

# How to Fund Quality Care and Support Services: 7 key elements



EASPD Conference Report 2019



*EASPD is the European Association of Service Providers for Persons with Disabilities and represents over 17.000 support services for persons with disabilities across Europe. The main objective of EASPD, based on the UN Convention on the Rights of Persons with Disabilities, is to promote the equalisation of opportunities for people with disabilities through effective and high quality service systems. The main objective of EASPD, based on the UN Convention on the Rights of Persons with Disabilities, is to promote the equalisation of opportunities for people with disabilities through effective and high quality service systems. We believe in interdependence and partnership of user organisations, providers and authorities at all levels to tackle the challenges ahead.*

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*“Social Services are a means to facilitate the active participation of all in the community. They are only useful if they serve this goal. Ensuring that they are sufficiently funded is crucial. Another aspect is to design the funding in a way that allows Service Providers to be easily adapted and tailored to the individual needs of beneficiaries”*

*Rodolfo Cattani,  
Executive Board Member of the European Disability Forum*

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# Introduction

For the European Association of Service providers for Persons with Disabilities (EASPD), “Investing in social services, investing in people” is not just a slogan, it is an imperative.

Social services provide the [necessary support that enable millions of people to participate actively in life, to be in employment, to be educated and to relax and enjoy leisurely activities](#). They not only impact the lives of persons with support needs themselves, they are often equally important for their families and friends and – as a consequence – for businesses and society as a whole. Even though this is not their intrinsic aim, social services are also one of Europe’s biggest job creators; [providing 10 million people – and growing - with meaningful professions](#). Social Services also benefit from the inspiring support and commitment provided by millions of volunteers.

This is by no means an exaggeration. This is not fake news. This is the life and reality of all people in Europe, who have or will benefit from social services at some point in their life; be it through [childcare, support for persons with disabilities, support for mental health, elderly care or another form of social service](#).

This is a simple truth.

Yet, social services are too often seen as someone else’s problem, as a minor issue or simply in terms of their monetary cost; especially -but not only- by our political leaders. This leads to the wrong policy choices being made.

Over the last decade, the social services sector has been one of the [sector’s hit hardest by the financial crisis, with the austerity measures having disproportionately affected the funding of social care and support](#). The argument that in some countries funding in social services has never been higher rings hollow given that demand for social services is growing much faster. In short, we are asking social service providers – and their staff and volunteers – to do more, with less money.

This may sound normal to some; but the consequences on-the-ground are proving to be dire: the reform of social services has been too slow with persons with support needs continuing to have little choice and control over the services they need, staff shortages are high and increasing, social innovation has been hindered and many of the smaller more localised providers have gone bankrupt or are at risk. This all negatively impacts the effectiveness of social services and therefore making the most of each tax-payers contribution.

Now [ratified by the EU](#) and all of its Member States, the [UN Convention on the Rights of Persons with Disabilities](#) (UN CRPD) is a [game-changer for social service providers and all those involved](#). The UN CRPD requires a paradigm shift in the way in which many care and support services are provided: away from a segregating medical model towards community-based services which enable the full inclusion of all. This is also the same vision provided by Europe’s new social compass, the [European Pillar of Social Rights](#), which calls for enabling forms of services, for more homecare and community-based services and much more. There is now little doubt as to how social services should be developed.

Yet, alongside the cuts to public spending, this necessary transition also comes with many challenges for social service providers: how to train and re-train professionals, how to provide more choice, control and flexibility for persons with support needs whilst developing a more sustainable business model, how to build, adapt or modernise the social infrastructure and how to reach out and engage with other stakeholders to achieve more inclusive communities.



This is why we cannot talk about investment levels without also talking about which funding model is best able to help social service providers implement the CRPD. Significant investment without the right funding model is not the best way forward. Similarly, a lack of investment into the right funding model is also doomed to fail.

Funding models are not neutral instruments, they affect the way social care and support services are developed. They have perhaps the biggest impact on the ability of a social service provider to develop better quality, more community-based services. It is crucial to develop a funding model with the right mindset and political vision in place. That is when funding is most effective.

**As said by Mr Rodolfo Cattani, Executive Committee member of the [European Disability Forum](#):**

*“Social services are a means to facilitate the active participation of all in the community. They are only useful if they serve this goal. Ensuring that they are sufficiently funded is crucial. Another aspect is to design the funding in a way that allows Service Providers to be easily adapted and tailored to the individual needs of beneficiaries.”*

Four main funding models have dominated the scene across Europe the last decade:

- **Reserved markets**, by which EASPD means a system where **Authorities can reserve access to specific public markets for organisations responding to certain characteristics (for instance, not-for-profit entities)**. Organised differently across Europe, this is a common model for the funding of not-for-profit social services.
- **Public Procurement** is the way through which **public authorities purchase goods, works and services**; including -possibly- the provision of social care and support services. This model has grown in influence the last decade as public authorities have looked at ways to better manage more limited budgets, as well as due to the influence of EU legislation in this field.
- **Personal budgets**, by which EASPD means an amount of **funding which is allocated to an individual** by a state body so that the individual can make their own arrangements to meet specified support needs. This innovative model is growing in popularity as it allows persons with support needs to have more control over how they wish to receive their support.
- **Private investment** is the investment made by players other than conventional public sector bodies into social services. Although not used for the funding of the day-to-day service provision, private investment (especially loans) is playing an increasingly larger role to finance social infrastructure investments, as well as to explore new ways to finance innovative social projects.

Of course, across Europe, there are overlaps between these models; with quite often different models being used by the same Public Authority for funding different types of care and support services. There are also a variety of different strands within each model due to the large diversity of landscapes across Europe. This must always be taken into account.

This is the context behind EASPD’s 2019 European Conference [“Investing in Social Services, Investing in People”](#), which took place in Bucharest on the 16<sup>th</sup> and 17<sup>th</sup> May. Over the two days, more than 250 sectoral leaders within the fields of social services, public authorities, disability rights and private investors debated the strengths and weaknesses of the four funding models, as well as the role of the EU in the funding of social services.



Workshops also took place in order to identify key sector specific messages in the field of funding of employment, education, early-childhood intervention, community-based support and social infrastructure.

