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What about an income guarantee policy for the real city?

Lara Navarro-Varas, Sergio Porcel, Irene Cruz¹

The serious social impact of the economic and financial crisis that began in 2008 overwhelmed the national and regional social protection system, in such a way that a significant part of poverty management fell on the municipalities, forcing them to work through social emergency benefits as a last protection network. In the metropolitan area, the heterogeneity in the design of the benefits to each one of the municipalities did not help to reduce the increase in the inequality, but rather the opposite. The current scenario, marked by economic reactivation, but also by the start-up of the Guaranteed Citizens' Income (RGC), opens up a window of opportunity to reflect on the improvement of protection in the *real city*. In this sense, the article presents the results of statistically simulating a complementary benefit to the RGC in the metropolitan area, also considering the differential cost of living across the territory.

Introduction

In the course of the last decade, municipal councils have been incorporating programmes of financial aid and support into their service portfolios to attend to situations of personal and family needs. However, the serious social impact of the economic and financial crisis that began in 2008, as well as the explicit renunciation of the Generalitat regional government of Catalonia of the Minimum Insertion Income as a provision of last resort - following the modification of the regulatory norms in the summer of 2011-, significantly transformed the scenario and the function for which they were designed. The transfer to the municipalities of the poverty issue is associated with the weakening of the system and, in the metropolitan area, it leads to a reproduction of the social inequalities existing in the most critical years of the economic recession.

The current context, in addition to being marked by a favourable evolution of the macroeconomic indicators, constitutes a new stage with regard to the system of income guarantee in Catalonia. Parliament's approval - via the Popular Legislative Initiative - just a year from the Guaranteed Citizens' Income (RGC), makes it possible to return to the autonomous administration of responsibility towards insufficient resources. Although, at this time, there are uncertainties and contradictions regarding its implementation and the recognition of new users, the fact is that even with the complete deployment of the provision planned for the year 2020, design deficiencies related to the social needs of the population are anticipated. In this sense, in recent years, innovative proposals and experiences have proliferated with regard to income guarantee in different territorial areas. The Area of Social Rights of the Ajuntament de Barcelona is testing, via

¹ The Barcelona Institute of Regional and Metropolitan Studies (IERMB)

the European project B-MINCOME, the efficiency and effectiveness of the Municipal Inclusion Support, as a complementary income guarantee provision to the RGC.

On the other hand, the existence of the Barcelona Metropolitan Area (AMB) as a supra-municipal administration enables public debate about the need to increase the weight of metropolitan policies, especially in those areas of competence that are less developed in the AMB, such as housing and social cohesion. Based on this scenario, the purpose of this article is to analyse the effects of a complementary income guarantee with a metropolitan scope. Knowing the dysfunctions that the extra weight acquired by the local social protection system has generated in the metropolis during the crisis, would it not be more efficient to simplify and standardise the attention to economic vulnerability in the real city? The article that follows pivots around these issues through the exercise of statistical simulation of a metropolitan income guarantee provision complementary to the RGC.

1. Crisis, local management of poverty and metropolitan inequalities

The economic benefits of social emergency social emergency benefits have been framed in accordance with regulations within the Catalan system of social services since the end of the last decade, and work under the principle of local autonomy, being the local administrations those who define, manage and finance them in accordance with the competencies that they have in the field of primary care social services. They have a very clear aim: 'address situations of one-off, urgent and basic needs, of subsistence, such as food, clothing and accommodation' (Art. 30).

In the transition between classical social assistance and universalisation, the development and expansion of social services as the fourth pillar of welfare, the emergence of the Great Recession in 2008 completely transformed the scenario in which emergency economic benefits were designed. The effects of the recession in terms of poverty, welfare and inequality in the metropolitan area are already known: massive loss of jobs (unemployment rose from 6.7% in 2007 to 15.4% in 2013); high household debt (16% of the population spent more than 40% of their income on fixed housing expenses in 2011); increased consumer deprivation (14.3% of the metropolitan population were in arrears or had unpaid payments on their mortgage or rent, 12.1% could not afford to keep housing at an appropriate temperature and 3.1% suffered from food deficiencies); and increased inequality after two decades of gradual reduction, mainly due to the fall in incomes of the population of the lower strata (the Gini coefficient fell from 0.293 in 2006 to 0.346 in 2011) (Sarasa et al., 2013).

