Mapping Social Protection Statistics

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Monitoring welfare systems requires investigating several aspects of social protection activities such as the amount, kind and quality of services delivered, or the features of the demand coming from people. The geographical area where beneficiaries live, represents a further key dimension which must be considered since, in some countries, local governments are assigned managing and, sometimes, legislative competencies on social protection areas. This chapter explores the availability of comparable statistics on social protection at the sub-national level in Europe and in Italy with a special focus on social protection expenditure. The objective is assessing the possibility to derive quantitative indicators to characterize the European and Italian welfare systems at the local level. An empirical analysis of some aspects concerning social protection services, delivered by municipalities in Italy, in 2012, is here reported.

1 Introduction

In the last decades, European welfare systems have undergone continuous reforms in the light of financial pressures. In most countries, this has been coupled with the decentralization of authority to increasingly lower levels of government as well as to private sector organizations. In fact, decentralization has represented a strategic cornerstone in some countries, especially for some key functions of welfare such as health ([Saltman, 2006]), housing or social exclusion. Conversely, some countries have experienced re-centralizing trends in response to a growing concern about regional inequalities ([Trydegard, 2010]).

Whether local diversity in service provisions is a sign of inequity and territorial injustice has been debated in literature (for a review see [Powell et al., 2001]). Some scholars maintain that geographical differences may be regarded as the successful responsiveness of local governments to specific needs expressed by local populations ([Sellers , 2007]). Others observe how a strong municipal autonomy and a varied access to services can generate a multitude of welfare municipalities, thus representing a threat to equity ([Trydegard, 2010]). Collecting and comparing data on social protection at the local level (sub-national) represents a first and necessary step to recognize the effects of decentralization and an answer to the dilemma.

Unfortunately, in spite of plenty information on social protection at the national level, accurate, relevant and internationally comparable statistics are wanting for European countries when focusing on sub-national areas. Information and data are fragmented and their availability and quality vary across countries since a systematic and shared data gathering methodology is still lacking ([Bonnet et al., 2013]). This chapter explores the availability of comparable statistics at the sub-national level in Europe and in Italy, with a special focus on social protection expenditure.

The structure of the chapter is the following : section 2 presents an overview on European official statistics on social protection financing with a focus on sub-national comparable statistics; section 3 provides a map of the Italian statistics on social protection supply and demand at the local level; section 4 provides some empirical analysis on social protection expenditure in Italy at the country and local level. Section 5 illustrates conclusions.

2 Social Protection expenditure in European official statistics

European official statisticians proposed a definition of social protection along with the development of ESSPROS (European System of Integrated Social Protection Statistics), a framework created in the late 1970's by Eurostat and European Union (EU) member states to allow international comparison among administrative national data on welfare ([Eurostat, 2011a]).

According to ESSPROS, social protection is defined as encompassing "all interventions from public or private bodies directed to relieve households and individuals of the burden of a defined set of risks and needs, provided that there is neither a simultaneous reciprocal nor an

individual arrangement involved" ([Eurostat, 2011a], p. 9). ESSPROS traces the boundaries of the social protection domain exactly, making a list of the risks/needs covered, namely: sickness/health care, disability, old age, survivors, family/children, unemployment, housing and social exclusion. This means that only interventions falling within one of these areas can be labelled as social protection activity. For years, the definition according to ESSPROS has represented a yardstick in the field of social protection statistics data.

ESSPROS contains macro statistics on social protection expenditure and receipts, detailed according to several criteria. The core system harmonizes with National Accounts (NAs) concepts, so that it is possible to trace ESSPROS receipts and outlays back to NAs flows and aggregates. In fact, ESSPROS provides one of the most relevant examples of NAs satellite accounts ([Eurostat, 2013a]). At the European level, SOCX (Social expenditure database) by OECD represents another relevant data source on social protection expenditure.

