



The Welfare Watch

Report to the Althingi

**[This report is a translation of the Icelandic original, without the appendices to which reference is made in the report itself.
The materials referred to in footnotes are in Icelandic.]**

**Ministry of Social Affairs and Social Security, Iceland
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Introduction

The Minister of Social Affairs and Social Security appointed a Steering Committee to Monitor the Welfare System (the ‘Welfare Watch’) in February 2009 in accordance with a cabinet resolution of 10 February that year. The Welfare Watch is intended to monitor systematically the social and financial consequences of the economic situation for families and individuals in Iceland and to propose measures to help households. Sixteen people were originally appointed to the group; valuable additions to their number were made when the Minister of Health requested that the Director-General of Public Health serve on it, and when the Chairman of the Gender Equality Council and the Director of the Directorate of Labour were also appointed last autumn. Thus, the Welfare Watch now consists of 19 persons, including representatives of the social partners, interest groups, local authorities, institutions and government ministries, and in addition the group has two employees, bringing the total number involved to 21. Members’ names can be found in Appendix 1.

One of the chief features of the Welfare Watch has been the vigorous level of activity in its task forces, which have addressed the following subjects: Children and teenagers, young people in the 15-25 year age range, household finances, persons who are at risk, and were already at risk before the economic collapse, health under the crisis, the unemployed, social indicators and basic services provided by central and local government. The Welfare Watch’s organizational chart can be found in Appendix II.

The Welfare Watch has issued two interim reports which may be found on its website.¹ Other materials to be found there include reports by the task forces, minutes of meetings of the Welfare Watch and material and information of various types connected with the consequences of the economic collapse.

This report presents the proposals submitted by the Welfare Watch in March, August and November 2009 and the proposals of its task force on basic services of December 2009. It also gives a brief account of the work of the task forces and the main projects that have been initiated. Finally, there is a discussion of the tasks ahead, including the gathering and preservation of data on the consequences of the economic collapse and presenting it to the government and other interested parties.

At the time of submission of this report, unemployment, according to figures from the Directorate of Labour² for November 2009 was 8%, representing just over 15,000 people, with a rate of 8.5% for men and 7.3% for women. The unemployment rate peaked at 9.1% in April 2009, dropping to 7.2% in September and then rising again since then. Previously, unemployment had been below 2% for many years up until November 2008. Those who have been without work for more than six months now account for about 50% of all those registered as unemployed. Furthermore, there has been a substantial increase in the number of people who have been registered as unemployed for over a year; this figure now stands at 2,538. It should be noted that 18% of all unemployed persons are aged 16-24; in October 2009, nearly 10,000 children were in homes where one parent was unemployed, and of this number about 350 children were in homes where both parents were without work (Appendix III). The Welfare Watch regards it as a priority to attend to the welfare of children and families with young children in every way, and it is vital to give special attention to the welfare of children in this group.

A high level of employment is a prerequisite for achieving success in tackling the difficulties that are now apparent, and it is important that the government consider a broad range of measures to stimulate job creation and support enterprises already in operation so as to protect jobs. Furthermore, it is important that all measures be applied to ensure that young unemployed people are kept active by means of suitable

¹ <http://www.felagsmalaraduneyti.is/velferdarvaktin/>

² http://vinnumalastofnun.is/files/nov09_1754053980.pdf

study opportunities and a variety of other labour-market measures. At the same time, it is vital to maintain the provision of basic services by central and local government, to ensure equality and proportionality in all streamlining measures and to prevent measures which are intended to save money from resulting in fact in additional expenses for the government sector. Early on in the course of its functioning, the Welfare Watch decided to adopt the following slogan:

Exercise, nourishment, sleep and companionship

I. Proposals made by the Welfare Watch in 2009

The Welfare Watch made proposals in its interim reports to the government in March and August 2009. The Watch's task force on basic services also made proposals on streamlining measures in its report of December 2009, and set out proposals in its letter to the Minister of Social Affairs and Social Security dated 1 December 2009. These proposals are set forth again below; many of them have already been put into practice and further information on the application of those that were handled by the Welfare Watch is given in Part II of this Report.

I.I Proposals made by the Welfare Watch in March 2009.³

1. A Welfare Watch counterbalance fund should be established and used for:
 - a) necessary studies of welfare issues,
 - b) co-ordination of projects carried out by the third sector (NGOs) and other partners,
 - c) support for staff who work with the persons worst affected by the crisis,
 - d) campaigns to assist specific groups of persons who have been worst affected by the economic crisis and
 - e) other necessary projects.
2. Experts should be engaged to prepare social indicators which can be used to monitor the situation on a regular basis.
3. Steps should be taken to ensure that children receive lunch in all schools in Iceland.
4. Special attention should be given to the position of families with young children.
5. Children, and families with young children, should be guaranteed access to professionals, with an emphasis on family counselling by the health services and social services.
6. Solutions aimed at ameliorating the financial difficulties faced by households should be of a comprehensive nature, the aim being to create a chain of solutions aimed at:
 - a) helping those who are in the greatest difficulty,
 - b) assisting those who are at risk and are likely to find themselves in difficulty, and
 - c) supporting those who are still able to cope and who can, with the aid of simple measures taken by the government and credit institutions, reduce their payment burdens and should thus be able to survive the difficulties that are likely to emerge in the next 1-2 years.
7. A simpler system should be established to enable individuals who are experiencing severe difficulty with paying their debts to renegotiate them.
8. Steps must be taken to ensure that a deterioration in people's financial position should not prevent them from having access to health services, that the health-care services take the initiative on contacting care recipients who are in risk groups, that the level of the health-care services should not be lowered and that changes in demand for health care be monitored closely.
9. Young people (aged 18–25) in special circumstances should be enabled, financially, to pursue studies in senior school, senior schools should accept all pupils who apply for admission and pupils pursuing practical subjects should be guaranteed the opportunity of completing their studies.

