



ETORKIZUNA  
**ERAIKIZ**  
think tank

**NEW FUTURES OF THE WELFARE  
STATE  
REPORT OF THE 8th MEETING**

24/03/2021

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## 1. Programme

Theme	Presenter/Driver
Introduction and presentation of workshop	Maite Peña
Sustainability from the perspective of the Think Tank	Maite Peña
Sustainability of Social Policies	Joseba Zalakain
Dynamics of reflection and debate	Javier Castro
Assessment and end of session	Maite Peña

## 2. Participants\*

1.- Maite Peña	10.- Arantxa Gonzalez	18.- Julian Florez
2.- Joseba Zalakain	de Heredia	19.- Iker Uson
3.- Carlos Alfonso	11.- Rakel San	20.- Gerardo
4.- Javier Castro	Sebastian	Amunarriz
5.- Sebastian Zurutuza	12.- Patxi Leturia	21.- Koldo Aulestia
6.- Ander Arzelus	13.- Paz Morer	22.- Miren Larrea
7.- Garikoitz Agote	14.- Maria Muñoz	23.- Eva Sánchez
8.- Mikel Malkorra	15.- Elena Basagoitia	
9.- Javier Sancho	16.- Xanti Moriones	
	17.- Belen Larrion	

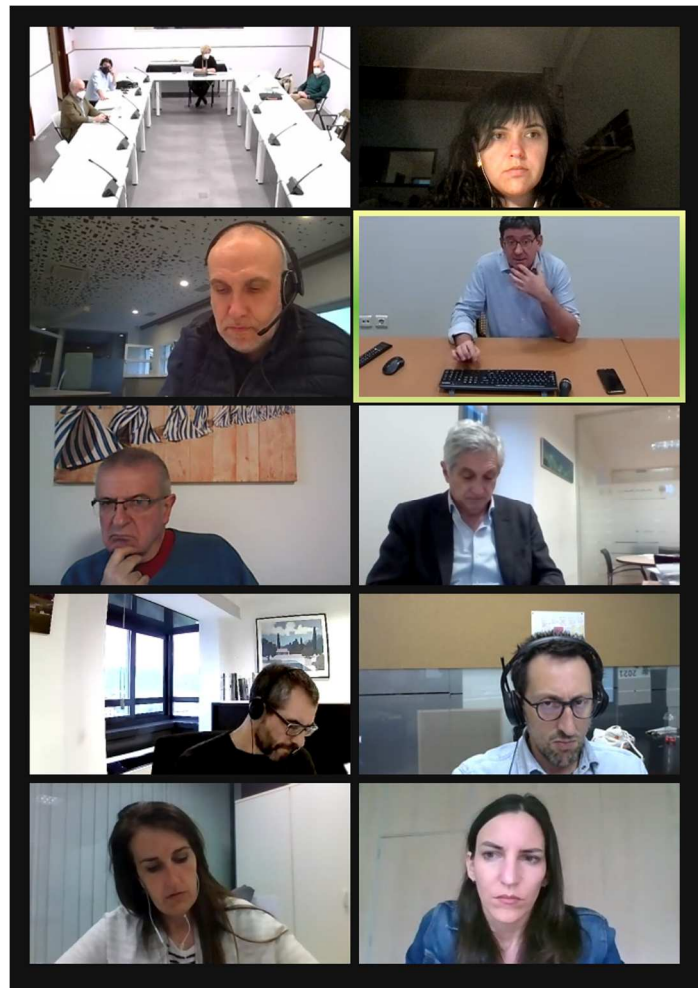
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\* Due to transcription problems, some names may be missing from this list.

### 3. Introduction and presentation of the workshop

ECO1 began by setting out three fundamental concepts *"that should not be confused"*: spending, financing and sustainability. He said that his contribution applied to both Gipuzkoa and the Basque Country in general and was included in a broader report being drawn up by the SIIS (Social Information and Research Service) for the Provincial Government. It contains data on expenditure on social services, mainly linked to two major areas of spending, dependence and ageing.

He said that he would also make a benchmarking analysis of the elements for considering long-term care, *"concluding finally with some thoughts on the sustainability of long-term care"*.



#### 4. Sustainability from the perspective of the Think Tank

*“In recent years, if we compare spending with any other indicator, the one that has grown most is spending on social services and dependency services. If we look at it in detail, compared to 2010 it has grown very little as a proportion of GDP. Although it has been the item of expenditure that has increased the most, it is in itself the smallest”.*

Using a series of graphs, he showed that the welfare system has a widespread problem with sustainability because the weight of social services expenditure in GDP doubled between 2000 and 2010. In addition, taking inflation and the increase in the number of target individuals into account, spending on social services has actually fallen since 2002. Regional spending on care services for the elderly has fallen slightly and municipal spending has halved. Care costs have risen somewhat in families, but especially in nursing homes.

As for spending on Social Services, the Provincial Government's spending has risen over the years, while municipal spending has remained the same. *“This means that social services are growing”.*

ECO1 said that spending on social services can grow for different reasons. There is usually a choice to be made and each province chooses what area to grow in. It is an important debate; there is a choice between service coverage, care ratio or remuneration.

In comparison with the rest of the European Union, he said that *“we spend the same, but the distribution is different”.*

This is how we Europeans, Spaniards, Basques and Gipuzkoans spend money on Social Services as a proportion of GDP.

*“The Basque Country is one of the regions that spends the most on education, health and social security. It allocates the largest share of regional spending to these areas. This is because there is a decentralised structure and power is devolved in more areas. There is more GDP per capita, there has been a greater political and social willingness to spend and there are two advantageous circumstances: the economic agreement and the single fund. We do not have the responsibility of financing the poorer regions of our country and younger territories are financing Basque pensions. This is beneficial for social services in the Basque Country”.*



## 5. Sustainability of social policies

He set out a number of different financing models. Countries such as Sweden, Finland and Denmark have a universal model with broad coverage, small co-payments and tax-based financing. Countries such as Germany, Japan, Flanders and France have a compulsory public insurance model. All residents are obliged to make a specific contribution or to have ring-fenced taxes, used to finance spending on independence. There is also a selective model that only provides services to people who do not have much money and a fourth model that is apparently universal, with limited coverage, extensive co-payment and financing through general taxation, with a low tax burden that is not sustainable.

*“In the Basque Country little is spent and little is collected. The Basque Country has no tax collection in the local councils. Compared to other regions, the Basque Country is the (autonomous) community that collects least municipal taxes. When we talk about the problems of funding the home care service, this is a significant issue”.*



With regard to compulsory insurance, he said that Germany, Holland and Japan do not have such a high tax burden; however, they have compulsory insurance, combined with private insurance.