Inspired from the Conference discussions, the following report will:

- First, provide an assessment on how each of the four models help service providers to implement the CRPD
  - Reserved Markets
  - Public Procurement
  - Personal Budgets
  - Private Investment
- Secondly, provide perspectives on the role of the EU in the funding of social services, with some policy proposals
- Third and lastly, conclude the report and propose 7 main elements for relevant stakeholders to consider in the development of funding models for quality care and support social service providers in line with the UN CRPD.



*EASPD Conference, Bucharest 2019*

# 1. Reserved Markets

**Reserved markets** are a system where **Authorities can reserve access to specific public markets for organisations responding to certain characteristics (for instance, not-for-profit entities)**. Public authorities can enter into negotiations with potential providers without opening up to the full market; in other words, authorities can select pre-emptively the providers who they wish to work with for this specific contract. This is often done with providers who have fulfilled the pre-condition of having a licence where they respond to pre-set quality criteria. Such a model is generally non-competitive or with limited competition between providers who respond to certain criteria (e.g. not-for-profit, licenced, past experience in providing services locally, etc). There can be an overlap between reserved markets and public procurement.

It is important to note that there are clear overlaps between reserved markets and public procurement (discussed later). For clarity, EASPD refers to reserved markets for cases when public authorities open a market to **one or a limited number of service providers** fulfilling certain characteristics (for instance, NGOs), rather than to **all interested players** to compete.

Reserved markets are a common feature in the funding of social services across Europe. There are several reasons for this. It allows for long-term cooperation between public authorities and the private – often not-for-profit- provider; where the relationship is more about partnership than a purchaser/supplier approach. If well-developed, they can guarantee a high level of planning reliability for the service provider, therefore supporting the long-term continuity of the service with users and other stakeholders. This leads to a partnership-based approach which is usually implemented with an open-ended or long-term contract, which -if well developed- provides the service provider with clear(er) financial stability and therefore able to focus on developing the quality and continuity of the service, rather than on regularly competing for new funding and the bureaucratic requirements that come with it. It is also an important instrument in countries with poorly developed markets where there are often only one (or very few) provider(s).

It also facilitates access to private investment who can be attracted to this reliability. The fact that these Reserved Markets often come with licencing procedures also ensures minimum quality standards for the service.

Reliability, continuity and minimum quality standards are therefore the three main positive elements for the reserved market model. If well developed and with sufficient flexibility, these aspects also enable service providers to plan ahead the developments they need to implement the UN CRPD: regarding workforce recruitment and retention, as well as continuous professional developments, long-term investments, clear quality criteria to be established with the authorities, continuity and long-term planning with the service beneficiary and other stakeholders, etc.

These strengths can also often be a hindrance for the development of services in line with the UN Convention on the Rights of Persons with Disabilities. If not implemented with the principles of the UN CRPD in mind, the partnership and contract negotiations between the provider(s) and the public authorities do not always seriously involve the service users or the Disabled Person's Organisations. This risks leading to a service provision which is not in line with the individual needs and wishes of the service user. Similarly, the organisational focus of any service provider tends to go towards the interests of the authorities (the funder), rather than those of the service delivery. In any organisation, there is a natural tendency to focus on where the income is coming from. Of course, it is always possible that the negotiation process involves the representatives from the users; but -in its nature- this will always be more limited in spirit and scope than a system such as personal budgets where the individuals themselves are in control of their budget.



Many contracts in the reserved market model are often limited in transparency, as it is often up to the Public Authority to decide who gets the contract. The calculation of the costs of each service is also generally kept private between the public authority and the service provider. If poorly managed and organised, there is also clearly a risk of misuse of public funding or even corruption.

Other challenges include a lack of licencing mechanisms in some countries (especially in central and eastern Europe), the predominance of short-term contracts in some countries/regions and the fact that some reserved market contracts include funding costs which are below the collective agreements between the sector's employers and trade unions. As is the case in Public Procurement, the terminology and mind-set used is also often problematic. This is particularly the case for the use of market-oriented terminology which aims to reduce social services to any other product or service; despite the very specific nature of social service provision.

The content of this section is based on messages expressed during the Plenary Session on Reserved Contracts; following presentations on the model in

- [Salzburg, Austria, by Dr Karin Astegger, Lebenshilfe Österreich](#)
- [Republic of North Macedonia, by Dr Vasilka Dimoska, Poraka](#)

### Main Message on Reserved Markets:



*Plenary session on Reserved Markets,  
Bucharest 2019*

- Reserved Markets can be a positive model for enabling social care and support providers to implement the UN Convention on the Rights of Persons with Disabilities. If well developed through a partnership approach, including with representatives of end-beneficiaries, the model guarantees funding continuity and reliability for the providers to develop more person-centred services and ensure they have well-trained staff.
- Reserved Markets are -however- perhaps not the ideal model if the policy objective is to ensure that persons with support needs have choice and control over the services they wish to receive; an element which is at the very heart of the paradigm shift the UN CRPD requires of social service provision. This being said, co-production is a very powerful instrument to enable services to be in line with the UN CRPD and should be encouraged and applied in all funding models, including reserved markets.

## 2. Public Procurement

**Public Procurement** is the way through which public authorities and state-owned enterprises and certain public utility operators purchase goods, works and services; including -possibly- the provision of social care and support services by private (not-for-profit or for-profit) providers. Standard public procurement procedures uses competition between providers as a means to get the best possible value for money for the State. This means that in Public Procurement, the nature of the relationship is generally more in the form of a purchaser/supplier format, rather than a partnership. It has increasingly been used in response to growing pressure to curtail public spending, in particular since the financial crisis. The contracts are usually of short duration (max. 3 years). The procedures can also include licencing requirements.

There are also clear overlaps between public procurement and reserved markets. For clarity, EASPD refers to public procurement for cases when public authorities open a market for **all interested players** to compete; rather than to a **limited number of service providers** with certain characteristics (reserved markets).