³ <http://www.felagsmalaraduneyti.is/media/velferdarvakt09/FyrstaAfangaskyrslaStyrihops.pdf>

10. It must be ensured that the courses, and academic and vocational counselling, that have been available in continuing educational programmes to persons with shorter formal education, continue to be provided.
11. Special remedies must be initiated for unemployed young people who are entering the labour market for the first time. The moral responsibility of employers, and particularly of the state and local government sectors, must be harnessed as regards engaging young unemployed people in supply positions and summer jobs.
12. Attention must be given to coordinated measures involving local authorities, central government and the social partners with the aim of avoiding a situation in which unemployed people remain stuck in dependency on social benefit payments.
13. Plans to revise the social security system should be speeded up, with a particular examination of the disability assessment system and the structure of disability benefit payments. Furthermore, work on the revision of the rules regarding maximum payments in the health-care system must be brought to completion as soon as possible.
14. Close and smooth collaboration must be established between the Vocational Rehabilitation Fund, the Directorate of Labour and the Social Security Institute.
15. The work of the 'third sector' (NGOs) should be coordinated, with deliberate measures to utilise social resources.

The Welfare Watch was commissioned with implementing a large number of measures that were identified in the government's Welfare Action Plan of March 2009; to a great extent, these were based on proposals made by the Welfare Watch.

I.II Proposals made by the Welfare Watch in August 2009.⁴

1. The Welfare Watch should take steps to establish closer collaboration with the media.
2. All official publicity and communication channels should be examined in collaboration with the 'third sector' and ways found to ensure effective presentation of information on remedies and offers to those in need of them (both individuals and families) and also for advisors both inside and outside the public executive structure. It is important that people should be able to take informed decisions regarding their own welfare, not least regarding their financial affairs, and the prerequisite for this is the availability of sound and clear information.
3. Central and local government service institutions should define what constitutes *basic services*, prioritize their work according to this definition and ensure that these services are not cut or downgraded; the definition should include services in the schools, health-care system and social services.
4. Basic social indicators should be published each month; the government should also make collaborative agreements with selected local authorities which represent the variety of Icelandic society in which more detailed information should be recorded.
5. Collaboration between the Directorate of Labour and the local authorities' social services should be increased, not least as regards young persons, the long-term unemployed and persons who are seeking employment but do not qualify for unemployment benefit payments.
6. Through collaboration between the Directorate of Labour and the local authorities' social services, methods should be examined of assisting families where there are dependent children up to the age of 18 and both parents are seeking employment.
7. University students, and persons who have completed training courses which grant professional employment entitlements, should be offered vocational training places in functioning enterprises without forfeiting their right to unemployment benefits.

⁴ http://www.felagsmalaraduneyti.is/media/velferdarvakt09/27082009_Lokaskjal2_stoduskysrsla.pdf

8. Measures adopted by the government to enable households in financial difficulties to tackle payment difficulties should be assessed and analysed regularly, with particular attention given to those who are in the worst positions. The measures should be revised if necessary.
9. Measures should be launched to assist persons who are basically still able to cope but are potentially at risk of becoming ensnared in financial difficulties in order to prevent an expansion of the group of persons in financial difficulty.
10. The government should state clearly whether any further steps will be taken to address the position of those who are experiencing difficulty paying off exchange-rate-linked mortgages.
11. The government should launch measures to help those who are in financial difficulty due to loans taken in foreign currencies to purchase automobiles.
12. Particular attention should be given to marginal groups in society, i.e. the handicapped, the chronically ill, immigrants and the disabled.

I.III Proposals made by the Welfare Watch to the Minister of Social Affairs and Social Security on 1 December 2009, based on the work of an open seminar organised by the Welfare Watch in Virkjun, Reykjanesbær, on 12 November 2009 on remedial measures to help young persons seeking employment.

1. The Welfare Watch urges both central and local government not to ignore young job-seekers and to take every possible measure to ensure that these people do not become isolated in inactivity. Society has an obligation to guarantee that young persons who are not now in education or employment have the opportunities and the discipline needed to enable them to acquire skills that are necessary to become active participants on the labour market.
2. Many young persons do not have clearly-defined spheres of interest and consequently, the measures taken must be varied in nature so as to create interesting opportunities for as many young people as possible, and it is important to base the approach on the premises of the young persons themselves. Thus, it is important to use positive encouragement to young persons to become involved, with varied opportunities and a flexible approach.
3. Young job-seekers should not be treated as a single uniform group. They have different backgrounds and needs, and vary in their fields of interest. The thing that young people have in common is that they have very limited experience of the labour market. This lack of experience is one of the things that distinguish young people from other job-seekers.
4. An individually-tailored approach must be used to identify the young job-seekers' strengths, their social standing and their educational qualifications. Particular attention must be given to those who have only completed compulsory schooling; special remedies must be designed for them and more educational openings must be created for them, including opportunities both in practical training and artistic creativity.
5. Individually-based counselling (commonly referred to as 'man-to-man') must be available to all young unemployed persons. For this to be possible, it is necessary to pool all resources, including counsellors from the Directorate of Labour, the local authorities' social service departments and those of the 'third sector' (NGOs).
6. More counsellors must be employed at the Directorate of Labour, and they must be given support in their work. Furthermore, the parents and families of young job-seekers should be offered special family counselling, e.g. in the form of telephone counselling services.
7. Young people themselves must be involved in work at all levels on developing and implementing remedial measures in the spirit of peer-group education and publicising the results; all remedial measures and opportunities open to young job-seekers must be well publicised using all available means to achieve this.
8. Measures that have proved successful, such as *Fjölsmiðjan* and *Nýttu kraftinn*, must be identified and used as models when implementing further measures to help young job-seekers and enter into more contracts with the Directorate of Labour on educational and vocational employment programmes.