Here, on the other hand, private insurance has developed very little. ECO1 said he believes that *"this is not going to be the panacea. There are places where people's property (real estate) is taken into account when establishing the co-payment, but not here. There are people who have a lot of wealth, but not income, and this is not taken into account"*.

Regarding the participation of other areas of government in social services, he gave the examples of France and the UK, where medicalised care homes are financed by the health system. In many systems other types of non-dependency care are paid for by departments other than that responsible for social services.

As for the regulation of co-payment, *"it exists in all systems, the difference is the amount paid. In France there are three tariffs: the maintenance/hotel tariff is paid by users, the health part is paid by the health system and the dependency part is paid by means of a benefit and a small co-payment"*.

He explained that *"the progressive co-payments that only go to people who do not have much wealth or income are a way for the middle classes or the rich to believe that social services are not for them because they charge them an important part"*.

He concluded by making four points on the issue of sustainability:

- *"Demographic ageing affects the sustainability of public finances. The impact of spending on social services on this sustainability gap is very small.*
- *There is a need to redefine the framework of what is sustainable and unsustainable.*
- *We need to take into account the return on spending on social services and the fiscal cost of non care.*
- *Nor should we forget the intra- and intergenerational redistributive capacity of spending on dependency.*

*And that is all I wanted to say"*.

## 6. Reflection dynamic

The facilitator thanked ECO1, saying that the information he had given was very technical and very interesting. *“We will now move on to the groups. We want to identify three strategic areas for public-private investment. We want to have a vision of where the priority for investment lies in order to spark a debate on priorities”.*

The groups worked for 45 minutes in Zoom rooms and then returned.

The Deputy (provincial minister) for Social Policies opened the floor to share the outcome of the group discussions.

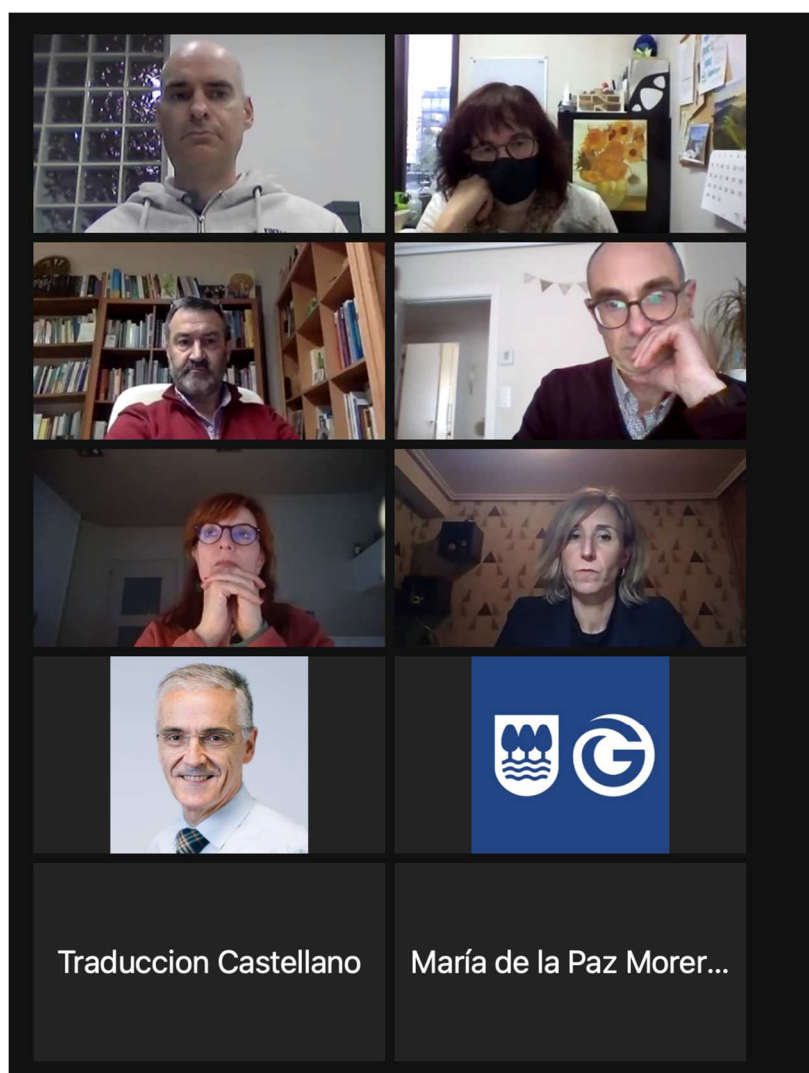
## 7. Debate

ECO4 said: *“We formed a new political party, the Anti-Popular pro-Tax Hike Party. We are going to make virtually no proposals because we see no alternative to linking public spending to social rights. We discussed raising taxes, incorporating public and private insurance and increasing co-payment”.*

*“The strategic sources we identified for a more sustainable system are: (1) to opt for a wage contribution with a co-payment between company and workers to make workers and employers aware of the importance of having a continuous system of funds. (2) we talked about the need to incorporate a higher tax burden. It is very striking that local councils have a low collection capacity. It is not in line with the provision of services that is the responsibility of and required of the municipalities. There must be a balance between what is demanded and what is collected. (3) from the point of view of private shouldering of expenses we looked at co-payment, the application of a new tax burden to the transfer of home ownership. We came up with a figure of a total of two billion euros-worth of home property transferred through inheritance this year. There is capacity for tax revenue there”.*

He concluded by saying: *“it seems to us that the sustainability debate lies in the social protection system and not only social systems; we are not the only area that makes the system unsustainable”.*





ECO1 added that spending on care will also increase in the future and *that "volunteering has been left out of the equation in social services"*.

ECO5 said that the priorities were keeping people in their natural surroundings: *"(1) home care, which would mean generating care ecosystem. Giving importance to innovation and technology and preventing situations of dependence. (2) the residential setting with the aim of transforming residential care. One important target of investment must be to provide decent conditions for people who provide care, support and attention. We also need to consider some of ECO4's other reflections on taxes, increasing the tax burden, the municipalities, bringing influence to bear on co-payment, which might increase the vulnerability of certain groups"*.

