



WILCO

Welfare innovations
at the local level
in favour of cohesion

Local welfare policies in Spain: Employment, housing and child care

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This report is part of Work Package 2 of the research project entitled "Welfare innovations at the local level in favour of cohesion" (WILCO). WILCO aims to examine, through cross-national comparative research, how local welfare systems affect social inequalities and how they favour social cohesion, with a special focus on the missing link between innovations at the local level and their successful transfer to and implementation in other settings. The WILCO consortium covers ten European countries and is funded by the European Commission (FP7, Socio-economic Sciences & Humanities).

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1. GENERAL BACKGROUND

1.1. Structure and development of the welfare state

Spain is usually included, together with Italy, Portugal and Greece, in a group of "Southern European" welfare states, sometimes labelled as Mediterranean or Catholic. Whether this group should be seen as a distinctive welfare regime or a less developed variant of the Continental model has been a matter of debate (Ferrera 2010).

Southern European welfare states are supposed to share some distinctive traits: smaller and less developed welfare state programmes, a dualistic (or segmented) social insurance model that mirrors an insider-outsider labour market, weak safety nets and strong reliance on families for care, consistent with low employment rates among women. To what extent Spain fits into this picture has been a matter of debate as well. (Moreno and Sarasa 1992).

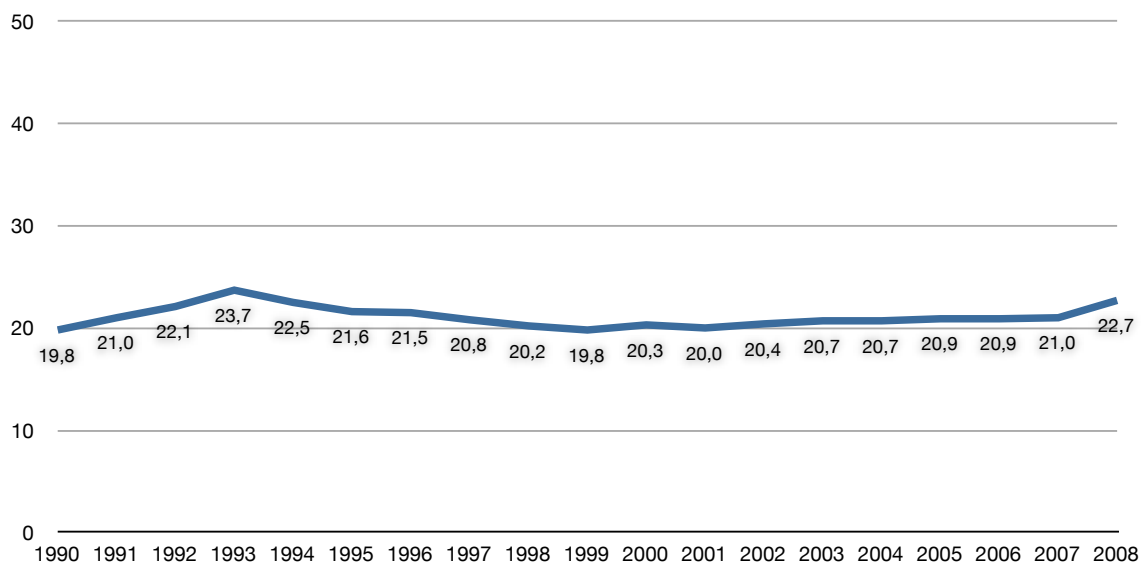
From a quantitative point of view, Spain certainly has a smaller welfare state than most Central and Northern European countries. Spain has been spending between 19 and 21 per cent of its GDP in social protection during the last 30 years. Social protection expenditure is significantly lower both measured as the share of the GDP and in expenditure per head of population. In fact, data for 2008 show a somewhat higher than usual level of expenditure due to the simultaneous contraction of the GDP and the increase in unemployment protection costs due to the economic crisis.

Table 1 - Social protection expenditure in 2008

Country	% GDP	PPS/inhab.
Spain	22.7	5,846
Italy	27.8	7,090
Portugal	24.3	4,791
Greece	25.9	6,048
Germany	27.8	7,988
France	30.8	8,310
Sweden	29.4	9,033
Denmark	29.7	8,941
EU 27	26.4	6.603
Euro area 16	27.5	8.108

Source: EUROSTAT (ESSPROS).

Figure 1 - Social protection expenditure as percentage of GDP in Spain 1990-2008



Source EUROSTAT (ESSPROS)

The basic layout of the Spanish welfare state designed in the 1960s was built around a dual model: *social security* for workers and their families, *social assistance* for the poor and those in peripheral areas of the labour market. However, institutional setups have changed and vary from one social policy field to another.

Income maintenance (including pensions, unemployment benefits, sick pay and social assistance) is made of a central contributory system and a rather fragmented and incomplete means-tested layer. Benefit schemes are also clearly split into those for people outside the labour market (over 65 or with disabilities higher than 65%) and those for people who might be able to work. The pension system has basically two tiers: contributory pensions (around 8.7 million in 2010) paid for with social contributions, and non-contributory pensions (less than half a million in 2010) financed with general taxes. Contributory pensions include a means-tested tax-funded supplement for people with pensions below an officially established minimum. All these pensions are a responsibility of the central government, although the management of non-contributory pensions is shared between the regions and central authorities.

Benefits for people who might be able to work include unemployment benefits (contributory and "assistance") and minimum income programmes. Contributory unemployment benefits (non means-tested and paid for with social contributions) reached 1.42 million people by the end of 2010. 1.6 million people claimed unemployment assistance benefits (means-tested and paid for with general taxes). Regional governments have set up since the 90s minimum income programmes, which range from fully-fledged entitlement programmes (e.g., the Basque Country) to limited programmes and even simple discretionary payments in some regions. Official figures for 2010 have not been published, but the number of claimants can be estimated between 120 and 180 thousand. Unemployment benefits (contributory and assistance) are run by the central government, while minimum income fall into the sphere of "social assistance" and are managed by regional governments.

Health care is basically universal. The 1985 reform merged the social insurance and social assistance health care tiers, and shifted funding from a heavy reliance on social contributions to a general tax funded system. Basic regulations and guidelines are set by the central government, but it is entirely managed by regions. Access is almost universal (some very specific groups may not be covered), and around 13% of the population has both public coverage and private health care insurance.

Education is universal, free and tax-funded between 3 and 16. It is provided by both public and private schools ("*centros concertados*"). Access is open to all with the same criteria in both types of schools, and private schools can't charge for compulsory education. However, in fact there are some selective policies in private schools, both in admissions and by charging for supplementary activities or expecting "voluntary" donations from parents. As in the case of health care, basic regulations and guidelines are set by the central government, but responsibility is fully in the hands of regions. Local authorities are responsible for the cleaning and maintenance of school buildings, and in some cases run kindergartens for children under 3.

Social care is less developed than other fields of social policy. The chief actors in this field are regional and local governments. Although regional laws since the 1980s tried to transform "social assistance" into a universal system of social services, in fact most services and benefits are either means-tested or subject to strong fees based on income that have the same effect. The main exception is the establishment in 2006 of a national system of long-term care, which is run by regions with a national framework of access criteria. The system is supposed to be universal in coverage, but its development is still limited.

1.2. Historical development

Although the roots of Spanish "social reform" can be traced back to the late 19th century, the foundations of its present day welfare system were laid down during the 1960s. Welfare programs developed before the Civil War (1936-39) were basically eliminated by Franco's dictatorship, which set up a closed economy system (the "*autarquía*") and a Fascist-inspired set of social policy programmes (Guillén 1990).

This system had broke down by the early to mid 1950s, and Franco accepted opening up of the economy proposed by the IMF. After a harsh adjustment plan (the "*Plan de Estabilización*"), the Spanish economy took off and grew intensively during the 1960s. Agriculture shrank, rural Spain lost a significant part of its population, industries and tourism developed and Spain began to develop a consumer society.