Statistical offices of European countries also disseminate micro data on the supply and use of social protection services. However, these statistics seldom permit sound comparisons among countries. This depends on the fact that social protection programs are carried out by a multitude of actors (public, private or non-profit institutions) at different levels of government (central, local) and a systematic and shared data gathering methodology is still lacking. EUSILC (EU Statistics on Income and Living conditions) represents an exception in the micro data panorama. In fact, the survey provides internationally comparable details on monetary, social benefits earned by citizens, which represent a relevant share of social protection delivered by the welfare state. Particularly, EUSILC data allow us to measure the effect of social transfers on the reduction of poverty ([Social Protection Committee , 2012]) or to point out the characteristics of the population covered by specific social policies (see Chapter 4).

Differences among the above described data sources are due to two main reasons. The first reason concerns the different boundaries of the social domain, i.e. the distinction between social spending and non-social spending. The second relates to the breakdown of social expenditure among different functions.

NAs and ESSPROS have undoubtedly a more homogeneous base and comparable data, although some differences are present ([Eurostat, 2011b]). A major difference is that NAs include Education in the social domain while ESSPROS does not. Furthermore, social benefits within ESSPROS cover both current and capital transfers whereas the definition offered by NAs

refers to current transfers only. Finally, NAs in kind transfers also cover transfers, which do not have a social protection objective. For example, they include expenditures on sport, cultural and recreational activities ([Eurostat, 2011b], p. 65). The NAs level for total expenditure on social protection is somewhat higher than in the ESSPROS. ESSPROS statistics undoubtedly provide a richer analysis of social protection accounting than NAs. However, NAs have the advantage of directly linking changes in social protection expenditure to changes in households' disposable income.

The scope of SOCX is arguably larger than that of NAs and ESSPROS. The first point is that SOCX's expenditure also includes lost revenues due to tax breaks for social purposes ([Adema et al. , 2011], p. 110). Furthermore, differently from NAs and ESSPROS, SOCX is not constricted only to considering expenditures that can be allocated to individuals or families (individual consumptions). On the contrary, it includes all spending on public health or labour market programs, like investments in medical facilities, preventive health initiatives or health education and training. Like ESSPROS and differently from NAs, SOCX does not include education within the social domain (except pre-primary education, which is recorded under the Family Policy rea). All ESSPROS social protection benefits are included in SOCX with the exception of some expenditures for disability, sickness and unemployment. In addition, SOCX applies a different categorization to social benefits.

Although EUSILC definition of social benefits is based on ESSPROS concepts ([Eurostat, 2013c]), there are some differences. EUSILC social benefits include the function "Education" while ESSPROS does not. The ESSPROS definition covers both current and capital transfers whereas the EUSILC definition covers current transfers only. Finally, the EUSILC benefits include cash benefits and not in kind benefits, with the only exception of housing.

At present, macro statistics provide the best information for comparing the characteristics and trends of welfare systems in Europe. Based on the above-mentioned data sources, it is possible to obtain a complete and detailed picture of social protection supply and demand at the country level ([Coli et al. , 2016]). Welfare systems can be compared by looking at several aspects suggested in literature [Bertin, G. , 2012, Esping–Andersen, 1990, Ferrera et al., 2012, Powell et al., 2001, Titmuss, 1974]: the functional dimension, which accounts for changes in the composition of risks and needs covered; the allocation dimension, which looks at the rules for accessing benefits (e.g. if benefits are means-tested or not); the profile of the productive unit delivering services (public, private and third sector);

the different mix of economic transactions performed (benefits in cash, benefits in kind or tax breaks with social purposes).

