



**From institutions based funding to person centered
funding and public procurement**

First impressions

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Diving in to history

All over Europe, social services provision was historically done by NGOs.

Started mostly as charities by religious organizations

Since the 60-70's more and more autonomous (pluralistic) NGOs

In the second half of previous century: legislation and funding for many of the services, based on a collective and charitable approach. High public investments in health and wellbeing!

Nowadays moving to an 'empowering approach': self care, own responsibility, de-institutionalisation, conditional services and benefits, individualisation, ...

→ break down of the collective system and solidarity

→ re-direction of public budgets away from care



Where we are going to: major trends (1)

1. From funding of institutions to 'client following funding' or personal budget
 2. A market approach the social care sector
 3. For-profit-companies can enter the social care market
- Risks and opportunities, of course!



Where we are going to: major trends (2)

How comes that these evolutions are taking place all over Europe?

- Due to EU-policies and international economic trends
- Member states build upon EU legislation



European background: Europe's position on social services management

Social policies are the competence of the member states; only little competences at EU-level

But: social services are businesses! Basic principles of the EU-economy:

- Free movement of services, goods and persons is best guarantee to create welfare and peace
- Open market economy: best guarantee to have the cheapest price for the best offer
- Market regulations (only) if necessary: if market failure.
- The EU supports the globalisation of the economy; international trade creates welfare and peace
- *State aid is not allowed (unless...)*

Given this: in many member states the social services sector is not in line with EU legislation!

How can authorities put services in the market?

As the care market is failing without public intervention: How can authorities put services in the market?

- Service of general interest / Service of general (economic) interest:
‘in house service’, subsidy (but given precise criteria) or tendering
- General block exemption (training, disabled workers, innovation, support in certain infrastructure, ...): state aid is allowed
- (De minimis)
- Social impact bonds



Social services delivery is a (cross border) market

- State aid rules apply to social services.
!Personal budget systems overcome state aid restrictions (as they are not business funding!) This is the main reason for the shift to person centred financing.
- No obligation for authorities to assign contracts partner by tendering, but it is preferable (no discussion on the price)
- In general new market players can not be excluded from tenders (eg condition 'not for profit') or existing players can not be benefited

Conclusion: tendency to open the market by public procurement



Interests of authorities to open social market

- Social budgets under pressure: waiting lists, aging population, increasing health cost, but also populism → authorities want to decrease price/increase availability of services (despite effects on quality and accessibility)
- (Right wing) politicians are less in favour of public services, social spending and a strong civil society. They prefer regular tendering on a market rather than long term structural relations with civil society actors
- In some regions there are close relations between social sector and 'traditional' political parties. 'New' majorities try to break down these relations by cutting in the financing of institutions. This can be done by redirecting budgets to new actors (via tendering).

Conclusion: authorities can benefit from opening the markets ('dynamising the market')

Setting up new investment models

- New technologies in care and welfare need to be developed and introduced: need for investment and change of business models:
 - lack of capital in the traditional sector
 - resistance from traditional service providers and labor unions.
- Investment in infrastructure via public private partnerships: investment companies as new partners!
Ownership of residential infrastructure: often underestimated impact in case of tendering!
- Social impact bonds: instrument for innovation and cost reductions.
Participation/collaboration between investor and social actor is mandatory
- Big data as instrument for allocation of services

Conclusion: 'Traditional' service providers are not interested or skilled in these new models + no budget for investment. This opens opportunities for new players

Facility management companies (1)

... are interested to enter the social services market

... are important market players already in many EU countries

- Facility management companies: cleaning, catering, safety, recruitment, consultancy, ...

Often multinational companies (with strong investment structures behind them, always looking for new investment opportunities)

- Strategy: roll out existing business models in new markets if profit making potential

- Given the big budgets in care: sector is an lucrative target!

Active strategy of (multinational) service companies to get access to social services market... at least for the parts with financial potential (cherry picking).