The government understood that some kind of Welfare State was needed to make a modernising economy and society work, so it established a Social Security system (formally in 1963, although its implementation was delayed until 1967). Its inspiration was, not surprisingly, the continental conservative ("Bismarckian") model. Workers in most sectors were covered by the system, which included retirement and invalidity pensions, health care and some rudiments of social care. Poor people without access to the formal labour market fell out of the scope of the system, and were to be protected (in the same three fields) by a social assistance system which should have superseded the old poor relief ("*beneficencia*") run mainly by local authorities. The upper-middle and wealthy classes, who paid extremely low taxes, got what they needed from private market services. Social security was funded by workers and employers contributions (Aguilar Hendrickson 2009).

By the early 1970s Spain had nominally established a modern Welfare State, but it was dramatically underfunded. Compulsory and free education for all children between 6 and 14 was established in 1970, but it took a decade to be able to have enough seats for

everyone. Franco's last governments increased social security contributions to try to cope with the growing demand and political pressure. The transition to democracy brought about important management changes and, above all, set up a modern tax system (income tax was introduced in 1979) which allowed the system to develop. Social expenditure grew from 7% of the GDP in 1960 to 12 in 1975 and 18% in 1980 (Rodríguez Cabrero 2005).

Since the 1980s social expenditure has grown at essentially the same rate as the economy, ranging between 19 and 22% of the GDP. Peaks of 21-22% have happened during economic crises, an effect of the contraction of the GDP and the automatic growth of unemployment benefits. But the overall strategy has been to keep the growth of social expenditure in real terms at more or less the same level as the growth of the GDP.

This cost limitation policy has been compatible with some important institutional reforms (Guillén 2010).

Pensions were reformed in 1985 to limit replacement levels and require longer contribution periods, and a second reform has been passed in 2011 in the same direction, delaying the retirement age from 65 to 67. Unemployment benefits have been reformed several times during the whole period, in most cases limiting access to contributory benefits and partially easing access to assistance benefits.

Health care was reformed in starting in 1985 to get it out of the dual insurance/assistance system. It became basically universal and tax-funded. Compulsory education was extended until 16 in 1990, and further reforms were passed in 2002 and 2006.

During this period health care, education and social care were devolved to regional governments.

1.3. Degree of centralisation

Although Spain had been a united kingdom since the 16th century, the basic design of a modern Spanish national state was established during the first half of the 19th century. It was basically a centralised state, inspired by the French model, although the strength of central government and its effectiveness at leading the whole country and eliminating local and regional specificities never matched its model. Spain had a central national parliament and government, and two levels of local administration, provinces (49-50) and municipalities (over 8 thousand). The political autonomy of local government was very limited.

During the 19th century tensions grew up mainly in Catalonia and the 4 provinces of the Basque area. These 4 provinces lost part of their political independence by the 1840s, but kept the right to run their own independent tax system. The industrial development of both regions increased their discomfort with central rule from Madrid, a city with a very weak industrial bourgeoisie and a strong class of landowners and bureaucrats. Nationalism developed in both regions. After some failed federal experiments and conservative backlashes, in the 1930s the Second Republic attempted to solve the problem by means of an "autonomy" system. It basically consisted in keeping a centralised state for most of Spain, with some exceptions, initially two (Catalonia and the Basque Country) autonomous regions with their own government and parliament, and significant devolved powers. The Civil War ended the experiment.

At the end of Franco's dictatorship, the new democratic constitution of 1978 sought to re-establish the same system (a centralised state with a some exceptions). While the constitution established the mechanism that might allow *some* regions to become

autonomous, in the following 10 years it was used to turn *all* the country into a *de facto* federal state of 17 autonomous regions, some of which define themselves as nations or nationalities. All 17 regions have their own government and parliament, and may pass laws on subjects of their competence. Although not all regions have the same responsibilities (some run their own police force, some run the prison system), all of them have significant powers in fields such as education, health care, social services and urban planning.

Becoming a *de facto* federal country somewhat unintendedly has its shortcomings. The system lacks effective mechanisms of horizontal coordination between regions, and tends to rely strongly on bilateral relationships between the central government and each region. The Senate, which might have become the forum for horizontal cooperation is still based on the provincial system, which was not eliminated by the constitution. After all, it wasn't expected that *all* provinces would become parts of autonomous regions. With the exception of the Basque Country and Navarre, general tax collection is still the responsibility of the central government, and the financing of regions has never been satisfactorily established.

The heterogeneity of the 17 regions hasn't certainly helped to settle these matters. Four regions have a population over 5 million inhabitants (Andalusia has more than 8 million), and three have less than a million. Surface, population density, size and number of municipalities are very different from one region to another, as are the strength of national or regional identities, having an official language other than Spanish and the political party systems.

The result is a complex system with up to 5 administrative levels:

- A) The central government and parliament, often called "state-level" ("*estatal*").
- B) "*Comunidades autónomas*" (CCAA), 17 autonomous regions with their own government and parliament
- C) Provinces. There are 54 provinces and islands. Their governing bodies (*diputaciones*) are elected by local councillors and not directly by citizens. Their main responsibility is supporting municipalities and replacing them when they're too small to provide local services.
- D) In some regions (Catalonia, Aragón) there are "district" (*comarca*) councils elected by local councillors that may be responsible for some local services, especially in areas where municipalities are very small. In most other regions there is a wide variety of voluntary groupings (*mancomunidades*) of municipalities to share services.
- E) Municipalities. There are over 8 thousand, ranging from 3.2 million inhabitants to less than 100. Citizens directly elect local councillors. Local administration laws establish a wide set of responsibilities, which are usually compulsory for municipalities over 20 thousand inhabitants and voluntary for smaller ones.

Table 2 - Social policy responsibilities of public administration levels in Spain

	Income maintenance	Health care	Education	Social care	Labour market integration
Central	Full responsibility for pensions and unemployment benefits	Basic regulation and guidelines	Basic regulation and guidelines	Regulation of minimum levels	General framework and coordination of regional services
Regions	Minimum income programmes (not compulsory)	Health care provision and specific regulations	Provision of education and specific regulations	Main responsibility for social services, together with municipalities	Main responsibility for active labour market policies
Provinces				Supporting local councils, provision (especially when municipalities are too small, but not only)	Voluntary provision
"Districts"				Provision (especially when municipalities are too small)	Voluntary provision
Municipalities		Voluntary provision of supplementary services	Voluntary provision of supplementary services	Provision of social services (compulsory if over 20K inhab.)	Voluntary provision

The distribution of responsibilities is basically established, and regions are in charge of most fields of social policy, except pensions and unemployment benefits. The regions, under some basic regulations and guidelines set by the central government, run education, health care, social care and active labour market policies.

The main source of conflict is financing. Regions collect some taxes, but most of them (including VAT and income tax) are collected by the central government, except in the aforementioned cases of the Basque Country and Navarre. Regions get directly from the central government 50 per cent of the income tax and VAT collected in their territory but a complex system of compensations tries to deal some of the inequalities and specificities of regions, with unclear results. The underfunding of social policy programmes in some regions may have to do with dysfunctions in the compensation system, while regions tend to blame the central government for keeping too large a share and central government tends to blame regions for being inefficient. The separation between the responsibility for providing and managing services and the responsibility for collecting taxes doesn't help to encourage efficiency nor trust.

1.4. Trends

Recent developments since 2008 have triggered some hasty changes, which it is still too soon to evaluate. Until 2007 the Spanish economy had been growing fast with employment expanding. The main trends in social policies during the last ten years before the crisis may be summarised as follows:

- The main tenet of Spanish social policy since the 1980s, namely, that increases in social expenditure should come from economic growth and not from increasing the share of the GDP devoted to social expenditure, was basically kept. It is not surprising that efforts to increase efficiency have been common

during this period. In any case, economic growth and a steady reduction of unemployment allowed some leeway for expansion in certain areas.

