Investing in Social Care & Support
A European Imperative
This is a report by the European Association of Service providers for Persons with Disabilities (EASPD).

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From disenfranchised people to empowered citizens...

“Are social protection systems merely administrating the poor and unemployed or are they actively helping a disadvantaged person find new opportunities and escape marginalisation? In the short-run, this will require investments in – and close monitoring of – social protection systems. But in the long-run, the extra cash will pay off, as nothing is more costly than a growing number of permanently disenfranchised citizens”

European Political Strategy Centre: The Social Dimension of the Economic and Monetary Union: Towards Convergence and Resilience. Issue 5/2015

I. Introduction

Social Europe is at a crossroads. The European welfare system is one of the defining factors of what can be considered the European social model. It is at the very foundations of European culture, economics and identity.

Care and support services are the engine of the European social model. They enable older people to live better, longer and healthier lives. They help persons with disabilities to have full and active lives in society. They ensure that children can have decent lives and education, providing them as best as possible for active participation in society. They provide the right guidance and support for migrants to integrate fully into society. By doing so, they also help to provide choice and options to these people’s families and friends in terms of informal care and support.

Yet for the past decade, investment into quality social care and support has decreased throughout the European Union. This is at a time when demand for such services are increasing dramatically. The immediate political response to the economic crisis was to cut back on funding in this field. Irrespective of if this was the right response or not for the economy, it has significantly hindered the social care and support sector’s capacity to innovate, provide better quality and more effective services and employ well-trained and decently paid staff. On the long run, such an approach is not sustainable; at least not if we are to ensure universal access to affordable, accessible, adaptable and available care and support services.

Public expenditure is crucial. More can be done to increase public income through better and fairer tax collection and ensure that all contribute fairly. A better prioritisation of public expenditure towards
quality social care and support is also important. Such policies will be essential if we are to keep and strengthen the European social model. The alternative will be a more unequal, less inclusive and less productive society. This would guarantee little future to the European project as we know it.

The size of investment required means nonetheless that a re-think is necessary. New instruments and tools will be needed to help make the most of public investment and ensure the presence of quality community-based care and support services, with well-paid staff. The sheer volume of the increase in demand for social care and support in the future, in particular for the elderly, will mean that complementary private investment instruments can help to better manage -not replace- public investment into the sector. This is particularly the case to help provide capital to build, innovate and implement community-based social infrastructure.

The Annual Growth Survey 2018 highlights precisely this point arguing for “greater private sector contribution to human capital development and infrastructure projects (to) complement and leverage public sector support”. The AGS continues by arguing the merit of “establishing a financial framework conducive to investment and the mobilisation of private capital that allows the combination of financial instruments and grants to help projects get off the ground”.

The following report provides an overview of what the European Union should consider to help ‘social care and support infrastructure projects’ off the ground. The report first assesses the sectors trends to ensure that investment goes towards supporting the sector’s needs. The report also provides an overview of the role public and private investment must play in social care. Finally, the report makes several recommendations as to how the European Union can help provide ensure universal access to quality community-based care and support through better investment into modernising Europe’s social infrastructure.

Given the cross-European nature of the challenges at stake, a European strategy on Quality Social Infrastructure will be needed to ensure a sustainable future to the European social model. The recent proclamation of the European Pillar of Social Rights and the Annual Growth Survey 2018 provides the political framework on which the European Union could base such a strategy; especially given the importance of the social services sector in implementing said Pillar and achieving inclusive growth.
II. Future of Social Care and Support

A. Defining the sector

Social services play an essential role in caring for and supporting all people who may need such help. For the purpose of this paper, social services should be understood as care and support services for older people, people with disabilities and children, as well as services to reach excluded and disadvantaged groups (migrants, roma, mental health services, etc).

Social services can include (among others)

- employment and training services, such as supported employment, vocational education and training, sheltered workshops, etc.
- Education services, such as special schools for persons with disabilities, or specialised support in mainstream schools, etc.
- child care and early intervention services,
- short, medium and long term care, such as independent living services, supported living, semi-residential care, residential care, respite care, day care, shelters, etc
- social housing
- social assistance services

Social service providers take three main legal forms in Europe: private not-for-profit, public and private, the majority being private not-for-profit organisations. Although this can take different forms in different countries, the current main funding model in the European Union is for local and regional authorities to procure out or subcontract the actual service provision to a private organisation (either not-for-profit or for-profit). Other models exist such as where the local and regional authorities monitor, fund and provide the service themselves (primarily in the Nordic countries and in Central and Eastern Europe) or when the individuals pay for the services themselves; either from their own pocket or through public subsidies.