9. Collaboration between central government, the local authorities and the ‘third sector’ must be extended and consolidated in this sphere.

I.IV Proposals by the Welfare Watch’s task force on basic services, made in December 2009⁵, on streamlining methods:

Attention must be given to the following points when the government takes decisions on reducing specific services due to the economic situation.

1. The level of basic services must be ensured, with no lowering of the standard of services available to the most vulnerable groups.
2. Satisfactory information must be to hand regarding the consequences of decisions for clients of the services. This means that it is best to take decisions in the spirit of transparency and democratic choice and in full consultation with those whom it will affect, including the clients and their organizations, where these exist and, as appropriate, family members and specialists in the relevant field. Furthermore, the social partners should be consulted when the decision has a bearing on them.
3. Flat-rate cuts ‘across the board’ should not be applied where their full force is felt by the clients; rather, it should be decided to implement streamlining in a strictly-defined area, with compensatory measures taken to ameliorate the consequences of such cuts.
4. Equality, consistency and proportionality must be observed in all respects, it being ensured that no specific groups suffer more than others as a result of streamlining measures.
5. Rationalising and savings in one area must not result in increased expenditure and strain in other areas of public services. In particular, care must be taken to ensure that expense items are not transferred between central government and the local authorities without simultaneous changes being made to their income bases.
6. When any decision on streamlining is announced, it shall be stated whether it is a temporary measure, and if so then for how long it is to apply, or a permanent measure. All emergency measures taken during times of difficulty must be of such a nature that it will be possible to reverse them when circumstances improve without damage having been caused in the interim period.
7. When streamlining measures are applied in schools, it should be a priority to involve the immediate community, not least the parents and the ‘third sector’ (NGOs).

II. Principal measures handled by the Welfare Watch

The Welfare Watch was commissioned with applying a large number of measures that were identified in the government’s Welfare Action Plan of March 2009; to a great extent, these were based on proposals made by the Welfare Watch. An account of these measures is given below, and also of various other measures in which the Welfare Watch has been involved over the past year.

The Welfare Watch’s counterbalance fund

The Welfare Watch’s counterbalance fund was founded, and rules set concerning it, last summer. The rules can be found on the Welfare Watch’s website.⁶ Applications for grants from the fund will be invited shortly; part of the fund is to be spent on special projects administered by the Welfare Watch, e.g. a) for coordinating projects handled by the ‘third sector’, b) to pay for specialist services used in preparing social indicators and c) to pay an employee engaged on the development of remedies for unemployed young people.

⁵ <http://www.felagsmalaraduneyti.is/utgefid-efni/utgafa/nr/4747>

⁶ http://www.felagsmalaraduneyti.is/media/velferdarvakt09/Reglur_um_motvaegissjod.pdf

State bodies and local authorities urged to use the Directorate of Labour's labour-market measures

The Welfare Watch sent all state bodies and local authorities a letter last spring calling on them to make use of the many labour-market measures operated by the Directorate of Labour, including vocational training contracts.

Survey of the local authorities' social services and child welfare committees, March 2009

In March 2009 the Welfare Watch carried out a survey to see whether, and if so how, the local authorities' social service department had become aware of the consequences of the economic crisis.⁷ Replies were received from 25 directors of social services working for 42 local authorities; 92% of the population of Iceland lives in the areas represented. Almost all the social service departments had been directly affected by the recession in their work; in most cases, they mentioned higher numbers of applications for financial assistance and social counselling; additional strain on the resources of the child welfare committees was also conspicuous. Many of the directors of the social services mentioned a new group of clients who were in great difficulties but were not entitled to financial assistance, and said that the cases coming up were more serious than they had been previously, and that those who had been at risk before the crisis were even more so now. In the opinion of the directors, the most vulnerable families were those with young children, or in which there were single parents, and low-income persons, including pensioners and the long-term unemployed. The local authorities have responded to this situation in a number of ways, including increased collaboration, both between the departments within the local authorities and between the authorities and central government institutions, and by increasing collaboration with the 'third sector'.

Compilation of social indicators

Work is in progress within a specialist group under the auspices of the Welfare Watch on the compilation of *social indicators*. An employee has been engaged full-time for six months to work with the group assigned to this. Social indicators are intended to analyse trends in the sphere of welfare, taking account of the social circumstances and health of the population in the light of changes in the social environment and the structure of services, and to make comparison possible between countries, periods or local government areas. Social indicators should be of use in the formulation of government policy and the future development of services. Not least, they will be a tool for identifying groups that remain in difficulty because measures taken and services provided by the community fail to produce the intended results. The interim report submitted by the task force on social indicators last summer contains a further description of this project.⁸

Lunch to be provided for all schoolchildren

The Welfare Watch sent all local authorities and school committees a letter in the autumn of 2009 urging them to take all possible measures to ensure that all children attending schools under their control receive lunch every day that schools were open, and to monitor to ensure that this was done. This letter was sent in consultation with the Union of Local Authorities to ensure its effectiveness (Appendix IV).