- The growth in employment triggered a huge and unexpected immigration that increased the population to be covered by health care and educational services, putting some pressure on them. The uneven distribution of immigrants amongst regions and the context of cost contention have brought about some tensions on the use of services. At the same time, local and regional governments started to develop integration policies for immigrants leading to a limited expansion in some services.
- The search for efficiency and cost contention has been constant in the field of health care, although most reforms have had a low profile. (Cabiédes, & Guillén 2001) Territorial equity has also been a matter of concern, although local traditions in management (the role of outsourcing to private providers is very different between regions) and the uneven distribution of immigration have made tensions significantly different between regions.
- Social care and related fields have seen some changes during this period. There have been attempts at developing child care and social care, and to ease the workforce participation of women, although results are as yet somewhat limited. Several regions have revised their laws on social services (Casado 2011) aiming at establishing part of their services as entitlements. At the same time, the central parliament passed in 2006 a law on long-term care regulating it as an entitlement. This expansion in social care had a bumpy start, since it required significant changes in the way social services work. The present economic crisis may slow down these developments.
- The setup of a safety net has also had mixed results. One region has developed a relatively strong system while other regions lag behind. Activation has become a central theme in the debate over the safety net, and while some interesting activation initiatives have developed, activation has also served as an argument to justify limiting access.

2. THE FIELD OF HOUSING

2.1. Demand and supply

The Spanish housing tenure model is key to understand the relationship between housing and social exclusion. Houses in Spain are massively owned by their dwellers, with a small rental sector and a minimal presence of public sector. Since the Civil War (1936-1939) and the onset of Franco's dictatorship housing policy was oriented towards encouraging home ownership, in the belief that this would assure a more integrated and governable nation. The restoration of democracy and the development of the welfare state –although with a clear familistic bias– didn't change this orientation. In Spain housing is part of family wealth, even among the immigrant population with unstable and discontinuous works. In fact socialisation of new immigrants has been linked mainly with residential environment (Leal 2005).

According to the National Statistics Institute in 2009 over 80% of homes in Spain were owned.¹

Table 3 - Housing tenure in Spain 2009

Property	82.1%
Rent	11.5%
Free lending	6.4%

Source: INE, Living Conditions Survey 2009

Housing policy during recent years has been conceived as an economic rather than a social policy (Gomà and Subirats 2001), with its main aim being the expansion of the building sector. Seeing houses as investment assets, believing their value would always grow, low interest rates and tax subsidies set the climate in which the housing bubble grew. In recent years there was an explosion of both demand and supply in housing market. In 2006 and 2007 the number of houses built in Spain totalled the number of those built in France, Germany and England together each year. The building industry reached about 12% of the Spanish GDP. An inflationary process accompanied this increase in construction. Between 1997 and 2007 housing prices increased in a 300% while wages grew only 30%.

Public policy in the field of housing has been geared towards encouraging private development and ownership by means of tax rebates and by subsidising private developers willing to keep prices at a certain level. For years, tax rebates for buyers of private homes, regardless of their income level have been the main tool of housing policy. The second one has been subsidised housing, known as "*viviendas de protección oficial*" or VPO ("officially protected housing"). There are several kinds of such subsidised houses, with different levels of subsidies and pricing, as well as different income limits for their buyers. Most VPOs are built by private developers, and only a few of them by public agencies. Most (of the few) publicly developed houses are for sale. In 2004 public rental housing was only 1.5% of social housing in Spain (Leal 2005).

Current trends in housing demand should be analysed through four explanatory factors. First, access to housing by new immigrants since the late nineties, who bought the lower

¹ The category "free lending" included in this data refers mainly to houses donated by private companies. Besides, housing cooperatives don't appear like an independent category and are included in "property". This is because in Spain these sorts of organisation have been formed to facilitate and finance housing building but once they achieved their goal they get dissolved. Likewise, rent cooperatives are emerging but they aren't yet enough to set some data

quality and cheaper housing, indirectly increasing demand for new houses. Second, during the economic boom, middle classes exerted a natural demand in housing improvements. Third, the demand of second homes increased. And finally, the high profitability of housing investment boosted the speculative demand, even absorbing many investments that used to go to the stock exchange.

In recent years government has tried to change this situation. Political discourse started to define housing as a necessary good. Since 2004 there have been attempts to encourage house rental, basically by two means. The first tries to increase demand with rental subsidies to young people under 35 and with a household income below € 15,792 per year (during a maximum of two years and without changes in the initial conditions). The second tries to increase offer by subsidising homeowners that rent their unoccupied houses with grants of up to € 6,000.

The National Housing Plan 2009-2012 was established as a part of the general stimulus plan against the crisis. This Plan, which sets the framework for regional government housing plans, establishes priority groups and sets general access conditions to subsidised houses. The maximum income levels to have access depend on the specific kind of subsidised housing. They range from 2.5 to 6.5 times the IPREM (a public indicator somewhat lower than the official minimum wage) which in 2010 meant a maximum of €17.400 and €45.400. Households with income lower than 1.5 (for rental) and 2.5 (for property access) times the IPREM as well as some specific vulnerable groups are considered "priority access groups".

According to ministerial statements, when this state plan was announced, one of the plan's aims is to absorb of near the one million unoccupied houses (in 2008)².

Regional housing plans give large subsidies to developers, which can reach 40% of the cost of the project. They try to encourage building of rental housing with limited prices. Attempts have also been made to encourage financial institutions to invest in this sector.

Homelessness

It is difficult to estimate how many homeless people live in Spain, both because of the characteristics of this population and of the different criteria used in Europe. The latest study published in Spain (Cabrera 2009) gives an estimate of 25,000 homeless people, which represent about 0.06% of the Spanish population. These are homeless people in a limited sense, which includes: (a) those who live in a public space; (b) those staying overnight in a shelter and spend the rest of the day on the street; and (c) those who are living in a shelter or a homeless centre.

Illegal activities

Finally about illegal activities, two main ideas should be considered. On one hand, the Spanish housing market, as well as the tourism industry, seems to have been an important mechanism for money laundering during the boom years, and has attracted organised crime from other countries. On the other hand, illegal funding of political parties connected to municipal decisions on town planning that help landowners and developers make lots of money has showed up in the media. Spatial features of many Spanish cities have helped this process and influenced housing trends. In 2005, 800,000 new homes were built and another 860,000 were scheduled to be built in 2006, which means that one in every three new buildings in Europe was being built in Spain had in 2007 23 million houses

²See: http://www.urbanoticias.com/noticias/hemeroteca/11681_plan-estatal-de-vivienda-2009-2012.shtml

for a population of just over 40 million. The recent construction boom on the Mediterranean coastline has saturated it with developments, where foreigners have holiday or second homes (nearly 2 million Spanish houses are owned by foreigners) (Sands 2007).

2.2. Structure of the administration

The Spanish Constitution establishes a generic right to decent housing, but it isn't established as an entitlement. "All Spaniards have the right to decent and adequate home. Public authorities shall promote necessary conditions and establish appropriate standards to enforce this law, and shall regulate land use in accordance with public interest to prevent speculation³".

Responsibility for housing policy is shared by the central state and the autonomous regions. Although formally housing is fully in the hands of regions, the central government may set a general framework due to its responsibility for "the basis and the overall planning of the economic activity". The Constitutional Court has ruled that the central government has the capacity to provide general guidelines for housing policy.

There are "national" (Spain-wide) Housing Plans and there was a Ministry of Housing during the years 2004 -2010. Within their respective statutes, regions may legislate in housing matters respecting these general guidelines.

Within this complex framework, the central government makes the agreements with credit institutions to offer subsidised loans and transfers a basic budget to regional governments. These have to get additional resources and may regulate many specific aspects of access and subsidising (Ponce 2008).