Through principles such as fair competition and transparency, the objective of this model is to **explore the market for the provider best able to deliver** on the objectives, to carry it out efficiently and with high standards of conduct. Given the specific and complex nature of the social services sector, [the EU Public Procurement directives](#) provide “increased flexibility and expanded possibilities to take into account social considerations in public tenders” and the European Commission continue to “advocate for increased and effective use of quality criteria” in procurement.

Under such a model, it is therefore crucial to clearly define the objectives, quality criteria, and service expectations when the call is launched; in order to ensure that the contract does not just go to the cheapest bidder.

Public Procurement is also used as a way in which to increase employment opportunities for persons with support needs [via dedicated clauses](#). Currently, the employment rate of persons with disabilities is estimated by [Eurostat](#) at just under 50%; at least 20 points under the employment rate of persons without disabilities. [EASPD considers the employment rate of persons with disabilities to be far lower](#) the Eurostat research does not always take into account those considered as unable to work; a subjective definition – at best – and not in line with the principles of the UN Convention on the Rights of Persons with Disabilities.

Representing [14% of the EU GDP](#), Public Procurement is a particularly useful instrument for the implementation of employment policies, in particular for creating jobs for persons with disabilities and long-term unemployed people. When purchasing goods, works and services, the contracting authority can include considerations which oblige applicants to employ -either directly or indirectly- persons who are often excluded from the labour market. When used in this way, public procurement can be a particularly relevant instrument for enabling enterprises, including social enterprises, to employ more persons with disabilities on the labour market. Using public procurement as an employment policy tool has economic and financial benefits as few policies are cheaper than providing employment opportunities for persons with disabilities; who become tax payers and participate even more in society.

As an instrument to help implement [Art 27 of the UN CRPD – focusing on work and employment](#) – public procurement can therefore be an extremely useful instrument and should be further used as such by the relevant authorities. To maximise its potential, it is important for public authorities to avoid large contracts and spread the service into smaller contracts in order to have access to more players. This is particularly important for social enterprises who may provide very cost-effective services; yet who don't have the administrative or financial capacity to compete for very large contracts.

In the field of social care, competitive tendering under public procurement has not proved to be an effective instrument in the development of community-based and person-centred care services, in line



with the UN CRPD and in particular [Article 19 – Living independently and being included in the community](#). To the contrary, there is little to no evidence of any example across Europe where public procurement has been a success in social care services. It is however very easy to find negative examples across the continent.

Perhaps the biggest issue is the sheer difficulty to combine the practical use of public procurement with the principles of the UN CRPD, where the end-users should have control over the services they wish and need. Whereas market engagement by contracting authorities can be done in practice, including engagement with the services end-beneficiaries and disabled persons organisations, the final decision is always taken by the Public Authority and usually focuses primarily on short-term cost elements alone, rather than the choice and preference of the end-beneficiaries. It is important to note that this focus on prioritising cost alone is partly linked to the general context of fiscal consolidation and therefore cannot solely be blamed on public procurement.

Defining and pricing quality criteria is also more easily said than done. The more precise one gets, the higher the bureaucracy and administrative burden; for both the contracting authority and the service providers (even within the light procedure). It also reduces the flexibility the provider has to innovate and adapt to the evolving needs of the service beneficiaries. The fact that social care provision increasingly involves a diversity of mainstream stakeholders (businesses, schools, housing providers, etc) renders the definition of quality increasingly complex. Yet, quality criteria is essential to avoid a race to the bottom for service providers and allow service providers to do the absolute minimal service in order to maximise profit. This is one of the reasons why many multi-national and large for-profit companies support public procurement in social services.

This is also a weakness of the Reserved Market model, yet much stronger in the competitive tendering of public procurement due to the purchaser-supplier form of relationships, which hinders trust, long-term vision and partnership. There is little to no evidence of the right balance between quality and pricing being found in competitive tendering across Europe, at least for when it comes to implementing the UN CRPD.

One of the aims of public procurement is to open-up markets to fair competition, allowing more stakeholders the chance to operate within a market. In the social services sector, the opposite has happened as public procurement decreases the diversity of stakeholders; pushing many of the smaller providers out of the market as they cannot compete due to low prices, the high administrative costs, the increasingly complex legal frameworks and the tendency to procure out larger contracts. This has a tendency to open-up contracts to a few large multi-nationals with rather limited social objectives and push out smaller more localized providers who are more integrated into the local community and generally more popular with end-beneficiaries. This has also created issues such as in the United Kingdom where the dominant multi-nationals have become “[too big to fail](#)”, as most other smaller providers -often not-for-profit- have been pushed out of the market. In the field of social services, there is strong evidence that public procurement has therefore led to the massive centralisation of the system; to the contrary of its stated objective.

Another aim of the Public Procurement directive is to provide equal opportunities for organisations of any type (SMEs, not-for-profits, multi-nationals, etc) to compete for contracts in different EU Member States. Whereas this is advantageous for other sectors, this is not the case in social services in the significant majority of EU Member States. Recent research by the Netherlands showed that in the period from 1<sup>st</sup> January 2017 to 30 June 2018, 196 digital public tenders were put out for contracts in the Netherlands in the area of social support. In all cases, there was not one applicant from outside the Netherlands. This is the reality throughout Europe as most social service providers, especially those involved in reserved markets, are active and implanted locally.



The European Commission often argue that ultimately public procurement is a choice for Member States and other options are available (provide in-house services, develop personal budgets or other). This is however very often a false debate. The majority of European Member States have for instance built their [social services systems on private not-for-profit provision](#). In these circumstances, it does not make sense to radically change the system of social care provision supporting millions of people just to fulfil an EU Public Procurement directive which is ill-suited to the specificities of the sector itself. Personal budgets are an interesting alternative, but again require a significant amount of political commitment which is not yet there at national level. As a result, applying EU public procurement rules remains the only choice and limits the ability of Member States to develop their own sub-contracting/subsidizing systems best suited to local community-based social care provision (even with the EU's light regime for social service provision); for instance, in terms of length of the contracts, administrative burden, etc.

