

## Inputs on the Financial Crisis and its effects on social services for people with disabilities in Europe

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### 2010 Update

Finalised: October 2010

#### Executive Summary:

This report on the effects of the financial, economic and social crisis on social services for people with disabilities in Europe is an update of the report that EASPD issued on the same topic in 2009. The analysis of the information collected last year showed us that social services and the people they support were affected in a number of ways – from a decrease in employment both of people with disabilities and social sector staff, to cuts in funding available to services and a freeze in modernisation plans. These are therefore the areas on which we focused our research this year too, to observe how the situation evolved in the past year.

A conclusion that can be drawn from the information collected is that the implementation of the UN Convention on the Rights of persons with Disabilities is jeopardised by the austerity plans put in place by European Governments, which very often include drastic reductions in funds available for social policy.

#### 1. Employment opportunities for people with disabilities:

The situation is quite different across the EU: in some countries (e.g. France and Germany), **sheltered workshops** continue, on the whole, to provide employment to people with disabilities (even though their commercial budgets and contracts might have decreased dramatically), in others, such as Belgium, unemployment levels have reached 30% in this sector.

The situation on the **open labour market** is very different: with general unemployment levels reaching record highs across Europe, there are great difficulties in finding or keeping employment for people with disabilities. In some countries, such as Moldova, employment opportunities for people with disabilities lie solely with the NGO sector. Many members also report that people with disabilities' unemployment rates are much higher than those of people without disabilities, and that oftentimes they are among the first to be dismissed, as is the case in Romania.

Another palpable effect of the crisis is that Governments have stopped funding for innovative projects aimed at bringing people with disabilities to work, or for subsidies to employers to promote recruitment of disabled employees (e.g. Austria).

## 2. Staffing situation in social service centers providing care for people with disabilities:

Employment of staff in social services has also taken a hit because of the crisis, though the situation is quite patchy across the continent. Some Western European countries report that jobs in the care sector have been protected and also that salary levels have mostly been kept to pre-crisis levels. In some cases (e.g. UK) this is due to the fact that care staff was on the minimum wage already. In Ireland, however, cuts in funding for care services has meant a reduction in funds available to pay staff, a freeze in recruitment and in a failure to replace staff.

The situation in the Eastern part of the continent is more dramatic: a decrease in available funds for the social sector has had a direct effect on staff, who have either started to look for second jobs, for new places of employment altogether or even for employment opportunities abroad.

## 3. Availability of funds for social services:

Different circumstances are reported from the various countries that have replied to the survey. Some (Flanders in Belgium, France, and Germany) report that there haven't been funding reductions in the budget allocations for social services by the National Governments. However, this doesn't mean that there will be no negative consequences: funding from regional and local authorities can still be at stake.

The situation is more worrying elsewhere (Austria, Ireland, UK, Bulgaria, and Romania): major cuts have already been announced (either at local or national level), which will have direct consequences for the level and quality of service that organizations will be able to provide. Levels of fundraised income or donations have also decreased. In Finland, where major cuts are not announced, the situation is still very difficult since there will be no increase in funding during 2011. In Romania, only a small part of funds available for social assistance is used for social services, the bulk being used for social benefits. In Moldova, the crisis hasn't affected the governmental subsidies since they were already low before the crisis and have remained so. However, many foreign donors who usually support NGOs in Moldova have diminished their investment in the social sphere.

## 4. Availability of loans from banks for service providers:

Less information is available on this topic. The situation seems to have remained unchanged in some countries, while in others it is quite different, with loan conditions made tighter. Another issue is the uncertainty in some countries such as Austria about next years' budget (still unknown budgetary cuts), which makes it complicated to plan services in a longer term perspective. This is also the case in Moldova and Romania where it is not possible at all for service providers to take loans from banks (with the exception of loans from the state bank in Romania). As a result, nonprofit service providers operate under an uncertain conditions and must rely on grants and donations.

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### Austria:

### **Employment opportunities for people with disabilities:**

The situation in sheltered workshops has not changed – persons with disabilities still get the same amount of pocket money for the activities they perform.