The municipalities also have their competences, set by the regional housing laws, and so they vary from region to region. Housing policy may be very local in its implementation, but have supra local effects, so regions tend to establish mechanisms for joint action.

Finally, European guidelines influence decisions in all the administrative levels and constitute an important reference for new policy design. However, the characteristics of Spanish housing market, which have been discussed above, make it difficult to put these rules in practice (Trilla 2008).

2.3. Housing in relation to social exclusion

Decentralisation and great regional inequalities make it difficult to generalise the spatial distribution of exclusion in relation to housing. There are regions with an important rural component while others are mainly industrial and thus the presence of specific risk groups and/or social exclusion processes vary a lot.

Generally, in relation with housing we can say that there are several groups that suffer social exclusion. Young population is one of them. In Spain the average age in leaving family's home is around 30 years. The difficulties of young people to buy a house are due in particular to two factors. The first one related to the high prices of housing and, the other, to job insecurity that hampers planning personal life and the access to loan options. This is reinforced by the protective role of Spanish families.

Another social group with problems to find houses are immigrants. Given the scarcity of rental housing, immigrants have been forced to find a home on the property market. Since

³ Spanish Constitution, Art. 47

early 2000, and due the facilities to obtain mortgage loans, there has been a large increase in housing purchases (sometimes shared among different individuals of the same nationality). This explains why certain ethnic groups have been concentrating some urban areas. So, large cities tend to concentrate a percentage of immigrants with very low incomes in inner city areas. In these flats (usually with poor living conditions) immigrants have found an opportunity to buy affordable housing. Some cities, as the case of Barcelona during the 90s, carried out a rehabilitation projects in their old city centre. Home renewal and installing university buildings and cultural centres sought to improve these neighbourhoods and had the effect of displacing the most marginalised groups to other areas but, in recent years, there has been a reversal of this process in some areas.

Elderly people have housing problems in Spain as well. Some of them have been living in rented apartments for most of their lives, and pay low rents under an old rental law. Some landlords tend to delay repairs to push tenants out, so living conditions may deteriorate. This housing's *mobbing* problem has appeared in the years of the housing boom and concentrates in the old inner city areas.

Generally we can say that there is some territorial segmentation by social categories and thus, has also been producing some ethnic concentration.

2.4. Recent developments

Housing has been a key economic sector in Spain during the last decades, and public policy has focused on the economic aspects of housing rather than on social housing policy. The present crisis has had a substantial impact on housing.

Many families bought a home because of credit facilities. Not all of them had solid income sources, and many have lost their jobs since 2008, so it has become difficult or impossible to keep up with mortgage payments. Banks are claiming back many of these apartments, but Spanish law establishes that if the price the bank gets for the apartment is lower than de pending debt, people still have to pay what is left. Many people who have lost their jobs have become homeless and they have to continue paying the debt. People affected by this situation include immigrants that opted to buy houses instead of renting. Lacking strong family support, this group is now at risk of exclusion. Housing loss is much more dramatic than housing access difficulties, and today's exclusion related with housing is mainly about homelessness.

Several measures have been developed to tackle this situation. Some regional governments have mediated with financial institutions to find solutions by renegotiating loan conditions or renting the apartment to the former owners at a reasonable price, sometimes with purchase options.

Much of local innovation goes around land usage. In big cities a problem is lack of public land, because it's mostly in private hands. New laws force municipalities to allocate 30% of total construction surface to build social housing. A new feature in Spain is construction with surface right, so municipalities will remain owners of land while people are home owners. So, during a period of 75 years, they are going to be owners of flats but not of land.

Another recent discussion is about the rent cooperatives or the cooperatives for land usage assignment. The idea is to encourage cooperative creation, so land ownership need not to be in user's hands.

A third issue is about collective accommodation. Is about houses that have a transitional role, in particular, aimed to groups with specific needs (e.g.: battered women, single parents, etc.). The idea is that people stay there for a relatively short time, as a transition to a more stable solution. Some non-profit organisations, sometimes with the help of regional governments, have bought flats for people in difficult situations called "social inclusion houses". The Inclusion Housing Network includes some of these organisations and works with the public sector.

Financial institutions have become the owners of a huge number of houses, both because of their owners have been unable to keep up with mortgage payments and because developers have not been able to sell them. This is an important risk for these institutions, since the value of such assets is unclear. Some public administrations have opened a social housing applicant's register to determine demand level. The aim is to establish bridges between potential demand and financial institutions and try to apply some measure that allows a sort of balance in housing market conditions (for example a system of rent with purchase option after 10 years).

In Spain there are many unoccupied homes, which in some way aren't fulfilling social function of property. Some regions have sought to reduce its volume by regulations, rent's incentives or intermediating between owners and those most in need. They have even offered administration assurances.

About movements to get housing rights, housing seems to be a "voiceless" issue. Although some organisations are working in the field of the right to housing, there isn't a strong social movement. The "Platform for Decent Housing" is helping people who must leave their home for non-payment.

At the time of writing this report (March 2011) several Catalonian organisations⁴ were presenting a 'popular initiative'⁵ on Deputies' Congress. The proposal is to legislate about the possibility of paying mortgage debt just with the apartment.

⁴ Group of entities composed by trade unions, neighbourhood associations, consumer associations, representatives of social third sector, and representatives of other platforms.

⁵Once approved the proposal, there is a period of between 9 and 12 months to collect the 500,000 signatures needed to be debated in the Congress of Deputies.

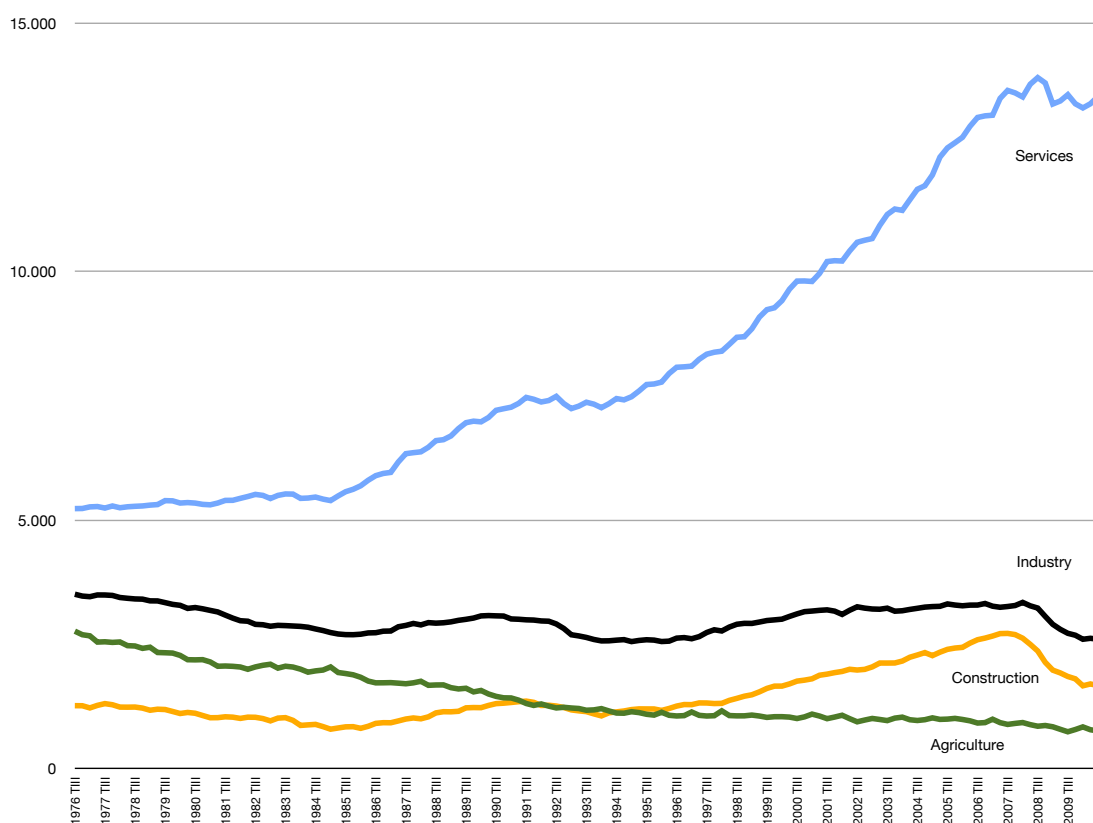
3. THE FIELD OF EMPLOYMENT

3.1. Demand and supply

The Spanish economy has undergone since 2007 one of the strongest unemployment shocks in its recent history. The unemployment rate has reached 20.5% by the end of 2010, skyrocketing from its all time low of 8.0% in the second quarter of 2007. To put this crash into perspective, however, it must be said that the Spanish economy had accomplished the incredible feat of creating more than 8 million new jobs between 1994 and 2007, 1.7 times the number of jobs available in 1994. It must be also pointed out that at the height of this job expansion, when employment peaked to 20.5 million, the unemployment reached its historical low of 8%!

