able to improve accessibility, they considered it detrimental for those persons, in particular, who need face-to-face service. Not all of us have the sufficient ability to function, skills or resources to handle our matters electronically or by mail, and this is particularly true for the most disadvantaged. Within the field of social services, the increased use of emailed and mailed communications threatens the realisation of customers' rights. Discussions via correspondence do not guarantee mental or social support for the customer, or help in dealing with life situations and real problems (Kettunen, Manninen, Putkonen & Uotila 2014.)

Additionally, a fragmented service system creates a situation in which people end up falling between the cracks, whereby their problems related to life crisis situations cannot be resolved within the framework of the service system. This phenomenon is often also referred to as diversion. Diversion refers to the idea that someone in need does not receive the support they need from the service sector or, in the worst case scenario, is entirely turned away from any source of assistance (Määttä 2012a). In terms of social exclusion, those in the most difficult situation are the ones whose life and living circumstances (employments, family relationships or location) change often and rapidly. In such situations, these persons are *"forced to continuously butt heads with an inflexible and bureaucratic social security system"*. It is a known fact that social exclusion tends to concern, in particular, those applicants for support who have the weakest social standing (Ibid., 32.) There are many complex problems that may explain this, but also it may be that, for example, entrepreneurs have, in practice, a very difficult time clarifying their own financial situation to the authorities in order to get the social benefits they need.

Accessibility to social security from a gender perspective

Means testing for social security more often affects women, who care for children at home while the men are bearing the responsibility for providing for the family. For example, in 2007, the result of means testing showed that 70% of those who received a reduced labour market subsidy were women. Also, children's day care fees may be increased due to a spouse's income (Määttä & Laine 2010, 32–38.) In terms of social assistance, the duty to provide support does not only concern spouses, because the social assistance is calculated based on the income, expenses and assets of everyone in the household. In certain cases, it may be more financially beneficial if a couple living on social assistance actually lived separately, because the basic portion of social assistance for spouses is only 85% of the basic portion of those living alone. The costs of establishing a family still affect women more than men. In practice, this can manifest itself in, for example, a weak position in the labour market, a smaller pension and a dependence on a spouse's income. The current method of means testing for support may have the effect of upholding/reinforcing a gender-oriented division of labour (Ibid., 40).

3.3. Non-take-up of support

The non-take-up of social assistance is a challenging social political problem. On the basis of research, the volume of non-take-up is, depending on the datasets, models and methods used, estimated to be around 25–50% (STM 2014b). The non-take-up of social assistance reflects the ineptness and inefficiency of the minimum security system (Kuivalainen 2010). Furthermore, it is a challenge from the perspective of equality and social justice. The non-take-up of social assistance is fateful for those who are doing the most poorly in our society, since the impacts for them are rougher due to the low level of their other possible sources of income (Kuivalainen 2007, 49).

Many reasons have been given to explain the phenomenon of non-take-up. First and foremost, non-take-up may be a person's conscious or subconscious decision. Some of those who are entitled to social assistance do not apply for support in order to, for example, hide their own poverty, since being a customer of social services signifies that one is not doing well within Finnish society. In terms of individual customers, the non-take-up of support may be affected by the fact that the person is uninformed or has not received sufficient information about the application for or granting of social assistance. The process of applying for support may also seem too difficult and complicated and, therefore, not worth the bother. Additionally, the means testing inherent to the subsistence systems are linked with controlling administrative structures and humiliating aspects that may also affect the degree of non-take-up (Kuivalainen 2007; Kuivalainen 2010). When applying for social assistance, applicants are forced to verify the insufficiency of their resources and to prove that they are poor. Those who are entitled to support do not necessarily apply for what is due them in order to avoid being stigmatized and labelled.

Sociodemographically, the non-take-up of social assistance has proven to be most common among the unemployed, youth and the elderly who are entitled to support, as well as those living alone or persons with minimal education (Kuivalainen 2007). According to studies on non-take-up, the underusers of social assistance are underprivileged in many different ways. Those not taking up social assistance perceive themselves as, in comparison to the majority population, living in poverty and more often having to do without essential commodities. Those designated as underusers also viewed themselves as being overindebted and they even found it difficult to manage paying mandatory fees (Kuivalainen 2010). The non-take-up of social assistance is a significant problem that should be dealt with in the future. If the utilisation rate of social assistance were to be raised, it would enable for the improvement of people's financial situation and, therefore, their quality of life.