The situation is different on the open labour market. There's been a decrease in the availability of low profile jobs at the peak of the crises – now the situation is about the same as before. However, cost cuts are expected for the next year. The level of these cuts is not yet fully known: because of two upcoming regional elections, the Government is not giving information about the cuts and in how far they might affect employment opportunities for disabled people. What are already known are the cuts affecting the labour market agency - they will lead to a decrease of thousands of training places in the “open labour market programme”.

Moreover, the Ministry of Social Affairs stopped all innovative projects aiming at bringing persons with disabilities to work, e.g. social personal leasing for persons with disabilities, due to a lack of funds. These projects have no perspective of starting again in the near future.

### **Employment of staff in social services:**

There are no major changes for staff employed in social services – funding is quite stable in Austria, it is hard to change the system and nobody dares to put persons with disabilities on the street.

However, the underlying situation is that, on the one hand, there is a lack of available staff for social services and on the other hand, staff currently employed has training needs that for the time being are not being met. A successful programme however was carried out in the region of Styria where a special fund was set up to provide for training for staff of social services for people with disabilities. Thanks to this initiative, 150 staff was trained.

### **Availability of budgets/ financing for social services for people with disabilities:**

Subsidies for social services have been reduced – especially for new and innovative projects. The prospects for 2011 don't give much hope, and there is no expectation for a recovery. Thus, for people with disabilities, there will be less money and less staff for the next year.

Responsibility for social services in Austria lies at the level of the Regions, who share the funding with the communities (subdivisions of the regions). As the communities have enormous budgetary problems, the situation is expected to become very problematic next year.

### **Availability of loans from banks or other sources, especially to carry out renovations or new projects:**

As service providers are seen as an important economic sector, there is an availability of loans. Yet, because of the above mentioned uncertainty about next years' budget, service providers have difficulties in planning their work for the long term.

**Belgium/Flanders:****Employment opportunities for people with disabilities:**

The crisis affects employment opportunities for persons with disabilities in different ways. For the moment it's more difficult for people with disabilities to find employment on the open labour market. The same difficulties apply for sheltered workshops. The rate of unemployment has reached 30% now, which is rather high.

Another consequence of the crisis is the effect on measures to improve the employment of persons with disabilities on the open labour market. For example, employers receive a certain amount of money when they employ a person with a disability. Because of the crisis, these measures have now diminished. The amount of money the employers receives is lower, and the scheme lasts only for 5 years (instead of the whole duration of the employment, as was the case before). This will of course have an extra negative effect on employing persons with disabilities in the near future.

**Employment of staff in social services:**

The crisis has had no effect on the employment of staff in social services. Staff is paid as usual, and wages have risen this month according to the evolution of the inflation index. However, there are worries about the future because of the average age of staff. We will need a lot of new staff members will be needed, and it is not clear where it will be possible to find them.

The Government decided that job coaches working in sheltered workshops can remain employed for the coming period, in order to avoid that they also become unemployed and that sheltered workshops have to find new coaches as soon as the economy recovers. At the same time, the organizations where people with disabilities live can hire some extra staff to support people with day activities.

Concerning the education sector, there have been no reductions in either teaching or support staff in schools. There has however been a reduction of 5-10% in educational support services for schools, and also reductions in pilot projects (e.g. projects to increase everyone's opportunities) or in the development of innovative teaching techniques.

**Availability of budgets/ financing for social services for people with disabilities:**

Budgets available for services for people with disabilities are still increasing. This is one of the only growing sectors in Flanders, despite the crisis. € 30 million extra have been allocated for 2011 that will make it possible to create new services and personal budgets.

There is one negative point though. Subsidies for living costs, food and energy and so on, (i.e. all the subsidies who are not meant for staff payment) will not rise with the evolution of inflation index this time. This measure applies to all the departments of the Flemish policy.

Concerning the education system, there hasn't been a cut in budget for general costs, but there is a one year delay on the cost evolution in accordance with the consumption cost index

(-2.5%). There has also been a significant cut in the budget for staff training (a decrease of 20%).

**Availability of loans from banks or other sources, especially to carry out renovations or new projects:**

For the time being, there are no problems in this area.

**Bulgaria:**

**Employment opportunities and overall situation of people with disabilities:**

These are very limited due to the fact that children with disabilities often don't have the opportunity to be educated in schools.

