

THINK TANK

Deliberation process on the work of the future: Working Document No. 8

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SPENDING, FINANCING AND SUSTAINABILITY OF SOCIAL SERVICES

1. Context for reflection

The forecast increase in the demand for social services over coming years will, in the medium and long term, bring with it a need to allocate a greater volume of economic resources to this sector of social protection. Over the last few decades, spending on social services has grown more than other items of public spending and above GDP or tax revenue, due both to the growth in the supply and demand for services and to the growth in unit costs. In this context, it seems necessary to reflect on the sustainability of spending in this area of public services and particularly spending related to aging.

In all events, this debate should be contextualized taking into account other elements, such as the growth in public spending as a whole, the increase in demand or the levels of spending in other countries. It is also necessary to reflect on the factors that determine public spending (coverage, intensities, unit costs and remuneration levels, co-payment levels of users, etc.) and on the strategies that have been applied in other countries to finance social services and/or to address the forecasts for increased spending: public and private insurance, increase in tax burden, regulation of economic participation of users, improvement in efficiency and productivity, reinforcement of informal attention and individual responsibility for care, improvement in prevention of dependency... It is also necessary to reflect on the very concept of sustainability and its application in the field of Social Services: what do we mean when we talk about the non-sustainability of spending? What levers need to be pulled to ensure this sustainability?

2. The reasons for the increase in spending on social services over the last 20 years

2.1. Improvement in care quality

The increase in services (diversification of the range of services on offer) and the improvement in the quality of services has led to an increase in social spending and in social services in particular. This improvement not only involves the development of new services but also the progressive incorporation of highly qualified personnel, which in turn increases the costs and expenditure of the social services.

2.2. Improvement in development of social rights

Over the last 20 years, important social legislation has been developed which, while improving the social rights of the population in general and of specific groups in particular, has increased spending on social services to cater to these new rights. One example is the Dependency Act.

2.3. Change in the welfare state model

Over the last 20 years, the Social Welfare model has been modified, not only by developing social rights and improving quality of care, but also by institutionalising attention and care, taking on functions (with their associated costs) that were previously performed by the third sector (in an inequitable and unequal manner) and by families.

2.4. Increase in population with the highest levels of dependency

The increase in the percentage of the total population with different levels of dependency has changed the parameters of spending on social services. This change involves not only an increase in spending on dependency (ageing and chronification) but also a relative decrease in spending on other social groups that are also vulnerable (social exclusion).

2.5. Increase of population in conditions of social vulnerability

The increase in the population in conditions of social vulnerability as a result of successive economic crises (2008 and also the COVID-19 pandemic) and the migration crisis, has increased spending on guaranteeing an acceptable level of social cohesion and integration of people made vulnerable by crises and migrations.

2.6. Increased social spending due to inefficiency

The increase in social spending over the last 20 years can also be associated with the general inefficiency of the system, which has not been developed in an orderly and consistent fashion, since the social services meet expenses that do not correspond to them and should be financed from guaranteed income or other sources of public and private spending. In addition, there is a tendency to spend more on the same types of services (quantitative development) without addressing issues of efficiency and effectiveness (qualitative development). Along the same lines, the system has lacked an adequate prevention/anticipation model, and this has transferred the inefficiencies of the past to the future (i.e. now).

2.7. Changes in family structure

Changes in family structure affect the care system (both formal and informal), and have an important impact on the system's resources, both from the perspective of payment (co-payment) and expenditure. Trends in family structure are as important as trends in population ageing.

2.8. The Impact of the Covid-19 crises

The Covid-19 crisis, although a one-off situation in terms of expenditure, may in the future represent a source of additional expenditure in terms of overcoming the impacts of the crisis, especially in residential care and among older people with higher levels of dependency.

3. The strengths and weaknesses of the social services model from the point of view of expenditure

3.1. Strengths

Provincial Framework. The institutional structure (provincial framework) is one of the strengths of the system, with important margins of power for designing social policies and services, even though the full potential of the powers has not been fully exploited.

Political Priority. Social policies are one of the central axes of the Provincial Government's policy. Social cohesion is a political priority in the province. This represents a strength when it comes to developing and evaluating the social services model from the perspective of expenditure. In addition, there is a high degree of political consensus on allocating resources to ageing and disability (although not the same consensus when it comes to increasing spending on social exclusion, for example).

Balance between benefits and services. The political priority means that the Provincial Government of Gipuzkoa allocates significant resources to cohesion and social services as a total percentage of available resources, and this expenditure has been made with a relative balance between benefits and social services.

Orientation of spending to the social sector. From the perspective of social cohesion, targeting spending on the most vulnerable groups is one of the strengths of the system, focusing spending on those who need it most, thereby increasing social cohesion.

The informal network. One of the strengths of the social services system in Gipuzkoa is that it has an important informal care network, which must also be strengthened.

Qualified personnel. One strength for the management of social services resources is the existence of personnel who are qualified to manage social system resources.

Solid experience in disability management. There is a solid experience in the area of disability management, both in home and centre-based social resources.

Consolidated public-private management model. Gipuzkoa's social services have a consolidated resource management model, where the public sector relies on the private and social sector for performing expenditure. Although this model requires improvement, it is a strength of the Gipuzkoa system that can facilitate the development of efficient models of expenditure.

High-quality third sector. Another strength that some third-sector service-providers have developed in line with demand and the needs of social services, offering high-quality and well targeted services.

3.2. Weaknesses

Weak technological system. The technological development of the third sector, the residential sector and social policies in general is a weakness that affects the social services model and has consequences for spending, either because technologies might make

spending more efficient and produce savings, or because investment in technologies would increase spending. This is an important balance for the future.

