



## THE IMPORTANCE OF SOCIAL SERVICES OF GENERAL INTEREST (SSGI) IN MODERN SOCIAL POLICIES: THE EUROPEAN COMMISSION BIENNIAL REPORT ON SSGI

### ANALISYS PAPER

#### KEY FINDING

- Health and Social Services play an important role in creating employment opportunities in the EU Member States and facilitate labour market participation for people with disabilities and other disadvantage groups.
- Health and social services can mainly rely on public financial resources, although the private component is increasing.
- In the EU Member States, strategies to facilitate access to social rights aim often at strengthening user orientation and user empowerment.
- EU Member States have undertaken reforms of the SSGIs sector, which have resulted in a decentralisation of the service provision.

### **1. Background**

Launched together with the European Union Social Package on the 2 July 2008, the Biennial Report on Social Services of General Interest emphasised the role of social services in the implementation of the renewed Social Agenda.

The report provides an overall picture of social services in the European Union, their social and economic importance in three main sectors of long-term care, labour market services for disadvantaged people and childcare.

The Report derives from the debate launched after the adoption of White Paper on services of general interest in 2004, and the consultation process that took place between 2006 and 2007 as well as on the crucial steps represented by the 2006 and the 2007 Communications. The 2007 Communication<sup>1</sup> acknowledged the difficulties experienced by public authorities and service providers active in the social field in understanding and applying Community rules and launched a strategy to provide stakeholders with the necessary guidance. This strategy includes two Staff Working Documents respectively dealing with public procurement and State aid rules which provide answers to frequently asked questions, some of them included at the end of the Biennial Report itself.

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<sup>1</sup> See EPR analysis paper “Services of General Interest and Social Services of General Interest after the Lisbon Treaty and the Commission Communication: Services of general interest, including social services of general interest. A new European commitment”  
[http://www.epr.eu/images/EPR/documents/policy\\_documents/ssgianalysis.pdf.pdf](http://www.epr.eu/images/EPR/documents/policy_documents/ssgianalysis.pdf.pdf)

## **2. Health and Social Services' Role in Fostering Employment**

In a European Union driven by the so-called Lisbon strategy and the consequent pursuit of growth and job as key objectives for a sustainable future, Health and Social Services play an important part in creating employment opportunities in the EU Member States. Moreover, they facilitate labour market participation for people with disabilities and other disadvantage groups.

The contribution that these services bring to job creation is facilitated by the specific nature of the sector which is characterised<sup>2</sup> by high skilled workers, non-standard working hours, part-time job, and high proportion of temporary contract. These features easily attract young people, women and older workers to work in this sector more than in others.

Furthermore, high quality health and social services, such as medical and vocational rehabilitation, personalised employment services, are crucial in promoting an inclusive labour market for people with disabilities and other disadvantage group, in enhancing their social participation and therefore employability.

However, the core elements of the health and social services sector, at the same time, represent challenges that authorities and civil society have to face. The main negative effect is that gross hourly earnings are below average. This is probably due by the fact that sectors with high female shares in employment are characterised by low wages. Furthermore, financial constraints, together with the rapid increase in migrants from non-EU countries might have contributed to keeping wage levels low. The possible scenario of these developments could be staff shortages or a reduced quality of services.

## **3. Social Expenditure**

As shown in the Biennial Report, health and social services have a relevant economic weight in the European Union, as they attract increasing private funds and still rely on a considerable share of public financial resources. In fact, over the last ten years, in the EU Member States, the largest expenditure item has been health care and we are seeing further increases in care for the elderly and disabled people.

However, the all sector still depend mainly on public funds, hence it results particularly vulnerable to the development of public finances and demographic change of the EU populations.

This dependency led to some of the tensions between the need of service providers for well-trained and motivated personnel as well as long-term stability, on one hand, and short-term financial constraints, on the other hand.

One way to reconcile these needs it would be a coherent strategy of social policies which allows for different allocation of public expenditure and increased efficiency, maintaining high quality standards.