This huge increase in employment has occurred while agricultural employment continued its downward path started in the early 60s, and manufacturing jobs stagnated and reduced their share. Construction and, above all, services are the sectors in which employment has grown strongly. The downside of this growth is that it has happened mainly in labour intensive activities with relatively low productivity (Banyuls *et al.* 2009).

Figure 2 - Evolution of employment in Spain by sector 1976-2010



Source: INE-Labour Force Survey

It is not surprising that a significant part of such growth has been made of jobs that required low pay and strong control over the workforce. Immigration and external flexibility by means of temporary contracts (and to a lesser extent, self-employment) have been instrumental to such needs.

Who is employed?

Employment had grown steadily since the mid-nineties until 2007 in Spain. Employment rates have been historically low, especially among women. Table 4 shows employment rates by gender, age and nationality by the end of 2010.

Table 4 - Employment rate (15-64) in Spain (end 2010)

	Employment rate
Total	58.4
Men	64.3
Women	52.5
Aged 15 to 24	23.6
Aged 25 to 49	70.2
Aged 50 to 64	52.2
Spanish	58.9
EU27	54.9
Outside EU27	55.5

Source: EUROSTAT-Labour Force Survey

Employment rates are significantly lower amongst women, but the difference has been reduced by the crisis. The employment rate for men of 64.3 is the result of an 8.4 point fall from a maximum of 76.7% in 2007, whereas women have lost only 2.6 points from a maximum of 55.1% in 2008. This has to do with the fact that the unemployment shock has affected very directly the building industry, and its mainly male workforce.

Who is in non-standard employment?

Temporary contracts have been a major feature of the Spanish labour market since the 1990s. About one third of people in employment had a non-permanent job along the years of the employment boom, a share that has fallen to about one fourth as a result of the crisis. The first way of adjusting employment has been not renewing temporary contracts. Temporary contracts are much more frequent in younger ages, although their share is much higher in all age groups than in most European countries.

On the other hand, part-time employment is not as frequent in Spain as elsewhere in Europe. It is almost non-existent among men and higher among women. It is in most cases not desired by those working part time.

Table 5 - Temporary and part-time jobs as a part of overall employment in Spain (end 2010)

	% Temporary	% Part-time
Total	24.8	13.4
Men	23.8	5.5
Women	25.9	23.3
Aged 15 to 24	59.0	30.8
Aged 25 to 49	25.5	12.7
Aged 50 to 64	11.6	10.6

Source: INE-Labour Force Survey.

Figure 2 shows quite clearly that job destruction has affected primarily construction and manufacturing. In services jobs have stagnated and shrunk slightly. But looking at who's unemployed the picture is slightly different. On the one hand, one half of the

unemployed are no longer linked to any specific sector in official statistics: 43.6% have been unemployed for over a year and 7.6% are looking for their first job. Of the other half (which is still considered as being related to a specific sector), over one fifth (12.7% of all unemployed) had worked in commerce, hotels, bars and restaurants, and almost another fifth (9.3%) were construction workers.

Unemployment rates that used to be much higher amongst women are now much more even (20.8 for men, 20.0 for women). Whereas during the 1980s the burden of high unemployment was mainly born by sons and daughters and spouses of the "reference person" of the household, the pattern has changed notably, and "reference persons" and spouses are much more affected by unemployment. This may change substantially the way Spanish society may handle the social effects of unemployment, which essentially used to be by redistributing costs inside households. Anyhow, family as a shock absorber seems to be working, as figures shown in the next table for 2009 suggest.

Table 6 - Unemployment rate and proportion of jobless households in selected European countries (2009)

	Unemployment rate	Jobless households
Spain	18.0	10.8
Germany	7.5	9.2
United Kingdom	7.8	11.5

Unemployment is unevenly distributed amongst regions. The most affected regions are those that traditionally have had higher unemployment (Canary Islands, Andalucía, Extremadura, Murcia, and Ceuta and Melilla) and those that have been the centre of the building and tourism boom of the last 15 years (Comunitat Valenciana, the Balearic Islands and Catalonia). Some regions fit in both criteria (e.g., Murcia and Andalucía). Regions that have relied less on building and tourism (like the Basque Country and Navarre) have suffered increases in unemployment as well, but as shown in the table 7, rates range from 10 to 30%.

Table 7 - Unemployment rate and proportion of jobless households in Spain by regions

	Unemploy- ment rate	Jobless households
Basque Country	10.9	5.1
Navarra	11.6	5.0
Cantabria	14.9	6.9
La Rioja	15.7	8.6
Galicia	15.7	8.3
Madrid	15.8	6.8
Castilla y León	15.8	7.9
Aragón	16.1	7.9
Asturias	16.7	10.3
Catalonia	18.0	7.9
Spanish average	20.3	10.3
Castilla - La Mancha	21.3	10.4
Balearic Islands	22.2	12.7
Comunitat Valenciana	22.9	11.7
Extremadura	23.9	12.2
Ceuta	24.8	12.4
Murcia	25.0	11.7
Melilla	26.1	17.1
Andalucía	28.4	15.7
Canary Islands	29.0	16.1

The underground economy

Estimates on the underground or black economy are always tricky. One of the most recent papers on the subject (Arrazola *et al.* 2011) estimates its size in 17% of the GDP and some 4 million people working in it, although some of them may be working in the legal economy as well. The difference between the estimate of people working according to the Labour Force Survey and the official figure of people registered with Social Security is about a million. Underground employment is fairly common in agriculture, in home help and caring for children and elderly people, and in certain services in some geographical areas. It has been the mechanism that has made possible a huge illegal immigration. Entering the country as a tourist is relatively simple, but the black economy makes it easy to work for some years without a residence and work permit.

Legal positions of workers

The legal positions of workers belonging to different groups (permanent "old" contracts, permanent "new" contracts, temporary contracts, black economy) are different, especially as regards dismissal procedures. Social benefits should be the same in most cases (except for those working in the large underground economy in agriculture, home help and some services). Traditional permanent employees are entitled to 45 days of wages per year of work in case of "unjustified dismissal". This protection was reduced to 33 days for most new permanent contracts, and to 8 (to be increased to 12) days for temporary employees. Once again, people working in the underground economy have no rights at all.

The labour relations system has a strong effect on these situations. The core workers, usually in medium or large enterprises, are more likely to have permanent contracts, to be unionised or have strong unions in their company, and may benefit from wage increases based on seniority that temporary workers in smaller enterprises will not get.

3.2. Structure of the administration

Since the reform of labour market services in 2003, public employment services are organised as follows.

The central government runs the *Servicio Público de Empleo Estatal SPEE* (state public service for employment). It is responsible for unemployment benefits (both contributory and means-tested), for the general coordination of employment policies carried out by regional employment services, and for keeping statistics for the whole system.

Regional governments (17) run their own public employment services who are responsible for active labour market policies, especially training, labour market intermediation, helping jobseekers and promoting entrepreneurship.