The content of this section is based on messages expressed during the Plenary Session on Public Procurement; following presentations on the model in

- [Netherlands, by Mr Marnix Dijkman, Ministry of Health, Welfare & sport, the Netherlands](#)
- [Spain, by Mr Cristian Rovira, European Confederation of Inclusive Enterprises \(EuCIE\)](#)



*Bucharest 2019*

## Main Message on Public Procurement:

- If used appropriately, public procurement is an effective instrument to boost employment for persons with disabilities. Contracting Authorities should be strongly encouraged to use social considerations to oblige applicants to employ either directly or indirectly persons with disabilities and other persons with support needs excluded from the labour market. The European Commission should produce guidance and capacity building for the relevant authorities. In this regard, [ongoing efforts are positive](#).
- Public procurement through competitive bidding is not a suitable, effective, or efficient instrument to fund the transition to community-based care services, in line with the principles of the UN CRPD. Public Authorities should consider other options – such as personal budgets and reserved markets – to fund such services.
- The European Institutions should evaluate firstly the impact of EU Public Procurement on the quality of social care, in particular in view of the UN CRPD and the EPSR. Such evaluation must include an in-depth consultation of all stakeholders involved, including representatives from social care providers and disabled persons organisations. If the evaluation confirms the aforementioned criticisms, the EU should amend where necessary to exclude social care services from the scope of the EU Public Procurement directives. The EU has the duty to ensure that one set of its laws does not damage their other obligations, including the UN Convention on the Rights of Persons with Disabilities, which the EU has ratified, and the European Pillar of Social Rights.

## 3. Personal Budgets

**Personal budgets** are an amount of **funding which is allocated to an individual** by a state body so that the individual can make their own arrangements to meet specified support needs, instead of having their needs met directly for them by the State. Personal budgets are usually optional and people with disabilities may choose to retain services from the existing providers.

Personal Budgets are becoming increasingly popular internationally as a way of providing individuals with more choice and control over the services and supports they access ([Report of the Irish Taskforce on Personalised Budgets, 2018](#)).

This radically changes the way services are funded as instead of engaging with public authorities, providers now have to engage with persons with disabilities who control their own -publicly funded- budgets and are therefore in a position of strength with regard to the service provider. Of course, this clearly has an important impact on how care and support services operate as they now have to develop person-centred services suitable to the needs of their clients if they are to have a sustainable business model.

This also means that social service providers are very often in competition with one another; but for a race to the best possible service, rather than a race to the bottom which is the norm in public procurement.



If the development of personal budgets is to be successful; it is crucial for all stakeholders to have the right mindset.

Public authorities must view personal budgets as a way to empower persons with disabilities to have more freedom, citizenship and access to their human rights; rather than solely as a means to cut costs. This often requires additional initial investment to support the development of the mechanism; with the Flemish authorities in Belgium adding an additional €330 million more to their budget to facilitate the correct implementation of the reform.

Persons who receive the personal budgets must understand the system, the opportunities, but also the responsibilities that this entails. For instance, a person may decide to employ directly a personal assistant (or more) with their personal budget; thus transforming the person with a disability into an Employer, with all the legal and ethical responsibilities this entails. The individual with a personal budget may choose to use a care and support service provider. It is important that they understand the new relationships gained from this shift of power to make full use of it but also recognize certain limitations that service providers may have, legal or others. The [European Working Time Directive](#), for instance, comes to mind.

Social service providers must understand the reform, its objectives and be ready to adapt their organisational structure and the way they provide services. Social services now have to reach out, engage with and attract the persons with the personal budgets. This requires a change of mentality towards one of a social entrepreneur, rather than acting as the right hand of the State via for instance reserved contracts. Entrepreneurship is about taking poorly used resources and making creative decisions to maximise their impact. It is not about making profit in business or being good at marketing.

The [co-production of services](#) is the way in which all these changing roles and responsibilities can be respected and geared towards achieving the same objective: [improving the quality of life of the person with support needs through high quality care and support services](#), in line with the UN CRPD. This is the *raison d'être* of care and support services; a *raison d'être* which the personal budget system helps to bring to light. All organisations tend to focus their attention on where their funding comes from. Developing a funding system where persons with support needs also have the funds will mean that service providers will intrinsically shift their attention to these people. This will undeniably lead to the development of co-production as a methodology in which all relevant stakeholders can come together to meet the needs and wishes of the person with the individual budget; whilst also respecting each other's roles and responsibilities.

The advantages of well-developed personal budgets systems are very clear: giving real choice and control to persons with support needs. As a rather new and transformational model, the challenges are equally clear.

After all, not all person budget systems function well. They require adequate funding rates for the needs of each individual if they are going to be successful in improving the quality of life of persons with support needs. This may mean more initial investment in the short term for positive medium to long-term social, economic and fiscal returns on investment. In other words, personal budgets require vision and commitment.

Personal budgets also require good enforcement and monitoring mechanisms to ensure that the money is well spent, quality elements well respected and the policy correctly implemented. This requires commitment to capacity-building and organisational development on the side of the authorities and service providers. This is especially the case given the reasonable novelty of personal budget systems across Europe. As for all other models, personal budgets also require the development of mechanisms to assess support needs in line with the principles of the UN CRPD;



rather than on a medical perspective. Mutual learning between stakeholders involved in the setting up of personal budget models across Europe is therefore crucial to the correct yet pragmatic development of such enforcement and monitoring mechanisms, also acknowledging that mistakes will be made.

Personal budgets also have a significant impact over the organisational, administrative and accountancy procedures for social service providers; with for instance, a potentially less stable and secure funding revenue based on how many beneficiaries choose to use their service. Providers have to manage 100s or 1000s of individual financial contributions rather than a few via their public authorities. Another challenge is the change in dates as to when the payments are made to the social service provider. For those who struggle to adapt to the model, personal budgets can of course challenge the financial sustainability of the provider itself; therefore putting at risk its long-term investments, the jobs of its workforce or their quality, and many other aspects. Similarly, it is important to ensure that personal budget funding rates are high enough to avoid that those who have such budgets struggle to afford the support they need and are therefore obliged to under-pay their care worker or care provider. In this context, personal budgets can also lead to a race to the bottom.

The possible impact of personal budgets on the continuity of some social service providers should also be of concern to public authorities and persons with disabilities as these providers are often still needed to provide important services for persons with disabilities, even in cases where they may not be fully UN CRPD compliant yet. It is important to stress the responsibility of authorities to guarantee the availability of quality social services for all and everywhere.