**Employment of staff in social services:**

N/A

**Availability of budgets/ financing for social services for people with disabilities:**

Budgets for Social Care Homes for children have been reduced by 15%. This means that for every child, around € 2,600/3,000 are paid from this budget per year. All costs should be covered with this money, from running costs, to staff salaries, petrol, heating, food. This is the reason why there is no money to buy new clothes for the children – everything is second hand.

A lot of other things are not possible anymore like providing the necessary education and training of staff, supervision, materials for work.

All social support has been strongly restricted and programmes to support employment have been cancelled. Municipalities are responsible for paying benefits for the unemployed and as the employment rate has increased there is no money in the budget left for social support for other vulnerable groups.

All programmes for personal and social assistance have been cut.

**Availability of loans from banks or other sources, especially to carry out renovations or new projects:**

**Other relevant information:**

Because there is no early intervention in Bulgaria most disabled children are in social care homes where they do not get access to education. This means that when these children become adults they don't have an opportunity to be employed – they have no education and consequently no competences for work, and especially people with intellectual disabilities are very seldom employed.

The school integration system started very well in 2002 but now it's money driven with no real implementation of quality aspects - e.g. one teacher who works with 5 children as it was

meant, is paid € 200 a month but teachers might be asked to teach 10 children and receive € 400 euro - quality is missing.

Social care homes for adults have a budget per year of around € 2900. It has now been officially reduced by 10%, probably additional reductions are decided by each municipality.

### **Deinstitutionalization:**

The process of de-institutionalisation started recently in Bulgaria. Although funding in support of this process comes from the EU it is hard to understand why a relatively high amount is spent for assessment only without knowing what the next steps will be. Moreover, there are reports that these assessments are not carried out in a transparent way.

Funds for the assessment of Mother and Child homes are blocked. The Ministry is collecting information about the actual situation about the needs and how to transfer these social care homes.

The following conditions have to be fulfilled:

- Cooperation between three Ministries: Health, Social and Regional Development;
- Choice of pilot projects;
- Money is for building and not for running the institutes.

At the moment it is not clear what will be done by when and where. Also here there are questions about the efficiency of the assessment process.

A very important issue to add is that the process of institutionalisation is still going on even more strong due to the crisis.

The process is officially as follows:

- Children with disabilities should stay at home with support;
- Relatives will take care of them if the parents are not able to;
- Foster care is organised by the Child Protection Agency (Social Ministry);
- If this process is not successful, children are sent to a social care home.

Social workers and doctors jump to the last step or propose it to the parents. People with mental health problems have no alternatives at all: there are institutions in the whole country and 3 small group homes.

Governance problems have been reported.

**Finland:****Employment opportunities for people with disabilities:**

Before and during the fall of 2008, the long term need to recruit also people with disabilities to the workforce was duly recognized and projects started e.g. with ESF funding to create opportunities for companies to employ disabled employees. The situation changed abruptly during the winter and the short-term economic panic caused businesses to suspend recruitments. Consequently, now there are very limited possibilities for people with disabilities to get a job on the open labour market and also, to be reasonably compensated. Sheltered workshops lacked assignments from companies for a while, but this situation has improved in the meantime.

**Employment of staff in social services:**

The economic downturn of autumn 2008 was rapid and some kind of recovery seemed to begin so quickly that there has not been any dramatic overall change in this respect. Nevertheless, a year ago, there was a lot of staff available but at present, the situation is worse since employers are hiring more people again, and it is clear that there is not enough staff available to fill all positions in social services.

**Availability of budgets/ financing for social services for people with disabilities:**

In Finland, all services are provided by public funds and the responsibility to deliver services rests with municipalities. However, whilst the private sector has recovered quite well from the crisis, the economic situation in the municipalities remains difficult. It has been very hard to get any increase in funding for 2011. This will consequently put the service providers in a difficult situation during next year.

**Availability of loans from banks or other sources, especially to carry out renovations or new projects:**

This has significantly changed. Although interest rates are very low and banks continue competing in this respect, especially the duration of repayment plans offered have shortened dramatically; e.g. in loan types where there was usual to get a 20 years plan, it is now difficult to get even 10 years. Despite these new conditions, there are quite a lot of activities in the construction industry.