3.4. Level and sufficiency of minimum security

The task of determining the level of minimum income is a multidimensional and politically complicated issue. Legislation guarantees the right to the necessary subsistence and means to live a dignified life, but it does not define what is considered necessary and how the security needed to live a dignified life is to be understood. In Finland, the level of minimum security is determined by political-administrative authority. It is determined by political decision-makers who, on a broader level, regulate the grounds for and content of subsistence (Kuivalainen 2011).⁵

⁵ For more information about the determination and historical development of the level of support, see Karjalainen Jouko (1998) "Toimeentulotuki normijärjestelmänä" (Social assistance as a system of norms). <http://www.julkari.fi/bitstream/handle/10024/100195/985karjalainen.pdf> (in Finnish)

In order to evaluate the necessary level of minimum security, different empirical methods have been developed, and although attempts to find a sufficient level have been made for decades, Finland has not managed to come up with a level of security that is indisputable (Moisio 2009, 5). An evaluation of what is sufficient and reasonable is difficult since the process inevitably involves political questions of values, and the variety of viewpoints on the matter make it impossible to formulate an unambiguous solution. It is clear that the level of necessary minimum security and its sufficiency provoke emotions and intense discussion. In light of the interviews, the level of minimum security is viewed generally as being low and its sufficiency as weak. Since social assistance has fallen behind in terms of the rise in wages and the real cost of living, it is often seen as being sufficient only for the least of the least, if even that. Particularly in the Helsinki metropolitan area and other expensive towns, the cost of housing eats away at the sufficiency of minimum security, since there is a shortage of reasonably-priced homes. At their lowest, the minimum security benefits are seen as 'barely meeting the basic needs', with the result that any unexpected expenses throw the finances off track. Sanctions, cuts in benefits and denied benefits deepen the desperation of those living strictly on minimum income security. Social assistance, which is intended to serve as a temporary solution, does not, even as a long-term income source, provide the foundation for a balanced and decent life.

In Finland, research on poverty has also explored the opinions of the citizens as concerns the level of minimum security. Altogether 73% of Finns feel that the minimum amount of income security is too low. The percentage of citizens that feel that the level is suitable or too high has dropped over the years. Correspondingly, the percentage of those who feel that the level is too low has increased (Kuivalainen 2011; Moisio et al. 2011). On the other hand, some of the interviewees' responses and opinions expressed in public discourse suggest that the level of the minimum security is sufficient. The basis for that viewpoint is that the level of minimum security should be dimensioned so as not to compete with the level of wages from employment. An increase in the level of the minimum security might weaken the motivation to work at all.

3.5. Efficacy

The key task of the Nordic welfare model and Finnish welfare state was traditionally seen as a need to reduce poverty and inequality. According to earlier research, Finland has, by virtue of the Nordic model, succeeded on an overall level to reduce its poverty. The poverty of those living on last-resort, means-tested support has been lower in the Nordic countries than in other countries worldwide (Kuivalainen & Sallila 2013, 59). Even though reports on relative income poverty often give too positive a picture of poverty, earlier research in Finland has shown that, as a last-resort form of financial aid, social assistance does have a reducing effect on poverty. For the poorest individuals and households, in particular, social assistance has played a considerable role in alleviating poverty. Social assistance has successfully reduced income poverty and, additionally, research results have shown that social assistance also has a reducing effect on poverty when analysed in terms of the poverty gap (Kuivalainen 2010). One worrisome development trend may be, however, that recent studies have indicated that the income poverty of those receiving social assistance has, over the past decades, increased (Kuivalainen & Sallila 2013, 59). This means that the poverty-reducing effect of the social assistance has weakened.⁶

⁶ The poverty gap is calculated as the difference between the median income of people below the at-risk-of-poverty threshold and the at-risk-of-poverty threshold.