## **4. Changes and challenges in three sectors: Long-Term Care, Labour Market Services for Disadvantaged Persons and Childcare**

The modernisation process is based on the pace of different socio-economic transformations such as: demographic changes, changes in the needs for care, increased need for combining formal and informal care, user orientation, shift from public to private provision of services, integration of health and social services, decentralisation. These factors have a strong impact in particular on three sectors: Long-Term Care, Labour Market Services for Disadvantaged Persons and Childcare.

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<sup>2</sup> At various rates in the different EU Member States.

The long-term care is the sector that has changed more in terms of planning, provision and financing of the services. The main driver of these changes is the demographic change. The ageing EU society is facing problems of economic growth and the financial sustainability of their social insurance schemes due to increasing age-dependency.

Labour Market Services for Disadvantaged Persons reflect several national differences in the EU Member States. The main challenge for these services is to adapt themselves to the changing labour market needs. Given the EU agenda of promoting higher economic growth, competitiveness and social cohesion, it is crucial to implement active inclusion policies for people with disabilities, especially to provide better access to services and programmes to help them to get a job in the open labour market or in sheltered workshops.

Thanks to an increased labour market participation of women, childcare services have rapidly expanded in many EU Member States. Moreover, the supply of childcare services has become more specialised and enhanced the level of quality that that fostered healthy development, socialisation and education of children. Developments in childcare are a result of the emerging needs resulting from gender equality policy objectives and changes in family structures.

## **5. Modernisation in SSGI organisation and management**

The final section of the Biennial Report gives a more general description of the reforms which Member States have undertaken in response to the socio-economic changes facing the sector. These reforms have often led to significant changes in the way these services are organised, provided and financed, which have resulted in the outsourcing of services previously provided directly by the public authorities.

Four main orientations characterise the organisational and managerial aspects of the reforms of social services in the Member States: performance management, user orientation, integration of services and rescaling of governance levels.

A key feature of the reforms has been the increased *measurement of performance*. The main steps in measuring performance consist in:

- developing a consensus on missions, goals and objectives
- implementing performance measurement systems including performance indicators
- using performance information as a basis for decision-making

Three types of performance measurement tools are usually used in order to assess the performance of social services: performance indicators, benchmarking and outcome assessment.

*User orientation and access to social rights* is one of the general trends of modernisation across the EU. The objective is to enhance quality and efficiency, notably by establishing a direct feedback between users and providers. A further aim is to increase users' autonomy and their capacity to participate in society. This explains why modernisation strategies that aim to promote access to social rights also endeavour to increase user orientation and empowerment.

*Service integration* refers to the coordinated delivery of a range of services to beneficiaries. It is usually implemented through 'integrated gateways to services' and through 'service platforms' that make access to services more user-friendly. In many areas of social policies, the integration of social services is a powerful tool for increasing the effectiveness of social services and avoiding the undesirable side-effects of social schemes. However, it requires sufficient resources to be allocated to coordination and need-assessment tasks.

*The introduction of new forms of public-private partnership* is another characteristic of the modernisation of the SSGIs sector, where the State is playing more the role of the guarantor rather than the provider. The delegation of tasks to private providers requires comprehensive framework regulations that can range from technical specifications to quality standards and also cover the financing of services and how infrastructure and investment costs are shared between public authorities and providers. It also leads to new forms of partnership between public authorities and

private organisations. Public-private partnerships (PPPs) are a specific form of partnership and cooperation between public authorities and private entities. Some Member States (including Austria, Ireland, Poland and Spain) have expressed their intention to make increasing use of PPP-type models in the future. Even so, PPP models seem to be more relevant for specific sectors and limited tasks.<sup>3</sup>

*The development of new governance practices* is another outcome of modernisation. In the report is indeed stressed the change in the role for public authorities from hierarchical intervention to partnership with multiple stakeholders and dialogue with civil society<sup>4</sup>. These new forms of governance require the development of institutionalised partnerships where the role of public authorities becomes horizontal. From these developments we assist at an *increased role of market-based regulation*. The Biennial report identifies two main regulatory mechanisms in the area of social services: public programming regulation and Market-based regulation; and the shift from the first one to the second one.