Furthermore, NAs and ESSPROS statistics provide two relevant pieces of information relating to territorial disparities and local government autonomy, in the field of social protection. The former corresponds to the amount of cash benefits received (namely, "social benefits other than social transfers in kind"), by region (Nuts 2, [Eurostat, 2013b]). Data are currently disseminated through households accounts. Fig.1 shows the share of disposable income covered by cash benefits in each region (dot) of each country. The range varies from 12.4% (UK Inner London East) to about 52% (DK, Midtjylland). Countries record a different level of disparity among regions with Denmark showing the lowest coefficient of variation value and the UK, the highest. This indicator gives a measure of the intensity of social protection supplied in monetary terms. However, it is worth remembering that "social benefits other than social benefits in kind" include pensions and therefore territorial disparities may also reflect different demographic or economic contexts.

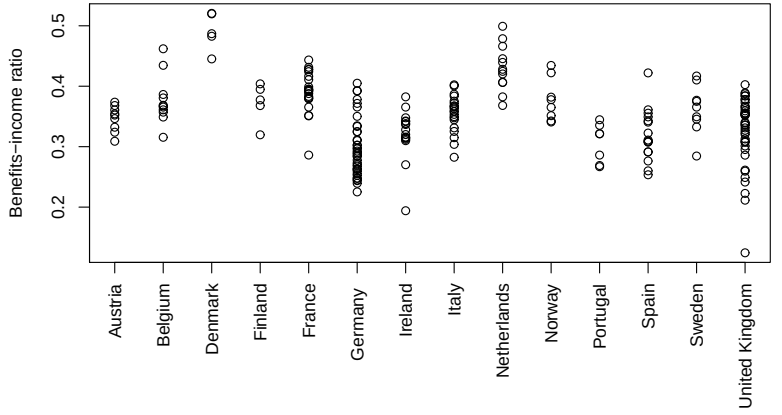

Figure 1: Cash benefits over households' disposable income by country regions (Nuts 2), year 2013. Our computations on NAs data.

The latter piece of information concerns the share of social protection receipts coming from Local Governments. This indicator can be viewed as

a proxy of the level of autonomy of local governments in delivering social protection. Fig.2 shows the percentage values for a selection of European countries in 2013. We observe a great heterogeneity across Europe, varying from the 1.28% of Portugal to the 44.28% of Sweden.

The awareness of the importance of comprehensive, up to date, comparable and accessible data on social protection has urged international official statistics to promote the stocktaking of existing social protection international data and indicators ([Bonnet et al., 2013]). However, to our knowledge, the ongoing process does not take into account the geographical region where beneficiaries live, nor the level of autonomy of local governments in delivering social protection.

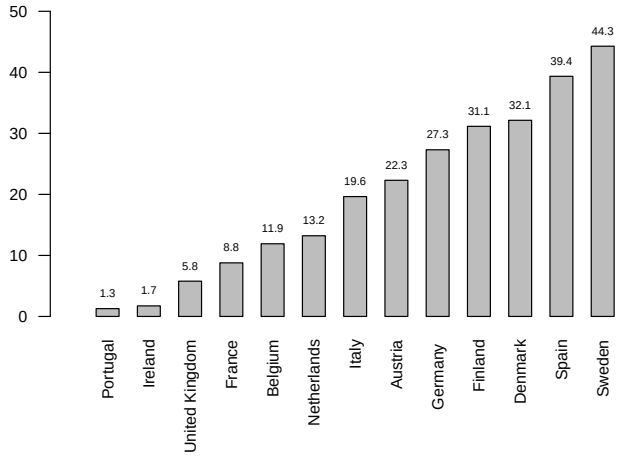

Figure 2: Share of social protection receipts coming from Local Governments, percentage values. Our computations on ESSPROS data, year 2013.

3 Mapping local social protection statistics for Italy

In Italy, local governments are in charge of the planning and administration of social policies, even though the central government defines the

general objectives, identifies essential levels of assistance and establishes the amount of financial resources ([Felici et al. , 2010]). Thus, the kind of social protection received may also depend on the geographical region where an Italian citizen lives.

Table 1: Main Italian official data sources on the supply of social protection services at the local level.