The decline in economic activity also showed the structural weaknesses of the Spanish income guarantee system. An extensive, complex system with historical deficits associated with a high degree of fragmentation and a low protective intensity (Laparra and Ayala, 2009). However, the deficiencies of the system in the Catalan area received the final blow with the budgetary adjustments that led the Generalitat of Catalonia to modify the Minimum Insertion Income (RMI), a benefit that during the last twenty years had responded as an alternative last resort to fill the gaps in social protection. Until the amendment of regulatory norms in August 2011², the RMI channelled the increase in the basic needs of the population linked to the destruction of employment: the applicants for the benefit increased fivefold and the holders tripled in the short period of time between 2007 and mid-2011 (Gutiérrez, 2014). The RMI reform introduced significant changes: (1) it restricted access, excluding all people with a 'work-related' problem, (2) it made the conditions stricter to avoid complementarity with other healthcare benefits, (3) it introduced a maximum threshold for the benefit, including supplements, (4) it limited the maximum duration to five years, (5) it extended the accredited residence in Catalonia to two years and, finally, (6) it restricted the right to benefit, conditioning its concession to budget availability; that is, it eliminated the subjective right (Gutiérrez, 2014).

² First by means of Law 7/2011, on fiscal and financial measures, and shortly afterwards with the decree 384/2011, of 30 August, of the implementation of Law 10/1997 of 3 July, on the minimum insertion income.

All this involves a rapid metamorphosis of the care system in Catalonia. On the one hand, responsibility is transferred to state-owned devices, unthinkable not long ago, when the competencies on the development of the system of income guarantee and support were part of the political struggle between the state and autonomous governments. In this way, the beneficiaries of the Active Insertion Income (RAI), which until then had played a leading role in Catalonia, grow in parallel with the increase in social needs and the limitations of the RMI to deal with it. On the other hand, local emergency social assistance is gradually becoming the last resort to the gaps in the protection of the state and regional system, and they adopt a function for which they were not designed (Aguilar-Hendrickson, 2014). In this sense, basic social services recover their original support role, if necessary³, with much more intensity. This is demonstrated by the increase in municipal spending on social emergency benefits that occurred during the period of economic crisis. This expenditure tripled between 2010 and 2016, from €2.78 per inhabitant to €9.35. In addition, new benefits, services and projects are also emerging linked to broader concepts than social urgency (Navarro-Varas et al., 2017). As a result of this dynamic, partial economic micro-aids are being created in the different municipal social service portfolios, that seek to respond to poverty in a fragmented way (food poverty, fuel poverty, housing poverty, child poverty, etc.), but which lack global coherence (Ginesta, 2015).

The transfer of poverty to the local sphere also implies a weakening of the protective intensity in accordance with the hierarchy of a multilevel social protection scheme: the most decentralised benefits are those of the worst quality, those with less sufficiency and protective intensity and those which, above all, are not guaranteed, but subject to the availability of credit and budgetary allocations established in each of the municipal councils. In average terms, in the Barcelona metropolitan area, the annual expense per family for social emergency is approximately €153 and €237 if it is extended to all programmes aimed at economic vulnerability (Navarro-Varas et al., 2017). Regarding the organisation of social services, there is a growing specialisation in the material dimension of social needs, including the unreserved increase in the administrative management of both benefits and services as well as other institutions, and a decline in the possibility of social intervention.

In summary, the transfer of poverty to municipalities is associated with the specialisation of basic social services in urgent material assistance, the fragmentation of the concept of poverty, the use of social emergency benefits to face structural problems and the weakness of the protective intensity for the beneficiaries. In addition, another dysfunctionality emerges in the metropolitan sphere that is no less important: the heterogeneity of the local response. A priori, the territorial differentiation of the offer of services should not be considered a problem in itself. In fact, the main reason that justifies the decentralisation of social care is the existence of local differences in terms of needs, preferences, resources and opportunities. But these differences become problematic when they lead to inequalities within a community (Arlotti and Aguilar-Hendrickson, 2018). In other words, a decentralised system may incur in the fragmentation of responsibilities and may generate territorial inequalities if it is not well-designed (Kazepov, 2010). This is precisely what emerges from the analysis of the effect of municipal social emergency benefits in the Barcelona metropolitan area (Lara-Navarro et al., 2017, Daleph, 2017). The territorial fragmentation of these aids and, therefore, the heterogeneity in the responses of each metropolitan city council, did not help reduce or contain the income inequality in the whole of the metropolis of Barcelona during the recession, but rather the contrary. It meant that the population belonging to the same urban reality were looked after in different social services depending on their place of residence⁴. This disparity is

³ The bulk of the attributions that make up 'modern' social services in communities and municipalities in their initial phase come from public charity (Aguilar-Hendrickson, 2013).

⁴ During the recession, the municipalities with more social difficulties were not those who allocated more resources to alleviate economic vulnerability. Only once macroeconomic indicators improve, the relationship between resources and needs becomes better adjusted, but this is thanks to the labour market, not the protection system. In addition, support for local policies carried out by administrations with supramunicipal competences (Barcelona Provincial Council or Barcelona Metropolitan Area) through the implementation of specific programmes - very important in economic terms - does not result in the correction of these social inequalities. In some cases because its design

reflected in the concepts of protection included in the programmes, in the requirements of access to benefits – changes in the threshold for defining the situation of need, in the time of residence in the municipality required or in the different combination of economic and social aspects when making the assessment –, the amount of the benefits, in the annual maximums, the frequency and duration of the aid or the payment methods (Ginesta, 2015). In addition, the variability of housing expenses and the fact of whether these expenses are included or not in the calculation of the household income also acquires a central role in this territorial differentiation of social assistance.