## 6. Conclusion

The Biennial Report is considered by the European Commission as the first manifestation of the monitoring and dialogue procedure in the social services sector. A process which will be continued, given the economic importance of these services and the key role they are expected to play in the implementation of the Social Agenda. It aims at ensuring concrete access to social services by monitoring, for instance, the social provision, the applicable legal framework and the status of the rights to services, but also the resources allocated, the process and procedures for realising rights and the ability of users to claim their rights. From the Report in fact emerged that in the EU Member States, strategies to facilitate access to social rights aim often at strengthening *user orientation and user empowerment*.

Member States have committed themselves to the modernisation of SSGIs in order to meet evolving needs and societal challenges. Even if these modernisation processes take different forms and start from different levels the overall tendency has been to decentralise social policy issues remitting the responsibilities to local authorities, due to the increasing demands for regional autonomy and the search for cost-effectiveness and efficiency. In most Member States, however, a number of social policy instruments remain competence of central governments that have regulatory and control authority over most national social security, social welfare and employment institutions.

Modernisation processes have lead to a situation in which the State is less than before a direct provider of the service but is playing an increasing role as regulator/guarantor, while remaining an essential source of financing. As a consequence of these changes, a growing proportion of social services in the European Union now fall under the Community rules on competition and the internal market. As a result, national authorities, at central, regional and local level, increasingly have to apply these rules when defining, organising and providing SSGIs by taking a 'market-oriented' approach, approach not often welcome as it put at risk the objectives pursued by services that are generally driven by the principle of solidarity.

Finally, the Biennial Report is an additional tool of a broader strategy of the European Commission to provide practical guidance to stakeholders active in the field of SSGIs and to support them in understanding and applying the applicable rules. In fact in the last part of it, are included some of the answers contained in two Staff Working Documents<sup>5</sup> dealing respectively with State aid and public procurement rules accompanied the Communication. Both these documents are valuable tools at the disposal of those involved on the ground.<sup>6</sup>

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<sup>3</sup> This is particularly the case for the social housing sector, where PPP models concern essentially the construction of housing and not the operation of social housing or related services.

<sup>4</sup> Civil society: social partners, local authority representatives, social entrepreneurs and other NGOs as well as community-based groups, voluntary organisations and self-help initiatives.

<sup>5</sup> Frequently asked questions documents concerning the application of the public procurement and state aid rules, SEC(2007)1514 and SEC(2007)1516 of 20 November 2007.

<sup>6</sup> In addition to these, the Commission has created an 'interactive information service' (IIS). This service has been operational since the end of January 2008. Questions can be sent to the

## LINKS

- EPR analysis paper “Services of General Interest and Social Services of General Interest after the Lisbon Treaty and the Commission Communication: Services of general interest, including social services of general interest. A new European commitment”  
[http://www.epr.eu/images/EPR/documents/policy\\_documents/ssgianalysis.pdf.pdf](http://www.epr.eu/images/EPR/documents/policy_documents/ssgianalysis.pdf.pdf)
- European Commission Communication: Services of general interest, including social services of general interest. A new European commitment  
[http://ec.europa.eu/services\\_general\\_interest/interest\\_en.htm](http://ec.europa.eu/services_general_interest/interest_en.htm)
- European Commission Staff Working Document on the application of the public procurement SEC(2007)1514:  
[http://ec.europa.eu/services\\_general\\_interest/docs/sec\\_2007\\_1514\\_en.pdf](http://ec.europa.eu/services_general_interest/docs/sec_2007_1514_en.pdf)
- European Commission Staff Working Document on state aid rules SEC(2007)1516 of 20 November 2007:  
[http://ec.europa.eu/comm/competition/state\\_aid/legislation/faq\\_sieg\\_en.pdf](http://ec.europa.eu/comm/competition/state_aid/legislation/faq_sieg_en.pdf)
- Interactive Information Service:  
[http://ec.europa.eu/services\\_general\\_interest/registration/form\\_en.html](http://ec.europa.eu/services_general_interest/registration/form_en.html)