Eurochild Annual conference

CHILDREN FIRST: Better public spending for better outcomes for children & families
Theme: public private partnerships

EU developments in social services: the role of the state and private actors in changing modern societies
Valentina Caimi, Policy and Advocacy Adviser, Social Platform
Who we are

The largest platform of European rights and value-based NGOs working in the social sector.

We aim to promote social justice, equality and participatory democracy by voicing the concerns of our 49 member organisations.
Our members
Specific mission of Social services of general interest

- promotion of enjoyment of human rights
- contribution to social cohesion
- ensuring territorial cohesion
- focus on people in vulnerable situation
- contribution to social inclusion
- promotion of people’s empowerment and well-being
- improvement of quality of life
- principle of solidarity
- promotion of gender equality
- improvement of reconciliation between private / family / professional life
- focus on people in vulnerable situation
In the EU access to SSGI is a human right

Access to services of general interest, such as social services, is a human right.

The Charter of fundamental rights of the EU contains provisions on:

- Access to placement services (art. 29)
- Social security and social assistance including housing (art. 34)
- Health care (art. 35)
- Access to services of general economic interest (art. 36).
Shared common values in relation to SGI

The EU and its member states share common values in relation to services of general interest:

- a high level of quality, safety and affordability
- equal treatment
- the promotion of universal access and
- the promotion of user rights.

source: Protocol 26 on Services of General Interest of the Lisbon Treaty
### EU and Member States’ Competences

**Art. 14 TFEU**

<table>
<thead>
<tr>
<th>Member States</th>
<th>EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Provision</td>
<td>• EP and Council can adopt a regulation to set out the economic</td>
</tr>
<tr>
<td>• Commissioning</td>
<td>and financial conditions</td>
</tr>
<tr>
<td>• Funding</td>
<td>• Commission ensures the correct application of competition and</td>
</tr>
<tr>
<td></td>
<td>internal market rules</td>
</tr>
</tbody>
</table>

**EU and Member States**

SHALL take care that such services operate on the basis of principles and conditions, in particular economic and financial conditions, which enable them to fulfil their mission.
Provision of social services in the EU

EU laws don’t oblige member states to contract out services.

It is a member state’s choice if to provide services directly or if to contract them out or commission them to third parties.

Social services are usually provided at local level: the choice is up to local authorities.
Provision reflects national cultural traditions

Cultural traditions of member states matter.

- Direct public provision (especially in Nordic countries)
- Important provision by the voluntary sector (e.g. UK, IT, FR)
- Prevalent provision by non profit organisations with different legal forms (welfare organisations in DE, associations in FR, foundations, social cooperatives in IT, mutuals in BE more for social and healthcare)
- Emergence of social enterprises (EU description of the concept but with very different understanding and legal frameworks in ms)
- For profit businesses (from very small to multi-national)
Difference in concepts

Social services of **general interest**

≠

French concept of *services publics*

*Whatever is the provider, a profit making logic should not prevail over the general interest enshrined in the mission of these services*
EU rules and type of providers

EU rules aim at establishing a level playing field among different providers.

• Recognition of the specific features of social services in EU legislation

• Very little recognition in law of the specificity of non profit service providers.

Exception:

  • New public procurement directive: foresees possibility to launch calls for tenders open only to non profit providers and social enterprises

• Fundamental right of service users to choose the provider they want
## Recent EU developments on social services

<table>
<thead>
<tr>
<th>Legislative framework</th>
<th>Policy framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Communications on SSGI</td>
<td>• European Voluntary Quality Framework for social services</td>
</tr>
<tr>
<td>• Services directive</td>
<td>• Social Investment Package</td>
</tr>
<tr>
<td>• New state aid package</td>
<td>• Social innovation agenda</td>
</tr>
<tr>
<td>• New public procurement directive</td>
<td>• Social enterprise agenda, incl. measurement of social impact</td>
</tr>
</tbody>
</table>

### Funding framework

- thematic objectives or priorities in ESF and ERDF
- EASI Programme
- Horizon 2020 programme
- European Social Entrepreneurship Funds regulation
## Main current challenges and opportunities

### Societal

- Ageing of population, migration
- Increased demand for social services due to societal changes and to the crisis
- More people and women in employment: less informal carers
- More single households; isolation

### Political

- Focus on efficiency and effectiveness in service provision
- Measurement of the social impact
- Shift from institutional to CB services
- Shortages in workforce
- Quality, affordability, innovation, integration of services, ICT application

### Financial

- Shrinking public financing
- Long-term investment and sustainability
- Competitive ≠ collaborative models
- Regulation of hybrid funds and PPPs

### Context

- More competition among providers
- Users’ choices and satisfaction
- More businesses interested in social aim
- More interested private investors
Global challenges (or opportunities?)