Facility management companies (2)

Strategies:

- Only interested in the financial potential (active prospection)!
- Business image: corporate governance, ecology, social responsibility, Being active in the care sector helps!
- Market access via acquisitions, partnerships (buy in, joint ventures) or subcontracting
- Enter the market with low prices and increase prices when a strong position is reached (= when traditional players are pushed out the market)
=> consequence: introducing tendering looks cheaper for the authorities in the first period after implementing but becomes more expensive when the market is stabilizing!
- Performant production models: ICT-systems, big volumes, lower wages, lower skilled staff, scale effects, standardisation, services limited to the contractual obligations

With this strategy these companies seem 'objective partners' for authorities in the renewal of social services , the needs for investment and cost reduction, new relations between services sector and authorities



Impact of profit making on social care provision (1)

A profit making model has impact on the way services and care are delivered:

- Services delivery are limited to the contractual obligations
- An important share of the income reserved for the profit of the investors (ethical questions)
- Less user driven, less impact of the local workers and management (as the strategy is designed far above the services level)
- Less linked to the local social context (no involvement nor roots in the local community)

Impact of profit making on social care provision (2)

A profit making model has impact on the way services and care are delivered (2):

- Less activism of (local) social workers, as they feel less 'ownership'
- End of activities if not profitable anymore. What about the service users?
- Relation sector – authorities: from a cooperation model (shared responsibilities) to a commercial relation (negotiation on price, quantity and quality)

Investors and their political aspirations

- (Multinational) services companies are NOT aiming to break down the social system, but rather the opposite: get access to these lucrative markets
- The services market are a fast growing international market. This is why they are important chapters in international trade agreements (TTIP, Ceta, Tisa). This is how multinational companies are 'supporting' their national businesses to get access to these new markets.
- When the COM says that public services are excluded from trade agreements, they mean that authorities still can develop their social policies, but always within the EU-market framework and budget constraints (EU semester)



Conclusions (1)

- The European social model will survive, but fundamental changes to be expected
- For profit service companies are actively entering the social services markets. This is a 'one way strategy' (no way back when markets are opened)
- Once a market is tendered, it is hard to go back to a subsidy based system



Conclusions (2)

- Strategic choices for traditional social services
 - Become niche players: activities with less 'bulk work', high competences, not profitable target groups of activities, ...
 - Joint ventures with facility management companies
 - Increase operational scale and act as social enterprise! (at least at regional/national level)
 - Active research and development



For profit companies can enter the social care market

When services delivery is no longer reserved for 'recognized NGOs', also other actors can enter the market:

- companies in the facility management sector (cleaning, security, housing, catering, ...)
- self employed
- Other NGOs who want to expand their domain of action



Understanding European funding (3)



Financial conditions



European projects for your organisation: how to start



Diving in to history (1)

Social services provision is historically done by NGOs. Started as charities by catholic congregations. Since the 70's more and more autonomous (pluralistic) NGOs, but still strongly linked to the 'Catholic pillar' (via strong umbrella structures).

This pillar contained/contains also other structures as socio-cultural organizations, school umbrellas (2/3 of the education institutions), the biggest labor union and unions of employers, the biggest federation of mutualities and enterprises and cooperatives in most divers markets (including many bancs, insurance companies, agriculture, manufacturing, ...)

The pillar was/is linked to the catholic political party, which was for decades the leading party in Flanders and Belgium (which led to strong tentacles in public administrations at all levels).

Diving in to history (2)

Due to this link, strong legislation and funding was developed.

In close collaboration between service providers, labor unions, service user groups, administration and politics.

(Top down and bottom up!)

But: always under supervision of the catholic party (and less visible: catholic church structures).

This policy was backed up by a majority of the citizens (though not always a majority of voters!)



Where we are now

Since 10 years decrease of catholic voters, increase of the nationalistic and right/extreme right parties

From a 'warm and caring society' (charitable approach, care for the weak and vulnerable, collective approach) to an 'empowering approach': self care, make use of opportunities that are designed for you, own responsibility, conditional services and benefits, individualisation, ...

→ break down of the collective system and solidarity

→ re-direction of budgets to economy and innovation

The actual leading political party/parties try to size down the power of the catholic pillar, as they see it as a barrier for a more responsible and empowered society
(And due to the decreased support of the public opinion it's hard for the catholic pillar to resist)



More than 30 budget lines are relevant for the social domain

<https://ec.europa.eu/info/funding-tenders/>

Calls in Erasmus+: calls managed by national agencies



Calls in Erasmus+: calls managed at EU-level



Calls in the Rights, Equality and Citizenship Programme (1)

Calls in the Rights, Equality and Citizenship Programme (2)

Call in the Rights, Equality and Citizenship Programme (3)

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