In light of interviews with social workers and civil society actors, it seems that the minimum income system is preventing extreme poverty and hunger. When we speak about *relative poverty*, however, it appears that minimum security is only partially alleviating poverty. When financial resources drop too far below the average and bring about an inability to function in society, the relative poverty moves closer to absolute poverty (Moisio 2009, 5).

3.6. Promoting active inclusion

Active labour policies

Efforts have been made to simplify the minimum security system and, in particular, to facilitate the integration of work and social security. There are, however, problems in the system in terms of activating people to seek employment, and despite attempts to solve these problems, the system has been unsuccessful thus far. The biggest problems encountered in efforts to integrate work and social security concern income and bureaucratic traps. Income traps refer to a situation in which the addition of earned income does not increase the disposable income as compared to means provided by social assistance or other social security benefits. A subheading under the income trap may also be the unemployment trap, meaning that the acceptance of a job does not increase the disposable income, since the wages reduce the paid benefits and increase the individual's tax level or service fees linked to income (Karjalainen & Moisio 2010).

Bureaucratic traps signify situations in which the integration of low income and social assistance lead to unreasonable problems for the individual, such as having to handle matters at a variety of different offices, the delayed payment of benefits, general paperwork and even, in the end, the risk that the payment of social assistance is cut off. It has been suggested that even the assumption of the existence of different bureaucratic traps may be a negative incentive (Karjalainen & Moisio 2010). Bureaucratic traps both increase administrative work and concrete financial insecurity for the support applicants who are already in a difficult situation in terms of their subsistence (Hannikainen-Ingman et al. 2012).

The interviews also brought up the idea that the acceptance of a job or job trial position might be financially risky and, sometimes, even uneconomic due to the actual costs related to working. In situations in which the income and benefits of adult social welfare customers actually decrease as a result of their having taken a job, it may prove very challenging to uphold their motivation to work by citing incentives. This may be interpreted to mean, concretely, that the current incentives are too minor. The interviewees emphasised, above all, the need for the system to work more flexibly in terms of dealing with the combining of wages and both benefits and social assistance. It should be easier and more profitable to accept a job, and the related bureaucracy should be lightened.

Of the newest reforms, the exempt amount of €300 linked with the labour market subsidy is generally thought of as a good step towards activation and the integration of wages and support. In terms of social assistance, the preferential income amount of €150 was also seen as a good thing, but its low sum and payment per household were criticised. An earlier study on social assistance (Karjalainen, Kuivalainen, Hannikainen-Ingman & Mukkila 2013, 199) also suggested that, at the grassroots level, the preferential income of €150 per household is often viewed as insufficient. The study and interviews also raised the idea that the significance of preferential income as an activating factor for support applicants fell short, particularly because of bureaucratic traps, customer uncertainty and a difficult labour market situation (Ibid.)

Participatory social security

There are conflicting viewpoints related to participatory social security and, thereby, the conditional aspect of social security. On the basis of the interviews, activation and the reinforcement of participation were generally considered to be important. The fear was that, in practice, people would be directed into participatory activities using sanctions, such as a reduction in the basic portion of social assistance. Even though it is generally accepted that the use of sanctions, as a detrimental action directed at a specific individual who does not participate as expected, has its place in the activation process, the consensus was that active participation should rather be encouraged through rewards not punishments. This was justified primarily by the idea that sanctions further weaken those who are already in the most vulnerable and weakest position and thereby aggravate their poor state. It was further stated that participation should be rewarded sufficiently so that it would be genuinely and financially beneficial and just. This brings us inevitably back to the issue of revising the positive incentives and bringing them to a sufficient level.

In connection with participatory activation, one essential factor is to identify whom the planned measures will actually concern. Not everyone has the ability and resources to participate, so a great deal of consideration, on a case-by-case basis, must go into any plans for activation activities and obligations. Activating and participatory measures should primarily be offered to those who are able to participate of their own free will. Additionally, public discourse on participatory social security has also more broadly brought up the question of the impact of conditional social security on the labour market. Conditional and participatory social security should not bring about a dual labour market or low-wage sector, in which there are people working without a decent salary and in the fear of cuts to their minimum security, on an agreement that does not even meet the minimum requirements prescribed in the general collective agreements. If this should happen, the measures intended to increase employment would not, in reality, increase participation or integration into the labour market.