B. Added value

According to the European Commission, as well as to EASPD, “these services are a vital means of meeting basic EU objectives such as social, economic and territorial cohesion, high employment, social inclusion and economic growth”.
In other words, social care and support play an essential social role in creating the means for which all people can participate in the community, have access to their human rights and can live in dignity.1

The European Union recently proclaimed the European Pillar of Social Rights. Social care and support services play a direct and crucial role in implementing at least 10 of 20 of the Pillar’s principles:

➢ Principle 01 - Education, training and life-long learning, by supporting all people to have access to such opportunities
➢ Principle 02 – Gender Equality, by providing care and support to enable parents, often women, the choice to work if they wish to.
➢ Principle 03 – Equal Opportunities, by helping all people to access employment, social protection, education and access to goods and services.
➢ Principle 04 – Active support to employment, by providing personalised, continuous and consistent support to help disadvantaged people onto the labour market.
➢ Principle 09 – Work-life balance, by providing care services to those who need it
➢ Principle 10 – Childcare and support to children, by providing care services to those who need it, as well as additional support for disadvantaged people
➢ Principle 17 – Inclusion of people with disabilities, by providing services that enable people with disabilities to participate in society and in the labour market
➢ Principle 18 – Long-term care, by providing quality long-term care services to people who need it.
➢ Principle 19 – Housing and assistance for the homeless, by providing support services for homeless people
➢ Principle 20 – Access to essential services, by helping disadvantaged people to access essential services.

It is fair to argue that the European Pillar of Social Rights will not be implemented without quality care and support services, through community-based social infrastructure and well-trained staff.

Equally, they play a pivotal role in strengthening the economy by helping all people, including those most disadvantaged, into jobs, education and training; therefore contributing to a stronger and more inclusive economy. For instance, a 2016 study by Dr Stephen Beyer and Dr Annie Beyer on The economic impact of inclusion in the open labour market for persons with disabilities shows that “disabled people, government and taxpayers are likely to benefit financially in the long-term from greater investment in employment in the open labour market for persons with disabilities”.

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This is also the main theme in a European Commission 2013 Communication on Social Investment which argues that “society as a whole bears the social and economic costs of unemployment, poverty and social exclusion”. In an ageing society, it is also essential that we enable all those of working age to access the labour market. By 2060, it is expected that there will be only two workers for every person aged 65 or over. Half as many as today.2 Creating a more inclusive society, where all people of working age can contribute is therefore a must.

C. Job Creation and economic contribution

According to statistics by the European Commission3, the social services sector today is one of the biggest job creators in Europe, with over 1.75 million new jobs created between 2008 and 2015. When we look at job creation in health and social services as a whole, the social services sector represents the majority (58%) of new jobs created. It is important to note that this was achieved at a time when public funding to the sector was cut -in real terms- in most, if not all, EU Member States.

In terms of absolute figures, European Commission statistics show that the social services sector accounts for 10,106,800 people. In terms of economic output, the Health and Social services sector represents a 7th of EU GDP4; a growing amount of that being the social services sector alone.

With changing demographics, social trends and family patterns (explained further later in the report), the Social Services sector is widely expected to grow significantly over the upcoming decades. In Belgium for instance, the social sector has played an ever growing part of the economy with the sectors added value, output, intermediary consumption and employment growing by -respectively- 20%, 25%, 29% and 34% between 2000 and 2014. This is higher in all aspects to other sections of the economy5. Similar trends can be seen throughout Europe.

D. Major trends

Like many other sectors, Social Services are in an important period of transition, impacted by paradigm shifts, demographic changes, economic developments and the digitalisation of society.

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2 European Commission: Ageing Report 2015
5 VERSO, Social profit sectors in macro-economical perspective, Production, Expenses, Income, Cahier Verso 5/2016
a. Transition to community-based social care and support

The last few decades have seen a shift in mentality as to how care and support should be provided: away from focusing on isolated social issues and looking more at people in the context of family and neighbourhood. This is in large part due to the growing impact of the human rights model on service provision, further strengthened by the ratification of the UN Convention on the Rights of Persons with Disabilities (UN CRPD) by the European Union and 27 of its Member States. The UN CRPD defines disability as an evolving concept, which results from the “interaction between persons with impairments and the attitudinal and environmental barriers that hinder their full and effective participation in society”. The logical consequence of such an understanding of disability requires social services to help create the right attitudinal and environmental context which allows the full participation of persons with impairments in society.

Social Services should be community-based, instead of institutional and segregating. They should target not only the individuals with impairments themselves, but mainstream stakeholders (businesses, schools, local communities) too. They should not force individuals to live in centres, but allow them to live -and receive support- where they wish. Public funding should also help individuals to be in control of the type of care and support they need.