From this point of view, the need emerges to move towards a consensual model that guarantees the basic needs of the citizens of the metropolis as a whole and that is capable of generating redistributive dynamics between metropolitan municipalities. It is becoming increasingly clear that only in this way can social inequalities be reduced effectively in the real city, especially in the recessive periods, which is when local administration is subject to greater pressure.

2. Simulating an income guarantee model for metropolitan Barcelona

Based on the antecedents that have been presented in the previous section, this section presents the results of the simulation analysis of a hypothetical provision of income guarantee of metropolitan scope. This benefit is defined in a complementary way to the development of the recently approved RGC and as a substitute for the entire scaffolding of municipal and supramunicipal economic emergency benefits and assistance currently in existence. The main objective of this analysis is, then, to observe whether this homogenisation and simplification of the local protection system would improve the social cohesion of the Barcelona metropolitan area.

The simulation is based on the data of the 2016 Living Conditions Survey (ECV)⁵ for the resident population in the 36 municipalities that are currently part of the Barcelona Metropolitan Area. In accordance with the substitute nature with which the hypothetical provision of the metropolitan income guarantee is proposed, the first operation carried out in the simulation is to suppress two components of household income: Social exclusion allowances and Housing allowances. It is understood that both types of income are a good approximation to social urgency support at local level⁶ and are therefore abolished. Regarding the elimination of social exclusion social benefits, the cost for the metropolitan population as a whole amounts to €159.3 million in 2015⁷. In the case of *Housing allowances*, the amount of income excluded from household income in the Barcelona metropolitan area is €24.4 million in 2015. Therefore, in the initial scenario of the simulation, the income of metropolitan households in total is reduced by €183.7 million. This simulated reduction of income from metropolitan households leads to an increase in the poverty risk rate, from 18.4% to 18.9%, and of the inequality expressed by the Gini index of 30.1% to 30.2%. In the same way, the gap of the risk of poverty increases from 0.311 to 0.327 and the Atkinson coefficient from 0.190 to 0.207 (table 1).

responds more to population criteria than socioeconomic ones, and in others because they involve such complicated management that the positive effects that may be generated in this regard vanish (Navarro-Varas et al., 2017).

⁵ The income information provided by this survey refers to the previous year. In this case, 2015.

⁶ It must be kept in mind, however, that within the '*Social Assistance Income*', the ECV information also includes the RMI, unlike the RAI, at State level, which is accounted for in the '*Unemployment benefits*' section.

⁷ It should be said that from the data published by the Observatory of Enterprise and Employment of the Generalitat of Catalonia and the Statistical Institute of Catalonia (IDESCAT), it is estimated that in 2015 there were around 18,000 beneficiaries and 7,317 records of the RMI in the Barcelona metropolitan area, with an approximate cost of €42 million per year.

Table 1. Risk indicators of poverty and inequality before and after transfers of social assistance and housing. Barcelona metropolitan area, 2016.

	At risk of poverty rate	Poverty gap	Gini coefficient	Atkinson coefficient
After all social transfers	18.4	0.311	30.1	0.190
Before social exclusion and housing allowances	18.9	0.327	30.2	0.207

Source: Original with data from the Survey of Living Conditions, 2016 (INE and Idescat).

Once this amount has been abolished, which relates broadly to the municipal social emergency aid and the RMI, the analytical exercise is divided into two phases. In the first phase, the simulation of the RGC is done in the metropolitan area considering its complete deployment⁸. In the second phase, based on the previous scenario, the complementary hypothetical provision for the population of the metropolis of Barcelona is introduced, considering various criteria of eligibility and amount that are detailed below.

The results show different simulated scenarios on which two issues can be evaluated mainly: the cost of implementing each benefit and the effect that each of them has on reducing poverty and income inequality. Therefore, in the case of the complementary provision of metropolitan income guarantee, the cost can be contrasted with reference to the current expenditure on the benefits that are proposed to be replaced. In order to measure the effect of the different benefits for reducing income inequality and poverty, standard indicators calculated before and after transferring the income provided by the different aids are analysed. In this sense, as indicators of poverty, work is carried out using the rate of risk of moderate poverty (60% of the median income of the household) and the rate of severe poverty (40% of the median income). It must be said that, insofar as the two indicators are designed to assess the impact of the designed benefits on poverty, the poverty risk thresholds remain fixed. With regard to income inequality, the Gini coefficient and the Atkinson coefficient are analysed, following the same logic. The second, which is less known, measures inequality in the distribution of income and gives more weight to the calculation of the prevalence of the population with low incomes⁹. Similar to the Gini index, its value also ranges from 0 to 1, with no inequality in the case of 0 and maximum inequality in the case of 1.