Quality services

In terms of quality services and access to them, the key problems are related to the fragmentation of the service system. Fragmentation still affects the accessibility of health and social services. It would be justified to say that not all aspects of the equal right to quality welfare services are being met. For example, regional differences in the availability and quality of services gnaw at the concept of equality and place citizens in inequitable positions. Long distances and a scattered service network is an everyday issue in the rural areas of the country.

One key problem in terms of quality services is, in particular, the inequality of health care from the perspective of service availability and coverage. Inequality is created in a system in which the basic health care services are divided between public health centre services, occupational health services and private medical services. Especially those who are outside of working life and the occupational health care system have a significantly weaker position than those who are employed. Within occupational health services, accessibility to services is better, the services are, in part, more comprehensive, the waiting times to be seen by a doctor are shorter, and the service is primarily paid by the employer. Even though people who rely on the minimum income systems are taken into special consideration, for instance, through National Health Insurance and the payment ceiling for social and health services and medicines, the fees for public services can be a deterrent for those relying on minimum security to seek medical services. The share of fees payable by patients in outpatient care, for example, may be considerable despite compensation from National Health Insurance (Hiilamo et al. 2010).

The inequality also shows up as a significant difference in the use of health services among people of different income brackets. Those who are well-off and in a high social standing are generally more healthy and take advantage of health services more often than those who are not doing as well financially (Rotko, Aho, Mustonen & Linnanmäki 2011). According to a report by the OECD (2009), the inequality in the use of medical services in Finland is among the highest in the OECD countries. Finland remains a land with major health differences.

Public services have been in the process of change for many years. One of the biggest and most discussed changes is the service structure reform that is taking place within social welfare and health care (referred to with the acronym Sote in Finnish). This reform will separate the arrangement and provision of social welfare and health care services from one another. The responsibility for arranging the services will be shifted from the municipalities, hospital districts and specialised hospital districts to five social welfare and health care regions and relevant joint municipal authorities. Instead of individual municipalities, these regional authorities will, in the future, ensure that people have access to the services they need. The cornerstone of the reform is to secure the availability of local services. The responsibility for producing the services rests with a municipality or a joint municipal authority, and each municipality will belong to one of the five regions.

A central aim of the reform is the realisation of a cost-effective service structure, the securing of quality and accessible social welfare and health care services, and the promotion of the health, well-being and social security of the population. Efforts to meet the set objectives will involve a broad integration of social welfare and health care, in which basic and specialised services will form a seamless service package, and the service administration will be made clearer and more efficient. The reform is based on the argument that it has been difficult for individual municipalities to arrange equal and sufficient services (STM -Sote). In the midst of change and within the framework of this report, it is extremely challenging to estimate the types of impacts that the reform will have in people's lives, on the practical everyday level. In the end, those methods that are chosen to implement the reform will have a greater impact than the set objectives.

4. Possible trends of development

4.1. Improving coverage and accessibility

The minimum security system needs to be reformed and simplified so as to ease the application and management of support. Reducing the handling time for applications should be a central focus for the development work. In spring 2014, the Government decided that the handling of the basic social assistance will be transferred from the municipalities to Kela by the beginning of 2017. Despite possible problems, this may be a positive step towards simplifying the process. At best, the reform would improve regional equality and free up municipal social service resources for actual social work. The fear is that the shift of basic social assistance to be processed by Kela might, however, reduce opportunities provided by face-to-face encounters in social work. The hope is that this transfer of responsibility from the municipalities to Kela will lower the threshold to apply for support, thereby encouraging more of those who are in need of support to get the help they need without any fear of stigmatization. The process of removing stigmas requires changes in our social climate and set of values.