Data source	*Years*	*Survey unit*	*Geographical detail (dissemination)*
Survey on residential health care facilities	2000-01, 2004-06, 2009-13	Health centre	Macro-Region (Nuts 1)
Survey on Interventions and Social Services of individual and associated Municipalities (SISSM)	2003-2012	Municipality	Region (Nuts 2)
Statistical archive of active enterprises (ASIA)	1996-2013	Local unit	Municipality (Lau 2, former Nuts 5)
Census of Non Profit Institutions	2001, 2011	Non-profit institution	Municipality (Lau 2, former Nuts 5)
Census of Public Institutions	2001, 2011	Public institutions	Municipality (Lau 2, former Nuts 5)
Final balance sheets of municipalities	1997-2013	Municipality	Region (Nuts 2)
Final balance sheets of provinces	2005-2013	Province	Region (Nuts 2)
Final balance sheets of Regions	1997-2013	Region	Region (Nuts 2)

Exploring Italian official statistics, we find supplementary information with respect to what was described in the previous section. Table 1 shows a synthetic overview of the main Italian data sources, which collect data on social protection services supplied and received at the local level. For the sake of simplicity, the local dimension is identified by the Nuts level ([Eurostat, 2013b]) i.e., following an administrative criterion. Data sources are distinguished in two groups: those collecting data on the supply of social protection services and those relating the met and unmet service demands.

The first group (Tab.1) includes two annual surveys specifically designed to collect data on social assistance services. The former focuses on interventions and social services of individual and associated municipalities collecting data both on expenditure by function and beneficiaries. The latter focuses on the services provided to guests of residential health care facilities. Further information on the supply of social services can

be detected in more general data sources, namely, administrative registers (ASIA), local government final balance sheets and censuses.

On the demand side (Tab.2), households sample surveys play a fundamental role. Only surveys allow us to understand the characteristics of socially protected households (met demand) and those of households in need but not covered (unmet demand). However, due to the sample design, estimates are not accurate under the Nuts 2 level. ISTAT also disseminates statistics on the territorial distribution (by provinces) of pensions (amount and kind) as well as of beneficiaries ([Istat, 2016]). Statistics derive from social security registers and cover a variety of pensions not only retirement pensions. For example, this category also includes invalidity pensions, which are not part of the ESPROSS old age function.

Table 2: Main Italian official data sources on the demand of social protection services at the local level.

Data source	*Years*	*Survey unit*	*Geographical detail (dissemination)*
European statistics on income and living conditions (EUSILC)	2003-2013	Household	Region (Nuts 2)
Household budget survey	1997-2013	Household	Region (Nuts 2)
Multipurpose survey on households: aspects of daily life; general part.	1996-2013	Household	Region (Nuts 2)
Multipurpose survey on households: health conditions and use of medical services	From 1994 every five years	Household	Region (Nuts 2))
Statistics on social security and welfare; Beneficiaries of pensions. Register data.	From 1999, annual	Beneficiary of pensions	Province (Lau 3, former Nuts 4)

4 Empirical analysis on social protection delivered by Italian municipalities

This section presents an in depth analysis of official statistics on social protection at the local level for Italy. We start considering the supply of social protection services in terms of people employed in local units producing services covered by social protection, including education (Ateco 2007, divisions 85, 86, 87 and 88,[Istat, 2009]). The data are taken from the ISTAT Industry and Services Census, for year 2011. Fig.3 shows the share of people employed in social protection activities in each province (panel

A), distinguishing the kind of production unit (Enterprise, Non-profit and Public Institutions). This analysis helps us highlight the different mix of actors (market, public and non-profit) delivering services on the territory. Obviously, only some of these actors supply social protection services, namely, public institutions and production units providing services on behalf of the government.