ECO8 said that *"by contrast with the idea of the political party ECO4 mentioned, we focused on the strategic lines we could prioritise for investment. Although such a political party would be very useful for us, we focused primarily on defining the actual purpose of social services. It is undifferentiated, poorly defined, there is room for everything that does not fit anywhere else. We have that challenge to identify costs linked directly to the system or linked to other systems of care. Osakidetza (the Basque Health system) is very clear about what it is responsible for. It accepts those responsibilities and takes no responsibility for anything else. This would be a priority action"*.

*"Another element is the review of the care model, focusing on the area of the supports required, which is very closely related to the other question. What supports do people need? What complex needs do they have? What resources do those needs require in order to be met? Defining these needs leads us to think of other alternatives such as pilot experiences that will enable us to develop actions. There was a proposal to make variable investments depending on the needs, which are not uniform. The difficulty lies in how to manage this variability. We could set up pilot processes for this purpose"*.

The facilitator said that *"the idea of pilot cost experiences is an interesting one"*.

ECO17 said: *"we interpreted the question by centring on how investment is targeted. We have set our some priorities: what is already mandatory, according to the rights that are already defined: increasing the level of coverage to everyone who is eligible for such support. According to the projections, it is clear that it will not be possible to maintain the existing coverage; based on population projections, it will decrease. The second priority area would be to look at efficiency, to see whether they are really efficient. We anticipate that this would lead to a change in model. For this change in model, technology could help increase efficiency and would focus on home care in the future and on providing health services, not only socio-health services. And also investing in prevention, which continues to be a no-man's-land in the legislation. No one knows who should be working on it and it's a key area"*.

*"I think that with the idea of the pilot scheme on costs and so on, you are considering the same areas as us. We said that there is not at present enough information to determine how much it would cost to provide the same level of care currently given in care homes at home. It would be good to have that statistic"*. ECO17

concluded with the following summary: “1. finance what is already mandatory, 2. efficiency, 3. technologies”.

The facilitator asked if anyone else would like to speak.

ECO1 said he had taken a “look at the contributions. Some issues that I noted, in relation to co-payment; I think ECO5 was talking about increasing co-payment. In my opinion the co-payment should be clarified rather than increased, people do not know what they are co-paying. The French and the Scottish both have a clear system. You pay for your bed and board, which is very fair, and not for your care. We should move a little in that direction. People would have a very clear idea of what they are paying for and what they are not”.



*“As for efficiency, there is an important issue that has been raised very little today. This involves the costs related to working conditions. It is an "elephant" for which we have little information and the discussion is not very relevant. There's a theme there”.*

*“As regards home care, forty hours of Home Care Service a week comes out at around €55,000 per year, which is more expensive than in a care home. Between the conditions and the expense lies the salary of the staff. We also have to take into account efficiency in the issue of salaries, bearing in mind that out of those salaries, people also pay taxes and spend money”.*

*“The trend should perhaps be to make home care as cheap as possible. There are many formulas for innovation, but they are all unpopular; none are easy to accept. In our group, ECO2 said one thing that people think everything is free and it is not. Someone has to pay and if there are no collective formulas, we will end up with individual ones”.*

## 8. Assessment and end of session

The facilitator identified governance and awareness of social spending as issues of importance. He said that all their contributions would be included in the white paper.

The Deputy for Social Policies thanked ECO1 for setting out some of the bases so well and said *“you do it better than anyone. As the Facilitator said, many things have emerged from this conversation. It is also important to recognise that we have a Gordian Knot here, with many elements that need to be tackled. We have to take it step by step, but today's session will give us a lot to get on with”.*

*“We'll see you on April 29th”.*

## 9. Appendices

### a. Working Document No. 7

# THINK TANK

Deliberation process on the work of the future: Working Document No. 7

(25 February 2021)

## COLLABORATIVE GOVERNANCE: BUILDING ECOSYSTEMS

### 1. Context for reflection

**Collaborative governance** corresponds to a new paradigm linked to the notion of open government. Classic forms of governance are limited in their ability to incorporate stakeholders and citizens into the policy cycle (formation, implementation and assessment). Collaborative governance is developed on the basis of three complementary processes: a) institutional and economic resources to foster collaborative networks (heterogeneous actors), b) collaborative leadership (effective solutions incorporating different perspectives), c) formally structured deliberation forums (consensus spaces).

### 1. The conditions for collaborative governance in Social Policies

#### 1.1. Positive Conditions (facilitation)

##### 1.1.1. Strengthen the Third Sector

One condition for fostering collaborative governance is to strengthen the Third Sector in order to increase its capacity for transformation. Strengthening the Third Sector improves the conditions for the development of collaborative governance between organizations in the sector and social policies. The institutional weight of the Provincial Government of Gipuzkoa may limit collaborative governance if organisations are not strengthened at a provincial level.

##### 1.1.2. Change in decisional culture in a Post-Covid-19 context

The Covid-19 crisis has created a new decision-making and participatory context that facilitates the development of collaborative governance. It is necessary to strengthen this path in which officials from the Provincial Government of Gipuzkoa open up spaces in which a shared decision-making culture can be created.



### **1.1.3. The creation of Etorikizuna Eraikiz Think Tank**

The Provincial Government's intention is to open up the space for deliberation to contribute to other social designs within the framework of Etorikizuna Eraikiz in order to promote innovation, networks and raise awareness of the need for change. The think tank is a space for generating trust between Third Sector organisations and Social Policy managers, as well as a facilitating space for putting into practise a new innovation agenda.

### **1.1.4. Institutionalizing collaborative governance**

An important condition for promoting collaborative governance is the existence of political will and having a definition and a consensual management model on collaborative governance that is reflected in provincial legislation on participation, municipal models and other policy instruments.

### **1.1.5. Developing pilot experiences based on collaborative governance**

Innovative proposals based on collaborative governance can arise in the social services of the Department of Social Policies, where they are structured as pilot experiences that allow experimentation, wider roll-out of results and changes in the legal framework, once the validity of the experience has been socially and institutionally assessed.

### **1.1.6. Creating decision-making forums**

Moving from participation forums to decision-making forums, taking in the users of social services could be a central element in promoting collaborative governance in order to strengthen the autonomy of users and facilitate the defence of their rights.

### **1.1.7. Power to define its own model**

Within the state and regional legislative framework, the Historical Territory (province) of Gipuzkoa has the power to modify social services, transform services and promote new care models. This power is a potential for driving collaborative governance to transform social services.

#### **1.1.8. Associative culture**

In Gipuzkoa there is a deep-rooted associative and collaborative culture, as well as a culture of creating communities that facilitate the development of collaborative governance, both for collaboration between organisations and with users.

#### **1.1.9. Past record of public-private partnerships**

In Gipuzkoa there is a consolidated track record of public-private collaboration in the design and execution of social policies.