2.1. Phase 1: the simulated scenario of the deployment of Guaranteed Citizens' Income in the Barcelona metropolitan area

The approval in Parliament of the law 14/2017, of 20 July, on the Guaranteed Citizens' Income¹⁰ means a substantial modification of the current income guarantee system in Catalonia. De facto, the Generalitat of Catalonia is responsible for '*ensuring the minimum resources for a dignified life for people and family units that are in a situation of poverty, to promote their autonomy and active participation in society*'¹¹. In this way, the Generalitat of Catalonia retakes the responsibility which, in the context of a crisis, it avoided by excluding all persons with a work-related problem from the minimum income programme. In the framework of the new law, the benefit is recognised as a subjective right, it eliminates the requirement of 'added social difficulty' – introduced by the decree of 2011¹²– and raises the amounts of the benefit with respect to the RMI.

In this new context, it is understood that the benefits of social emergency, as they have been developed in terms of volume and structural character, would no longer have meaning in the first instance. It is from this point of view that these transfers of social assistance are not considered in this exercise. This also causes a homogenising effect within the metropolis of Barcelona, which eliminates the diversity of criteria regarding the eligibility and protective intensity of metropolitan

⁸ Scenario anticipated by law by 2020.

⁹ When calculated with the parameter $\epsilon = 1$.

¹⁰ DOGC, No. 7418 of 24/07/2017.

¹¹ Article 24.3 of the Statute of Autonomy.

¹² Decree 384/2011, of 30 August, on the implementation of Law 10/1997, of 3 July, on income support.

municipalities. Regarding the complementarity and compatibility of income derived from benefits and income from work with the RGC, a broad interpretation has been chosen during the year. For the recipients of state unemployment benefits and for contributory and non-contributory Social Security pensions of less than the value of the current IRSC, the law does provide for the right to a supplement that allows them to reach the amount established by the RGC¹³. On the other hand, as regards labour income, although legislation only provides for the compatibility and complementarity of the RGC with income derived from part-time work and, initially, only for single-parent families, in this exercise they have been considered compatible in all situations. In fact, this constitutes one of the most critical aspects of this law. Some authors consider that this criterion is a missed opportunity with respect to the 'poverty trap' (Noguera, 2017) and it is observed that the costs could be even higher as households that earn income from work below the threshold of the Sufficient Income Indicator of Catalonia (IRSC) could completely give up work or could also seek to obtain income without declaring it (Fusté, 2017).

Given that the insufficiency of income certifies access to the RGC, the eligible population is selected exclusively under these parameters: the population of the metropolis with income less than the IRSC, set at €7,968 per year¹⁴. This amount, considering the composition of households¹⁵, also corresponds to the maximum amount foreseen by the RGC, including the complementary benefit of activation and insertion. Therefore, this is the amount that is provided in the simulation to the eligible population without any type of income, which represents approximately 5% of the metropolitan population as a whole. In the event that there is income (of any type), the amount assigned to the beneficiaries is the difference until this maximum is reached. This calculation methodology is similar to that made by Fusté (2017) for the whole of Catalonia. It should also be noted that the income data used in this article corresponds to 2015; Therefore, the results refer to the situation of that year and are not extrapolated to any other context, since all the parameters of the simulation should be reviewed.

According to all these considerations, the potential recipients of the RGC make up 5.1% of the metropolitan population, that is, 7% of households (table 2). As can be seen in graph 1, the target population is obviously located at the lower end of the distribution, so that it is at a considerable distance at risk of poverty threshold in the Barcelona metropolitan area, set in 2016 at €11,199¹⁶.

Table 2. Potential beneficiary population and households of the Guaranteed Citizens Income. Barcelona metropolitan area, 2016.

Simulated scenarios	Population that is a potential recipient (Thousands of people)	Population that is a potential recipient (%)	Households that are potential -recipients (Thousands of households)	Households that are potential recipients (%)
Guaranteed Citizens Income scenario Population below the IRSC	159.5	5.1	91.9	7.0

Source: Original using data from the Survey of Living Conditions, 2016 (INE and Idescat).

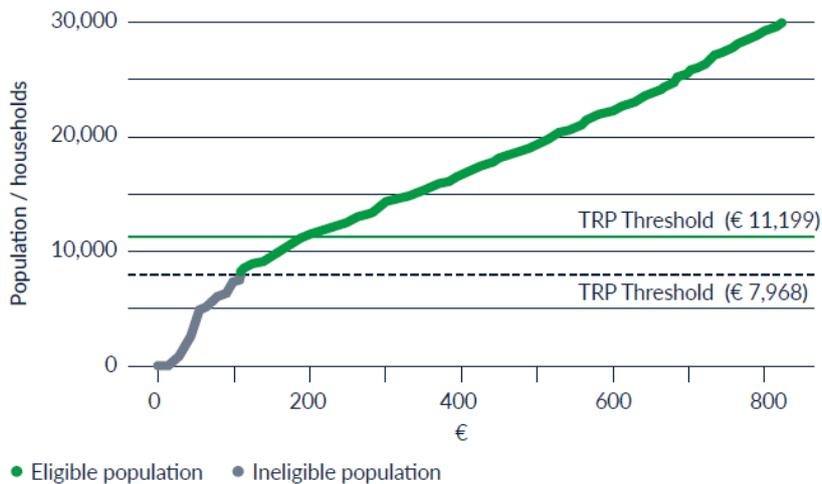
¹³ The law also provides for compatibility with the benefits derived from the law of dependency and grants for transportation and school dining.