**France:****Employment opportunities for people with disabilities:**

One main consequence of the crisis has been the decision of the French Government to delay for 6 months the planned increase of the contribution to be paid by employers who do not respect the legal obligation to employ 6% of persons with disabilities.

Obviously, due to the crisis, there was also an increase of the unemployment rate. This affects persons with disabilities, with a rate of unemployment 4 times higher than for persons without disabilities.

Finally, 20% of sheltered workshops are facing financial difficulties due to the decrease of their commercial budgets. The situation has slightly improved since 2010 where 60% of sheltered workshops were facing financial difficulties. However these difficulties have not impacted directly persons with disabilities so far: persons with disabilities, as users of the services provided by sheltered workshops, are still offered occupational activities even when there is less work, and their remuneration is maintained.

#### **Employment of staff in social services:**

The crisis had no impact so far, the sector remains a very important employer. However, home support and care services are currently facing a financial crisis (because of the business plan rather than because of the crisis), and this may have consequences on employment in the sector.

#### **Availability of budgets/ financing for social services for people with disabilities:**

There has been no decrease in funding provided by the State Budget, however the increase of this funding from one year to the other has slowed down. Besides, due to budgetary constraints, the French Government is not willing to provide emergency help to home support and care services.

Funding provided by regional and local authorities is more at stake: service providers have more trouble to obtain funding for investment expenses (construction of new building, renovation, etc.).

Subsidies granted by private companies have decreased.

#### **Availability of loans from banks or other sources, especially to carry out renovations or new projects:**

There has been no refusal of loans by banks. Banks are asking for more guarantees, but this is not really an issue as the guarantee is provided by the State.

#### **Germany:**

##### **Employment opportunities for people with disabilities:**

As workshops for adapted work are legally codified in the German Federal Social Code and defined as rehabilitation centers nobody was dismissed. But the overall unemployment rate for employees with disabilities unfortunately rose.

**Employment of staff in social services:**

The situation is similar as above. The staff was not made redundant but their work changed a little, in that they were engaged more in offering vocational training and less in production activities which diminished.

**Availability of budgets/ financing for social services for people with disabilities:**

It is difficult to communicate valid data as budgets in Germany are agreed between the workshops and funding agencies on local, regional or federal level.

However, due to the austerity measures under preparation by the Federal Government, cuts in overall social expenditures are expected.

**Availability of loans from banks or other sources, especially to carry out renovations or new projects:**

The situation in this field hasn't changed in Germany due to the crisis.

**Ireland:**

**Employment opportunities for people with disabilities:**

Ireland's unemployment rate has skyrocketed as has the number classed as long term unemployed but we do not regularly collect statistics on the experience of people with disabilities. The HSE reviewed day services, with recommendations to support people into mainstream made a year ago. But there has been no sign of implementation, nor of resourcing to support the transformation.

**Employment of staff in social services:**

Voluntary disability organizations, especially those providing residential and respite care for people with intellectual disabilities have been affected by the extension of a public service recruitment moratorium set in Budget 2010 to them. Staff costs are large in all the voluntary disability organizations and all have been hit by a series of cuts in HSE funding. According to DFI's survey of members in 2009, many also experienced cuts in returns from fundraising. The result was that many failed to replace staff or restricted use of agency staff.

**Availability of budgets/ financing for social services for people with disabilities:**

Please see above. Other points worth mentioning:

- the premature collapse of the Multi Annual Funding programme in 2008 that was to address the deficit in disability services;
- the cumulative official cuts in funding of voluntary organisations by the HSE starting in 2009;

- the shifting of disability funding within the HSE to cover deficits elsewhere, a practice that is difficult to track;
- recession-induced cuts by other non health public bodies that erode services on which people with disabilities, along with the non disabled, depend.

**Availability of loans from banks or other sources, especially to carry out renovations or new projects:**

No information available. Any construction most unlikely though.

**Other relevant information:**

National Authorities in Ireland have discussed the application of budget cuts with relevant stakeholders in the social sector, so as to minimize long-term negative effects on services for vulnerable people.