This requires a paradigm shift for social services; which entails changes to both the way support or care professionals work and the infrastructure in which they work in. Significant progress has been made throughout Europe with more person-centred community-based services placing the individual in control of his/her support being developed on a day-to-day basis. Nonetheless a lot more remains to be achieved to create a truly inclusive society. The European Expert Group on the Transition from Institutional to Community-based Care provides expert support on how EU, national and regional policies can be developed and implemented, within a short to medium timeframe, to ensure that such a transition is beneficial for the individuals who benefit from such support and for society as a whole.

b. Demographic changes, evolving family patterns and work-life balance

Demand for social services in Europe is also increasing considerably, as is reflected by the huge job creation in the sector.

Demographic changes play an important role in that regard, with demand for quality elderly care and support services expected to explode in the upcoming decades due to the ageing population. The number of people over the age 80 is expected to rise from 27 million people in the EU in 2016 to 63
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million people in 2060. The percentage of people between 65 and 79 years old will increase from 18.9% in 2015 to 29% in 2060.  

Although several variables come into play, it is broadly accepted that a higher number of older persons will intrinsically come with a higher need for support and care; due to increased impairments and increased dependency. An ageing society is not the only explanation behind the increase in demand for social services. This increase in demand for support and care also comes at a time when family structures (more women in work), living arrangements (smaller families, more isolated persons) and mobility (living farther apart) are affecting the number of informal carers (more often than not, female family members) who historically provided an important part of the required care; as highlighted by the European Commission already in 2012. These developments have logically increased the demand for social services in all sub-sectors in social services: childcare, care and support for persons with disabilities, elderly care, etc.

Other explanations for the increase in demand for care and support services are:

➢ growth in the overall population;
➢ growth in the number of years we work;
➢ growth in the overall presence of stress and burn-outs;
➢ growth in migration of people within and towards the European Union;
➢ growth in the complexity of needs and support required;
➢ growth potential of social services sector, in particular in Central and Eastern Europe
➢ Etc

c. Economic developments

The last ten years have seen difficult economic developments, with most if not all EU Member States responding to the financial crisis and consequent heightened debt with a politics of fiscal consolidation – in other words, austerity. Whereas there are many complex and diverse views on this response, there is very little doubt that fiscal consolidation often led to additional financial constraints on the social services sector (at a time when demand was growing considerably) and consequently on the professionals they employ and the people they support. This is especially the case as up to 90% of social infrastructure is publicly financed in Europe; although this can vary depending on the sector and country or region.

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Evidence shows that investment rates have decreased by 15% since pre-crisis rates in 2017. Although this depends from Member State to Member State, investment in social infrastructure has also decreased proportionately more than in other sectors. This can in part be explained by the larger cuts to local governments than other areas of government. As the social services sector is often more reliant on local governments than national governments, this has clearly had a negative impact on investment into social infrastructure.

In the UK, for instance, the Local Government Association assessed that between 2011 and 2016, the British adult social care sector had to deal with a £5 billion funding gap due to stagnating net spending yet increasing costs for:

- General inflation;
- Increases in demand for everyday services and;
- Increases in core costs, such as national insurance, the National Living Wage and Pension Contributions.\(^8\)

In Slovakia, public contributions to non-public providers (care and day care facilities) have also not been adjusted (indexed) since 2012; meaning that social service providers are focusing primarily on “survival” rather than on innovation and improving the quality of the service provided.

Similar experiences can be found throughout the European Union, albeit to varying degrees.\(^9\) Although there is much evidence at local level, of the impact of austerity on the provision of social services, it is also evident that there is too little research done on this matter at European level.

Financial consolidation is only part of the problem given the sheer extent of the expected increase in demand for social services. The Social Protection Committee highlight that “according to the 2012 EU baseline scenario, between 2010 and 2060, public expenditure on long term care is projected to increase by more than 90%, with increase ranges from less than 45% in the United Kingdom to around 230% in Luxembourg.

Whereas improvements in efficiency within the funding, monitoring and provision of social services are indeed necessary and important, it would be wrong and dishonest to believe that this will be enough to cover even the majority of the 90% in increased costs by 2060. Improved efficiency and effectiveness of a service can diminish the cost per individual, it will not be enough to diminish the cost as a whole. A re-thinking is necessary. Investment will be needed.


\(^9\)EASPD: [Inputs on the Financial Crisis and its effects on social services for people with disabilities in Europe (2010)](https://www.easdp.org/epi/).
Inequality is also at its highest point in 30 years. Not only does this impact the day to day quality of life and ambitions of millions of people in Europe, it is also estimated that this level of inequality could result in a possible 8.5% decrease in DGP over the next 25 years. Social Service providers, especially those leading the transition to community-based services, play a crucial role in helping to empower persons with support needs in society. As such, quality social support can play a big role in helping to tackle such high levels of inequality in the years to come.

d. Digitalisation of Society

Technologies will fundamentally change the way in which we live, work and relate to one another. It will also change the ways we provide and receive social care and support. It will affect the day-to-day job of staff working in the sector by potentially improving working conditions and the service itself. If technology can take up the more mundane care activities, support and care workers could provide services which require more of the “human” element; a reality often put under pressure due to financial constraints (i.e. 15 minute/client, leaving no time for human contact). Assistive technologies can also allow people to stay more independent and avoid institutionalisation.