### **1.2. Limits, obstacles and risks**

#### **1.2.1. Limits in the collaborative experience**

Although there are experiences of collaboration, these are limited to cooperation projects. However, it is necessary to promote collaborative experiences of greater dimension and scope, such as the design and development of ecosystems. In addition, there is little linkage between technical and policy decision-makers and participatory processes and complex decision-making. It is not merely a question of limitations in the collaborative experience of the organizations in the province, but also of limitations in the collaborative experience of the provincial government's own technical and decision-making staff.

#### **1.2.2. Lack of awareness of what collaborative governance means**

Collaborative governance is a new concept and experience that needs to be clearly defined with examples that show the meaning of participation and its direct consequences, such as accountability, shared management, allocated resources and the impact of collaboration. In addition, it is necessary to address the paradoxes of collaboration such as whether competitive concurrence is compatible with collaborative governance or decisional transparency.

#### **1.2.3. Fragmentation of powers**

The fragmentation of powers, levels, specialties and scarce cooperation dynamics between institutions, both internally and externally, represent the limits of collaborative governance.

#### **1.2.4. Limited financial resources to promote new care models**

Collaborative governance needs to be promoted within the framework of new care models, for which more resources (funding for innovation) are needed to transform care models based on collaborative structures (such as ecosystems).

#### **1.2.5. Limits for addressing the single socio-health record**

A single socio-health record will allow case information to be shared (especially when dealing with complex cases), facilitating the collaborative process between different institutions and organizations, and different professional and disciplinary approaches. Restrictions on access to information of relevance for care place limits on collaborative governance.

#### **1.2.6. Connecting deliberation with policies**

One risk of collaborative governance is the potential lack of or limitation on specificity with regard to collaborative work in designing and developing social policies.

#### **1.2.7. Citizen involvement in social policies**

Collaborative governance requires constant and active participation by citizens, which potentially poses limits in order to guarantee the involvement of the elderly, people in rural areas, people in conditions of social exclusion, whose mode and intensity of participation is a challenge. It is important to promote new methodologies for integrating these vulnerable groups into the deliberation and decision-making processes.

#### **1.2.8. Resistance of public institutions to participation**

There is a limit to collaborative governance, which is the resistance of public institutions to real and effective participation of the third sector in the design, implementation and evaluation of social policies, beyond the "mere" provision of services of public responsibility. Likewise, reluctance and resistance to "delegate" to the users of social services the organization of their care or social participation processes, opting instead for a position based on the control of all processes and the creation of "intermediary" agents between the administration and the users.

#### **1.2.9. Absence of effective decision-making spaces**

Absence of instruments or spaces which, beyond simple consultative participation, will guarantee the real and effective participation of the third sector in the design, execution and assessment of social policies.

#### **1.2.10. Lack of an agreed-upon model of care and attention**

The lack of a model of care and organisation of services based on rights, support, person-centred care and quality of life outcomes, shared between institutions, universities and third-sector organisations.

## **2. Collaborative governance tools for social policies**

### **2.1. Networking (collaborative experimentation)**

Networking enables coordination of activities between different organisations (multi-agent) as well as facilitating collaboration and the implementation of collaborative experimental projects (multi-disciplinary). Networking requires supports (e.g. technological and digital) and technical teams that galvanise, nurture, secure and generate value for the network and its participants.

### **2.2. Multi-agent dialogue committees (mutual learning)**

The aim of the multi-agent dialogue committees is to share learning and best practice (what works and what doesn't), to consider new agendas, challenges and solutions and to disseminate new tools. Mutual learning facilitates the generation of institutional and social trust (social capital).

### **2.3. Strategic design as a method of reflection**

Strategic design makes it possible to strengthen the anticipation capacity of third-sector and public-sector organizations, as well as establishing consensual goals (objectives and long-term impact indicators) that facilitate the design of impact pathways.

### **2.4. Training programmes in collaborative governance**

To promote a comprehensive training programme in participatory governance that facilitates learning in participatory and cooperative processes, and acts as a vector for professional development in the different public spheres and in private and social initiative. Open social innovation can facilitate learning, through experimentation, among staff from the public and private spheres, thus formalizing the culture of cooperation.

### **2.5. Flexible and practice-oriented Think Tanks**

The development of flexible and practice-oriented think tanks can act as a powerful tool for developing collaborative governance. This involves combining modes of reflection with collaborative action to facilitate the acceleration of social innovations and new care models.

### **2.6. New models of care and organization**

The development of collaborative governance can best be developed if there is a clear consensus on the model of care, which should include cost-efficiency parameters, case management tools (Kaiser pyramid) and person-centred planning.

### **2.7. Service-mapping tools**

The development of collaborative governance needs to define key information on health services, community services and social services. Tools for mapping services and actors, with a community and ecosystemic approach, are needed to design spaces for collaboration, coordination and structuring of services oriented towards PCC and quality-of-life models. Map of services for care and attention at home and in care homes.



## 2.8. Planning tools

Collaborative governance requires *comarca*<sup>2</sup>-level planning tools to foster cooperation between grassroots social services and (primary-secondary) social services.

## 3. What impacts (positive/negative) can be expected from collaborative governance

### 3.1. Positive Impacts

#### 3.1.1. Greater quality of life for users

The purpose of collaborative governance is to improve quality of life, as measured by objective and subjective data, such as an increase in user satisfaction with the services provided. Quality of life is related to increased personalization of care and attention.

#### 3.1.2. Improved quality of future social policies

The 360º vision provides multi-agent and multi-disciplinary collaboration to improve the design and implementation of social policies in the future by incorporating all perspectives and experiences.

#### 3.1.3. Improved efficiency of future social policies

Collaborative governance improves efficiency in the use of public and private resources by avoiding duplication, specialization and long-term coordination.

#### 3.1.4. Acceleration of innovations

Collaborative governance can be an important factor in driving, accelerating and evaluating social innovations to transform collaborative environments and care models.

#### 3.1.5. Increase in commitment

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<sup>2</sup> Comarca: a sub-provincial administrative division, comprising several municipalities.

Collaborative governance facilitates the development of the social and institutional commitment of the province's organisations in the cooperation processes, but above all in giving responsibility to all agents participating in the ecosystems.

### **3.1.6. Shared diagnostics**

Collaborative governance facilitates the development of shared diagnostics; it is not only about designing initiatives but also about understanding the problems in a more comprehensive way and from different perspectives.

