



# *Analysis of Welfare Benefits Systems : The case of the “Revenu de solidarité active” in France*

## *Road map*



Available on [www.solidarites-actives.com](http://www.solidarites-actives.com), rubrique « Événement » report « Analysis of Welfare Benefits Systems : The case of the “Revenu de solidarité active” » in France

### Context

In a context of economic crisis, minimum income schemes represent a lifeline for people experiencing poverty and social exclusion. They are often the only financial support available to people experiencing hardship, both for people who are unemployed and face numerous barriers to accessing paid employment. The “Revenu de solidarité active” (RSA) is one of the most important of the nine minimum income scheme. The RSA is in line with the concept of active inclusion, as recommended by European Commission in 2008, based on integrated implementation of 3 pillars: adequate income support, inclusive labour markets, access to quality services. RSA has been evaluated. In its pluriannual plan against poverty and for social inclusion, French Government forecasts adjustments as revaluation of the amount of RSA, fight against non take up ....

In France, social policies responsibility is split shared between Ministry of Social Affairs and Health and local representatives : Department Local councils (99 departments in France)<sup>1</sup>. Job policies responsibility is split shared between Ministry of Job Work, Employment, Training and other kind of local administrations - Provinces/Regions local councils (25 Regions in France) <sup>2</sup> and government decentralised : one representative by per Regions/Provinces<sup>3</sup>. At the scale of a department, Local councils work with municipal authorities<sup>4</sup> to take in charge persons experienced precarity. Concertation is difficult in this fragmented organisation. In addition of that, since 2014, a big process of change management decentralisation policies is engaged impacted competences and organisations of each of the institutions previously mentioned. Thus, a realistic and concrete roadmap giving steps to try to achieve support for the proposals is not possible at the time of the redaction of the french roadmap.

### *Coverage and take-up and adequation of the amount*

#### **Lack of readability: RSA basic, RSA activity, RSA RSA youth**

The RSA was introduced by a law adopted on December 1st 2008 and modified by a law adopted on December 1st 2010 (RSA youth). The amount of the RSA varies according to the household composition (it can be topped up for lone parents: pregnant, single, divorced or widowed with children) earned income. Giving different designations damages readability : RSA basic for those who declare 0€ income, RSA activity is to “top-up” the earned income of a household, RSA youth targetting 18 – 25 years old, under working conditions<sup>5</sup>.

<sup>1</sup> Les conseils généraux : un par département

<sup>2</sup> Les conseils régionaux : un par région

<sup>3</sup> l’Etat déconcentré : les Directions Régionale des Entreprises, de la Concurrence, de la Consommation, du Travail et de l’Emploi (DIRECCTE)

<sup>4</sup> Centres Communaux d’Action Sociale

<sup>5</sup> cf details in the report. EapnFr\_Emin\_Rapport\_France\_RSA : §1.4 and §1.5

### Coverage and non-take up of RSA

In total, roughly 1.2 million young people were living in poverty in France in 2011. At the end of 2011, just 9 500 households were beneficiaries of RSA youth in France ; the same gap is observed for migrants. In 2011, the non-take-up rate was 35% for the RSA basic, and 68% for the RSA activity. Thus non take up of RSA is a crucial problem.

Recommandation n°1 : **Open the RSA to all adults 18 years and older living legally in France, without a requirement to have worked, living on low incomes, but only once an assessment has been done of the full range of benefits the person has a right to.** Such a broadening of the scope of the RSA would require a change in legislation.

Recommandation n°2 : **Tailor the regularity of RSA declarations to the employment status of the applicant.** The allocation of the RSA could be calculated automatically using tax returns for certain people. However, this would mean the RSA calculation would be based on the previous year's household income, meaning an RSA that is less reactive to the household's situation. The approach could also be based on that of the automation of social tariffs in the energy sector.

Recommandation n°3 : **Develop a more coherent message on "rights and obligations", one that does not stigmatise beneficiaries and focuses more on levers to improving their situation.**

Recommandation n°4 : **Reduce the amount of information required from beneficiaries. Increase the reliability** of statistics, and **collect them more efficiently** through closer cooperation between public agencies and service providers (transferring statistics between organisations).The RSA is calculated taking into account the households income meanwhile guidance and support individual.

### Ensuring the RSA is adequate and the fight against monetary and non monetary poverty

In 2014, the amount of RSA basic is 499 euros for a single, that is only 40% of minimum wage (SMIC<sup>6</sup>).

#### Recommandation n°5 : Amount of RSA

**5.1 Index lik the RSA basic to the treshold of 50% of minimum wage. To be efficient to fight against income poverty, minimum wage has to be revalued. The economy impact has to be measured.** Should the RSA be calculated for individuals [instead of for households]? Should the RSA activity be calculated as part of tax returns [like a tax credit]? Should this same approach be used for the RSA basic ?

**5.2 Index-link the RSA to the reference budget, calculated using a citizen-centred participory approach.** The reference budget reflects what citizens consider to be an income that allows to participate fully in society, so takes into account notions of social cohesion and inclusion and not just monetary poverty..