More focus should be put on accessibility as well. Accessibility can be improved by reserving and directing resources to help specific groups. Outreach social work is one concrete option for improving accessibility. For example, practical social work carried out along bread lines has proven to be an effective method for helping those less fortunate and for improving accessibility of the system (Ohisalo, Eskelinen, Laine, Kainulainen & Saari 2014). Social workers who hit the streets can better meet, in person, those who are in need and who are not necessarily able or capable of carrying out the required processes within the institutions providing support.

Furthermore, as society becomes more multicultural and multilingual, those responsible for ensuring minimum security are increasingly faced with the need to make accommodations for minorities with different backgrounds and languages. Since the immigrant population is in a weaker position than the majority population within, for example, the labour market, special focus must be placed on ensuring their minimum security. The first step is for services to be offered in a language that both parties understand. Accessibility can also be improved by developing the communications of the institutions providing benefits. Information about benefits should be readily available and in a form that is easily understood. Additionally, and in relation to social assistance in particular, electronic services should be developed to be more user-friendly. Sufficient resources should also be reserved, however, for traditional face-to-face services.

4.2. Coverage for actual housing expenses

The level of the housing allowance must be raised to correspond to real rental costs, and the level must also follow the general development in the rental market. If funds from the municipal budgets are used to supplement the general housing allowance, these funds are taken away from other important areas of social work. Owner-occupancy is still the most common and least expensive form of housing in Finland, but low-income earners still cannot afford it. An increase in benefits is not enough on its own, but rather, the rental flat market must be developed and the production of reasonably-priced rental homes must be increased, especially in large cities.

4.3. The development of activation policies

In terms of motivation, it is vitally important to remove the obstacles that prevent or dissuade one from working, and this must be a primary aim. Exhausting bureaucratic traps must be done away with. This requires comprehensive changes on the systematic level and the development of new practices. Services that support activation should be arranged with a one-stop-shop principle and a customer-oriented approach. Multi-professional counselling, in which the customer interaction is based on each individual's background and needs, benefits both the individual as well as the society at large. Co-operation and intensive and individually-tailored support that is intended to promote employment, encourage participation and increase overall well-being are essential in order to activate and resolve the problems of those in the most difficult position.

Work rehabilitation needs to be developed with special attention on the related quality control. The responsibility for arranging work rehabilitation too often means, in practice, that it is implemented using insufficient resources, which, in turn, leads to weak results. It is humanly unbearable that part of the population that is able to work is simply caught in a cycle between activation measures and unemployment. Transitions from work rehabilitation or the intermediate labour market to the open labour market are important pivotal moments in one's career or working life. Supervision at these pivotal moments and support for persons in their entry to the open market are crucial when one is returning to working life. Realistic paths to the open labour market must be made possible through the development of work rehabilitation and the intermediate labour market. Co-operation with socially responsible employers is of the utmost importance when creating such paths. In addition to developing work rehabilitation and the intermediate labour market, there is also a need to expand the apprenticeship training system and on-the-job orientation culture.

In a country abound with structural change and layoffs, it is ever more important to ensure that we are able to respond to the challenges brought about by rapid changes. Due to changes in the labour market, we need public support for short-term training to assist those moving from one profession or field to another. Furthermore, one important point that should be made clear is that the majority of unemployed individuals do not need activation or rehabilitation, they just need work. Activation is of little benefit if there are no jobs available. The number of unemployed job applicants in May 2014 was 302,200, of which 127,200 were included in some type of activation service. At that time, there were 75,200 open jobs in Finland. If we believe that work is the best way to protect people against poverty and marginalisation, it would be of primary importance to create new jobs and to work on developing the labour market structure. In the future, it will be necessary to increase our investments in repairs to the labour market structure and the promotion of gender equality. In addition to improving the availability of jobs, this also calls for the pursuit of a socially sustainable and inclusive labour market.

One of the key areas of development in terms of the operational culture might be the advancement of participatory activities. This does not simply mean apparent activities arranged by the upper echelons; true participation comes from direct human contact. Resources are necessary to enforce a quality social work and a support system that corresponds to actual living costs. For this reason, it is vital to see the social and, thereby, financial value in investing in people. The development of participatory democracy is, of its own value, an essential administrative undertaking that enables voices of those in need to be heard. The tools and forums created by public administration could provide media visibility, also for those who cannot afford to buy it.