Many municipalities have voluntarily set up their own employment services, usually expanding the offer of training courses and support services by regional services. In many cases they act as local development agencies, promoting economic activity.

This setup is a result of a double process, top-down and bottom-up. On the one hand, employment services used to be very centralised, and run by the central government. It has been one of the latest fields of devolution to regions. On the other hand, the impact of unemployment in the 1980s pushed many municipalities to develop their own services to help the unemployed in their area, a policy that then evolved into more articulate local development policies. Another actor has shaped the system: trade unions and employers associations not only have a strong voice in the whole system, but in fact have become providers of much of the training for workers.

Labour market integration of socially excluded people falls between employment services and social services. Specific regional and local policies may determine who plays a role in this field.

NGOs are allowed to act in labour market intermediation (private for profit companies are not). Their role is significant in the field of labour market reintegration programmes for socially excluded people. Actions may range from more or less conventional training schemes to integration workshops (*talleres ocupacionales*) and *empresas de inserción*, social integration enterprises that try to combine a market approach with adapted jobs for people with social problems. These mechanisms are quite similar to those developed by NGOs with government support for people with disabilities.

3.3. Recent developments

It is difficult to make out what will come from recent policy changes. The crisis and its dramatic effects on employment were largely unattended. Since the outbreak of the crisis there has been a sort of fast reform frenzy. A labour market reform was hastily passed in 2010, which extends the lower dismissal compensation to most new workers and tries to limit the use of temporary contracts. A reform of the pension system is under way. There are debates on how to avoid the massive use of external flexibility and encourage what has been called locally the "German model" (using working hours and wages reductions instead of dismissals), or on how to reform active labour market policies. But everything is still moving a lot, and the results of such policy changes are very difficult to estimate.

4. THE FIELD OF CHILD CARE

4.1. Demand and supply

Historically the care for children in Spain has been in the hands of the family, i.e. mainly mothers supported by female relatives within the extended family network. Child care in Spain is closely related to the formalisation of female labour, the development of the Spanish welfare state and the evolution of gender relations and family models: from a traditional family economy model (with a significant share of female informal employment) to the present dual earner model based on extended family care and external services. The Spanish welfare regime based on family and kinship solidarity, identified as a familiaristic welfare regime, has meant a constant tension between the ideals and the practice in the articulation of work and family.

The age boundaries for child care in Spain is rather 0 to 3 since, from age 3 onwards, free access to early education is guaranteed since 2006. Out-of-school care and complementary school services for children over 3 is another relevant issue, as school hours (25 hours per week) and terms (from early or mid-September to 22nd June) do not fit well with the standard working time.

Child care started to formalise in the 70's (first regulation in 1972). After an historical shortage of child care facilities, particularly in the 80s and the 90's, in the last decade the child care sector has expanded both in publicly funded and private facilities. In 2008 the proportion of children under three years old in child care facilities in Spain (38%) is far above (10 percentage points) the EU27 average (28%)⁶. The main pushing factor has been a sharp increase of female and maternal employment, in a context of a rather positive perception of collective child care understood in Spain as early education, and a lack of paid parental leave which in other EU countries explain the higher rates of small children being cared for at home by their parents.

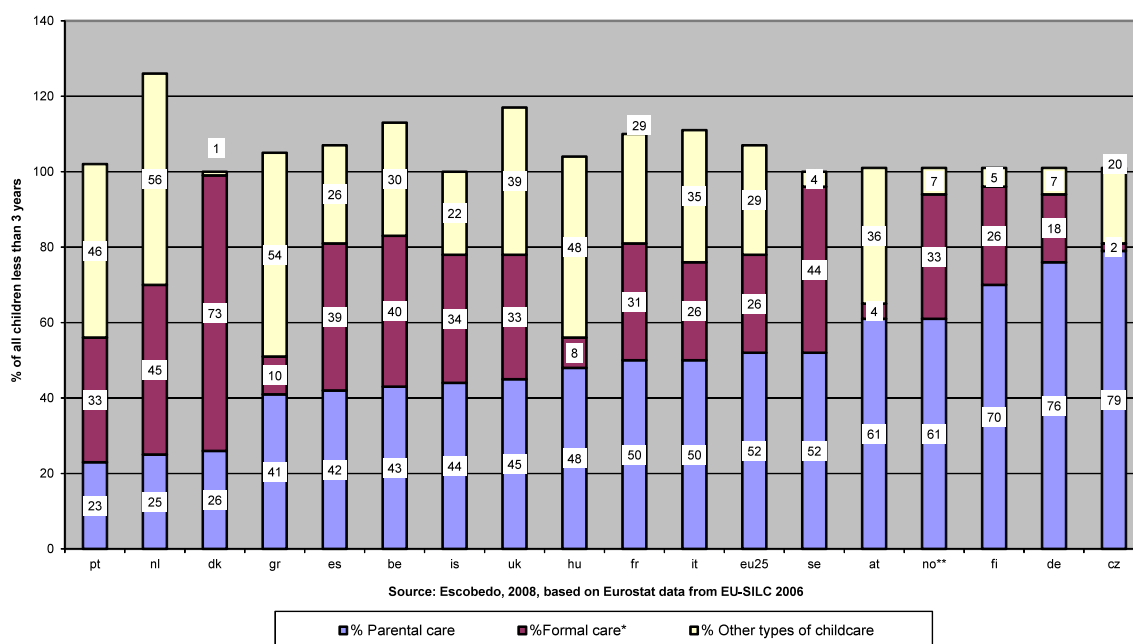
As a general picture in Spain in 2006, 42% of the under 3's were in exclusive parental care (mainly cared for by inactive mothers without parental leave), 39% in formal child care and 26% in other types of informal care (including grandparents, relatives and informal child-minders) (see Chart below). Exclusive parental care in Spain is 10 percentage points below the EU average (52%). In 2006, 52.5% of mothers of under 3's were in employment, and only 4% on leave (3.1% on maternity leave, 1.2% on parental leave) (OECD, 2011: indicator on Maternal employment).

Maternal employment can be used as a good indicator for the demand of child care facilities. In 2008, maternal employment accounts for 54.8% with their youngest child under 3, and 59.1% with a youngest child 3 to 5. Around one quarter of Spanish female employment is part-time, however mostly unwished for in Spain, so it does not necessarily correspond to the mothers who most need it (EC 2010). The standard demand for child care is in collective nurseries running full-time, with preference to public ones both for quality and affordability reasons. However as working conditions in Spain might also be very variable, there is also some non quantified demand for more diverse and flexible formats⁷.

⁶ According to harmonised statistics on child care from Eurostat EU-Statistics on Income and Living Conditions (EC 2011).

⁷ We have not identified any recent survey that could help to quantify or to characterise demand.

Figure 3 - Main child care arrangements for children under 3 years old in the EU-27 (plus Iceland and Norway) in 2006



In 1990 compulsory education was mandated for those aged 6 to 16, and the pre-6 period was deemed non-compulsory "early education" divided in two cycles: "First cycle 0-3" and "Second cycle 3-6". The political goal was the universal coverage with early childhood education for children from age 3 up. This target was reached at the end of the 1990s. Starting in 2004 the aim was to support early education (age 3-6) through public funding either in publicly managed centres or in subsidised, non-profit schools. The present 2006 Spanish education law includes an explicit guarantee of public and free provision in the second early education school (3-6), in contrast to a more ambiguous formulation of public offer within the first stage (0-3) (LOE 2006: art. 15).

Nearly all Spanish children attend pre-school stage from 3 to 6 years old in publicly funded school centres (98% according to educational official statistics in 2008/09) being most private schools integrated in the public network with public funding⁸. In Spain the public school network is composed by publicly managed centres and privately managed centres. From second cycle of early education, nearly all privately managed centres receive public funding (by means of important long-term agreements: "*concertos*") and have to follow the public rules of inscription and charging no fees for education (they can charge for complementary services). All centres form the public network, with public schools and "concerted" private schools (around half of provision, accounting for a longstanding tradition of catholic school).