### Adequate advice, guidance and support

When beneficiaries access the RSA they also have the opportunity to receive individualized support (social and/or employment) provided by a single case worker. This right becomes a duty for people with an income under a ceiling

<sup>6</sup> SMIC : Salaire Minimum Interprofessionnel de Croissance. In 2013 the rate is 1 128.70 Euros per month.

(500€). The way this is applicable is unsatisfying as well for persons experienced precarity as for professionals.

**Recommandation n°6 : Improve advice, guidance and support**

**6.1 Provide social and employment support that can be accessed voluntarily by those RSA beneficiaries who wish to be supported, rather than as an obligation for all recipients of the benefit.** This would imply removing the "access to work contracts".

**6.2 Provide a more precise definition of the named case worker.** Case workers need to be multi-skilled in order to provide tailored social and employment support. Therefore, we need to tailor training courses and the professional toolkit to their needs.

**6.3 Improve our understanding of beneficiaries' support needs and expectations**

**6.4** Develop processes that facilitate better coordination of support and shorter waiting times for access to support.

**6.5 Improve links between support workers at a local level in order to add a group aspect to the assessment and support of beneficiaries.**

**6.6 Provide translation services for those with an insufficient knowledge of the french language.** This should speed up the process of integration and generate savings on the costs (financial, social and time) generated by a lack of understanding."

### *Active Inclusion policy*

#### **Link with inclusive labour markets**

The RSA basic has a low "exit rate". RSA activity beneficiaries find more often precarity jobs ; situations vary according gender and household composition. Thus, women have more often part time jobs than men and less working and they are in couple. Supported contracts are limited. Supported contracts are short-term contracts aimed at beneficiaries of RSA. State-subsidized contracts – that we have called "supported contracts" – are not a sufficient solution to the employment problems created by the economic crisis.

**Recommandation n°7 : Strengthen the vocational training offer, in particular in partnership with regional councils**

In December 2013, changes were introduced to the funding mechanism of sheltered employment schemes are insufficient.

**Recommandation n°8 : Build stronger links between sheltered employment schemes and the competitive labour market.**

Unemployment rate of young people is very high. Specific supported contract as social integration contract<sup>7</sup> are non adequate. At the end of 2013, the French government set up a pilot test of the "Youth Guarantee", aimed at 18-25 year olds not in education, employment and training, and living in social exclusion .

**Recommandation n°9 : Undertake regular evaluations of the impact of the Youth Guarantee pilot test, sharing findings and adapting the approach taken by the pilot sites to reflect these findings**

#### **Access to quality services and benefits**

A number of problems have been observed with the transition from the RSA to other welfare benefits or state aids.

<sup>7</sup> CIVIS : contrats d'insertions dans la Vie Sociale

**Recommandation n°10 : Smooth transitions between benefits by ensuring the coordination between the RSA and other welfare benefits and settle interaction between system to automatized payments**

**Recommandation n°11 : Public agencies must prepare for legislative and regulatory changes being - or about to be** - introduced to ensure a **better coordination of welfare benefits** (amongst other changes, the reform of the Access to work grant, of sheltered employment schemes, and the RSA activity / Return to work bonus, the the introduction of the "Youth Guarantee" and changes to the European Social Fund).

### Local governance and partnership working

Local inclusion pacts (LIP)<sup>8</sup> vary both in the way they are prepared and in the precise form of the final document.

**Recommandation n°12: Reorganise local governance of inclusion services so that the local council** works more at a community level, for instance by setting up Inclusion forums involving beneficiaries. These forums should focus on beneficiaries' needs with the aim of adapting the service offer to these needs. Meetings between the elected leader of the council and such forums could help ensure councils take beneficiaries' points of view into account. Regular evaluation of services could also ensure beneficiaries needs come first in decisions about how to improve service.

**Recommandation n°13 : Try to ensure greater coherence between the objectives of the various public sector strategies and action plans at a local level.**

The RSA was preceded by a welfare benefit called the "revenu minimum d'insertion" (RMI), or minimum inclusion income. When the RMI was devolved from the state to local councils in 2003, the requirement to allocate a fixed proportion of funding to inclusion services was removed – prior to this it had been 17 % of spending on welfare benefit transfers. Some councils have been forced, as a result of the shortfall in their budgets and the economic crisis, to discontinue certain inclusion services. This throws up questions about councils' ability to influence the situation in their area.

**Recommandation n°14 : Ensure inclusion services are funded by making it mandatory for local councils to set aside a percentage of their budget for such services and also for all co-funders of inclusion services.**

**Recommandation n°15 : Organise dialogue between structures who have funds (subsiders) at the scale of a territory, for instance under the shape of local Council** in order to record actions about resources and precarity issues, and not about publics.

One additional question si around other welfare benefits : do we need to stop "sprinkling" a fragmented array of welfare benefits ?

### The participation of service users

The participation of service users is not sufficiently . There are still huge disparities between the practices of different local councils.

<sup>8</sup> PTI : Pactes territoriaux pour l'insertion

Recommandation n°16 : **Create a legal framework** clarifying the role of service persons experienced precarity (PeP) in the process of designing and implementing inclusion services. **Strengthen and promote the participation** of service users in RSA governance and decision-making bodies, either in a **group or individually**.