Household debts

A task force appointed to examine the financial standing of households made a special examination of the measures adopted to address household debts; these are described in the task force's interim report of August 2009.⁹ The task force also held an open breakfast meeting on 11 November 2009 which examined the measures adopted by the government to meet the problem of household debts, the re-scheduling of indexed and exchange-rate-linked mortgage repayments and coordinated procedures to be adopted by the

⁷ <http://www.felagsmalaraduneyti.is/media/velferdarvakt09/11082009KonnunVelferdarvaktar.pdf>

⁸ http://www.felagsmalaraduneyti.is/media/velferdarvakt09/27082009_Felagsvisar_stoduskyrsla.pdf

⁹ http://www.felagsmalaraduneyti.is/media/velferdarvakt09/27082009_Fjarmal_heimilannastoduskyrsla.pdf

Housing Financing Fund. The Icelandic Homes' Coalition also presented its point of view at the meeting. Materials from this meeting can be found on the Welfare Watch's website.¹⁰

Examination of the increase in the number of cases reported to the child welfare committees

The Welfare Watch made an agreement with the Child and Family Welfare Research Centre to have a study made of the increase in the number of cases reported to the child welfare authorities from 2008 to 2009 (based on the number in the first half of each year) and to see explanations for the increase. In fact, the study covered a longer period, using figures from the records of the Child Welfare Agency, and examined the first six months of each of the years from 2005 to 2009. The findings of this study, which were published in November 2009, can be found on the Welfare Watch's website.¹¹ The main findings of the examination were as follows:

- Nationwide, the number of cases reported to the child welfare authorities in the first six months of each year rose by 20-32% over the years 2005-2009, with the exception of 2008, when the numbers fell.
- Thus, the increase in the number of cases reported in the first half of 2009 was in line with that of the previous years, with the exception of 2008.
- Nothing in the available evidence indicates that the rise in the number of cases reported in the first half of 2009 was attributable to economic difficulties or increased unemployment following the economic crisis. The reasons for the increase appear to be the same as for the increase in recent years.
- According to running registrations, no particular change could be seen in the nature of the problems reported, or in the identity of those reporting them to the child welfare authorities in the first six months of the years from 2005 to 2009.

It should be pointed out that this does not invalidate the conjecture that the economic collapse has had, or will have, an effect on the number of cases reported to the child welfare authorities. This effect may become apparent later; reference may be made to the experience of similar circumstances in Finland, which was that the effects of economic difficulties do not appear until 5-7 years later, taking the form of an increase in the number of children who need assistance from the child welfare authorities.

Basic services provided by central government and the local authorities

In connection with the application of the Agreement of 25 June (between the Government, local authorities and the social partners) on measures to preserve stability, the Welfare Watch was commissioned to "examine, in collaboration with the Union of Local Authorities and the social partners, ways of protecting the basic services provided by the local authorities." This decision was taken at a meeting between the parties on 8 July 2009. The Welfare Watch appointed a special basic services task force to undertake this work, and the Minister of Social Affairs and Social Security endorsed the view of the Welfare Watch that the task force should also examine basic services provided by the state. The task force included representatives of the social partners, interest groups, the Union of Local Authorities and the government ministries.

The report by the basic services task force of December 2009¹² stresses, amongst other things, that the authorities should make the best possible use of the situation that has arisen following the economic collapse and carry out rationalising in as many areas as possible within the executive system, while at the same time seeking to maintain and preserve the welfare system. In all its work, the Welfare Watch has stressed to the government the importance of not reducing the level of services both for children and

¹⁰ <http://www.felagsmalaraduneyti.is/velferdarvaktin/FrettirVelferd/nr/4596>

¹¹ http://www.felagsmalaraduneyti.is/media/acrobat-skjol/Fjolgun_barnaverndartilkyninga_2005-2009081209.pdf

¹² <http://www.felagsmalaraduneyti.is/utgefid-efni/utgafa/nr/4747>

families with dependent children under the age of 18, and has pointed out that it is not possible to make compensation later in life for opportunities lost in childhood.

'Basic services' is a new concept in public administration which has been much used in discussion of cuts and streamlining measures over the past year and more. There is a general consensus on trying to defend and maintain 'basic services', but it is more difficult to come to a conclusion on what the term means; nevertheless it is important to make the boundary between basic services and other services clear. The task force arrived at the following definition of basic services.

The term 'basic services' refers, firstly, to the services that are prescribed by law; secondly, it refers to a specific standard of legally-prescribed services which has become established by tradition as that to which individuals and families are entitled, and thirdly, it refers to services which are not required by law, but which individuals with special requirements need because of their disabilities or poor health in order to tackle the challenges of daily life and to play an active role in society.

The measures proposed by the basic services task force in order to effect rationalising in the executive sector due to the economic situation can be found in Section I.IV of this report (above).

Pilot project to pool resources in the service of unemployed young people

The Welfare Watch has launched a pilot project with the aim of making better use than is done at present of all the resources available (skills and knowledge, human resources and facilities) in order to counteract the negative social consequences of unemployment among young people in Reykjavík. A consultative group has been established, including representatives from the Reykjavík City Welfare Department, the Directorate of Labour and the Welfare Watch. This collaborative effort is in line with the Welfare Watch's aim of increasing collaboration between the local authorities' social services and the Directorate of Labour. An employee has been engaged in a 50% position for six months to work on this project with the consultative group.