### **3.1.7. Local synergies**

Collaborative governance facilitates meeting and coordination between the public administration, private and social sector organizations, universities, and community and citizen associations, provided there are facilitation structures in place to manage governance.

### **3.1.8. Social integration and empowerment**

Collaborative governance can be a tool for integrating users into policy processes, but above all for providing positive participatory experiences and strengthening user empowerment.

### **3.1.9. Prioritization of objectives**

Collaborative governance facilitates the generation of common goals through the participation and inclusion of different perspectives in the design of social policies.

### **3.1.10. More flexible social policies**

Collaborative governance facilitates the generation of social policies that are more flexible and adapted to emerging realities and needs. This adaptation must be aligned with the real needs of the most socially vulnerable individuals, prioritising people's rights and quality of life over management and organisational criteria.

## **3.2. Negative Impacts**

### **3.2.1. Slowness in collaborative learning**

Collaborative governance requires experimentation and mutual learning, which requires time and strategy development. Many of the social problems operate at a dizzying rate (e.g. the spread of the COVID-19 pandemic), restricting learning times and collaborative capacities.

### **3.2.2. Loss of executive responsibility**

Collaborative governance, and its deliberative and consensus-building processes, can affect the ability to make agile and timely decisions. Collaborative governance requires a new balance between public administration and organisations (companies and third sector) that must be accepted and processed by the system. It is important to structure and parameterize the notion of success and failure of collaborative governance (how are success and failure managed, and by whom?).

### **3.2.3. Risk of poor governance**

An inadequate understanding and management of collaborative governance can have undesired results, such as increasing the problem of fragmentation of powers, reinforcing the dispersion of some initiatives and the abandonment of others, creating new problems, increasing institutional conflict and installing failure.

### **3.2.4. Potential for frustration**

One negative potential of collaborative governance can be to produce frustration (social and institutional) when activities are not maintained in the long term and especially when deliberative processes are not shown to be consistent and actually implemented in practice.

### **3.2.5. Participatory fatigue**

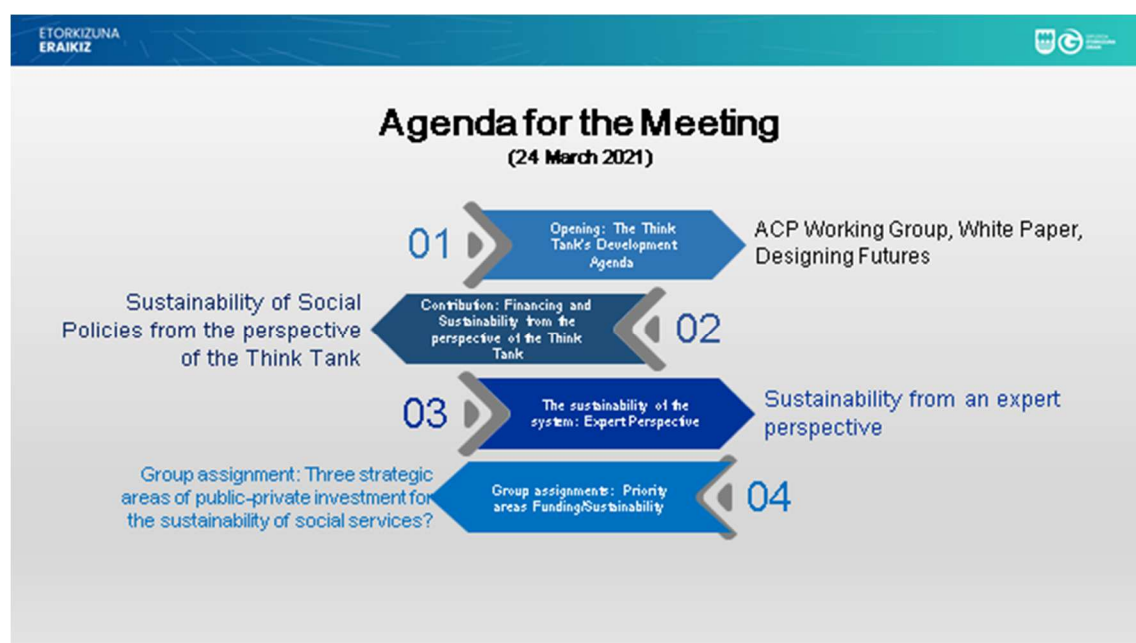
Collaborative governance requires citizen participation. The ongoing and long-term participation of the citizenry can exhaust and, above all, derail the process of collaborative governance. Participatory methodologies need to be innovated to avoid this risk to participation.

### **3.2.6. Communicative limit**

Collaborative governance requires a lot of communication which involves not only the style of communication but also an understanding of the key messages, as well as thinking about the communication supports (not only technologies). If communication processes, dynamics, tools and materials are not adapted to the existing diversity, people may feel excluded.

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- b. Presentation by the Deputy (Provincial Minister) for Social Policies





## PCC Working Group

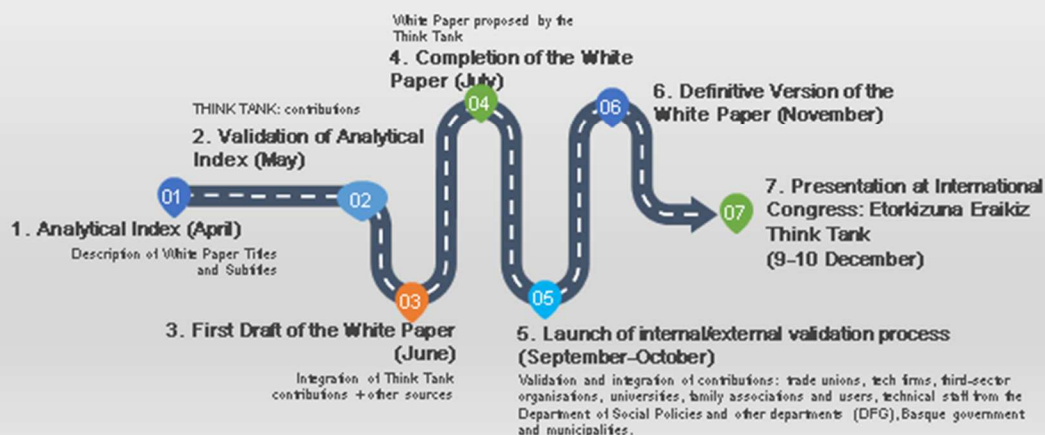
### The Think Tank's agenda

#### 1. PCC Working Group

- The PCC Working Group has been set up to explore whether the Person-Centred Care (PCC) model can be implemented and expanded to all social policies in Gipuzkoa.
- Members:**
  - Penelope Castejón (F. Matia)
  - Iñigo Kortabitarte (OKen Casa)
  - Javi Sancho (F. Emaus)
  - Maria Muñoz (F. Goyeneche)
  - Josu Gago (Agintzari S. Coop.)
  - Toni Heredia (Gureak)
  - Bakarne Etxeberria (Universidad de Deusto and F. Hurkoa)
  - Mikel Malkorra (Federación Elkartu)
  - Belen Larrion (Provincial Government, Group Coordinator)
  - Joseba Zalakain, SIIS (Technical Secretariat)
  - Javier Castro-Spila (Technical Assistance, Think Tank)
- Working timeline (March – June)**
  - 4 working meetings (starting in March). To define a conceptual framework, map of best practice, set of indicators and policy recommendations.