To ensure the success of personal budgets on a systemic level, strong efforts must be made to mitigate these aspects to ensure that service providers are able to help the implementation of the UN CRPD. Among other actions, the creation in Flanders of a Support Advisory team for Personal Budgets is a promising practice.

Another challenge for personal budgets is for zones, in particular in rural areas, where there is only one social service provider or too few social service professionals, including personal assistants. A lack of accessible transport systems can also be problematic. This therefore limits the ability of persons with disabilities to choose how they wish to receive their services, even if they have personal budgets.

Last but not least, personal budgets are particularly suited to some forms of care and support services (for instance, personal assistance), but should not be seen as the answer to all issues for all forms of services. Inclusive education is a good example of this where schools should have resources to provide inclusive education regardless of the budget a pupil brings. Accessibility and reasonable accommodation should be funded -at least partly- through another model.

The content of this section is based on messages expressed during the Plenary Session on Personal Budgets; following presentations on the model in

- [England, United Kingdom by Mr Simon Duffy, Centre for Welfare Reform](#)
- [Flanders, Belgium by Mr Asselman, Flemish Agency for Persons with Disabilities](#)



## Main Message on Personal Budgets:

- The Personal Budgets concept – by giving more control to persons with support needs- is the future for the funding of social services across Europe; at least in the field of social care and support for persons with disabilities.
- The success of personal budgets relies on strong commitments, including financial, the development of monitoring and enforcement mechanisms to ensure quality, and a willingness for all stakeholders to engage creatively with one another and to respect each other's roles and responsibilities within the new system.
- Personal budgets are, however, not the holy grail and will require time and effort to find the right balance and build the right mechanisms. The development of support, advisory and capacity-building systems for persons with disabilities, social service providers and public authorities are crucial. It is also important to take into account the diversity of social services systems in Europe.
- The European Union should encourage the piloting and development of personal budget schemes across the European continent and facilitate the exchange of experiences and practices amongst authorities and practitioners.



*Plenary session on Personal Budgets, Bucharest 2019*



## 4. Private Investment in Social Care and Support

**Private investment** – in terms of this report- is the investment made by players other than conventional public sector bodies into social services. Private investment can include mechanisms such as capital or equity investment, public private partnerships, social impact bonds and payment-by-results contracts; in other words, instruments where **investors finance projects in the social services sector but require a financial return** on their investment or at least to expect to break even. We do not consider private investment to include individual privately financed contributions by individuals for their social care and support or grants provided by Foundations or Philanthropists.

Although not often a traditional source of investment for many social service providers, private investment is increasingly being used to finance social infrastructure projects, to test innovative projects and to meet unmet social needs.

There are clearly many reasons for this. Perhaps the most significant is the negative impact the cuts to public investment have had in the field of social care and support, a sector which -at the same time as austerity- has experienced a dramatic increase in demand for even more and ever better-quality services.

This has obliged social service providers to diversify their revenue (especially for long-term investments) and seek alternative ways in which to accelerate access to finance to meet the increasing demand.

One misconception is that private finance can be used as a way to avoid or reduce public investment. To the contrary, sustainable public investment in social care and support is crucial to unlock private investment; with the latter being a potentially useful instrument in providing different options to public authorities on how they wish to organise their investments and share the risks. When investing in the social care and support sector, private investors seek stable and sustainable returns on their investments. This is only feasible if the public funding is stable and sustainable or if it offers growth opportunities to care and support providers. Thus, private investment would currently have far more potential in areas where public authorities provide long-term investment (longer contracts via reserved markets) or growth potential (personal budgets), then in areas where this is not the case. In Romania, for instance, most contracts between public authorities and NGO providers last for maximum one year. This is not particularly attractive for private investors; thus hindering private investment in Romania.

Therefore, the question should not be “how can private investment reduce public investment into social care and support”; but rather “how can private investment help maximise the impact of public investment into social care and support”.

The biggest demand for private investment in social care and support is for loans to finance long-term social infrastructure developments. A good quality loan can – for instance – help to spread the investment over the full duration of the project; meaning that a loan provided by a bank to a service provider to build 50 accessible community-based flats can be re-paid over the duration in which these flats will be used, rather than paying the investment upfront. In this context, to make the best use of public money (which would be used to pay back the loan), the terms of the loan (duration, low interest rate, collateral coverage, etc) are key.

Public Authorities therefore have a responsibility to ensure that the terms of such loans are to the benefits of society as a whole, rather than solely to the benefit of the investor. The development of long-term public investment strategies and other initiatives (such as the development of public guarantees, stakeholder partnerships, quality investments excluded from debt calculations, etc) can create the right environment to ensure that private investment can help to make the most of the available public investment.

The potential is therefore clear for all to see; yet across Europe, social service providers struggle to access private finance. In addition to austerity and short-term public investment perspectives, there are several other bottlenecks to private investment.



- Social service providers, public authorities and private investors speak a different language. Although varying from country to country, there is an overall lack of trust, knowledge, expertise and capacity on all sides to know when, why and how to best use private investment in this field. Social service providers and their umbrella networks should be targeted for capacity-building measures in order to boost the sector’s private investment potential.
- Measuring and quantifying social impact is an important element to unlock private investment yet extremely complex to do in practice and with sometimes damaging consequences for the service beneficiaries. Private investors have a tendency to look at financial numbers, rather than to look at the quality of the project itself. It is necessary to build the argument that a quality social project means a better investment and return for private investors.
- Social service providers often have investment needs which are between the €100,000 and €10 million mark, with low interest rates, longer loan duration and public guarantees essential. Private investors are not always well-equipped to deal with such investment needs; albeit for a variety of different reasons. There is also a lack of private investors active in the social field, in particular in central and eastern Europe.
- Social service providers are too often not seen as equal partners in the development of policies and financial instruments, which aim to boost investment into social care and support. Building trust and the relationship with the social service providers is seen by the best social investors as key to their success. It is crucial for social service providers to be structurally involved in the development of policies and financial instruments for their sector.