Remedies for young job-seekers and a resolution submitted to the Minister of Social Affairs and Social Security

The Welfare Watch held a seminar in Virkjun, Reykjanesbær, on 12 November 2009 on remedial measures designed to assist young job-seekers. The latest unemployment figures were announced, and also the findings of a group appointed to examine the plight of young unemployed people and the ways in which job-seekers, and particularly the young, are active. After this presentation, the seminar was divided up into groups to examine the setting of conditions for receiving benefit, what young job-seekers want, what remedies are effective, how best to put information across to young job-seekers and whether they require solutions different from those available for older people. The conclusions of this group work were drawn up and a resolution was submitted to the Minister of Social Affairs and Social Security on measures to be taken on behalf of young job-seekers.¹³ The task forces on young people aged 15–25 and the unemployed were in charge of this seminar, together with the Reykjanesbær social services.

Two representatives of the Welfare Watch took part in a task force appointed by the Ministry of Social Affairs and Social Security and the Ministry of Education, Science and Culture to examine methods of activating the unemployed, the courses of study available to them and improvements that could be made to assist them. The group submitted a report entitled *Ungt fólk án atvinnu – virkni þess og menntun [Young unemployed people – ways in which they are active; their education]*.¹⁴

¹³ <http://www.felagsmalaraduneyti.is/velferdarvaktin/FrettirVelferd/nr/4588>

¹⁴ <http://www.felagsmalaraduneyti.is/utgefird-efni/utgafa/nr/4587>

It should be noted that a project has been launched to develop a variety of solutions for young people who are unemployed. The Directorate of Labour will be in charge of this project, the aim of which is that at no time should more than three months elapse from the time when someone loses his/her job until he/she receives a job offer, and educational opportunity, vocational training or the chance to participate in some other activity. Initially, this will be aimed at those who are under the age of 25.¹⁵

Monitoring of changes in demands on the health services; monitoring of the services

Through the Directorate of Health, who is a member of the Welfare Watch, the Watch makes regular checks of *whether changes have occurred in the level of demand on the health services*. The Directorate of Health, on behalf of the Ministry of Health, monitors key figures on the use made of the health services, including the demands made on various aspects of the services, the numbers of deaths (including specifically suicides), drug usage (specifically psychiatric drugs) and the use of drugs for which patients themselves have to pay. So far, no changes have occurred that can be associated with the economic situation. The Directorate of Health and the Ministry of Health have held meetings with the team of specialists working on social indicators mentioned earlier in this report, and the team and the Directorate of Health will collaborate regarding the gathering of data on these matters. The priorities identified by the office in connection with the economic situation can be found in its report on the monitoring of the health services.¹⁶ The Medical Director of Health attended a meeting held by the Welfare Watch's *basic services* task force on 9 November 2009 and gave an account of the streamlining measures taken in the health-care institutions, the principal of which are as follows:

Attempts have been made to reduce costs in contracts with employees. Various fixed payments for overtime work and driving, and similar agreements, have been abolished or reduced. The shift system has been revised, this including, in particular, cutting down on shift-work where this is considered not to entail a reduction of the safety level of services. Also, shifts which require fewer staff, such as night shifts, have been lengthened. Supply workers are not being hired to replace those on leave unless this is absolutely necessary. Employees have been laid off or their job proportions have been reduced. Expenditure on equipment, drugs, nursing equipment and other operating expenses have been reduced. Plans have been drawn up for the merger of institutions or departments/divisions within institutions. The structure of services such as patient transport has been changed. Institutions have reduced their support and specialist services. (From the letter of the Director-General of Public Health to the Minister of Health, 25 September 2009.)

The Directorate of Health regards it as a priority to uphold safety standards in the care of patients and the elderly, and also to take account of the health services in their entirety when taking decisions on cuts in spending so that measures taken in one institution will not result in additional strain being placed on other institutions or services. It also regards it as a priority to rank alternatives carefully so that cuts are not made in necessary services with unforeseen costs involved when the economic situation improves.

The Welfare Watch called Engilbert Sigurðsson, chairman of the committee on psycho-social responses to the economic crisis and Senior Physician at Landspítalinn (the National Hospital) to a meeting to present the committee's findings, which were published in a report in summer 2009. One of the things the report mentioned is what happened under similar circumstances in the economic crisis in Finland, when large spending cuts in the Finnish health and social security system had a severe effect on children and young people and resulted in an increase in the number of disabled people among the young.¹⁷

¹⁵ <http://www.felagsmalaraduneyti.is/frettir/frettatilkynningar/nr/4720>

¹⁶ <http://www.felagsmalaraduneyti.is/velferdarvaktin/FrettirVelferd/nr/4709>

¹⁷ http://www.heilbrigdisraduneyti.is/media/Skyrslur/Lokaskyrsla_sal-efn_nefndar.pdf

Survey of trends in rent benefit payments and financial assistance from the local authorities in 2008 and 2009

The Welfare Watch examined payments of financial assistance by the local authorities in 2008 and 2009, and also made a statistical survey of payments of ordinary rent benefit by the local authorities. The findings show that there was a substantial rise in payments of both financial assistance and rent benefits between the two years, and an increase in the number of recipients.

The total amount disbursed in the form of *ordinary rent benefit* remained fairly stable in the period 2005–2007; total payments then rose by 37% and by 47%, respectively, in 2008 and 2009 (these figures being based on records for the first three quarters of each year, supplied by the Local Authorities' Equalisation Fund; see Appendix VI). Altogether, ordinary rent benefit payments for the first nine months of the year came to ISK 1,539,253,000 in 2008 and ISK 2,262,817,000 in 2009. There was a 30% increase in the number of recipients during the same period, from an average of 6,490 in 2008 to 8,445 in 2009. An increase in the basic rate of rent benefit on 1 April 2008 also had an influence on the rise in the total amount disbursed.