Yet an increasingly digitalised social care sector will face new challenges such as the management of collected data, retaining social interaction between the individual and his/her carer as well as bridging the multi-faceted and complex nature of the digital divide.

Many within the Social Services sector, as well as those who receive the social care and support, continue to be hesitant towards fully investing in the digitalisation of the sector. Given the possible benefits technology can bring for disadvantaged groups, it is essential that the Social Services sector starts to assess how to best take advantage of these opportunities, whilst also mitigating the challenges.

E. Future of Social Care and Support

Social services are intrinsically innovative, always finding new ways to improve the quality of care and support they provide, whilst also delivering them more effectively, efficiently and sustainably. Many social services are already finding day-to-day solutions to the above-mentioned trends. As highlighted in the Joint Declaration: Developing the Support Services of Tomorrow\(^{10}\)(2016), “individualised support, person-centred planning, co-produced services and the empowerment of individuals and

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their families” will increasingly be at the heart of all services and policy instruments. Many social service providers are already providing such services, with others making important steps in this regard. However, much more needs to be done to ensure that all social service providers are in line with the above-mentioned standards.

As said, social services are increasingly providing care in people’s own homes or in a variety of semi-residential or supported settings, whilst also using a broad range of technologies to help them do so. This will help people with support needs to be more independent and to participate in society.

Social services are also opening up more and more to work with mainstream services, for instance in the field of housing or employment. The ELOSH project\(^\text{11}\) aimed – for instance – at contributing to the fight against housing exclusion of groups with support needs by improving cooperation between social services workers and housing staff. Similarly, specialised support services are increasingly working with businesses to provide open labour market opportunities for persons with disabilities and other disadvantaged groups.\(^\text{12}\) EASPD’s cooperation agreement with the European Network of Public Employment Services is a good example of this. This increased cooperation, between different sectors, will continue to grow in the years to come.

A major barrier to these positive developments is the fact that much of the social services’ current infrastructure is out-dated and focused more on the institutionalised model of care and support. Even today, public authorities continue to underinvest in modern forms of infrastructure which could enable a more community-based provision of care and avoid institutionalisation. Rather than building or renovating large segregating long-term care facilities, EASPD suggests investing in a variety of community-based housing facilities (supported, small group homes, semi-residential, short-term stay, etc), alongside additional facilities such as community-based day care centres, respite care, primary care (and others) which can enable people with support needs to live where they wish and be engaged with their local communities; closer to work, education and social life.

The main asset in social services is the staff who actually provide the day-to-day care and support. The sustained financial pressure and growing demand on the social services sector has played a major role in straining the quality of jobs within the sector; often making them unattractive for potential staff, especially young people. This has led to staff shortages in most, if not all EU Member States. Major employers in the sector argue that staff shortages are due to “the difficulties the sector has to convince young people, from both genders, with attractive jobs and career opportunities in social

\(^{11}\) EASPD – \textit{ELOSH} – European Core Learning Outcomes for the Integration of Support and Learning

\(^{12}\) EASPD – \textit{Right to Work and Employment}
A recent study into in-work poverty in social care shows that in only four of the 13 Member States assessed does the average social care wage suffice for a single person with no children, second wage or other benefits. Some improvements can be made without significant investment and the development of social dialogue structures is one example. However, there is little doubt that staff shortages will render the provision of quality social care and support for all near-on impossible without significant financial outlay into improving the quality of jobs and attracting young staff.

Given the ageing of the social care workforce, there is an important need to train and re-train staff in view of re-aligning standards and practices with the quality principles included in the human rights model of care (i.e. the paradigm shift) and to take full advantage of technology. This again will require important financial investment.

The High Level Taskforce on Social Infrastructure estimate that the current levels of investment into health and long-term care infrastructure at around €75 billion per year, or 0.5% of the EU GDP. The same estimates argue that a minimum of €50 billion worth of investment would be necessary into social infrastructure if Europe is to provide quality community-based social care and support to all people in need. It is important to note that gathering data on the funding of social services is particularly difficult due to the variety of funding sources and definitions used at national or even regional level. However, EASPD would stress that these figures should be understood as absolute minimum. They also do not take into account the day to day cost of service provision; which covers the majority of social services’ expenditure.

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13 Common Declaration on the Contribution of Social Services to Europe (March 2017)
III. Investing in social care and support

A. The public investment imperative

As highlighted by the recently agreed European Pillar of Social Rights, the provision of quality social care and support services are essential for helping people access their social rights; be it employment, education or even simply living in dignity. For this to be made possible, quality social services must be made accessible, adaptable, affordable and available to all people in need of such support.