The EASPD 2017 report “[Investing in Social Care and Support, a European Imperative](#)” develops on these bottlenecks in further detail; whilst examining the Investment Plan for Europe and its struggle to unlock investment in the social field. The European Union is currently negotiating its next multi-annual financial framework 2021-2027 (long-term EU budget), including a follow up to the Investment Plan for Europe. The new programme – InvestEU- makes significant progress to its predecessor with regard to the bottlenecks to social sector investment; by – for instance – proposing to earmark a €4 billion guarantee for the social investment window, creating sectoral investment guidelines, creating a much larger capacity building budget and targeting smaller, more local projects. The possibility to create a sectoral financial instrument targeting the specific needs of social services is a real opportunity for the EU to demonstrate its support for the reform of social services, in line with the UN CRPD. The same can be said for the capacity building budget, which must be used to build-up the ability of social service providers to work, engage and build partnerships with their investors. This is the most effective way to ensure that InvestEU programme reaches [local quality social services projects](#), especially in western Europe where the private investment market is rather well developed in the social field.

To support the capacity-building process, EASPD is also coordinating the project: “Alliance for Inclusive Investment in Social Care and Support” (“[a4i](#)”, [co-funded by the Erasmus+ programme](#)), which brings together social service providers, banks and universities to build professional development programmes on this theme; alongside European Guidelines for Quality Investment Principles and other elements.



The content of this section is based on messages expressed during the Plenary Session on Private Investment; following presentations on the model in

- [Wallonia, Belgium by Mr Mathieu de Poorter, Intersectorial Confederation for Social Profit Employers in Wallonia \(UNIPSO\)](#)
- [Spain, by Oscar Muguerza, Caja Laboral \(Workers' Credit Union\)](#)



*Plenary session on Private Investment, Bucharest 2019*

### Main Message on Private Investment:

- There is increasing and unmet demand for private investment in social services, in particular due to the impact of austerity and the increase in demand for services. This is particularly the case for loans for community-based social infrastructure projects, in line with the UN CRPD.
- Private investment in social services is dependent on stable and adequate levels of public funding into social services. In the significant majority of cases, boosting private investment in social services will not be effective without also ensuring sufficient public spending into social services.
- Boosting private investment into social services will require a pro-active approach by public authorities and all relevant stakeholders, in order to build up the capacity of those involved, develop the right partnerships at local level and create financial instruments which meet the needs and realities of the social services sector. Structured partnerships between public authorities, investors and social service providers is crucial in order to build well-targeted financial instruments for the sector.

- There is a necessity to build the argument that a quality social project means a better investment and return for private investors. Private investment should not be used as a way in which to bypass quality requirements established by public authorities and to boost investment in segregating institutions.
- The European Union is leading by example among public authorities in trying to boost private investment into social services with its future InvestEU programme. The EU and public and private banks must now work in partnership with the social services sector to ensure that effective instruments are developed and the social potential of InvestEU is reached.

## 5. The Role of the EU in the funding of Social Services

The **European Union has helped to advance** the development of quality in care and support services across Europe. This is particularly the case through the EU 's ratification of the UN Convention on the Rights of Persons with Disabilities, the development of the Voluntary European Quality Framework for Social Services and the commitment to no longer fund segregating institutional care services. .

The **European Pillar of Social Rights also comes at the opportune time**; being able to act as a social compass during these transformative times; including for the social services sector where it supports the transition to enabling and community-based services. In short, the EU has been very effective in promoting quality elements and innovation in the field of care and support services; at least in comparison to most national policies.

When it comes to the funding of such services, so crucial for the implementation of quality care and support, the **EU shows a more mixed picture** and should further strengthen its activities in this field.

On the one hand, the EU budget has **provided grants** to many social projects, in areas such as the training and re-training of staff, testing new methodologies, sharing promising practices and much more. The future InvestEU programmes will also **facilitate access to private finance**. The EU State Aid rules also provides **space for social enterprises to benefit** from public subsidies to help them employ more persons with disabilities. The Social Investment Package was also extremely important in **highlighting that the funding of social services in an investment**, rather than a cost. This was highlighted by Ms Katarina Ivanković Knežević, Director for Social Affairs at the European Commission who affirmed that “social services represent smart and sustainable investment in people. They do not only assist people, but also have a preventative, activating and enabling factor”.

Yet, across Europe, many social services' professionals remain **wary -and sometimes critical-** of the impact the EU has had on their funding, in particular with regard to the EU's fiscal rules and economic policy. Despite recent clarifications and reassurances, the **Stability and Growth Pact has tended to hinder the ability of authorities to invest sufficiently in the social sector**. The [following example in Romania](#) is a good example of how the Stability and Growth Pact can negatively impact the quality of life of persons with disabilities:

*“On August 4th 2017, the Romanian government adopted an emergency degree (60/2017) that included several positive social protection measures for persons with disabilities. It also enacted a decision which will have very negative consequences for the jobs of an estimated 2,000 persons with severe disabilities. The decree removes the option for companies to compensate shortcomings in complying with Romania's current quota law for employment for persons with disabilities by buying products from protective*



employment units. The only remaining options for companies are thus to either abide by the quota rules or pay a significant fine to the Public Authorities. The decree does not mention if the Public Authorities would re-distribute the additional income from the fines towards supporting the employment of persons with disabilities.

*It is widely understood that the Romanian government implemented such a decree to help fall in line with the European Union's fiscal rules, namely the Stability and Growth Pact. Whilst the emergency decree may increase public income due to an increase in the payment of fines by companies, it is expected that it will significantly hinder employment opportunities for persons with disabilities."*

*The EU's mechanism for improving the coordination of national economic and social policies -the European Semester- is continuously improving; yet it still has an undeniably strong focus on cost elements in care; rather than on quality elements or social impact. The EU Public Procurement directive has also very often been transposed in a way which promotes cost criteria ahead of quality elements, such as user involvement."*



*Plenary session on the role of the European Union in the funding of social services, Bucharest 2019*

It is important to note that **national and regional authorities continue to be -by far- the main actors in the funding of social care and support**; even in terms of how EU legislation is transposed. Yet, not all criticism remains invalid. **The European Union could do more to support the funding of quality care and support services.** Several options should be further explored, such as:

- The next EU multi-annual financial framework (long-term EU budget) 2021-2027 [must be agreed upon as soon as possible and provide additional funding opportunities for](#) social service providers among most if not all EU programmes. For instance, the current EU's research programme – Horizon 2020 – is under-utilised for activities concerning social service provision. This hinders research and innovation. Similarly, the European Fund for Strategic Investments has barely been used to facilitate access to private finance for social service providers despite growing investment needs. The European Social Fund is also not used to its full potential in many Member States, in particular to support smaller yet innovative projects and in Central and Eastern Europe. The European Development Fund and the Instrument for the Pre-Accession

Assistance (IPA) should also be used more to boost funding in the field of social care and support, and in particular the transition to community-based services; in particular, in neighbouring countries such as Moldova or in the Balkans.