¹⁴ The values of thresholds are expressed in an illustrative way for one-person households. However, the calculation of the threshold has been done in accordance with the provisions of Law 13/2006 and also includes the RGC regulations: 'The assessment of the situation of need in accordance with the IRSC states that 'its amount increases by 30% for each member of the family unit or of the coexistence unit that has no assets or income' (Art. 15, Law 13/2006). However, the amount of the IRSC is fixed periodically in the Budget Law of the Generalitat, but has not been updated since 2010.

¹⁵ The Law 14/2017, of 20 July, on the guaranteed citizens' income of the Generalitat regional government of Catalonia is taken as reference. In this case, 0.5 of X is added to X amount of the benefit for the second member of the home, and 0.15 of X from the 3rd to the 5th member of the home.

¹⁶ This is the threshold for a single-person household and is calculated as 60% of the median of the equivalent income of the population.

Graph 1. Distribution of household income. Metropolitan area of Barcelona, 2016



Source: Own elaboration with data from the Survey on living conditions, 2016 (INE and Idescat).

The estimated cost of the complete deployment of the RGC in the Barcelona metropolitan area, according to the criteria adopted in this simulation, amounts to €452.3 million (Table 3), which means a substantial increase with respect to the real expense executed the same year in terms of RMI (approximately €40 million). Therefore, this would be an approximation to the magnitude of the economic effort that the Generalitat of Catalonia must make, only to implement the RGC in the Barcelona metropolitan area. However, in a comparative perspective, this level of expenditure (the estimated) is still far from the one executed, for example, by the Guaranteed Income Programme of the Basque Country. In this sense, the cost per inhabitant in 2015 stood at €225.6, while with this estimate made by the RGC, the cost per inhabitant metropolitan is just €140.

Table 3. Indicators of poverty and inequality before and after the deployment of the Guaranteed Citizens' Income. Barcelona metropolitan area, 2016.

	At risk of poverty rate (60% median)	At risk of severe poverty rate (40% median)	Gini coefficient	Atkinson coefficient	Estimated cost (millions of euros)
Before 'social exclusion and housing' allowances	18.9	7.0	0.302	0.207	-
After the guaranteed citizens' income (100%)	18.9	4.3	0.293	0.139	452.4

Note: for the realisation of the simulation exercise, negative incomes have been converted to 0 by calculating the Gini coefficient and to 1 by calculating the Atkinson coefficient.
Source: Original using data from the 2016 Survey of Living Conditions (INE and Idescat).

From the point of view of the efficiency of the provision to reduce poverty and income inequality in the Barcelona metropolitan area, it should be said that the simulated deployment of the RGC is effective for slightly improving the situation of the population with lower incomes. That is, its effect is mainly noted in the reduction of the population at risk of severe poverty or the reduction of inequality measured by the Atkinson coefficient. But, on the other hand, it has much more limited effects on the decline in the rate of risk of moderate poverty and the general inequality measured with the Gini coefficient (Table 3).

The risk rate of severe poverty after implementing the RGC is reduced by almost three percentage points, while the proportion of the population at risk of moderate poverty remains unchanged. In fact, according to the definition of the RGC as a benefit, it is not expected that it could have any impact in this regard, no matter how small. In other words, insofar as both the eligibility criteria and the amount of the benefit are established in relation to the IRSC and this is below the threshold of the risk of moderate poverty, it is impossible for anyone to be placed above this threshold after

receiving the RGC. Even less in the Barcelona metropolitan area, where the poverty risk threshold is higher than in the whole Catalan territory¹⁷.

Therefore, everything indicates that the only effect that can be expected from the total deployment of the RGC in the metropolitan area is that it improves the living conditions of the beneficiaries a little more, reducing the number of people at risk of severe poverty. However, it should also be noted that this effect could be higher if the eligibility criteria and the amount of the benefit were more sensitive to the composition of households, as the current design penalised especially the largest households. In any case, leaving aside the weaknesses of the specific design of the RGC, it must be said that this scheme is not very different from that achieved by other similar programmes of the nearest international environment. In most European countries, income guarantee programmes are also insufficient to remove the population from the poverty situation, being mainly effective in reducing its intensity, although with obvious differences between countries (Frazer and Marlier, 2009; Figari et al., 2013; Barbier, 2017).