Central to achieving these four As is the responsibility of public authorities to ensure that sufficient funding is directed towards the financing of social services; through building modern fit-for-purpose community-based infrastructure and ensuring well-paid and well-trained care and support staff.

The current inclination to promote the marketisation of social services represents a concern, but also a challenge to prove that quality criteria, over cost factors with efficient schemes, can be of benefit to users, their families and society; both in the short term and in the long-run. There is, however, little to no evidence that the marketisation of social services leads to an improvement in the quality of service provided, as well as in the wages and working conditions of staff. At a time when demand for social services is increasing, when staff shortages in the sector are growing, when services are evolving from segregating to community-based and when assistive technologies are changing the ways services are provided, public authorities have to ensure that quality social services are accessible, adaptable, affordable and available to all people in need of such support and on an equal basis.

There are of course many ways in which to invest in such services. Yet only adequate public investment can guarantee that first, such challenges are adequately responded to and second, that all people in need can access quality community-based social services on an equal basis.

It is also true that many governments have constraints on their public expenditure. Although these governments can and should invest more by better prioritising their expenditure and managing public income, it is also important to recognise that the impact of ageing on European society and economy will continue to place pressure on government spending.

To better prepare themselves for such a possibility, it is essential that social service providers continue to demonstrate the importance of public funding for the future of the sector. It is also smart for social service providers and public authorities to explore how to make best use of public money available. They must invest to ensure that we have social services which cater to an individual’s needs within their own community; meet the growing demand for the sector and can adapt to future change. In
short, investment in social services must ensure that the sector is fit for purpose for the 21st century, providing quality community-based services through well-trained staff and suitable infrastructure.

It is critical that we find new solutions to ensure the continued funding and development of social services to support today’s societal and economic needs.

B. What role for private investment

Unlocking private investment into certain, appropriate social services projects can, if done well, help the sector innovate and improve the quality of their services. Although it is not a new activity, private investment into social services is controversial among many in the sector. There are many good reasons for this as the private financing of the day-to-day provision of social services has not always proved to be successful in guaranteeing or improving equal access to quality care services for all, nor to improve the quality of jobs within the sector.

Private financing can still play a role in accelerating the development of quality community-based services however, by providing capital at a faster rate than what the public authorities can currently provide. This is particularly the case for social infrastructure; rather than for the day-to-day costs of service provision.

As a result, such loans can aid the development of services in the short-term whilst allowing public authorities and service providers the opportunity to spread their investments over a longer period of time.

For instance, many social service providers have important investment plans in view of improving the quality of their services. Many of these involve the construction or renovation of infrastructure; for instance: community-based residential, semi-residential or supported living facilities, which meet the demand for services in the community. Public authorities cannot always immediately afford the full construction costs of such facilities, in addition to the current costs of funding the service provision. The authorities may be more inclined to fund the construction if they can spread the construction costs over a longer period of time. In this situation, service providers would need a loan, to cover the immediate construction costs, before public funding (and other) installments are released over time. Currently, many service providers struggle to get suitable loans, thus hindering their ability to improve their services.
C. EU Investment Plan: potential and reality

The EU Investment Plan is an important initiative developed by the European Union and the European Investment Bank to help access to finance (loans) for enterprises, including social service providers.

The EU Investment Plan’s main operational arm is the European Fund for Strategic Investment (EFSI). EFSI facilitates access to and improves loan quality by using EU money as a guarantee for private investors. As such, it aims at reducing the risk for investors. To date EFSI has helped 100,000s of SMEs and Infrastructure projects get access to more loans (in number) and to more decent loans (in terms and conditions), for example at a better rate than without any intervention by EFSI.

The EU Investment Plan also led to the creation of a European Investment Advisory Hub (EIAH), which provides advice, guidance and support to project developers seeking to access EFSI. The European Investment Project Portal (EIPP) was also established in order to better link up project promoters to investors worldwide.

Given the barriers to loans social service providers often encounter with private investors, in particular due to a possible higher risk profile, EFSI could play an important role in providing the necessary guarantees to ensure that a decent loan could be provided. Similarly, the European Investment Advisory Hub could help in bridging the language and knowledge gap between the social services sector and other investors.

In July 2017, EFSI had already unlocked over €268.90 billion into the European economy; already 72% of the planned €315 billion.

Of this amount

➢ 29% has gone towards helping smaller companies get access to finance
➢ 22% has gone towards Energy-related projects
➢ 22% has gone towards Research, Development and Innovation.
➢ Only 4% has gone towards Social Infrastructure.