• Crisis aftershocks and more complex societal challenges → calls for mobilising all resources and challenges in society

• Global interest:
  – G7, OECD → with investor perspective

• Trade agreements: member states can decide to include social, health and education services in the scope of TTIP and TISA when privately funded
  ⇒ increased competition
  ⇒ creation of dual system
G7 report www.socialimpactinvestment.org

**IMPACT INVESTMENT: THE INVISIBLE HEART OF MARKETS**

Harnessing the power of entrepreneurship, innovation and capital for public good

Shift in capital market thinking:

1 trillion $ of new investment to tackle social problems more innovatively and effectively
Main risks of G7 report

- claim for urgent need for a revolution in government purchasing, with paying for successful delivery of specific outcomes as its core
- absence of notion of services of general interest
- no difference between financing a SSGI and supporting activities of businesses engaging in CSR
- civil society perspective absent
- recommendation to governments to relax regulations that prevent social sector organisations from generating revenues
EESC opinion on social impact investing

• Concerned of lack of social enterprise perspective in G7 debate
• SII must be seen in context of SIP and SBI
• SII is about combining different cross-sectoral resources to create social impact
• SII is one component in the social financial ecosystem
• SII should not replace the public responsibility of financing core activities in the social sector → rather complement
• Support excluding social investments from EMU fiscal rules, the financial "golden rule"
• SII is not CSR-aimed, but rather aimed at investing in social enterprises
EESC opinion on social impact investing

• Build on work done and principles set out already by the Commission and EESC when measuring social impact

• Best models for SII are hybrid capital solutions, the Commission to should explore the broad financial ecosystem needed

• Specificities of social enterprises must be considered - access to high-quality services and continuity of services

• Social economy and social enterprises are underdeveloped in many Member States, developing a social investment market is only secondary
What is the role of the state / public authorities?

• States have the **human rights obligation** to guarantee social rights

• Financing social services should be seen as **social investment**

• Whatever the service provider is and the source of funding used, **the state** should set a legal, financial and regulatory framework to ensure:
  
  **universal access** **non-discrimination**
  
  **Quality** **affordable** **accessible**

• Service provision needs to be **available** throughout the whole country
What is the role of the state / public authorities?

• Monitoring and evaluation of the service including its social impact
• Ensuring that private investors act in the general interest
• Ensure that the financial framework guarantees and does not undermine continuity of services
• Ensure that private financing is subject to high transparency requirements
• Keep the responsibility for setting the strategic social objectives, in dialogue with stakeholders and donors
How the EU could help?

- European Parliament & Council: adopting a *regulation setting the right economic and financial conditions* that ensure the mission of social services
- Commission: encouraging member states to develop financial tools for social services in *dialogue with all relevant stakeholders* including CSO
- Commission: developing the ecosystem for *capacity building actions* for CSO to measure their social impact
- Commission: monitoring that *ESIF funds* are spent to develop the capacity of public administrations and stakeholders in planning, organising, delivering or commissioning social services.
How the EU could help?

Two grey areas still persist in the legislative framework:

• Clarification of the concept of “financing” of social services

• What is the best way to finance partnerships and collaborative models of service provision?

Why?

policy coherence    legal certainty
How civil society organisations could help?

• Developing and *strengthening skills and capacity in measuring the social impact*

• Eventually *revising their ways of working* to shift from assessing outputs and participation rates to measuring the impact

• Engaging in a *dialogue with the private sector*, being it a potential partner or investor.
Thank you for your attention!

Valentina Caimi
Policy and Advocacy Adviser

valentina.caimi@socialplatform.org

www.socialplatform.org

Facebook: facebook.com/socialplatform

Twitter: @social_platform