- The EU should ensure that the next European Disability Strategy 2020-2030 has a much stronger focus on the [role of social services in implementing the UN CRPD](#), with a dedicated section on how all EU funds, investment programs and policies should help social services to enable people to become active citizens, to enter into the labour market, to benefit from the same education as all others and to participate in cultural life.
- The EU [should highlight far better the economic and social consequences of underinvesting in social care and support](#); rather than looking primarily at this issue from a cost and short-term fiscal perspective. **The lack of data and research on social funding levels is an issue.** This could be solved by **political commitment** by all EU institutions to further invest in research and data collection, assessing elements such as staff shortages, the cost of inappropriate social infrastructure, the cost of low innovation, etc. Supported by its statistical and research agencies, as well as the EU's future Horizon Europe programme, such commitment to additional social data on social service provision would strongly support the European Semester process, help Member States to assess the effectiveness of their policies, as well as help to evaluate the economic and social impact of the Stability and Growth Pact in more targeted situations.
- The EU should be far more pro-active on supporting the development of personal budget systems across Europe by, for instance, facilitating **the testing and use of personal budget systems** across Europe. The EU could also further **promote the effective use of reserved contracts to NGOs**, rather than procurement processes, for the funding of most care services. The use of public procurement and competition for buying care services has proven to be detrimental to the quality of the service, its sustainability and user involvement. As a result, the EU should no longer promote public procurement as a recommended model for the funding of social services.
- The EU could also help to **bridge the gap between the social services sector and private investors**; by [maximising the potential of their future InvestEU programme](#). For this to happen, the EU must see the social services as an equal partner to private investors, identify the real needs of the social sector, develop investment programmes targeting these investment needs (eg. Request for loans for infrastructure projects between €1-10 million) and support the capacity-building of social service providers and investors at local and regional level. The future and expanded InvestEU capacity-building budget could -for instance- fund the development of UN CRPD Implementation Investment Plans at national or regional level, bringing together the relevant stakeholders.
- The EU should ensure that [Employers and Trade Unions in Social Services have a dedicated European Social Dialogue Committee at EU level](#), to enable them to unlock the sector's job creation potential, identify bottlenecks, and identify how funding rates and models impact workforce recruitment, retention and development. This is especially important now that the [Federation of European Social Employers](#) and relevant Trade Union organisations are ready to engage at European level.

The new European Parliament and Commission will be the perfect occasion for the EU to be more pro-active in supporting investment into social services and – as a result – into enabling all people in Europe to participate in society and employment. The abovementioned recommendations should provide food-for-thought for all policy-makers and stakeholders involved in the funding of social services across Europe, including beyond the European Union.



## 7. Conclusions

The implementation of the UN Convention on the Rights of Persons with Disabilities through high quality care and support services is very much dependent on the funding levels and models developed to sustain such activities. Ensuring that social services have sufficient income to provide quality services through well-trained staff with decent pay and working conditions is of course a priority. Identifying how such services should be funded is just as important an issue; yet too often understated.

As highlighted by the [“Joint Declaration: Developing the Support Services of Tomorrow”](#), *“It is necessary to recognise that many social service providers are already providing human rights-based models of support, whilst others are making important steps to provide such support. However, more needs to be done to ensure that all social service providers are in line with standards set out in the UN CRPD”*.

Identifying and developing the right funding levels and model is perhaps the most crucial step to take if Europe is to ensure that all social service providers are in line with the UN CRPD. Developing the right funding model is essential to ensure that all social service providers are empowered to make the necessary changes towards more person-centred, community-based and inclusive services.

Another reality though -equally important- is to recognise that the transition to community-based services is no easy task for many service providers, with challenges which the funding rates and models must mitigate and provide solutions to if they are to be successful. Such challenges include how to guarantee the continuity, sustainability, accessibility, affordability, adaptability and quality of service provision during and after the transition; how to manage the staffing issues that come with such changes at a time of increasing staff shortages; and how to ensure all stakeholders, including persons with support needs and their families, understand and engage positively with the transition. These are all relevant bottlenecks funding models can and must address if they are going to empower more human rights-enabling service providers.

The report assessed four funding models and their ability to both help services shift towards the principles of the UN CRPD and provide solutions to the aforementioned challenges. Clear messages arose.



*EASPD President James Crowe, Bucharest 2019*

The Personal Budgets model appears to be the most suited to helping (especially care) services make this shift by giving more control to persons with support needs over which service they want. This has also been demonstrated in the areas where such models have been implemented; at least, when the model has also been backed up by sufficient resources. Being a rather new model, there is also plenty of criticism of personal budgets, where mistakes in implementation and setting-up having been made. There is no doubt that further developments and effort are needed in order to help this model find the right balance between the social and economic considerations of social service providers. There is equally no doubt that the Personal Budget concept is the future of funding for social service providers, at least in the field of social care for persons with disabilities. It is also important to acknowledge that personal budgets are perhaps not equally suitable for the funding of all forms of care and support services; such as for instance inclusive education where other funding models should come into play. Last but not least, personal budgets do not take away the responsibility of authorities to guarantee the availability of quality social services for all and everywhere

Reserved Markets can be a decent model for enabling social care and support providers to implement the UN Convention on the Rights of Persons with Disabilities. If well developed through a partnership approach, including with representatives of end-beneficiaries, the model guarantees funding continuity and reliability for the providers to develop more person-centred services and ensure they have well-trained staff. Reserved Markets are -however- perhaps not the ideal model if the policy objective is to ensure that persons with support needs have choice and control over the services they wish to receive; an element which is at the very heart of the paradigm shift the UN CRPD requires of social service provision.

