

Management of subsistence benefit as national social assistance

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Summary of audit results

For your information

The purpose of subsistence benefit is to alleviate the material deprivation of those in need of assistance as a temporary measure of assistance.

Determining and paying subsistence benefit is a national task assigned to local authorities financed from the state budget. The benefit is based on a calendar month. When determining the benefit, the income and expenditure of a household and the subsistence level established centrally in the state are taken into account. Expenditure is calculated based on the limits established by a local authority. Twelve types of expenditure can be taken into account.

Subsistence level for the first adult of the household from June 2022 is 200 euros a month, before that it was 150 euros.

The National Audit Office analysed how subsistence benefit as a social assistance measure has been managed at the state and local level in order to ensure a reasonable procedural burden and a common effect of the benefit in the comparison of local authorities.

The audit covered the period from January 2021 to January 2022 and included all the local authorities. The analysis relied heavily on the Social Services and Benefits Registry (STAR). During the period covered by the audit, approximately 65,400 applications were granted and approximately 10,800 households received benefits in the total amount of 17.7 million euros.

The Ministry of Social Affairs has not sufficiently directed the uniform implementation of subsistence benefit as a national measure of assistance, and the practice of determining the benefit has been allowed to go with the self-flow too much in local authorities. As a consequence, there are large differences between local authorities in covering the expenditure of a person in need of assistance, which means that people in similar circumstances receive benefit to a different extent and the benefit is often not enough to ensure the subsistence level. The burden of those in need of assistance when submitting data to receive the benefit is also, at times, excessively high.

The Ministry of Social Affairs is aware of the problems, but the problems have not been addressed in depth or what has been done covers the problems too narrowly. The ministry must take a more active role in directing local authorities.

Main observations of the National Audit Office:

- The calculation logic of the benefit should ensure that after paying housing costs, the recipient of the benefit has enough money in the amount equivalent to the subsistence level to allow them to purchase other essentials for life such as food, clothing, etc. The limits of housing costs established by local authorities often did not cover the actual costs associated with housing (every third application). This means that recipients of the benefit were left with less money than the subsistence level after paying the actual housing costs. Cost exceeding the limit occurred in all local authorities and across all types of expenditure. In most cases, it was within 25 euros. Although exceeding the limit also occurred in much larger amounts, limits falling short of the price level of housing costs is characterised rather by a moderate but frequent exceeding of the limits.
- However, the majority of local authorities (86%) have updated the limits of housing costs in 2022. In previous years, fewer local authorities updated the limits and while the active changing of limits in 2022 is a sign of adapting to the rapid inflation rather than responding to the frequent overspending in the previous period, updating limits is definitely a positive development.

- There are large differences in the limits of housing costs in the comparison of local authorities. This is clearly not justified in the case of services whose price level does not differ regionally, such as electricity and gas. The difference between the lowest and highest limit for electricity costs was 16-fold. Its meaning and impact are manifested above all in the case of expenditure exceeding the limit. If, under similar circumstances, the actual costs are covered in one local authority but not in another, this means a smaller benefit in the latter case and also that the benefit is not enough to ensure the subsistence level. If we were to look at only the electricity cost and take the highest electricity cost limit, for example, as a basis, approximately 2,050 households or every fourth household in the remaining local authorities could have received a higher benefit in the audited period. The benefit amount would have been higher by 121,000 euros in total and by an average of 17% per one application.
- The majority of local authorities (approximately 90%) require the applicant for subsistence benefit to provide information that is not used or that is not used in the requested form. For example, income and expenditure must be disclosed in detail in the application. In reality, however, the local authority predominantly obtains information on income necessary for calculating the benefit from databases of the state through data queries (78% of income entries) and in terms of expenditure, it relies on the invoices appended to the application.

For your information

The importance of subsistence benefit as social assistance increased in 2022. The need for the benefit has been significantly greater than in previous years due to the rapid increase in prices and the Russian-Ukrainian war. The total amount spent on benefits in 2021 was paid in 2022 already during the first half of the year.

The National Audit Office finds that the Ministry of Social Affairs should intervene more than before in shaping the implementation practice of subsistence benefit in local authorities. This does not have to mean stricter rules in the laws, but more thorough monitoring of the activities of local authorities, guidelines and technical support. The content and volume of information collected when applying for the benefit must be harmonised in local authorities. Arrangements for systematic monitoring of the costs exceeding limits and the relevance of limits must be established in the area of government of the ministry. Considering this, the National Audit Office made recommendations to the Minister of Social Protection.

The Minister of Social Protection considered the issues highlighted by the National Audit Office important and promised to take the recommendations made in the audit into account in developing the system for subsistence benefit. The plan is to start preparing the changes in 2023.