2.2. Phase 2: the application of a metropolitan income guarantee benefit complementary to the RGC

The proposal of a complementary benefit to the RGC for the conurbation of Barcelona is justified, first of all, in improving the effectiveness of the protection in this area, reaching areas where the RGC probably would not reach, despite its complete deployment. The second argument rests on the intention of generating a redistributive instrument capable of correcting inequalities in the whole of the metropolis.

In order to simulate this complementary metropolitan benefit, we start from the scenario previously simulated – the coverage of the RGC, both in the methodological and the conceptual aspects. From here, three scenarios are generated. The first raises the eligibility threshold from 1 to 1.2 times the IRSC (scenario 1). The two remaining ones introduce a differential factor in the eligibility criteria (scenario 2) and also in the amount of the benefit (scenario 3) that is applied to the different municipalities based on the average cost of housing in each one of them. The cost of housing is taken as a reference of the cost of living that must be assumed by the lowest income population according to their place of residence in the Barcelona metropolitan area. In this sense, the metropolitan municipalities are classified in two groups delimited from the ratio between the average rental price of the property in the municipality and the average rental price for the metropolitan group (both referred to in 2016). Thus, we distinguish the municipalities with high housing prices and the municipalities with average and low housing prices¹⁸. The idea is to introduce a compensatory effect in the application of the benefit on the population that are potential beneficiaries that reside in the municipalities with the highest cost of living. Thus, in scenario 2, the compensatory mechanism only acts in the criterion of eligibility, raising the threshold to 1.5 times the IRSC for the resident population in these municipalities (for the rest of the population, the threshold is maintained at 1.2 times the IRSC). And in scenario 3, the compensatory effect is also transferred to the amount of the benefit, allocating 100% of the simulated amounts on residents in municipalities with prices of the most expensive housing and 80% on the rest¹⁹.

¹⁷ The poverty risk threshold in Catalonia in 2016 is €10,054 per year for a one-person household.

¹⁸ The high housing price group (with ratios higher than 1.1) includes the municipalities of: Barcelona, Begues, Castelldefels, Esplugues de Llobregat, Gavà, Montgat, Sant Cugat del Vallès, Sant Just Desvern and Tiana. The low and average housing price group (with ratios lower than 1.1) includes the municipalities of: Badalona, Badia del Vallès, Barberà del Vallès, Castellbisbal, Cerdanyola del Vallès, Cervelló, Cornellà de Llobregat, Corbera de Llobregat, l'Hospitalet de Llobregat, Montcada i Reixac, Molins de Rei, la Palma de Cervelló, Pallejà, el Papiol, el Prat de Llobregat, Ripollet, Sant Adrià de Besòs, Sant Andreu de la Barca, Sant Boi de Llobregat, Sant Climent de Llobregat, Sant Feliu de Llobregat, Sant Joan Despí, Sant Vicenç dels Horts, Santa Coloma de Cervelló, Santa Coloma de Gramenet, Torrelles de Llobregat and Viladecans.

¹⁹ The difference in the amount of benefits between the two groups of municipalities is based on the calculation of the ratio of the average load of the municipalities with average and low prices with respect to that of high prices.

Considering the price of housing as a *proxy* of the differential cost of living in different geographic areas is not a minor issue. This has been especially relevant in the Anglo-Saxon world, particularly USA, since its introduction in 2010 as a complementary measure to the accounting of official poverty – Supplementary poverty measure – (Yelowitz, 2017), but also in the UK, where studies on this issue are numerous (Tunstall et al., 2013). The incorporation of the cost of living to a poverty measure, adjusting the threshold to reflect geographic diversity, has the capacity to alter conclusions about the welfare of families. In the case of the city of London, for example, the poverty rate doubles when considering housing costs (Tunstall et al., 2013). The territorial variation of housing prices far exceeds other consumer items, while the associated expenditure constitutes the highest item in the household budget, especially for those with lower incomes (Harkness et al., 2009). The bottom line is whether more public resources should be allocated to areas where housing is more expensive.

As shown in graph 2, in the case of the metropolis of Barcelona, it can be observed how, effectively, the cost of housing with respect to the annual income of the population at risk of poverty is greater in the municipalities where housing prices are more elevated. In other words, the poor population of municipalities such as Barcelona or Sant Cugat del Vallès has a higher burden on housing costs than the poor people residing in Santa Coloma de Gramenet or Barberà del Vallès. Therefore, this phenomenon is what would justify the application of the compensatory mechanisms that have been explained previously and that apply to scenarios 2 and 3.

Graph 2. Percentage of the housing cost burden distribution. Poor population (60% of the median). Barcelona metropolitan area, 2016



Source: Own elaboration with data from the Survey of Living Conditions, 2016 (INE and Idescat).