## White Paper

### The Think Tank's agenda



01

Opening: The Think  
Tank's Development  
Agenda

## Futures Design

Changes to the Agenda for the Think Tank's deliberations

DATE	THINK TANK AGENDA
26 November	People at the centre: Personalisation, rights and quality of life
14 December	From the centre to the home: how to de-institutionalise the centres and how to provide sufficient support at home
28 January	Uncomplicating matters: territorial organisation, structure of power and inter-institutional coordination
	Collaborative governance: building ecosystems
25 February	(Third Sector, companies, universities and institutions and connected and participating users)
24 March	Sustainability of the System (benchmarking): trends and experiences
29 April	The Digital Platform (ecosystems) and digital transformation (organisations)
27 May	<b>DESIGN OF FUTURES: Transition Scenarios</b>
24 June	<b>WHITE PAPER: Validation of the First Version of the White Paper</b>
September-November	<b>Models for evaluating person-centred care and assistance</b>

Sustainability of Social  
Policies from the perspective  
of the Think Tank

Contribution: Financing and  
Sustainability from the  
perspective of the Think  
Tank

02

## Priorities for financing social policies

(taken from the forms)

1. Investment in **New Technologies** applied to active ageing (Artificial Intelligence, home automation, robotics, digitalisation of organisations, etc.)
2. Investment in **prevention** of dependence (active, healthy life, etc.)
3. Reinforcement of **community and home care** (rights-based, personalisation, and freedom of choice) based on an operational system that facilitates management of the care mix (family, professional and community)
4. Improving **regulation** of people's participation in financing of the system combined with a system of direct payments to people with support needs (strengthening choice)

03

The sustainability of the  
system: Expert Perspective

Sustainability from an expert  
perspective

## Sustainability and financing of social services

Joseba Zalakain

Question for group work:

What are the three strategic areas of public-private  
investment for the sustainability of social services?

Group assignment:  
Priority areas  
Funding/Sustainability

04

# THANK YOU

c. Presentation by ECO1

## Spending, financing and sustainability of Social Services in the Basque Country

**SiiS**  
Fundación Egoia-Careaga-Fundación

Gipuzkoa  
Etorikizuna  
Orain

### Structure of the presentation

- ✓ Some **general data on the evolution and composition of expenditure** on Social Services in the Basque Country, with particular attention on expenditure earmarked for social services linked to ageing
- ✓ Analysis of the **financing tools and options** of social services, based on the experience of other countries
- ✓ Some reflections on the **concept of sustainability** and its application in the field of social services

## Key figures on trends in spending

- ✓ Spending on Social Services **has grown since 2000 ahead of** GDP, tax revenue and spending in other areas, such as health or education
- ✓ Since 2010, spending on social services as a proportion of GDP or total public spending **has barely grown**
- ✓ Although it is the item of expenditure that has grown the most, **social services still account for only a small proportion of overall public expenditure**

## Spending on Social Services

Since 2012, expenditure on social services in the Basque Country as a percentage of GDP or total expenditure has hardly changed. It stands at 1.2% of GDP and 12% of expenditure

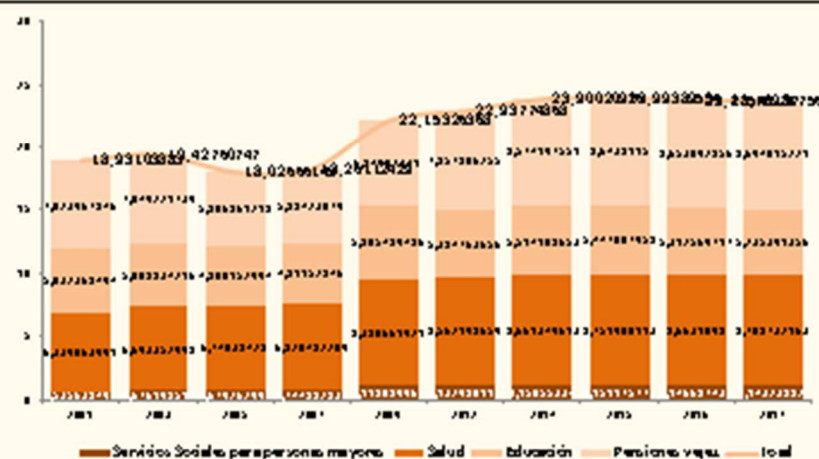


Sources: BESEC.



## Spending on Social Services

Although it has doubled, the proportion of overall social protection spending that goes to social services for the elderly is very small. Pensions and health care take the lion's share of spending



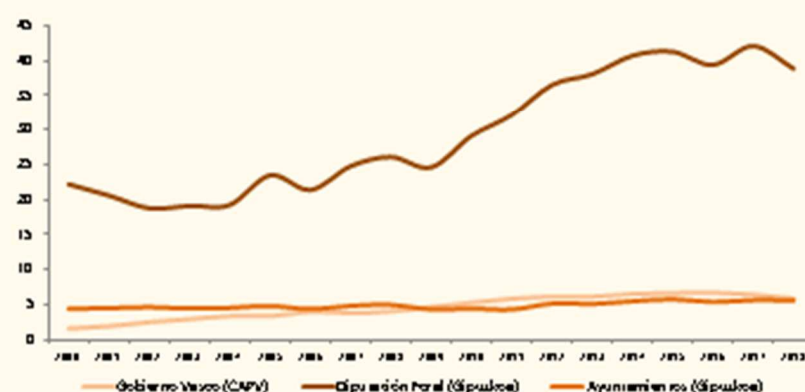
Sources: BESEC.