From 2004 onwards the rules of education funding agreements were extended to the second stage of early education (the 3-5 stage) and this means that at present the 3-5 education provision is publicly funded and free of charge 25 hours per week (any fees relate to complementary concepts and extended hours or meals, meals and care at lunch

⁸ There is in fact a guarantee of publicly funded provision and free services for children over 3 in the second early education stage (3-6), and a nearly 100% of coverage (the difference can be explained by the fact that some 3 years old are waiting to enter education in September -depending on the month they have been born- if they are not yet in the first stage (0-3).

time can be subsidised for families in need). Only really few elite schools are outside these agreements and then can ask for the fees they want.

On the other hand there is a more ambiguous political will to meet demand for children under 3, summing up resources from regions, municipalities and families. Education is decentralised in 17 regional governments (*Comunidades Autónomas*), and present educational regulation (LOE 2006) allows regions the possibility to regulate and develop a diversity of child care services outside educational regulation, besides the first early education cycle (0-3). This explains much regional and local variation in relation to the first early education stage both in terms of coverage, funding and prices. The result is that 25% of children under three attended early education centres in 2008/09 (nearly half of them -47.5%- publicly managed and therefore publicly funded). The coverage rate of early educations diminishes with age: 43% of children aged 2; 25% of children aged 1, and 7% of children less than one, according to educational official statistics (MEC 2011).

But when families are surveyed (by means of the Spanish Survey on Income and Living Conditions 2009, SILC, INE), it appears that an additional 22% of children attend nurseries outside the educational regulation, summing up 47% of the under 3s (64% when the mother works, 25% when the mother does not work). These data are published by the Spanish Ministry of Education, termed as "socio-educational assistance" (*asistencia socio-educativa a menores de 3 años*). There is some disparity on data interpretation (around 7 percentage points) with the EU-SILC child care indicator published by the European Commission, which informs that, between 2005 and 2008, around 40% of children under 3 attended child care, with about 40% more than 30 hours per week, and about 60% less than 30 hours per week (EC 2010). The difference in hours can be explained by the fact that children can stay or not at lunch time in nurseries, which severely impacts the fees families pay. Fees may vary between 200 and 600 euro.

From the perspective of demand and supply of child care services there is a clear shortage of public early education and care places, because they often guarantee a much better quality and affordability, and many families ask for them (e.g. in the city of Barcelona, usually over half of families asking for a public place do not succeed in the demand). However there is also an identified lack of private and affordable places, however it is not easy to measure it as demand depends also on affordability, and the high prices limit the access for many families. The distribution of child care places is very uneven across regions (see table below) and municipalities, and there is no clear information system to identify demand gaps (González 2003). Spain has in fact an advanced educational law, referring to the educational principles of early education. However the law has never been accompanied with enough public funding, for the under 3's. In this sense the entitlement to early education for the under 3's is more formal than real.

Table 8 - Evolution of maternity leave benefit coverage in relation to the total number of births and regulated early education coverage for children under 3 in Spanish Autonomous Communities, various years

	Maternity leave coverage		ECEC 0-2 (covered in regulated centres)	
	2000	2005	2005/06	2008/09
ANDALUCÍA	45,6	58,2	2,8	24,3
ARAGÓN	63,8	77,5	28,8	31,9
ASTURIAS	44,0	61,7	7,3	11,4
BALEARES	61,1	69,3	9,0	11,8
CANARIAS	46,0	63,7
CANTABRIA	47,3	65,7	11,7	21,4
CASTILLA Y LEÓN	48,4	63,5	11,9	12,5
CASTILLA-LA MANCHA	43,7	53,2	2,7	2,4
CATALUÑA	63,4	72,6	31,3	33,7
COMUNIDAD VALENCIANA	54,4	64,2	10,2	17,4
EXTREMADURA	48,1	54,6	2,2	2,9
GALICIA	47,6	65,8	16,2	19,7
MADRID	58,6	69,6	28,6	39,0
MURCIA	43,7	52,9	13,7	16,7
NAVARRA	66,8	74,8	22,3	34,1
PAÍS VASCO	62,7	76,2	46,2	51,4
RIOJA (LA)	57,8	66,7	4,3	7,2
TOTAL	53,2	65,1	16,6	24,6

Source: Data from data from the Spanish Ministry of Education (MEC, 2008 and 2010); Escobedo and Navarro(2007), with data from INSS (Social Security Spanish Institution) and Movimiento Natural de la Población (INE).

Early childhood education (up to age 3) is increasingly perceived as a positive resource, and especially public-sector nursery schools are benefiting from funds and good-quality standards, but the extension of its coverage is not keeping up with the increase in mothers' employment. The increasing gap between maternal employment and child care coverage for the under-3s in formal early education has been instead filled by an increase in child care services outside educational regulation and arrangements with child-minders, chiefly on an informal employment basis, and within family networks (especially involving grandparents) (Flaquer and Escobedo 2009).

There is a gap between the end of well-paid leave (around the 5th month) and the beginning of guaranteed access to publicly funded services in the third year. The gap is explained by the lack of sufficient public funding, as in fact there are both "unpaid or partly paid full and part-time" leaves, and publicly regulated but not funded -or only partly funded- early education and care service provision. Therefore, the two areas of policy (leave and ECEC services) are in process of development but not well articulated in Spain. Leave policies depend on the State level, while child care policies are jointly developed at regional and local level⁹.

⁹ Note on Social Protection for Families and Children: All employed women are entitled to Maternity leave for sixteen weeks. The payment of this period is hundred per cent of earnings if previous contributory requirements are fulfilled (otherwise there is a non contributory lower benefit). The Paternity leave is for fifteen days, paid at hundred per cent of earnings and paid, as maternity

In summary, dual earner families articulate in different ways the first year of the child (using paid leaves, protected working time reductions, both parents holidays and a diversity of services or extended family network arrangements). From age 2 early education facilities become prominent. In between there is a welfare mix that mainly relies on municipalities. Policies clearly favour the development of early education and care facilities following the educational model, and have devoted public resources to support municipalities that are the main public provider, but with no public funding guarantee for all children, particularly not for the privately managed provision.

4.2. Structure of the administration

The level of decentralisation of the education system is diverse, but the 0-3 is the most decentralised as local authorities are responsible for provision, registration and funding. Some CCAA are allowing a dual system: part of the facilities under education regulation, part of the facilities under social or other regulations. The whole system is therefore not easy to follow up.

The first cycle of early education (under 3) has low resources, and competences and responsibilities are not clearly allocated between the different levels of public administration. This has favoured the extension of a great diversity of situations at local, province and regional levels.

The public funding is only guaranteed in publicly managed nursery schools and some non-profit centres. After the approval of the 2006 education law, the central state government committed to extend public funding to 20 per cent of under-3-year-olds (Plan Educa3 2008-12). In 2009, 12% are in publicly managed facilities, but it is still not possible to know how many children in privately managed facilities are receiving public funding.

Non-profit child care facilities receiving public funding are sometimes managed by cooperatives promoted by pedagogues or parents, some experiences are reported but no general figures are available. It is a field of local management and innovation.

leave by the Social Security Fund. Each parent is entitled to take unpaid leave until three years after childbirth. Leave is an individual right. During the first year return to the same job position is protected; after the first year, job protection is restricted to a job of the same category. This period is unpaid, but some social security benefits apply. Since 2000, starting with Navarre, some regions are providing flat rate payments (around half of minimum wage) for parents taking full or part-time parental leave. Parents can also reduce their working time in a very flexible way (between eight to have of normal duration of the working day) until their children are eight (or twelve in the public sector) (Escobedo, 2010). For detailed and updated explanations of leave schemes available in Spain and other countries, see the Annual reviews of the Leave Policies and Research Expert Network available from 2005 onwards (Moss & Kocourková, 2010) at www.leavenetwork.org.