4.4. Reducing the non-take-up of support

Active efforts should be made to minimise the non-take-up of support through concrete measures. Key measures in this endeavour could be to improve the dissemination of information and help in steering customers to the appropriate service, as well as the simplification of the system. Insufficient information and an off-putting and heavily bureaucratic system are effective at maintaining this problem that burdens people's everyday lives. As stated earlier in connection with the study on the non-take-up of support (Kuivalainen 2010), one important step to reduce non-take-up might be to inform citizens about existing benefits as straightforwardly and clearly as possible. Providing information, however, is not enough; the information must be delivered in a way that reaches and serves those who need it.

4.5. Promoting equality

The minimum security system should serve to promote gender equality as well as overall equality between people. It is first and foremost important that comprehensive and quality welfare services, health care, social services, childcare and education are within reach for everyone in the future. In the face of the inevitable reforms and changes, the quality of services and their free or inexpensive accessibility must be upheld, and when services are being developed, attention must be paid, in particular, to ensuring equal access. The focus of the reforms must be the people for whom the services are created. Even though the financial constraints set challenges for the arrangement of social welfare services, the services must not be taken too far away from the people who need them, all in the name of centralisation or cost-efficiency. Local quality services must not be compromised.

In order to function, a bureaucratic system requires constant monitoring to avoid overlap and diversion. The financial woes of self-employed persons and those living in debt-induced poverty need to be recognised so that, alike the rest of the population, they have equal assurance of a minimum subsistence. The development of debt management guidance⁷ methods and access thereto might help to relieve the financial strain under which people are living. The reform of the Act on the Adjustment of the Debts of a Private Individual (Laki yksityishenkilön velkajärjestelystä 57/1993) is an important undertaking, especially in terms of lowering the threshold for access to debt adjustment and improving the stance of indebted entrepreneurs. A nation-wide expansion of the system of awarding social credit⁸ would also raise the position of those who are overindebted.

⁷ In accordance with the law, municipalities should offer financial and debt counselling, free of charge, through which it would then be possible to, for example, apply for the debt adjustment that is available for private individuals. Within the debt adjustment procedure ordered by issue of the court, the debtors generally repay their ordinary debts, in accordance with their ability to pay, over a period of three or five years. After the set period has passed, the debtor is then released from the rest of the debt. One cannot gain access to debt adjustment if, for example, the reason why one's ability to pay is reduced is temporary or the debts are still recent.

⁸ The municipality can grant social credit to a person who, due to a low-income status, does not have the opportunity to receive credit with reasonable terms and conditions from any other source. The credit can be used, for example, to pay off high-interest cash advance loans. Currently, there are about 30 municipalities that offer social credit. The purpose is to prevent financial marginalisation and overindebtedness (STM – Sosiaalinen luototus.) [http://www.stm.fi/toimeentulo/tuet_ja_etuudet/sosiaalinen_luototus.](http://www.stm.fi/toimeentulo/tuet_ja_etuudet/sosiaalinen_luototus))

4.6. Assuring sufficiency

Sufficiency of social assistance has been identified as one of the system's most difficult problems. Sufficiency is an essential factor with regard to the impact of social assistance. Sufficiency should be assessed on a frequent basis using comprehensive methods, and by hearing and considering the many viewpoints of experts, citizens and stakeholders. The development of social assistance (as with other basic social security benefits) has already fallen behind in comparison to the general wage trend and rise in the actual costs of living, so it is imperative that this support be increased to a level that makes it possible to maintain a reasonable standard of living and consumption. It is crucial to develop the level and coverage of the basic social security benefits in order to reduce the need for social assistance. Although the reduction in non-take-up and the increase in the level of benefits are expense items, as measures to support participation, they would provide social advantages while also having positive compound impacts in terms of the national economic.