**Moldova:**

**Employment opportunities for people with disabilities:**

Even though local legislation stipulates that working places for persons with disabilities must be created, the authorities do not have a mechanism to monitor the implementation of this regulation. As for employment opportunities for persons with disabilities, the labour market in Moldova is overloaded and it is difficult for everyone to find employment. Nevertheless, there are several old NGOs, founded about 60 years ago during the Soviet Union regime that also have limited companies in their subdivisions. These provide employment for people with disabilities. During the Soviet Union the production of these companies was sold in ex Soviet Union Countries. Unfortunately, starting with the USSR collapse the goods produced by these Ltd. Companies were not competitive anymore due to the lack of investments for modernization. Taking into consideration all above mentioned circumstances, many of the employees from these companies were made redundant and do not have a job anymore.

The only opportunity for persons with disabilities to be involved in social mainstreaming through employment lies with the NGO sector that receives money from different donors for the purpose of rehabilitation, both vocational and professional, and integration of disabled people.

Making a parallel with social systems from other countries in the “Western” world, the Moldovan private sector does not receive any subsidies from the Government to adapt workplaces and to offer a real opportunity for social integration of persons with disabilities. Taking into account the difficult financial situation in Moldova, many people with disabilities remain excluded from the labour market, living only from State subsidies and pensions.

**Employment of staff in social services:**

As soon as funding for social services started to decrease, many staff members started to look for other places of employment. Many staff members are employed part time and so have the opportunity to try and get a second job. Others volunteer for their service centres.

Migration of labour force is another very important problem which affects this sector as well. Many specialists go abroad to look for an employment opportunity.

#### **Availability of budgets/ financing for social services for people with disabilities:**

State subsidies were and still are very low, that's why the economic crisis hasn't had such an impact. However many of donors from abroad who usually support the activities of Moldovan NGOs cut the budgets and diminished the investments in our social sphere.

Nevertheless, a strong fundraising policy of an NGO can facilitate the process of getting funds from those donors who still are available to support the NGO sector in Moldova.

#### **Availability of loans from banks or other sources, especially to carry out renovations or new projects:**

Unfortunately in Moldova the "culture" of taking loans from banks does not exist at all. Most service providers are founded and function within the NGOs which are supported financially from grants and donations. None of the banks in Moldova are eager to support financially the social services, first of all because of the nonprofit in crediting such institutions.

#### **Romania:**

##### **Employment opportunities for people with disabilities:**

From a total of about 338.041 individuals with disabilities (age group 18-59 years) in Romania, only 28.107 individuals, about 8,3% of adults with disabilities are employed. About 2.000 of them are employed in protected workshops and units, the remaining being hired on the open labour market. On the open labour market, the financial crisis has led to a situation where employees with disabilities are among the first ones to be dismissed in case of staff reduction. In this context, it is worth mentioning the lack of employee motivation (the legislation in this field is minimal, and it doesn't encourage employers to hire and maintain jobs for people with disabilities) and there is a lack of specialists in the workplace and of job mediation consulting.

The situation of people with intellectual disabilities is more dramatic: only 1,03% are employed. Only a few NGOs promote actively the hiring of individuals with intellectual disabilities.

##### **Employment of staff in social services:**

Starting on 1<sup>st</sup> of July 2010 the salaries in the entire public sector have been reduced by 25%, including the sector of public social services. All this follows a chronic lack of basic and specialized staff trainings and a total lack of programmes for burnout prevention on the level of employees in public sector of social services. Furthermore, all hiring procedures have been blocked, which puts in danger even the implementation of projects financed by European funds in this sector.

In the field of private social services, because of the lack of continuous financial support, hiring, just as dismissing are closely connected by the opportunity and capacity of the organization in assuring funds to maintain those social services they are offering. Staff training can be done mainly through EU funded projects (structural funds, Leonardo da Vinci, Grundvig etc.).

### **Availability of budgets/ financing for social services for people with disabilities:**

Public social service providers, which usually provide residential services, are financed by central and local authorities. Over 90% from the public budget given for social services (central and local) is being used to finance these services.

Although legislation mentions the possible financing of private social services by local and central authorities, in reality, because the law gives no financial obligation, the financing of these services is dependent on “free choice”, which can cover only a small area of needs. This way, these private social services that are in a major part non-residential are practically condemned to closure and suspension, especially due to the retreat from Romania of international donors after 2007 and the financial crisis which is extremely visible in the private economy sector.