## Key figures on trends in spending

- ✓ Since 2002, spending on social services for the elderly has increased by a factor of 2.4; however if the expenditure is calculated per person aged over 80, it has multiplied by only 1.3.
- ✓ Provincial expenditure on care services for the elderly per person aged over 80 has risen by a factor of 1.3, while municipal expenditure in relation to the elderly population is only 66% of what it was.
- ✓ The percentage of Social Services expenditure paid by families and users has remained at around 15%. The average share in private residential centres has risen from 53% to 63% and in public centres from 25% to 30%.

## Spending on Social Services

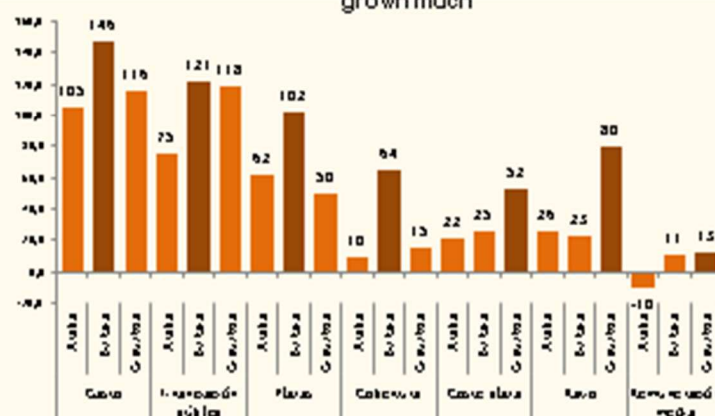
The percentage of provincial expenditure allocated to social services has risen from 20% to 45% since 2002, while municipal expenditure on these items has risen from 4.5% to 5.6%.



Sources: BESGO.

## Different reasons for increased spending

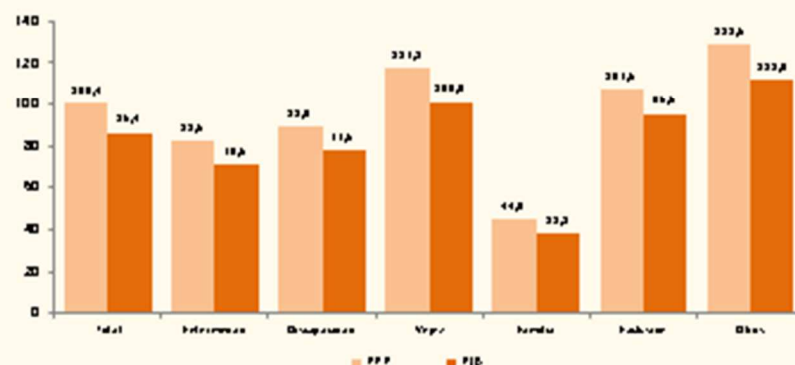
In Bizkaia, residential expenditure has grown due to an increase in bed places and coverage. In Gipuzkoa it has grown due to an improvement in existing places. In Alava the growth has been smaller, because neither the number of vacancies, the ratios nor the remuneration has grown much.



Source: EPR.

## Gipuzkoa's social spending in a comparative perspective

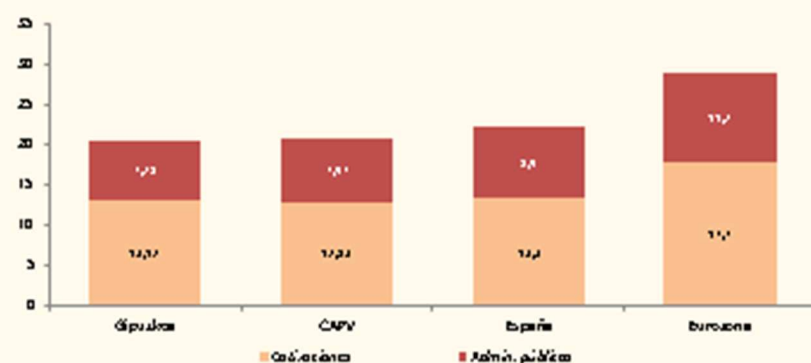
As a percentage of GDP, if we compare social spending in Gipuzkoa with that of the Eurozone, we spend the same on old age and almost the same on exclusion, but less on other functions (especially housing and family)



Source: EUSTET and EUROSTAT (SEETPROQ)

## Gipuzkoa's social spending in a comparative perspective

Compared to elsewhere in Europe, both the Basque Country and Gipuzkoa allocate a smaller percentage of GDP to contributions and taxes for financing spending on social protection



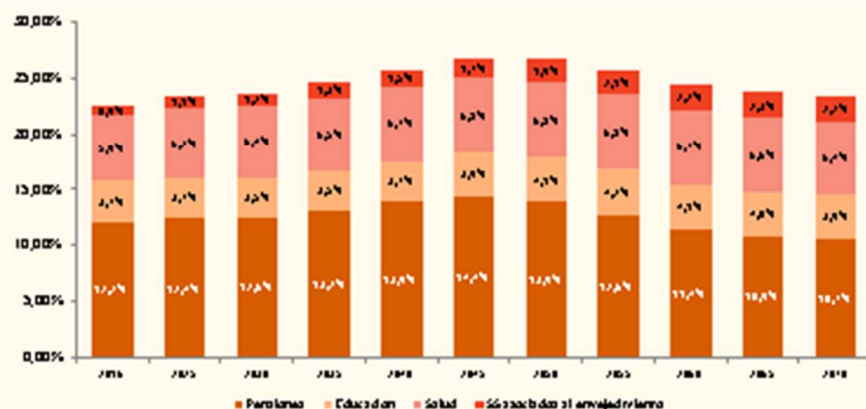
Source: EUSTET and EUROSTAT (SEETPROQ)

## Gipuzkoa's social spending in a comparative perspective

- ✓ Despite the above, the Basque Country is one of the regions of Europe that **spends most on education, health and social services**, and that allocates a **greater part of regional expenditure** to these fundamental public services.
- ✓ The reasons for this higher expenditure (compatible with lower revenue):
  - ✓ Decentralized structure of **powers**
  - ✓ Greater **GDP per capita**
  - ✓ Economic **agreement, quota** and **single Social Security fund**

## Social spending projections for Spain

Between 2016 and 2060, spending on long-term care services as a proportion of GDP will double. Between 2016 and 2045, social protection spending will grow from 23% to 28%.