Low visibility of spending and its impact. There is a weak system of social communication regarding social services expenditure and its cost structure (including the contribution of government, families and the private sector).

Non-uniform financing structure. Compared to other provinces in the Basque Country, Gipuzkoa could improve its spending on social services as a proportion of provincial GDP. At the same time, the central government and the municipalities contribute relatively little to total expenditure on social services. It would be advisable to move towards a more balanced model (even if it means modifying competency frameworks).

Less consolidated areas of social services. Social services are not uniform, either in their capacity for intervention or in their capacity for execution and expenditure. In particular, in order to develop a care policy that extends to all social services, weaknesses can be seen in certain areas such as childhood (minors), youth and social inclusion.

Coordination of the socio-health system. Weaknesses in the socio-sanitary coordination system affect the allocation and execution of resources linked to social services. Inefficiencies in coordination strongly affect the execution of spending, in terms of efficiency, but also in terms of impact.

Financial imbalance - indebtedness. One of the weaknesses of the system is a certain financial imbalance of the Provincial Government of Gipuzkoa, emerging from the crisis of 2008, with an average indebtedness that may affect social services in the long term.

Lack of awareness of the "common" aspect. Social services are based on a culture of commonality, solidarity and a shared economy. At present, the drive towards individualism is affecting this awareness of the 'common' and resulting in a vision of social services that lacks solidarity. This tension has an impact on the conception of investments and expenditures in social services.

Prioritisation of investment in infrastructures over community level. Social services have favoured investment in infrastructure (buildings, etc.) rather than in the community and social sphere, favouring intangible dimensions of care over tangible ones. This change in orientation implies a new model of investment and expenditure in social services.

Absence of economic evaluation policies. To date, there is no transparent public system for economic assessment of the social services system, which would make it possible to report on the allocation of resources and expenditures made in order to monitor benefits and evaluate the impact of spending in terms of improving quality of life. These tools would in turn make it possible to anticipate/prevent critical situations in the future in order to correct them in the present.

Complexity of social services. The complexity of social services, with a host of intermediate figures with large-scale participation of users in the management and economic coverage of services, instead of having simplified systems that facilitate the self-management of users through direct payments.

4. Priority areas to be funded to drive a new care model (transitions)

4.1. Strengthening home-based care

Define a new framework for financing home care, updated to cater to new demands and anticipating that demand will be greater and more diverse in the future. Within this framework, promote and encourage resources (economic and institutional) for home care in general, and the model of independent living for people with disabilities, in particular, based on the guarantee of the right to accessible housing, the provision of support products for personal autonomy, and the necessary personal support, with special emphasis on promoting personal assistance. In addition, accompany this development of home-based care with a strong and transparent assessment system that allows spending and impacts to be made public.

4.2. Improving technologies at the service of older people

Technology has proven to be an important ally in making the management of social services more efficient, as well as driving new forms of personalization of social services - for example, using artificial intelligence and other related technologies. Promote new forms of strategic financing in this process such as digitalization of the third sector and the social services themselves, aimed at improving prevention and community intervention, and the use of data intelligence as a support for efficient management and design of social policies.

4.3. Improve dependency prevention

Proper prevention of dependency (active and healthy ageing, for example) is a suitable strategy for reducing expenditure on social services and facilitating improved allocation of resources for the most vulnerable groups in society. The aim is to promote a holistic approach to ageing (redesign of primary care, prescriptions for physical activity, healthy eating, clinical therapies and other dimensions).

4.4. Redefining the residential model

Promote a new residential model with the aim of guaranteeing users' basic rights, freedom of choice over different aspects of their lives, participation in the community, participation in management of the resource, as well as the possibility of moving to home care.

4.5. Strengthening the community and social cohesion model

Faced with an increasingly individualistic culture, it is necessary to reinforce community and solidarity-based models of care, both horizontally (among peers) and vertically (intergenerational). The development of the community model not only makes it possible to attenuate individualistic tendencies, but also to improve social cohesion, through the participation of society itself (not solely at the incentive of the public authorities).

4.6. Strengthening informal care

Promoting and formalizing informal care can be a strategy that can benefit and alleviate social service spending in the future. This strategy for strengthening informal care must take into account the issues of feminization of care without denying the relevant role of the public authorities in the care of the most delicate individuals.

4.7. Redefining the "structure" of social services funding

Promote an open debate on the structure of the financing of social services (addressing the fiscal dimensions), including redefining the participation of the different levels of public administration (state, autonomous, provincial and municipal), families and the private sector in order to ensure the long-term balance of the social services system. Also restructure the instruments of allocation and evaluation of resources taking into account the models of direct payments and user self-management for the services they need.

4.8. Improving the way funding is targeted

In a context of growing pressure on social services, especially as a result of demographic trends and an increase in the immigrant population, it is necessary to better focus the target populations to which social services are directed.

4.9. Promoting co-responsibility for care

Promote management instruments that facilitate flexibility in working hours (face-to-face - teleworking) for informal caregivers, with new models of benefits for caregivers, redefining a new model of investment and expenditure management.

4.10. Promoting citizenship training

Develop training programmes on products and assistive technologies for adapting homes to strengthen home care. In addition, include strategies in these programmes for learning about self-care and healthy aging.

4.11. Prioritising care ecosystems

Promote local care ecosystems, which foster social, cultural and connective dimensions of care rather than physical (buildings) and technological infrastructures. Make a commitment to the local dimension by reconsidering the role of local councils in this process (even modifying their competency framework and providing resources to facilitate the creation of such ecosystems).