Public procurement through competitive bidding is not a suitable, effective, or efficient instrument to fund the transition to community-based care services, in line with the principles of the UN CRPD. Public Authorities should consider other options – such as personal budgets and reserved markets – to fund such services. As described during the Conference, “public procurement is a tool, it is a hammer; but we are working in the kitchen of society... you don’t need a hammer in a kitchen”.

However, if used appropriately, public procurement is an effective instrument to boost employment for persons with disabilities. Contracting Authorities should be strongly encouraged to use social considerations to oblige applicants to employ either directly or indirectly persons with disabilities and other persons with support needs excluded from the labour market. The European Commission should produce guidance and capacity building for the relevant authorities, in this regard. Ongoing efforts are positive.

Depending on private investment alone is not a suitable option for the funding of the day to day running of social service provision, in line with the UN CRPD. It can however be an effective instrument in accelerating access to capital for long-term investments (for example, the construction of accessible flats) and testing innovative projects. This being said, several bottlenecks remain; including the lack of adequate and sustainable funding rates, legal barriers for NGOs, capacity building measures and the development of suitable instruments.

The **European Union has helped to advance** the development of quality community-based care and support services across Europe. It must continue to do so.

There are many examples of the **EU’s positive social impact**: the EU’s ratification of the UN Convention on the Rights of Persons with Disabilities, the [EU’s funding programmes supporting the transition to community-based care and support](#), as well as legislation such as in State Aid which can boost the employment of persons with disabilities; all useful instruments for social service providers.



The [European Pillar of Social Rights](#) also comes at the opportune time; being able to act as a social compass during these transformative times.

Far from shying away, **EASPD wants the European Union to be even more pro-active in bringing a sense of direction** to the development of social care and support across Europe. The EU must also change its approach when it comes to the funding of social services; by supporting additional public investment into quality care and support provision, stopping to promote EU Public Procurement and competition as a model to fund social care and by further strengthening the development of Personal Budgets and Reserved Contracts with the view of empowering human rights-enabling care and support providers. The EU must nonetheless continue to take into account the diversity of systems across Europe and avoid a one-size-fits-all approach.

Indeed, the diversity of welfare systems and funding models across Europe must be taken into account in the context of this report. The aforementioned perspectives on the four funding models give a general indication of the suitability of each model for the development of community-based social care and support, in line with the UN CRPD and the European Pillar of Social Rights.

Based on the EASPD Conference “Investing in Social Services, Investing in People”, this report recommends all public authorities, service providers and other stakeholders to consider the following 7 elements as crucial to the funding of community-based care and support services, in line with international human rights standards:

- (1) **“Mindset first”**: social services are an instrument to achieve the purpose of enabling persons with support needs and their families to live full and active lives in society; in line with the UN Convention on the Rights of Persons with Disabilities. The funding of social services must therefore help, encourage and empower social services to achieve this objective. Having this purpose in mind is therefore the starting block from which all discussions on the funding of social services should be built.
- (2) **“Funding model”**: As for all professional organisations with qualified staff and commitments, social services require and depend on income. It is therefore a tendency for service providers to focus primarily on where and how they are funded. For many social services, there is therefore a tension between their purpose towards persons with support needs and their focus on income. Any funding model must therefore aim at reducing this tension and re-aligning the providers’ organisational focus to their service purpose.
- (3) **“Commitment”** is crucial for any funding model to work effectively towards its purpose. This is particularly the case for Public Authorities who must commit to adequately funding the model in view of giving the services the necessary space to reform and reduce the aforementioned tension. Even the most effective funding model cannot work without decent funding. In fact, underfunding a model will usually always increase its cost in the long-term. An additional initial investment may also be needed to ensure the transition in funding model works as smoothly as possible.
- (4) **“Partnership and dialogue”**: developing trust between stakeholders (authorities, service providers, end-users, etc) is a key element to the correct implementation of any policy. Developing [real partnerships](#) between the stakeholders to identify together possible solutions to the bottlenecks which arise has proven to be an effective approach in the development and implementation of policies. This dialogue helps each stakeholder to



learn to disagree on some issues, yet still move forward together by understanding and respecting the different roles and responsibilities of other partner.

- (5) **“Flexibility to innovate”** is essential for many service providers. Too often, funding models have a tendency to remove any room for flexibility and innovation as costings are linked to very specific tasks. Contrary to the intention, this lack of flexibility is actually detrimental to taxpayers as it encourages service providers to do the minimum, rather than allowing service providers to innovate and do their maximum. Of course, flexibility for service providers should not mean a lack of control and transparency over the use of public money; but precisely the opposite through a partnership approach and dialogue.
- (6) **“Quality and monitoring systems”** are important to any policy, even more so when we are talking about services which have a very direct impact over the health and quality of life of often disadvantaged or vulnerable people. An effective funding model should be continuously monitored in terms of the quality of its impact and improved accordingly. The Quality and Monitoring systems should also be developed and implemented, in partnership with stakeholders.
- (7) **“Support and capacity-building”** are a necessity, in order to facilitate any transition to a new or improved funding model. It is important to develop the right support and capacity-building mechanisms to ensure that all stakeholders have the right understanding and support to use the new policy in the best possible way. It will also help those who are less able (or willing) to adapt to the new model and therefore improve ownership of the policy.

Through this Conference report, EASPD wishes to clarify and inspire the way forward in terms of why, how and to which extent social services should be funded to facilitate the transition to community-based services, in line with the UN Convention on the Rights of Persons with Disabilities and the European Pillar of Social Rights. EASPD will also use this report to engage with stakeholders, in particular public authorities, on the development of new funding models. EASPD also wishes to thank all speakers and participants who contributed to the debates during our 2019 Conference “Investing in Social Services, Investing in People”, organised in Bucharest, with Dizabnet, FONSS and FDSC.

Written by Thomas Bignal, June 2019





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