Investment into Social Infrastructure has led to interesting and important projects; such as €70 million for the development of 14 community-based Primary Care Centres in Ireland, €125 million going towards the construction of 2198 housing for people with low income in Barcelona and several other million going towards building and refurbishing schools in the city of Espoo, Finland. There is however little evidence of the social services sector taking advantage of the opportunities offered by EFSI, despite the significant investment needs in the sector. At the very most, the use of EFSI for the social care and support sector is limited to 1% of the overall investment made.
Even beyond EFSI, in 2016, the European Investment Bank invested over €8 billion in projects in the field of health, education and social housing; yet again, very little proof of any major investment going to the social services sector. The health, education and social housing sectors are very pro-active in accessing EIB and EFSI loans and have -as such- hugely benefited from it. This has not been the case for the social services sector, despite the huge and growing demand. This gap must be bridged. The European Union and the European Investment Bank could be major game-changers for helping the social services sector access decent loans for their infrastructure projects.

D. Barriers to loans

EASPD began working significantly on the EU Investment Plan and the opportunities it could bring for the social services sector in 2015. This led to a study on “Unlocking EFSI for Social Services” which presented the instruments available, how the sector could use them to access better loans and the main concerns and barriers on accessing loans for social service providers. This was followed up by a 2016 survey to its members in six EU Countries. In all six countries, social service providers spoke of their difficulties in accessing decent loans. There are three main reasons for this.

a. Misconceptions and poor communication

Firstly, in many EU Member States, the social services sector has very little experience in dealing with banks and other private investors. This is in large part due to the fact that their main traditional investor would usually be the local or regional authority. The interests and language used by private investors is often different to the relationship social service providers would have with local and regional authorities; and vice versa. This can lead to distrust and misconceptions between the different stakeholders.

This particularly noticeable when it comes to assessing the issue of risk. Private investors often wrongly view social service providers as a s (when made) which are seen as too risky or expensive by social service providers or their funders.

This perception, of social service providers by private investors, is not always well-founded. As previously mentioned, most social service providers rely primarily on funding by public authorities. Many contracts between service providers and public authorities would include a portion dedicated to investment needs and innovation. This means that there is a more reliable stream of funding to reimburse loans compared to if such a provider would be relying solely on other private income sources. It is also important to note that the funding of social services varies from country to country, or even from region to region.
There are also several arguments as to why the social care and support sector can be attractive for private sector investment. Indeed, social infrastructure investment:

- often has overall lower volatility of return(s) due to the system of an obligatory authorisation (and thus certain quality conditions) for the exploitation of the entity and the subvention systems for those recognised entities;
- is very often linked to inflation, which is very popular with institutional investors as they are thus more predictable and steady in return;
- have low correlation to other assets, which makes it unique;
- is often less exposed to market and systemic risk which is common within capital markets;
- has proven to contribute to tackling inequality, one of the biggest barriers to economic growth in the years to come;
- is also a reputational matter that can count when it comes to the societal, strategic or political marketing of investors.

All these factors would indicate that investment in social services infrastructure would be a rather reliable investment, rather than the current misconceptions which are extremely prevalent. Furthermore, the Social Services sector is an important and growing sector in Europe, currently opening its interest to loans to fulfil part of its financing needs. This represents a huge - €50 billion per annum - investment opportunity for private investors to enter into a new, unexplored market. This is clearly an opportunity investors cannot miss to create a more inclusive society, yet also an entry point into an important new sector. With such opportunity comes the challenge of better understanding the needs and interests of the other stakeholders; be they investors, authorities or service providers.

b. Expertise gap and lack of capacity

There is also the difficulty that social service providers have significant experience in accessing public grants; yet significantly less knowhow in dealing with private investors. As such, their structures and work methodologies are not always set-up in a way in which private investors are used to. The same can be said for private investors whose structures and work methodologies are not always set-up in a way which would facilitate investment in social services. Unlocking investment into the sector would therefore require significant capacity-building on all sides.

There are also barriers in terms of legislation. For example, in some EU Member States, public authorities do not allow not-for-profit organisations to pay back the interest rate of loans with public money. This situation can be solved by larger organisations (through for instance the creation of
foundations, subsidiaries or through crowdfunding), but this is not always currently the case for smaller organisations, and continues to remain a barrier. A more systematic solution could help all service providers, irrespective of their size, to access loans in innovate and improve their service.

c. Unsuitable tools and instruments

An important barrier to investment is the disaggregation of investment plans of each and every social service provider. Indeed, the significant majority of social service providers in Europe are in the form of Small and Medium-sized Enterprises; thus with infrastructure investment needs for amounts which are very often beneath the standard levels for infrastructure projects. Whereas infrastructure projects by the European Investment Bank, for instance, usually range in the hundreds of millions of Euro, most investment plans identified by EASPD would range between the €1-30 million mark. This is one of the main specificities of social infrastructure investment where the overwhelming percentage of them are below €30 million. Yet such investments would however also -generally- be too large for the average investments made through the SME window of EFSI, usually focusing on under €1 million loans. As such, current instruments at EU level are not particularly suitable to the average investment range made by social service providers.