It is also good to mention the unbalanced distribution of budget for social assistance in Romania. The largest part of available funds is destined to social benefits and only a small part is being used for social services. This way, the sums of money given to start and develop social services are very limited and because of this, Romanian authorities can only finance public residential social services and can only help in a minimal way private non-residential social services.

In the case of structural funds, the largest part of the budget is intended for public institutions or private companies, while the access of nonprofit social service providers is being limited to a few financial lines. In POR (from FEADR budget line), due to complex technical documents that are necessary for project applications, the number of private social service providers applying for their own building renovation where is the flow of their social service activity, has been small. It is important to mention that in the area of public institutions the projects that were granted financing were those with the objective of renovation and rehabilitation of institutions with over 50 individuals with major/severe disabilities.

In POSDRU (from FSE budget line) private social service providers have been applying with success, but there are major problems on the level of managing projects from Romanian authorities – launching, contacting, report evaluation, making the payments – registering even a year of delay in payments for approved projects and the bureaucracy on the level of implementing and reporting the projects is devastating.

### **Availability of loans from banks or other sources, especially to carry out renovations or new projects:**

Public social service providers do not use bank loans as an instrument to put the bases and develop new social services.

Being associations and foundations, private social service providers are not eligible for getting bank loans; the only exception is the Romanian state bank. Anyway, the financial instability of these services (the reduced financial support of central and local authorities given to social services, the dependence of donations and sponsors, which represent hardly definable sums in a budget) is leading to rare registrations of loan applications intended for basing and developing social services.

### **Other relevant information:**

#### **System of certification of disability**

The medical model of defining and evaluating disabilities is used in Romania, and the procedures used for certifying disabilities for children and adults are different. The consequence is that this can lead to major errors in the system. For example, autism is recognized only for children with special needs while in the case of adults it is re-diagnosed as schizophrenia and medically treated under the same form.

The grade of disability is certified without making distinctions between chronic diseases (ex. Diabetes, HIV) , diseases connected to ageing (ex. Alzheimer, Parkinson), psychic diseases and congenital diseases, which leads to an incertitude connected to the necessary social service recommendations and in establishing different and more equitable social benefits.

#### **Deinstitutionalization**

Deinstitutionalization of children with disabilities has taken place in Romania under the processes of accession to the EU – it was one of the conditions for Romania's membership. Today, the number of institutionalized children with disabilities is low (only 65 out of 61.233 children with certified disability are declared as institutionalised). The fact that large residential institutions have been fragmented in institutions with small and very small numbers of children enables these services to become easier to contract to private social service providers.

In the case of adults with disabilities, this reform has been stopped after Romania's accession to the European Union, making it possible to have large numbers of institutionalized adults with disabilities in large institutions with over 50 adults per institution. We can talk about the existence of 201 residential institutions where 16.204 institutionalized individuals with disabilities from the 17.090 adults with disabilities found in the social protection's residential system can be found. These kinds of centres are too large and use up the biggest part of the financial resources provided by the central and local authorities. Since these centres are located in the rural areas they cannot be contracted to private social service providers (private social service providers being located mostly in urban areas, and having on average fewer than 50 employees). The existence and the location of these kinds of large institutions for adults with disabilities make their social inclusion impossible.

### **UK/England:**

#### **Employment opportunities for people with disabilities:**

In the UK the position is very poor. Whilst the policy is fine (it encourages people with disabilities to get a job etc.) the reality is that very few people with a learning disability get a job. Community Care on line reports new rates for people with learning disabilities are lower

than ever at 6.4%! Anecdotal information reveals that people with learning disabilities are among the first to be made redundant from their workplaces.

On sheltered workshops and supported employment of various sorts things are not much better. 'Community care' reports that "the coalition intends to improve support for both groups through Work Choice, the DWP's new disability employment programme. However, there is concern this will not happen, which would leave clients having to rely on services provided through the NHS or local government that better meet their needs. And although it appears the NHS will enhance employment support in coming years, council provision is at risk of cuts."