The total amount disbursed in *financial assistance by the local authorities* rose considerably between 2008 and 2009: by 65%, based on the first eight months of the year, in the most populous local government areas, and there was an increase of 35% in the number of recipients over the same period, while the increase in the number of inhabitants was negligible (Appendix V). The basic reference rate was raised on 1 January 2009, which explains some of the increase. Social assistance is paid to individuals whose income or benefit payments are lower than the basic rate of support applying in the local government area in question. The rate paid last year came to about ISK 116,000 per month to individuals and ISK 185,000 per month to married or cohabiting couples without income. Under the rules of most local authorities, provision is also made for the payment of other types of benefit, bringing the basic rate to ISK 126,000 for individuals and ISK 201,000 for couples as of January 2010, *cf.* the instructions from the Ministry of Social Security and Social Security.¹⁸

Reykjavík City's Welfare Department is preparing a campaign to activate recipients of financial assistance to a greater degree than is done at present in accordance with proposals that were approved by the city's welfare council in December 2009. Allowance has been made for the engagement of five new employees/activity counsellors to work at the city's social service centres.

Monitoring of the work of the schools

The Ministry of Education, Science and Culture's representative on the Welfare Watch has provided information about the position of the schools in the light of the economic situation. The ministry has taken various measures since October 2008 to respond to the situation. Recommendations and instructions have been sent to schools, institutions and organisations, and systematic data-gathering is in progress in order to process welfare indicators. Changes have also been made to rules, and suggestions and ideas have been invited regarding further measures. A special welfare group is in operation within the ministry, the role of which is to monitor the effects of the economic situation on the functioning of the bodies under the ministry's administration, concentrating primarily on the health and stability of pupils and staff.

In collaboration with the City of Reykjavík, the Union of Local Authorities and sports clubs, the Ministry of Education, Science and Culture has monitored the functioning of the schools, including their sports and leisure activities and the drop-out rate of pupils from kindergarten and senior school. Special questionnaires about pupils' levels of activity, health and stability have been sent to the senior schools and

¹⁸ <http://www.felagsmalaraduneyti.is/malaflokkar/fel-sveitarf/reglur/>

sports and youth organisations, and the findings of these surveys have been presented to the Welfare Watch.

From the outset, the Ministry of Education, Science and Culture has taken part in the work of a consultative group together with the Social Partners' Education and Training Centre and representatives from the Icelandic Federation of Labour, the Confederation of Icelandic Employers, the Federation of State and Municipal Employees, the Commercial and Service Enterprise Association, the Federation of Icelandic Industries, Iðunn and the Directorate of Labour. This group monitors changes on the labour market and assesses the scope for response to developments, examining where and how the remedies already available can best be applied and proposing measures to be adopted in the interest of particular groups and the priority ranking of projects that may be of benefit. Through their involvement in the work of the group, the Ministry of Education, Science and Culture and the Social Partners' Education and Training Centre entered into an agreement on the re-definition of the priority ranking of projects covered by the agreement between the ministry and the centre whereby special priority was attached to counselling and the availability of educational courses for people who have lost their jobs. In 2009, a total of ISK 65 million was devoted to this project. The Business Sector's Educational Centre has gathered data from continuing education establishments all over the country, and the work of the group is under scrutiny, with priority of projects being revised where this is considered necessary.

The rules on disbursement by the Icelandic Student Loan Fund were changed in 2009 in order to raise the fund's basic support level by 20%, together with various measures taken to ensure equivalent savings in the student loan system and the unemployment benefit system.

Employees of Reykjavík City who are involved in work with children and young people have joined together under the slogan *Börnin í borginni* ('The City's Children') and set up a team with the role of:

- a) monitoring the health and stability of the children and staff of the kindergartens, junior schools and leisure-time activity projects run by Reykjavík City,
- b) seeking ways of reducing and counteracting ill-health resulting from workloads and emotional stress,
- c) monitoring statistics reflecting changes in the financial position of households and
- d) promoting collaboration between the various parties involved in dealing with children's and young people's issues in Reykjavík.

The team includes representatives of the city's Education, Kindergarten, Welfare, Sports and Leisure departments, the Human Rights Office and the Culture and Tourism department. Representatives of school principals, teachers and parents are also involved in the team.¹⁹

Information on rationalising measures taken by the local authorities in the school sector can be found in the report by the Welfare Watch's basic services group.²⁰

The position of those who are most at risk

The Welfare Watch has made it a priority to defend the rights of those who are most at risk. These include vulnerable families with young children, the handicapped, the chronically ill, the disabled, old people living in poverty, the unemployed and those who depend on financial assistance from the local authorities for their survival. Most of those who were in a vulnerable position prior to the economic collapse are in an even worse position now. The monthly after-tax income of individuals in the lowest earning group lies in the ISK 115,000 to ISK 155,000 range (see Appendix VII). Long-term economic recession, coupled with limited opportunities to increase earnings, results in permanent problems for families in this group, taking the form of long-term poverty, social exclusion and low self-confidence.