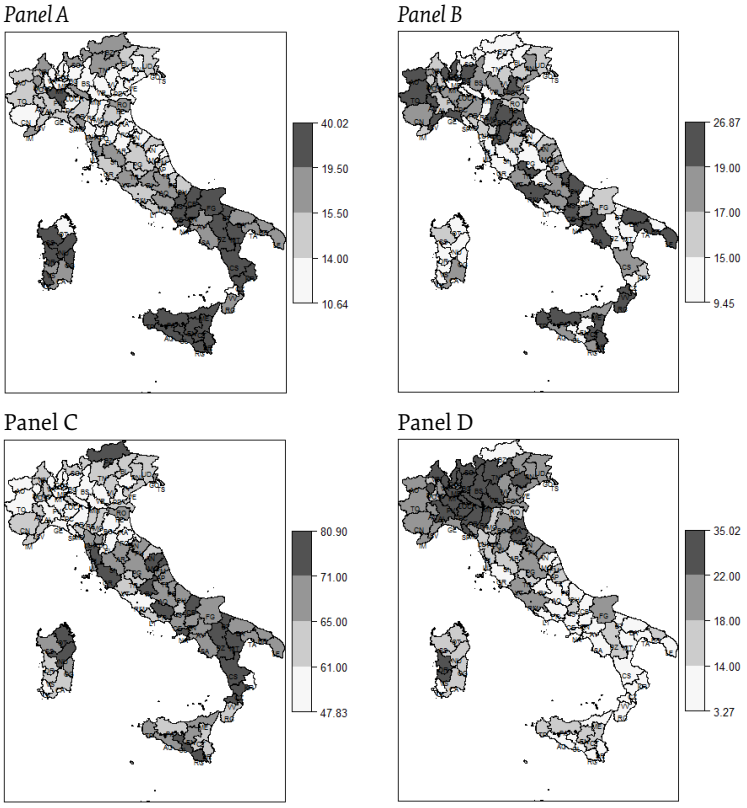

Figure 3: The share of employed people in local units producing social protection services (education included). All local units (Panel A), local units of enterprises (Panel B), public institutions (Panel C) and non-profit institutions (Panel D). Istat, 2011 Industry and Services Census.

We noticed that the share of workers is higher in many provinces of the south and in the islands. However, the mix market, public and non-profit, may change dramatically depending on the province and even within the same region (e.g. Sicily). Furthermore, the higher values of workers employed in non-profit institutions in some regions of the north, namely, Lombardy, Emilia-Romagna and Trentino-Alto-Adige is striking.

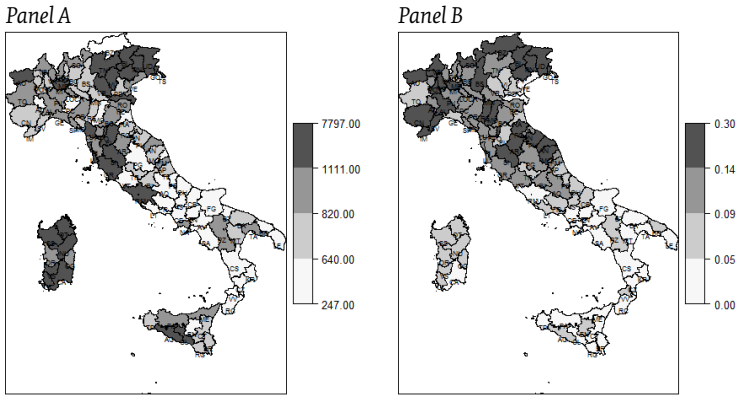

Figure 4: Social protection expenditure: per beneficiary values (Panel A) and the share of expenditure covered by beneficiaries (Panel B). Year 2012. Data from SISSM.