On the other hand, child benefits at state level are mainly instrumented as tax benefits (for families with dependent children up to 18 or university, an additional tax benefit for parents with under 3's and an additional tax allowance for employed mothers with under 3's). There is a means-tested cash child benefit provided by social security, it is lower than tax benefits and income ceilings exclude in practice dual earner families. From 2007 and 2010, a birth allowance of €2,500 was successfully implemented. However in the context of the public financial crisis, the benefit has been removed since January 2011. Some regions have instrumented additional child allowances for children under 3's or older children in particular family types (lone parent families or households, large families...), however the regulations are decentralised, quite variable, and difficult to follow up.

Public school nurseries have parents' boards that have mostly a consultancy and information role.

Public ombudsmen have in various occasions addressed public attention towards the fact that there is not only a shortage of affordable places, but also a lack of regulation and supervision for those facilities remaining outside educational regulation (e.g. play centres "ludotecas", or family services support services) (Síndic de Greuges de Catalunya 2007). A main concern is that part of these facilities are in fact offering similar schedules as nurseries, but without the necessary resources nor quality or safety guarantees.

Out-of-school services, that is, the care of school-aged children, have also been developing from the early 1990s onwards in connection with the growth of full-time maternal employment, given that school schedules often are not compatible with ordinary working hours and vacations. To cover the child care needs of children outside of school hours, and during school holidays, a combination of family, public, and private resources has emerged. This combination consists of parents' work arrangements, grandparents' help and also child-minders and household assistants. Municipalities and parents' school boards are also taking more and more responsibility, and this is one area of innovation and potential good practices at local level.

There have also been some experiences of vouchers and employer's support to child care in some autonomous communities, however not widespread and information is not easy to follow up.

4.3. Access to child care

In general there are no terms restricting the access to registration, the main criteria for a child to obtain a higher punctuation to be accepted in a school nursery is the proximity between home and school (also having siblings). In relation to registration additional criteria, they might be very diverse depending on the region and municipalities. They may include additional criteria to support lone mothers, large families, children with disabilities or social assistance cases. Who is eligible to receive child care support and how is the support organised depends on regional and local regulations.

We can say that at Catalan level (qualitative interviews to experts) small children in families followed up by Social Services are supported to attend public nurseries, and are economically helped. As far as vulnerable groups of society (single mothers, unemployed and immigrant parents) are in the framework of social services programmes, they may benefit of support to access public facilities.

On the other hand some municipalities have also established raffles to manage the shortage of public facilities (in order to avoid discrimination in relation to income levels that can vary from year to year, that are not always easy to control in a country where informal and casual work is relatively widespread as seen in the labour market section).

In Catalonia, the cost of a public child care place is established around €5,400 per year on average (without meals), and the public funding agreement promoted by the regional government (*Generalitat de Catalunya*) in publicly funded places is that one third is paid by the regional government, one third by the municipality and one third (plus meals and care during lunch time) by the family. Furthermore municipalities receive support to build up new child care centres. For groups with serious difficulties it exists the possibility of receiving a grant for this amount. Municipalities manage these grants.

Private non-profit nurseries fulfilling the educational regulation can also ask for an allowance up to €800 per year per places, provided they participate in the municipal service planning.

4.4. Recent developments

Since 2004 the 0-3 age group is conceptualised in a dual way: part within the education system and part as a social care resource, allowing for a great deal of regional and local autonomy. This has led to very decentralised, diversified and rapid development of child care provision, partly within the education system, partly outside it, with lower quality guarantees. This rapid expansion of the child care sector is requiring a strong local involvement, particularly to keep on with quality standards. In the present framework of economic crisis, it has to be seen the difficulties that municipalities may find to keep on their leading role.

We have seen that data indicate that around half of the provision is regulated and supervised by education authorities while the rest is provided outside the education regulation with no public funding. This is a controversial issue, with experts demanding greater public intervention and investment (Catalan Ombudsman 2007; Balaguer and Arderiu 2007). This is an important field for local intervention and for potential innovation.

When the socialist party (PSOE) won the last general elections in 2008 with a relative majority, it committed to create 300,000 new early education and care places for children under 3's in order "to meet demand". Its programme also included extending paternity leave up to one month and unpaid part-time flexibility in the private sector until children are 12, but it did not include any proposal to improve parental leave. However in order "to meet demand", the international experience -specially from Scandinavian countries who have established subjective guarantees for children- indicates that the introduction of some period of paid and effective parental leave scheme would help to make ends meet and to guarantee a public system of care and education for the under 3's. Some regions as Navarre have introduced some innovation in this direction, with flat rate allowances for parents on leave. While the importance to stimulate an increased participation of fathers in informal child care is in the policy agenda, neither concern nor proposals to stimulate the participation of men as formal carers in child care have been identified, as it is the case in other countries (Moss and Cameron 2007).

Since 2010 a slight birth reduction can be appreciated (1.4 child per woman), after a continuous growth since 1998 when the Spanish fertility rate picked at its historical minimum (1.16 child per woman). Demographic decline is not much used as an argument to support neither child care nor family policies. On the other hand in spite of the crisis, data do not show for the moment any decrease of maternal employment.

Another relevant development is outsourcing, which might increase in a context of financial constraints. Even though municipalities are responsible for publicly managed nurseries, many municipalities have developed an outsourced model, based on public tenders to subcontract the management of municipal nurseries opened to private companies (profit and non-profit). Companies win tenders (profit and non-profit succeeding in the best conditions-of-all offers). Some cases have been reported where, in the same pack was contracted the building of the centre and a long-term management contract, with the irruption of big companies (offering building and personal services) in this early education and care sector, where until now the typical private actor were cooperatives, non-profit organisations and small companies having de facto a rather non-profit character.

On the other hand, according to one of our interviewed experts: "Each step is done, is a very hard step in the ideological debate. With different trends, those who see child care in a work-family debate context, so to facilitate parents to work a diversity of services could be foreseen (including child minders), and those who situate the debate as a more strict early education issue, where the regulation of schedules and professional qualifications is more relevant...".

The role of municipalities mediating in this local welfare mix is in the centre of present trends and debates.

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THE WILCO PROJECT

Full title: Welfare innovations at the local level in favour of cohesion

Acronym: WILCO

Duration: 36 months (2010-2013)

Project's website: <http://www.wilcoproject.eu>

Project's objective and mission:

WILCO aims to examine, through cross-national comparative research, how local welfare systems affect social inequalities and how they favour social cohesion, with a special focus on the missing link between innovations at the local level and their successful transfer to and implementation in other settings. The results will be directly connected to the needs of practitioners, through strong interaction with stakeholders and urban policy recommendations. In doing so, we will connect issues of immediate practical relevance with state-of-the-art academic research on how approaches and instruments in local welfare function in practice.

Brief description:

The effort to strengthen social cohesion and lower social inequalities is among Europe's main policy challenges. Local welfare systems are at the forefront of the struggle to address this challenge - and they are far from winning. While the statistics show some positive signs, the overall picture still shows sharp and sometimes rising inequalities, a loss of social cohesion and failing policies of integration.

But, contrary to what is sometimes thought, a lack of bottom-up innovation is not the issue in itself. European cities are teeming with new ideas, initiated by citizens, professionals and policymakers. The problem is, rather, that innovations taking place in the city are not effectively disseminated because they are not sufficiently understood. Many innovations are not picked up, because their relevance is not recognised; others fail after they have been reproduced elsewhere, because they were not suitable to the different conditions, in another city, in another country.

In the framework of WILCO, innovation in cities is explored, not as a disconnected phenomenon, but as an element in a tradition of welfare that is part of particular socio-economic models and the result of specific national and local cultures. Contextualising innovations in local welfare will allow a more effective understanding of how they could work in other cities, for the benefit of other citizens.