¹⁹ http://www.reykjavik.is/desktopdefault.aspx/tabid-1488/2281_read-12722/

²⁰ <http://www.felagsmalaraduneyti.is/utgefid-efni/utgafa/nr/4747>

There is a relationship between health and financial position, and poverty may result in permanent ill-health and depression, with unforeseeable consequences, both for those who are directly affected and also for their families and the community at large. In this connection it is important to take effective measures to support the social and economic forces that have an influence on the health of children and young people in order to avoid the development of inequality in health. In the light of the same considerations, it is important to continue to give attention to deliberate means of enhancing health and preventive measures among children and young people. Further discussion of psycho-social responses to the economic recession may be found in the report by a Ministry of Health committee.²¹

The position of the local authorities

The Union of Local Authorities' representative on the Welfare Watch gives it regular information on the rationalising measures being taken by the local authorities. Further details can be found on the union's website.²² One of the aims of the measures taken by the local authorities has been to expand collaboration with the 'third sector' (NGOs) and to initiate more consultation and collaboration between the local authorities themselves. The report by the basic services task force, to which reference has been made above, also contains further discussion of the streamlining measures adopted by the local authorities.

III. The work of the task forces

The first six task forces began work in March 2009, shortly after the Welfare Watch was appointed, and more than 100 people have taken part in their work or given them assistance in one way or another.²³

These were the task forces dealing with the following issues: Children, Young Persons Aged 15-25, Persons at Risk, the Unemployed, Health Care and Households' Financial Positions. All the chairmen of these task forces are members of the Welfare Watch, while other members are drawn from far and wide in society and have special qualifications or knowledge of the relevant fields. These first task forces did a great deal of work during the first year and submitted weighty reports to the Welfare Watch which formed the basis of the Welfare Watch's proposals to the government and were published in its reports of March and August 2009.²⁴ Three new task forces have since been set up: a Survey Consultancy Group, and Social Indicators team and a task force on Basic Services. The Survey Consultancy Group can be said to have merged with the Social Indicators team, which contains a large number of specialists.

The Welfare Watch's proposals published in Section I of this report are based, to a large extent, on proposals made by the task forces; Section II lists various projects in which the task forces were involved in one way or another. In this section, an attempt will be made to describe the priorities they have identified during the past year.

Issues Relating to Children

The task force on Children's Issues has gathered data of many types about the position of children in Icelandic society and the effect of the economic situation on them. The force has stressed that the information currently available on the effect that the economic crisis has had on the position of children should be used both for developing services and for formulating future policy. The force has pointed out that those who were worst affected by the crisis in Finland were persons who were clients of the child welfare committees and families with young children which were dependent on unemployment benefit

²¹ http://www.heilbrigdisraduneyti.is/media/Skyrslur/Lokaskyrsla_sal-efn_nefndar.pdf

²² <http://www.samband.is/frettir/>

²³ <http://www.felagsmalaraduneyti.is/velferdarvaktin/um//nr/4293>

²⁴ <http://www.felagsmalaraduneyti.is/velferdarvaktin/skyrslur/>

payments. Furthermore, the task force urges that the four-year Plan of Action to improve the position of children and young people which the Althingi approved for the period 2007-2011 be put into practice.²⁵

Young Persons Aged 15-25

This task force has stressed the importance of having a range of opportunities open for young people, including studies, jobs and vocational training, and also that the senior schools should be able to accept all pupils who apply for admission. There is a real danger that persons in this group may not enter the labour market having once dropped out; this applies in particular to young persons who are beginning work for the first time. There is a need for special measures to avoid these young people becoming permanently stuck outside the labour market. In collaboration with the task force on the Unemployed, this task force organised a seminar in Virkjun, Reykjanesbær, in November 2009 on remedial measures to help young persons seeking employment. Proposals approved by that meeting can be found in Section II of this report.

Persons at risk both before and after the crash

From the outset, the Welfare Watch has given particular attention to the plight of those who are at risk now and were already at risk before the crisis. In the view of the task force, these people are in an even worse position than they were prior to the crisis, and in most cases, cuts in the welfare system will affect them first. Attention has been given to the unemployed, particularly those aged 60 and over, and also young people who are entering the labour market for the first time. This examination highlighted the plight of those who are outside the labour market. They can be divided into three groups: job-seekers who are not entitled to unemployment benefit, those who have only short working experience due to illness or because they have only recently completed their studies, or for other reasons, and therefore do not qualify for any assistance other than that provided by their local authority's social services, and finally the rapidly-growing group of those who have been without work for more than three months. Furthermore, the task force points out that social security benefits have been reduced and that it is difficult for many to meet the cost of medical care and medications.

Household finances

Household (individuals and families) finances have been examined by a special task force that has examined the remedial measures that have been taken to help households facing payment difficulties and assessed how far these measures have enabled households to restructure their finances. The task force has also sought to identify the most serious problems affecting household finances at present. In its first report, it identified the problems it considered called for the most urgent attention in the form of further measures or intervention by the government and/or finance companies. In March 2009 the task force said it was a priority to support those who were able to go on with their purchases and could, with the aid of simple measures by the government and creditors, survive the more difficult times of the next year or two. As has been stated above, the task force organised a breakfast meeting on the theme of household debt in November last year.

The unemployed

The task force examining *the unemployed* has, amongst other things, monitored statistics on unemployment in Iceland and revealed important facts behind them, e.g. that over 50% of those registered as unemployed have no formal education beyond compulsory schooling. It has also pointed out that far more detailed analysis of data from the Directorate of Labour is needed, and that it would be useful to have information on family circumstances, the effect of unemployment on the health, emotional well-being and general level of activity of those involved, support and assistance and the attitudes of the unemployed to the assistance that is on offer to them. The task force also considers it a matter of urgent necessity to increase collaboration between the Directorate of Labour and the local authorities' social

²⁵ <http://www.felagsmalaraduneyti.is/utgefid-efni/utgafa/nr/3366>

services and, not least, to examine the overlap between the client groups of the Social Security Institute and the Directorate of Labour. This task force joined with the one examining Young People in organising the seminar on young job-seekers held in Virkjun last November.