The ISTAT Survey on interventions and social services of individual and associated municipalities (henceforth SISSM) allows us to detect relevant aspects of social protection provisions. For example, it is possible to underscore the amount of expenditure by beneficiary (Fig.4, Panel A), as well as the share of expenditure paid by the beneficiaries themselves (Fig.4, Panel B). Another interesting comparison concerns the distribution of social expenditure among the different risks and needs covered by social protection. Fig.5 shows the percentages of expenditure devoted to family/children, disability, old age, immigrants and poverty. Most provinces of Emilia Romagna, Umbria, Abruzzo and Apulia devote from 43% to 58% of their social protection expenditure to the family/children function, whereas Tuscany and Veneto seem to favour old age more than the other regions. Disability is given a relevant share of resources in Sardinia and in Lombardy. Finally, poverty generally receives a significant

lower share of social expenditure with respect to the other functions (10.20 is the maximum value). Such shares vary with unexpected very low percentages in poor territories such as Sardinia or in other provinces of the south.

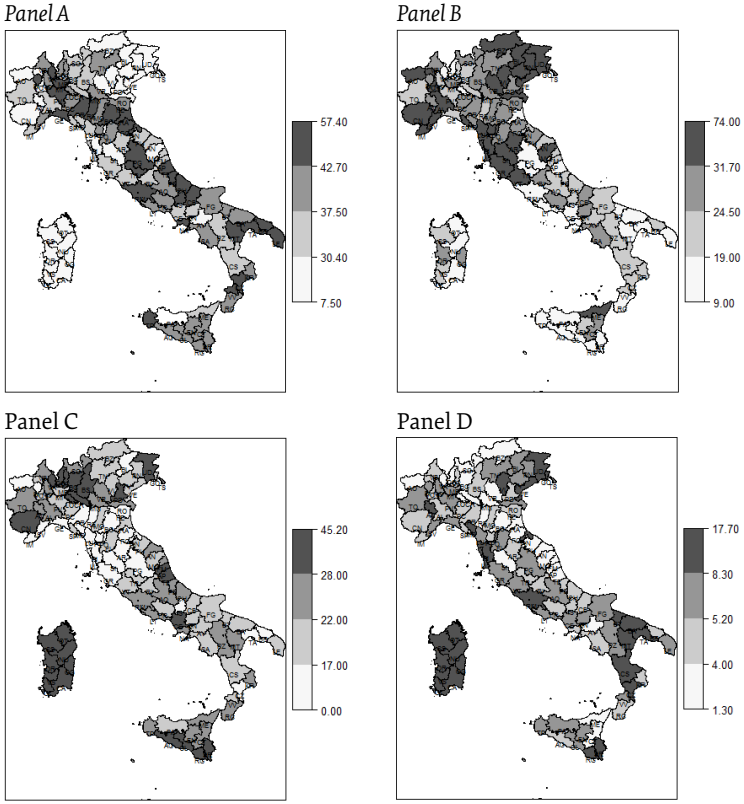

Figure 5: Shares of expenditure by function: family/children (Panel A), old age (Panel B), disability (Panel C) and poverty (Panel D).

Empirical analysis shows significant disparities within the same region. Given the competence of municipalities on relevant aspects of social protection, we wonder whether disparities may also occur among municipalities belonging to the same province. Unfortunately, it is not possible to verify this assumption using SISSM data since the access to individual data

(i.e. data concerning municipalities) is not allowed. However, municipal budgets contain relevant information on current expenditures in favour of the "social sector", which can be considered an approximation of the social protection area. Fig. 6 and Fig 7 display a selection of indicators derived from municipal budget data. Panel A) shows the indicator computed for each province, whereas panel B) gives evidence of its variability within the provinces themselves.

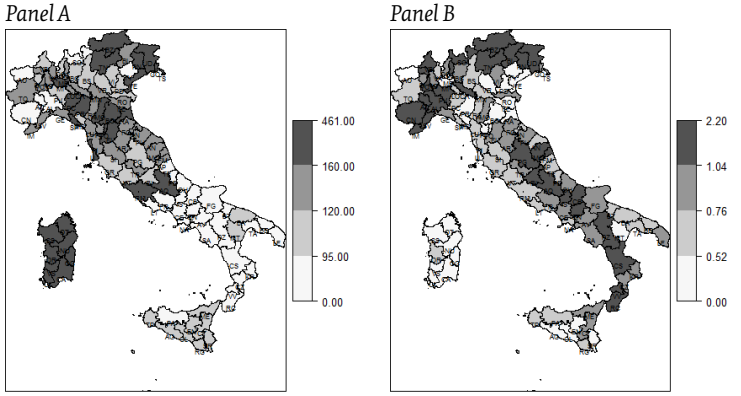

Figure 6: Per capita values of municipal expenditure in favour of the social sector. Panel A): value in euros; Panel B) coefficients of variation. Municipal budgets data, year 2013. Data of Val D'Aosta are not available.