Regarding the results, scenario 1 shows that, by extending the threshold to 1.2 times the IRSC (€9,562 per year), the percentage of the eligible metropolitan population would be 7.4% (table 4). This implies an increase of almost 50,000 beneficiary households with respect to the coverage of the RGC. Scenarios 2 and 3 show that the compensatory effect according to the housing price of the municipalities again increases the population entitled to the benefit, quantified at 10.5%. The cost of implementing the different scenarios is related to the volume of the eligible population, being superior to the scenarios in which the eligibility criteria are less restrictive (scenarios 2 and 3). However, insofar as the amount of the benefit in scenario 3 penalises the eligible population of the group of municipalities with low and average housing prices, the cost decreases slightly with regard to scenario 2.

Table 4. Population and households that are potential beneficiaries of the complementary benefit to the RGC according to scenarios. Barcelona metropolitan area, 2016.

Simulated scenarios	Population that is a potential recipient- (Thousands of people)	Population that is a potential recipient (%)	Households that are potential recipients (Absolute-Thousands of households)	Households that are potential beneficiaries (%)
Scenario 1	233.9	7.4	140.7	10.7
Scenario 2	330.6	10.5	197.6	15.1
Scenario 3	330.6	10.5	197.6	15.1

Source: Own elaboration with data from the Survey of Living Conditions, 2016 (INE and Idescat).

Regarding the effects in terms of social cohesion (table 5), scenarios 2 and 3 achieve a significant reduction in moderate poverty from the injection of minimal annual amounts. In scenario 1, however, the reduction in moderate poverty is not achieved until the sum of €2,000 per year is reached. This is explained because the eligible population in scenario 1 starts with income levels lower than in the other two simulated scenarios. Assuming that we add to the supplementary metropolitan provision budget the €180 million that is currently set aside for social exclusion and housing allowances by the metropolitan municipalities, the annual amount could be set at €1,000 per household (€83 monthly). With this amount, moderate poverty in scenario 1 would not be altered, whereas in the scenarios that take into account the cost of living differential across the metropolis, it would be reduced slightly, from 18.9% to 18.4%.

Table 5. At risk of poverty rate (60% median) and cost according to the gradual amount of the benefit and scenarios. Barcelona metropolitan area, 2016.

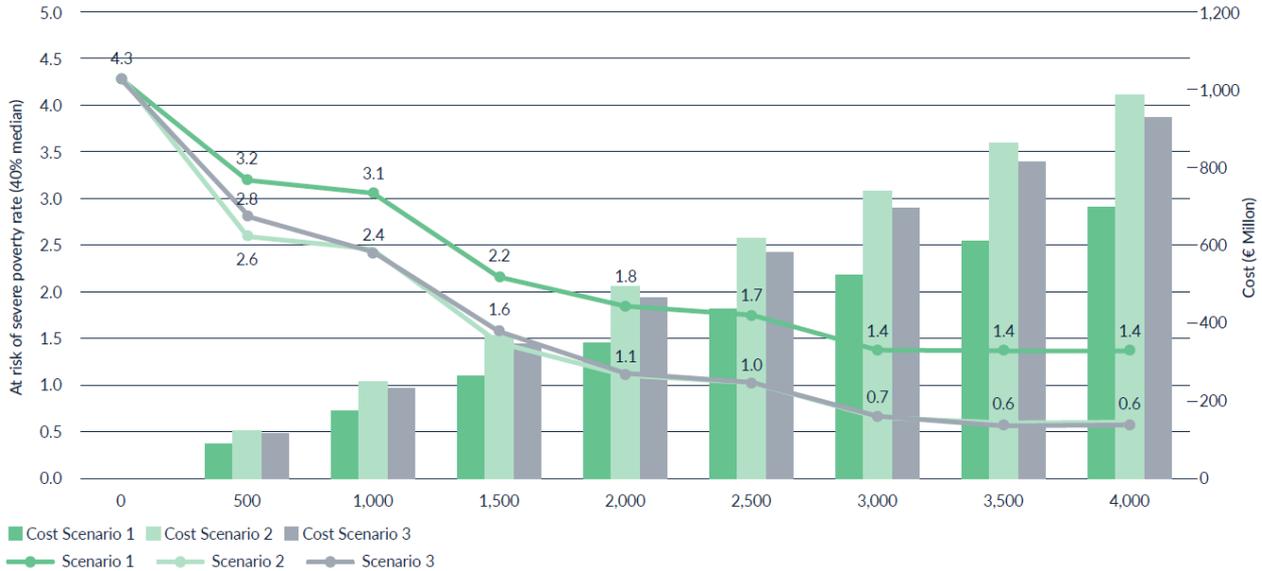
Amount of the benefit (€ annual)	At risk of poverty rate (60% median)			Cost (€ million)		
	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
0	18.9	18.9	18.9	-	-	-
500	18.9	18.7	18.7	€87.0	€123.1	€116.0
1,000	18.9	18.4	18.4	€174.0	€246.1	€231.9
1,500	18.9	17.8	17.8	€261.1	€369.1	€347.9
2,000	18.2	17.0	17.3	€348.1	€492.2	€463.8
2,500	17.7	16.5	16.7	€435.1	€615.2	€579.8
3,000	17.7	15.9	15.9	€522.1	€738.3	€695.7
3,500	14.7	12.8	14.0	€609.1	€861.3	€811.7
4,000	14.3	12.4	13.4	€696.1	€984.4	€927.6

Source: Original using data from the 2016 Survey of Living Conditions (INE and Idescat).