Health and Health Care

The task force examining Health and Health Care has pointed out that recovery from shock or crisis is more difficult in cases where the cause is man-made, and not least if nobody accepts responsibility. The sufferers' self-image and social standing are impaired and they feel that they have no influence over possible solutions. Long-term stress greatly increases the danger of illness, and it is important to point out the multiplicative effects of a combination of long-term stress and illness on the individual's social competence and capacity for work. Children and teenagers are particularly at risk in this situation, since worries and tension can become the dominant pattern in the home, with children being the suffering parties, and there is often an increased risk of neglect and violence towards them. Further information on this can be found in the task force's report of March 2009.²⁶ Measures must be taken to ensure that a deterioration in financial standing from preventing people from using the health-care services, and to ensure that the health-care system will take the initiative in contacting the recipients of its services who are in particular risk groups, that its level of services is not reduced and that competent parties monitor closely all changes in the level of demand on the health services and the incidence of absenteeism from work for health reasons.

Social indicators

The task force dealing with social indicators is now compiling Iceland's first social indicators, which are intended to serve much the same purpose as the economic indicators already in use in the country. As has been stated above, social indicators are intended to reflect changes and trends in welfare, taking into account the social circumstances and health of the general public in the light of the overall situation and the structure of services. The indicators are intended as an aid to government policy-making and the development of long-term services, providing an overall picture of an optimum situation with regard to welfare, health, emotional well-being and other needs. Social indicators are primarily a tool intended to detect changes in the quality of life and identify groups at risk, and to show where social measures and services fail to produce the intended results. Further information on the first steps in this project can be found on the Welfare Watch's website. The Welfare Watch has a temporary employee engaged on the project.²⁷

Following on the agreement on measures to preserve stability of 25 June 2009, the Welfare Watch was entrusted, in collaboration with the Union of Local Authorities and the social partners, to examine ways of maintaining the level of basic services provided by the local authorities. The Welfare Watch set up a special task force on *basic services* to handle this matter, also taking account of the services provided by the state. The task force's proposals can be found in Section I of this report, with further information about the project in Section II. Amongst other things, the basic services task force called for rationalising by the government in as many areas of the executive system as possible, while at the same time striving to maintain the welfare system.²⁸

²⁶ <http://www.felagsmalaraduneyti.is/media/velferdarvakt09/HeilsufarOgKreppaLoka.pdf>

²⁷ http://www.felagsmalaraduneyti.is/media/velferdarvakt09/27082009_Felagsvisar_stoduskysrsla.pdf

²⁸ <http://www.felagsmalaraduneyti.is/utgefid-efni/utgafa/nr/4747>

IV. Tasks ahead for the Welfare Watch

The Welfare Watch began its winter activities with an in-house working meeting on 18 September 2009 at which activities to date were reviewed and the prospects for the Welfare Watch and its work were considered. One of the conclusions of this working meeting was that the task forces would in future concentrate on demarcated tasks, with new forces being appointed, if necessary, in accordance with the decisions of the steering committee (the Welfare Watch) at any given time. As hitherto, the task forces will be free to work at other projects that they regard as deserving special attention. The *basic services*, *social indicators* and *persons at risk* task forces are all still active and have plenty to do. Other task forces are ready if needed. Amongst other things, the task forces dealing with young people and the unemployed organised a seminar in Virkjun in November 2009 to examine activity among young job-seekers, and the task force dealing with household finances organised a conference which was also held in November.

The Welfare Watch intends to concentrate more on the position of those who are most at risk, with a particular examination of the position of immigrants and their children and the position of single parents, particularly single mothers. This work will be led by the task force on persons at risk.

It is the opinion of the Welfare Watch that both its working procedures and collaboration between its members have proved effective, and there is a unanimous desire to continue working at the projects for which it has laid the foundations and to see them through, in addition to tackling new tasks. Nevertheless, it considers it necessary to focus its role, particularly as regards developing proposals and following them up in practice. In this connection, the Welfare Watch has sought a new mandate from the Minister of Social Affairs and Social Security.

The committee intends to examine how the Welfare Watch can make itself more visible and present its findings in a clear and organised manner. In this connection, deliberate measures will be taken to have particular decisions and findings by the Welfare Watch presented as news items. It will also be necessary to examine its website and make improvements where necessary.

The Welfare Watch is fully committed to following through the proposals made by the *basic services* task force on rationalising measures as published in its report, and to publicise as widely as possible what is meant by the term ‘basic services’.

The implications of the economic crash for the status of the sexes have not been examined specially by the Welfare Watch. The Chairman of the Gender Equality Council was appointed to the Welfare Watch in December 2009 with the aim of giving support to its work in the field of gender equality. The Welfare Watch will pay particular attention to the consequences that the economic crash has for the positions of the sexes, giving attention in this work to, amongst other things, last spring’s report²⁹ by the Gender Equality Watch.

The Welfare Watch will continue to work at many projects which are already under way. These include the work on social indicators, the pilot project pooling resources in the service of unemployed young people in Reykjavík, the gathering of statistical data on the financial position of persons in the lowest income bracket and measures to follow up the child welfare survey which was carried out last autumn.

²⁹ http://www.felagsmalaraduneyti.is/media/09FrettatengtFEL09/Afangaskyrsla_jafnrettisvaktarinnar.pdf