Another major concern for social service providers and user organisations is to ensure that any new financial instrument facilitates the development of quality community-based care and support services and does not contribute to building or refurbishing outdated institutional models of social service. There is a risk that private investors prefer to invest in poorer quality social infrastructure projects as it may be financially advantageous on the short term. This would be a bad investment; as it would lead to the development of infrastructure which is ill-suited to the 21st century economy, as well as the needs, wishes and choices of the people social service providers aim to support and empower; namely persons with disabilities, elderly people, children, migrants, etc. It is crucial that improving access to loans for social service providers fully supports the transition to quality community-based services and the positive developments that come alongside it. This is the case for a conditionality for the use of European Structural and Investment Funds, for instance.
IV. Recommendations

The Social Services sector has an important infrastructure investment potential of €50 billion additional per year for next decade in the European Union. Such investment is necessary to ensure that the social care and support services sector is able to provide quality community-based care and support for millions of people in Europe and their families. This would not only improve quality of life in Europe; but also ensure that all people can contribute in society, therefore contributing to tackling inequalities and supporting inclusive growth.

Unlocking investment into the sector is therefore not just an option, but a necessity. Additional public investment will be needed and private investment will also have a complementary role to play.

The challenges for private investment -and in particular access to loans- are clear:

1. Misconceptions and poor communication between the different stakeholders
2. Expertise gap and lack of capacity to invest/receive investment
3. Unsuitable tools and instruments for social infrastructure investment

Establishing practical and effective solutions should be a priority for the European Union in the years to come, especially in view of the rising demand for such social services. This includes setting up a framework in which to unlock investment into social infrastructure, including for social services, but also other sectors such as in healthcare, education or social housing. All four sectors play an important role in enabling all people to be active in society.

Given the Europe-wide increase in demand for social infrastructure, the European Commission must take the lead and put in place effective investment solutions for the years to come. EASPD therefore welcomes the willingness of the European Commission to explore how to help investment into human capital development and infrastructure projects, as said in the AGS 2018.

The High Level Taskforce on Social Infrastructure (HLTF SI) is an initiative chaired by Mr Romano Prodi and co-chaired by Mr Christian Sautter in view of unlocking investment into social infrastructure as a whole, including the social care and support sector, as well as healthcare, education and social housing. The Taskforce’s report will soon be launched and will include recommendations in this regard.

As a member of the High Level Taskforce, EASPD supports many of the prescriptions included in said report and recommends other complementary measures, more targeted to the specific needs of the social care and support services sector.
Similarly to the HLTF SI, EASPD recommends the creation of a **European Strategy for Quality Social Infrastructure**. Such a strategy would help unlock investment through three main actions:

**a. Setting-up a European Fund for Social Infrastructure Development (EFSID)**

EFSID would aim specifically at unlocking investment into four main sectors: social care and support, healthcare, education and social housing. It could either be part of or a separate instrument to the EU Investment Plan and would be suitable to the specific needs of social sector projects.

EFSID would provide an initial €5 billion budget from the European Union and the European Investment Bank’s own sources; which would help to unlock €25 billion worth of investment into social infrastructure projects over a 5 year period. As Social Infrastructure are generally long-term investments, requiring longer commitments, it would be necessary to also ensure a follow-up mechanism to the initial EFSID budget. The HLTF SI includes positive recommendations in this regard.

EFSID would provide similar levels of guarantee to general EFSI rules, but would include a lower threshold for infrastructure projects. Stronger partnerships with engaged financial intermediaries would be essential.

EFSID would also include instruments to help support investment into micro-infrastructure projects (250,000 to 2 million EUR), which are often very localised and community-based. Expanding the investment limit in the Employment and Social Innovation (EaSI) Guarantee would provide some solutions. Another instrument could help the development of “Social Public-Private Crowdfunding.” This instrument such possess certain characteristics such as:

1. the necessity to do so in collaboration with a (or more) local authority(ies);
2. that it only raises money in the form of capital or loans for quality social projects and;
3. that the underwriting is taking place following a standardised set of rules concerning the transparency of the platform, project and rules concerning the information, rights and protection of investors.

EFSID would also include a grant-based mechanism -through the European Structural and Investment Funds- to further support investments in areas which require such additional capital. The successful blending of funding from different sources is crucial to unlock investment in social infrastructure; in particular in Central and Eastern Europe. This would also mean that EFSID would also take-up the ESIF conditionality, especially when it comes to quality criteria.