The first indicator (Fig.6) is the per capita value of current expenditure in 2013, in favour of the social sector. The range is noteworthy, as well as its variability within some provinces. The second example (Fig.7) relates to the share of current expenditure used for funding kindergartens and other services in favour of childhood and minors. We observe disparities among provinces but also among municipalities belonging to the same province, especially in Piedmont and in the southern Italy. Conversely, central Italy seems more homogeneous.

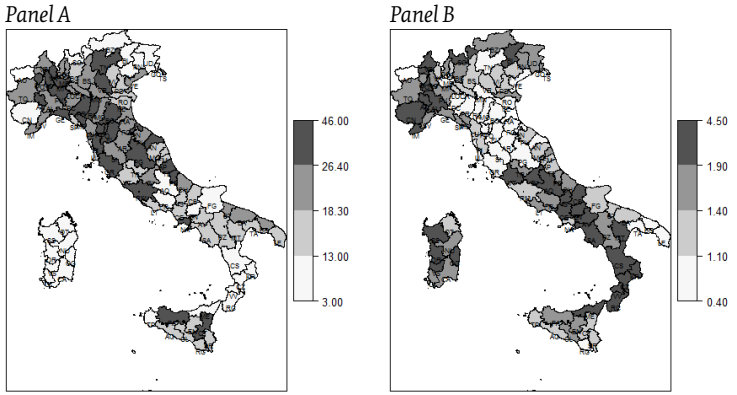

Figure 7: Share of municipal current expenditure in favour of kindergartens, childhood and minors- year 2013. Panel A): percentage values; panel B) coefficients of variation. Municipal budgets data, year 2013. Data of Val D'Aosta are not available.

5 Conclusions

This chapter explores the availability of comparable statistics concerning social protection at the sub-national level in Europe and in Italy with the purpose of assessing if it is possible to derive quantitative indicators to characterize the European and Italian welfare systems at the local level.

In spite of amounts of harmonized and comparable data on social protection at the country level, accurate, relevant and comparable statistics are lacking when focusing on sub-national areas. Information and data are fragmented and their availability and quality varies across countries since a systematic and shared data gathering methodology is still wanting ([Bonnet et al., 2013]). According to our results, European welfare states can only be compared at the country level at least for the financial aspects. The distribution of cash benefits per region (Nuts 2) from NAs, represents the only official data on social protection at the local level. Furthermore, using EUSILC individual data, it is possible to estimate cash benefits (plus housing benefits) by large geographical areas (Nuts 1,[Eurostat, 2013b]).

However, the literature on territorial disparities in welfare provisions ([Powell et al., 2001]) as well as the analysis in Section4, highlights a

multitude of local welfare systems rather than one single homogeneous system. Therefore, using national data to evaluate and compare social protection systems could lead to misinterpretations.

National statistical offices supply more detailed statistics on social protection than Eurostat does. ISTAT, for example, disseminates several statistics on social protection expenditure made by municipalities which represents a relevant share of social protection delivered at the local level. In future research we aim at using such information to identify typologies of homogeneous local welfare systems.

At present, sub-national official statistics on the supply of social benefits have essentially an administrative nature (registers and budget data) whereas data on beneficiaries come mainly from sample surveys. In our view, registers on beneficiaries should be further exploited, particularly to underscore territorial differences in accessing benefits or differences in rates.

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