Source: EUSTAT and EUROSTAT (ESTYREG)

### Dependency financing models

- ✓ **Universal model**, with broad coverage, reduced co-payment and financing through general taxes, with high fiscal pressure (social democratic model)
- ✓ **Model of compulsory public insurance**, with high coverage, access through benefits, co-payment and financing through wage contributions (Germany, Japan, Flanders) or through ring-fenced taxes (France)
- ✓ **Selective model**, with limited coverage and support oriented to lower income families (US and UK)
- ✓ **(Apparently) universal model**, with limited coverage, broad co-payment and financing via general taxes and low fiscal pressure (Mediterranean model)

### Options for dependency financing

- ✓ **Compulsory public insurance** and **affected funding**
- ✓ **Private insurance**, savings and use of real estate assets
- ✓ Recourse to **general taxes** (state, regional and local)
- ✓ Participation of **other areas of government**
- ✓ **Co-payment** by users
- ✓ **Other options**
  - ✓ Prevention and active aging
  - ✓ Reducing unit costs and improving productivity
  - ✓ Focus on specific users and re-familiarization



## Compulsory insurance and hypothecated financing

- ✓ Countries such as **Germany, the Netherlands or Japan** finance **part** of their long-term care services through **compulsory insurance paid by employers and employees**
- ✓ In Germany, the **contribution is 3%** and is divided equally between the employer and the employee
- ✓ The **coverage is universal**; the insurance **does not preclude co-payment** of certain services, and the **care received is not contribution-dependent**
- ✓ Other countries, notably France, have opted for ring-fenced (hypothecated) taxes, combined with wage contributions (0.3% of wages).
- ✓ These models have some major **pros** and **cons**

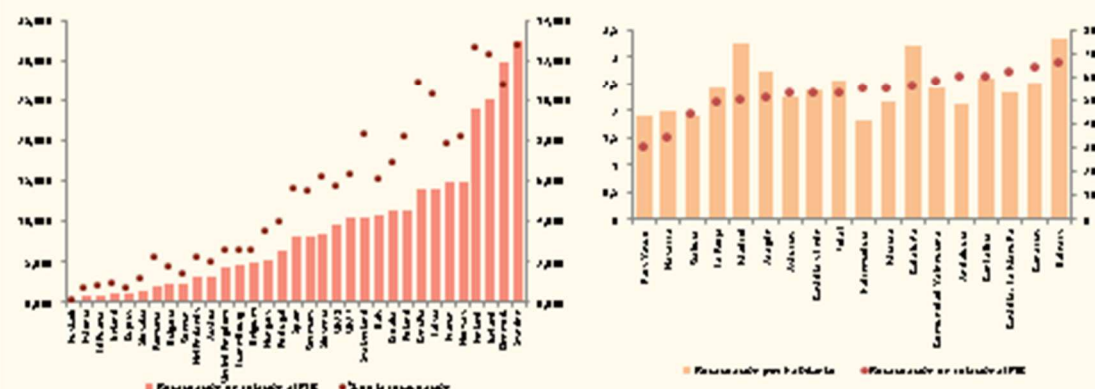
## Private insurance, savings and real estate assets

- ✓ **Voluntary private insurance** for financing long-term care has developed very little, except in France, and there is a broad consensus that it is unlikely to be a useful path for financing of long-term care
- ✓ For similar reasons, the **reverse mortgage** mechanisms that exist in certain countries have not developed either
- ✓ Some countries take into account the **real estate** (including the primary residence) when determining **co-payment** of social services and even access to public co-financing
- ✓ In some countries it has been proposed **to tie inheritance tax** to the financing of dependency, in order to **mutualize the risk** of dependency by **taxing inherited wealth and not wage income** and taking into account the **significant accumulated wealth of elderly people**



## General taxation and dependency financing

The higher the tax burden in the EU, the higher the expenditure on long-term care services. Euskadi stands out, both nationally and internationally, for its particularly low municipal tax burden



## Participation of other areas of government

- ✓ In some countries, the financing of long-term care services is partly assumed by other tiers of government
  - ✓ In France and the UK, the **health services and medicalised residential care** are financed by the **Health Services**
  - ✓ Similarly, in the **Netherlands**, a major proportion of residential and home care services for dependent persons is financed by health insurance
  - ✓ In **France**, co-payment of the costs of accommodation and maintenance in residential centres for people with insufficient resources is made from the housing or income guarantee systems.

## Regulation of co-payment

- ✓ **Co-payment exists in all systems** of dependency care, regardless of the financing model
- ✓ The difference lies in **what is co-paid** and what items are taken into account in defining co-payment
  - ✓ In many countries, **accommodation and maintenance services are co-paid**, but not (or only partially) health and personal care (free personal care in Scotland; triple tariff in France)
  - ✓ In general, **the income and assets** of users are **taken into account** to determine the level of co-payment of services
  - ✓ Tension between the **principles of progressivity** and **universality**

## The question of sustainability

- ✓ Demographic ageing **affects the sustainability** of public finances, but the impact of the social services gesture on this sustainability gap is very small
- ✓ Defining **the framework of sustainable and unsustainable**: A proportion of public spending? All public spending? Planning management? The increase in unit costs? Collection capacity? Increase in GDP and productivity?
- ✓ Take into account the **return on spending on social services** and the **fiscal cost of non-attention** resulting from inactivity of carers
- ✓ Take into account the **(intra and intergenerational) redistributive capacity** of spending on dependency and the bias of the Basque and Spanish Welfare State towards spending on the elderly

d. Session programme

5:00 - 5:10 pm Opening: PCC working group and proposed new calendar (Maite Peña)

5:10 - 5:20 pm Sustainability from the Think Tank perspective: priority investment areas

5:20 - 5:50 pm The Sustainability of Social Policies: the expert perspective (ECO1)

5:50 - 6:40 pm Group discussion

6:40 - 7:00 pm Conclusions and closure of the session

e. Template of outcomes of the dynamic

## THINK TANK

### WORKSHOP:

#### Spending, financing and sustainability of Social Services

(24 March 2021)

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 users' economic participation, 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?

*Deadline for submitting the questionnaire: 19-03-2021*

### **How to improve the financing of social services and guarantee their sustainability?**

**What are the reasons for the increase in spending on social services over the last 20 years?**

1.

2.

3.

**What are the strengths and weaknesses of our Social Services model from the point of view of expenditure?**

**Strengths**

1.

2.

3.

**Weaknesses**

1.

2.

3.

**With a view to financing Social Innovation Policies: What areas do you think should be prioritized to drive the transition to a new sustainable care model?** (investment in new technologies, new residences, regulation of the economic participation of users, reinforcement of home care programmes or services, reinforcement of informal care and individual responsibility for care, improvements in the prevention of dependency... )

## ORDER OF PRIORITY

- 1.
- 2.
- 3.