The most significant impact of the complementary metropolitan benefit occurs again in the reduction of severe poverty. Thus, in this complement fork to the RGC of €1,000 per year, the population with income below 40% of the median would go from 4.3% to 3.1% (scenario 1) to 2.4% for scenarios 2 and 3. As noted above, in this case, the decline of both moderate and severe poverty would also be more pronounced if the amount of the benefit was more sensitive to the composition of households²⁰.

²⁰ In these scenarios, the same methodology used to simulate the deployment of the RGC has been employed.

Graph 3. At risk of severe poverty rate (40% median) and cost of benefits according to gradual amounts and scenarios. Barcelona Metropolitan Area. 2016.



Source: Own elaboration with data from the Survey of Living Conditions. 2016 (INE and Idescat).

Table 6. Indicators of Inequality and cost according to the gradual amount of the benefit and scenarios. Barcelona metropolitan area, 2016.

Amount of the benefit (€ annual)	Gini coefficient			Atkinson coefficient			Cost (€ million)		
	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
0	0.293	0.293	0.293	0.139	0.139	0.139	-	-	-
500	0.291	0.290	0.291	0.136	0.135	0.136	€87.0	€123.1	€116.0
1,000	0.289	0.288	0.288	0.133	0.132	0.133	€174.0	€246.1	€231.9
1,500	0.287	0.285	0.286	0.131	0.129	0.130	€261.1	€369.1	€347.9
2,000	0.286	0.283	0.283	0.129	0.126	0.127	€348.1	€492.2	€463.8
2,500	0.284	0.280	0.281	0.127	0.123	0.125	€435.1	€615.2	€579.8
3,000	0.282	0.278	0.279	0.125	0.121	0.122	€522.1	€738.3	€695.7
3,500	0.281	0.276	0.277	0.123	0.119	0.120	€609.1	€861.3	€811.7
4,000	0.279	0.274	0.275	0.121	0.117	0.118	€696.1	€984.4	€927.6

Source: Original using data from the 2016 Survey of Living Conditions (INE and Idescat).

Ultimately, the results derived from the simulation of the complementary hypothetical metropolitan provision suggest that, in general, the efficiency-effectiveness ratio would be more favourable in the scenario that would benefit the potential beneficiaries who reside in the municipalities with the most expensive housing in the metropolis, only in the eligibility criteria (scenario 2). But this would only occur provided that this provision had a higher budget than the one currently allocated by the metropolitan municipalities to social emergency assistance (€180 million per year). However, if the metropolitan supplementary provision budget were to remain at the current spending levels, there would be virtually no difference between the efficiency of scenarios 2 and 3, with which they would clearly achieve better results than scenario 1. It must be added, however, that in one way or another, the only effect that would be achieved would be to reduce the intensity of poverty with this level of budget (the current one).

Conclusions

The reduction in socioeconomic inequality in the metropolis of Barcelona will only be possible if the problem is addressed from a metropolitan perspective. In this way, tools that exceed and correct the lack of efficiency derived from the heterogeneity of municipal policies in the metropolitan area must be built. Now, with the approval of the RGC, a new point of departure is established in

Catalonia from which to advance the income guarantee of the population in a homogeneous way from a supramunicipal scale. What if in the Barcelona metropolitan area the municipal social emergency assistance funds were set aside for a complementary income guarantee benefit of a metropolitan nature that could provide where the RGC cannot? This is the exercise that has been developed in this article simulating the possible costs and effects that could be derived from a benefit of this type, taking into account different criteria in its design.

The results show that the fundamental aspect to gain effectiveness in favour of metropolitan social cohesion logically depends on increasing public spending in relation to the income guarantee. But what is most interesting is that if the total budget currently allocated by the metropolitan councils to social emergency benefits is taken as the reference limit – which would allow a metropolitan provision complementary to the RGC of €1,000 annual per beneficiary – the design that is outlined as slightly more efficient is that which considers different scenarios of eligibility according to the housing prices of the municipalities, while maintaining the same amount throughout the metropolitan area.

Therefore, it seems that introducing elements that show sensitivity in relation to the diversity of the cost of municipal life into the design of such a provision, while maintaining criteria of territorial homogeneity in its metropolitan implementation (quantity), is an issue that can reduce inequality across the metropolis in a more efficient way. In short, what is essential is to progress towards an advanced model of metropolitan social policy that generates redistributive dynamics among the different municipalities.

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