Work Choice, set to be launched in October, is designed to help disabled people with complex needs into work. However, there are concerns that it will not support many social care service users. For instance, it is expected to help 21,500 people in its first year across the UK; but 520,000 people use community-based social care in England. There are also warnings that its performance-based funding regime will stop providers concentrating on care users as opposed to people with lesser needs. Work Choice's annual funding will depend on the forthcoming comprehensive spending review but is expected to be similar to the £78m spent in 2009-10 on the previous schemes.

#### **Employment of staff in social services:**

Staffing is hard to find and difficult to keep in some areas. Pay is just above the national minimum wage. The arrival of migrant workers has eased this to some extent but the new Government has put strict limits on non EU workers coming to the UK and this is causing problems already.

The employment of migrant workers in care occupations has increased significantly in recent years. The main reason for employing migrant workers is difficulties experienced in recruiting UK-born care workers. Poor wages and unattractive working conditions are perceived as the main factors behind the reluctance of the UK-born workforce to take up care jobs.

The Low Pay commission produced a report in 2010 and on social care. Social care is one of the low-paying sectors that appears to have been less affected by the recession. Representatives of independent sector providers of care continue to tell us about their concerns regarding how care is funded. In particular the level of funding by the state to independent suppliers of care and how the minimum wage interacts with this. We have also heard this year from workers and their representatives about pay practices, which they claimed may result in some workers receiving less than the minimum wage.

Social care is a low-paying industry that has maintained job growth during the recession. The number of employee jobs in September 2009 stood 3.7 per cent higher than in September 2008 and 5.7 per cent higher than the year before. Employment in low-paying social care occupations has also risen, up by nearly 6.2 per cent between the third quarter of 2008 and the third quarter of 2009. In its evidence to us, the UKHCA said that it was difficult to see any particular pattern that could be attributed to the recession: recruitment difficulties had eased somewhat, but there was an expectation of tighter public spending in the future.

### **Availability of budgets/ financing for social services for people with disabilities:**

These are being cut by local authorities now in advance of a major Government announcement on October 20th. Many ARC members are being told there will be no increase next year and other are being TOLD (not asked!) to cut their fees by 10% or even more.

### **Availability of loans from banks or other sources, especially to carry out renovations or new projects:**

The banks say there is money to lend but in reality SME's are finding it hard to get finance. On the other hand you need to be very sure of your business plan to expand and invest now when all the government policies are aimed at NOT putting people into care homes but rather giving them personal budgets. Which banker would lend money to a firm that could see all its customers walk out of the door tomorrow, possibly taking their staff with them?

### **UK/Scotland**

(From: "Community Care Providers Scotland, Service Provider Optimism Survey, May 2010) (CCPS)

Because of growing concerns about the cutbacks in public expenditure from 2010 onwards, a survey was designed by the CCPS in order to track changes in the way that major social care providers view their organization's prospects. The survey is repeated four times a year.

The results re-iterate the findings of the last survey that many service providers are responding to difficult financial circumstances by re-structuring their organisations, cutting service levels or handing back contracts. This has led to an uncertain environment for staff: fluctuation in staffing levels is increasing, including an increase of nearly a third in the percentage of respondents seeing the number of people employed by their organisation go down during last quarter.

For example, 59 % of the respondents were less optimistic about the general business situation in the sector than they were in the last survey. One explanation was loss of funding for big projects as well as uncertainty of Direct Payment rates and cut to service hours.

### **UK/Wales:**

#### **Employment opportunities for people with disabilities:**

In Wales the rise in general unemployment rate has levelled off at the moment at around 10%. However employers are not taking on staff so the possibilities of getting disabled people into open employment are becoming very limited. The new UK Government is also poised to make access to unemployment and disability benefits far more difficult.

#### **Employment of staff in social services:**

Social service departments have been reducing the number of middle managers steadily over the last few years. So far they have not started reducing the number of direct day care staff.

More attention will soon focus on reducing the cost of accommodation services.

**Availability of budgets/ financing for social services for people with disabilities:**

We still await the impact of major cuts in public funding that will commence with announcements by the UK Government in late October 2010. Following on from this the Welsh Government will announce major cuts to local authorities and NGOs in late 2010 to commence in 2011/12.

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**Availability of loans from banks or other sources, especially to carry out renovations or new projects:**

N/A.



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