Sufficiency of minimum income can often be established in different ways. One way to assess the sufficiency of support is to draft a reference budget together with experts and consumers using a consensual method. The reference budget refers to consumption figures by which we endeavour to show the level of income that is sufficient to maintain a reasonable life and to cover the purchase of commodities and services that are considered to be necessary at a certain time. (see e.g., Moisio et al. 2011; Niemelä & Raijas 2013.) A reference budget for a decent minimal standard of living strives to show more specifically the amount of money by which individuals can manage and feel that they are also able to participate in social activities. By utilising reference budgets, the level of the minimum security would better correspond with the real costs of daily life. The latest reference budgets were calculated by the National Consumer Research Centre in 2014, so there is current information available on the consumption level of households that ensures a decent minimum standard of living.⁹

When reference budgets have been used to assess minimum income security, it has been noted that the sufficiency in minimum security varies depending on family structure and benefit recipients. With the exception of some pension recipients, we can state that, at the current level, the income of individuals and families living on basic and minimum security benefits is insufficient for the purpose of providing for a level of consumption that is in compliance with a decent minimum standard of living (Moisio et al. 2011; Niemelä & Raijas 2013).

⁹ For more information about reference budgets for a decent minimum standard of living and household-specific calculations, see Lehtinen Anna-Riitta & Aalto Kristiina "Viitebudjettien päivitys vuodelle 2013 - Mitä kohtuullinen eläminen maksaa?" (Updating reference budgets for 2013 - What does a reasonable life cost?) Kuluttajatutkimus - Tutkimuksia ja selvityksiä 3/2014. (in Finnish) http://www.ncrc.fi/files/5842/Tutkimuksia_ja_selvityksia_3_2014_Viitebudjettien_paivitys_Lehtinen_Aalto_korj_04082014_v2.pdf

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Appendices

Appendix 1: Examples of social assistance calculations for 2014

Example 1: Support is being sought by a family in which the father is unemployed on a labour market subsidy and the mother is a stay-at-home mom receiving a maternity allowance. Two children; one aged six years, and the other two months. The family receives a housing allowance and child benefits. (Helsinki)

Income	€ per month
Labour market subsidy	694.88
Maternity allowance	508.30
Housing allowance	555.10
Child benefits	219.32
Total income	1 977.60
Expenses	€ per month
Basic social assistance (father)	408.17
Basic social assistance (mother)	408.17
First child	302.53
Second child	278.52
Rent	950.00
Water costs	60.00
Telephone	90.00*
Internet	35.00*
Purchased clothing	95.00*
Purchased bus ticket	49.00*
* Non-approved expense. Included in the basic social assistance.	
Total expenses	2 676.39
Included expenses	2 407.39
Income	1 977.60
Social assistance	429.79

A total of €429.79/month of social assistance is granted. Additionally, compensation will be paid for any reasonable electric invoices (etc.) that fall due during the validity of the decision, the deductible portion of public health care services, and medications prescribed by doctors for the treatment of illnesses. Additionally, supplementary social assistance can be granted to cover, for example, for the hobbies of the children.

Calculation source – Grounds for granting social assistance:
http://www.hel.fi/static/sote/lomakkeet/303-005_tt-tuen_perusteet_fi.pdf

Example 2: Unemployed jobseeker who receives no income or unemployment benefits. Receives a housing allowance and the full basic social assistance. No children. (Kuopio)

Income	€ per month
Housing allowance	307.68
Total income	307.68
Expenses	€ per month
Basic social assistance	480.20
Rent	500.00
Water costs	6.00
Telephone	20.00*
Internet	35.00*
Purchased clothing	10.00*
* Non-approved expense. Included in the basic social assistance.	
Total expenses	1 051.20
Included expenses	986.20
Income	307.68
Social assistance	678.52

A total of €678.52/month of social assistance is granted. A reasonable rental cost is determined as €500/month, so the rental will be compensated in full up to this amount. The water costs will be considered separately. Additionally, compensation will be paid for any reasonable electric invoices (home insurance, etc.) that fall due during the validity of the decision, the deductible portion of public health care services, and medications prescribed by doctors for the treatment of illnesses. Additionally, supplementary social assistance will be granted on the basis of the needs of the applicant and the discretion of the social worker.

The calculation is theoretical and does not necessarily directly correspond to the calculations of those of social services in the City of Kuopio.