Last but not least, EFSID would also provide more targeted communication tools and advisory services to the social sector, in particular through the creation of structures mentioned in the following section.
Due to the specificity of the social care sector’s funding and activities, it is crucial to provide such technical assistance and capacity as close as possible to local needs.

b. Setting-up structures to ensure a pipeline of quality projects

Despite the social care and support sector’s important investment needs, there is currently a lack of quality projects which are being brought to potential investors. The European Strategy for Quality Social Infrastructure must set-up adequate structures which can help a broad range of stakeholders to identify and assess the right projects.

A new European High Level Group for Quality Social Infrastructure investment would have to be created to provide stewardship for this initiative and a range of advisory services by bringing together and structuring the relationship between interested parties: social sector organisations, investors, public authorities, EU and European Investment Bank, promotional banks and private sector investors as well as other representatives from civil society (end-user organisations, etc).

The HLG QSI could provide:

a. advice on the pipeline of quality social infrastructure projects
b. guidance on social standards, implementation of European Pillar of Social Rights and support the correct use of EFSID’s quality conditionalities
c. guidance on any relevant EU policies and legislation
d. support for Member States and/or regions with a lower take-up of EFSID
e. coordination of the national and regional social investment councils

The national/regional Social Investment Councils would:

f. be set-up in each Member State, coordinated by the HLG,
g. bring together a wide range of national/regional stakeholders: service providers, authorities, investors, etc.
h. structure cooperation between stakeholders in view of building a pipeline of bankable quality social infrastructure projects to benefit from EFSID.
i. This will be done through structured cooperation to:
   i. Build capacity between the different stakeholders and provide advisory services to one another.
   ii. Provide space for all stakeholders to communicate, better understand the sector’s investment needs and exchange project plans.
   iii. Bundle different investment plans together.
iv. Develop social impact measurement standards and ensure quality conditionalities are correctly understood and applied.

v. Help blend EFSID with European Structural and Investment Funds and other funding opportunities.

vi. Strengthen the role of financial intermediaries as the link between regional level social infrastructure projects and the European Investment Bank.

c. Strengthening research and data in social care and support, healthcare, education and social housing

An alliance or network of data coordination on European Social Investment and social infrastructure investment should be set-up and include academics, public authorities, investors, service providers and Eurostat. One of the biggest challenges for better understanding and monitoring the social needs and investments in Europe is the lack of disaggregated data at European level in the social sectors. The European alliance would provide oversight and help to coordinate, gather and compare the collection of data on funding and investment levels into social sectors, trends and needs of the users, organisational developments, job creation and working conditions developments, etc. It would also enable the collection and sharing of promising practices.

There is a significant lack of data on these sectoral issues. As the development of enabling social infrastructure and services will be a growing economic and social priority for Europe, it is essential that the European Union prepares itself in advance for better understanding the challenges and preparing adequate legislative and financial solutions.
V. Conclusion

The social care and support services requires significant investment, estimated at €50 billion of additional investment each year for infrastructure alone by the High Level Taskforce on Social Infrastructure. This can be explained by the growing demand for such services, effectively funding the paradigm shift in the way services should be provided, the impact of the economic crisis, the necessity to recruit and retain sufficient staff and the need to take full advantage of the digital revolution.

Investing more into social care and support is a European imperative. Not only is the sector crucial to implementing the European Pillar of Social Rights, it will also play a major role if Europe is to forge inclusive growth, effectively tackle inequalities and ensure that all citizens are able to contribute to society. This political vision should be at the forefront of the European Union’s policy plans for the upcoming years.

Whilst the organisation of social care and support remains a national competence, the European Union can help to coordinate national policies to invest more and better into the sector. Yet, the European Union can and should go a step further and take a pro-active approach towards ensuring that the social care and support sector has the right infrastructure to provide quality services to those in need. The next multi-annual financial framework of the European Union will be an important opportunity to show the EU’s support for the development of the social care and support sector.

When it comes to financing the new infrastructure needs in social care and support, getting access to decent loans would facilitate and accelerate the development of community-based care and support services. Still today, far too many care and support providers are hindered in terms of their development due to difficulties in accessing decent loans.

Investing in human capital is a must and EASPD welcomes the AGS’ willingness to further explore opportunities in this regard. This is why EASPD recommends the European Commission to take the lead by proposing a European Strategy for Quality Social Infrastructure. The Strategy would help guide the European Union’s response to the challenges driven by demographic changes, globalisation and growing inequalities.

The last few years have shown that Europe must do more to ensure that everyone can participate in society. Investing to make sure all people, especially those most disadvantaged, and their families have access to quality social care and support services will go a long way to convince people that the European Union is working for them and responding to their day to day needs. Not only that, it’s also smart economics.
EASPD is the Association of Service providers for Persons with Disabilities. We are a European not-for-profit organisation representing over 15,000 social services and disability organisations across Europe. The main objective of EASPD is to promote equal opportunities for people with disabilities through effective and high-quality service systems.

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