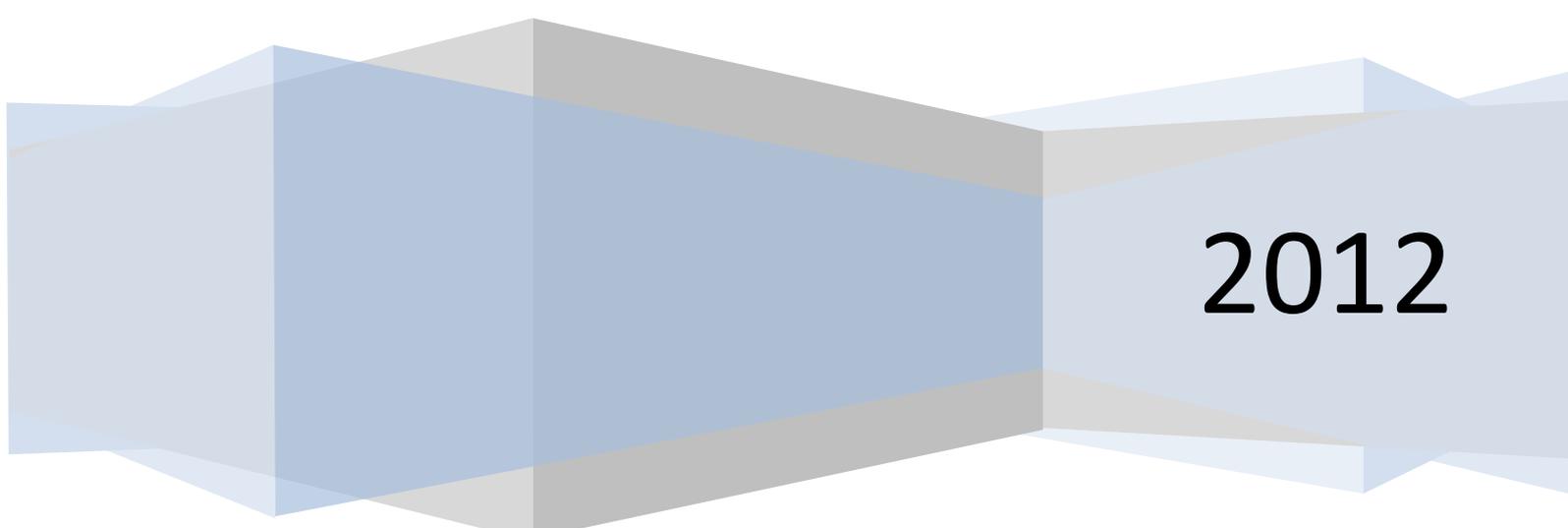


Sustainable funding systems: a crucial need for service providers

**Report on the EASPD survey on financing of
social service providers across Europe**



2012

RESULTS OF THE SURVEY AND DEMANDS TO EUROPEAN AUTHORITIES

The results of the survey that EASPD carried out among its members are quite heterogeneous, but there are some **common remarks** to most of the funding systems.

Most of the respondents signaled a **lack of sustainability** and **insecurity** of funding.

This has some relevant **consequences** in the service provision, such as:

- **Risk for the quality of services**
- **Difficulty in long term budgeting and planning of activities**
- **Additional workload for the staff**
- **Increased competition between association to access limited funding**

Therefore EASPD addresses some **demands** to the European authorities:

- Shift from only economic perspective to **quality-effectiveness**
- **Long term perspective** in the drafting of social policies and in funding
- **Stable legal frameworks** in funding
- **Cooperation** of service providers and of users in the drafting of social policies
- **No more cuts** to social funds
- **More investment on innovative services**

REPORT ON FINANCING OF SOCIAL SERVICES ACROSS EUROPE

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EXECUTIVE SUMMARY

Given the number of respondents to this survey, **it is not possible to have exhaustive results or to draw general conclusions on topic under analysis**. Yet, it is still possible to **learn some lessons** about the main characteristics of different funding systems used in our sector and understand what the main problems are that social services providers for persons with disabilities in Europe must face at the moment.

As it could have been expected, the results of this survey reflect the different traditions in organizing and funding social services that can be found across Europe. Concerning the funding systems, most of the respondents are financed through indirect forms of financing, which means that most providers are financed by the public authorities and the users are not receiving a budget or a voucher to finance their services. We have few examples of the more recently developed systems and this represents the main weakness of this survey.

Nevertheless, some characteristics and some issues seem to be common and some difficulties seem not to be overcome by any funding system.

The most common problem faced by social services for people with disabilities in Europe is **insecurity about funding**: most respondents face a **short-term perspective** in guaranteed funding, which obviously doesn't allow a long term budgeting and planning of activities, with negative consequences on the quality of services they can offer. Another complaint is that short term funding, which also includes project-based funding, creates **additional workload** for the staff, who are constantly preoccupied with submitting funding applications in order to guarantee the sustainability of the association, diverting resources from the core business of supporting service users.

Another widespread issue is the **reduced resources due to the financial crisis**. This lack of funding is not only a problem for the associations that are funded by public money, but also for those that are funded by international donors a situation that affects mainly organisations in Eastern Europe.

Finally, it seems also that the increasing competition between associations to access limited funding doesn't positively affect the quality of services. There has been a dramatic change in culture in our sector: whereby organisations used to cooperate with each other in the past, now they have become competitors, as they struggle for the same funding streams.

INTRODUCTION

This report is based on the results of a questionnaire that was sent to EASPD members in July-August 2011. Two member organisations per country were contacted.

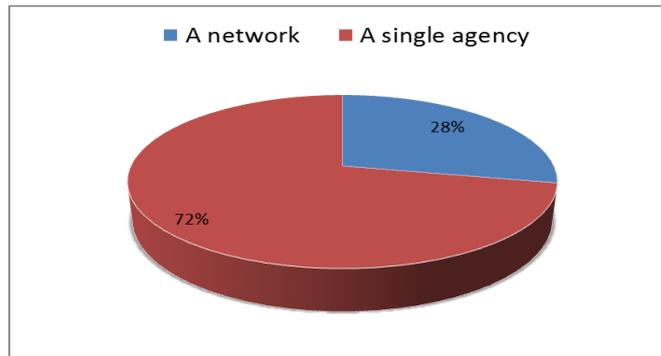
We received 32 answers from 18 European countries (Austria, Belgium, Bulgaria, Czech Republic, Estonia, France, Greece, Germany, Hungary, Ireland, Italy, Macedonia, Norway, Slovenia, Romania, The Republic of Moldova, The Netherlands, and United Kingdom).

The organisations represented are:

- AIAS Bologna Onlus (IT);
- Alpha Transilvana Foundation (RO);
- Association for Charity and Social Assistance ACASA (MD);
- Association MOTIVATION (MD);
- Associazione Scuola Viva onlus (IT);
- Centre de la Gabrielle - MFPASS (FR);
- COPE Foundation (IE);
- CUDV Draga Ig (SI);
- Die Steirische Behindertenhilfe (AT);
- Disability Federation of Ireland (IE);
- EIT Tugiliisu (EE);
- For Intellectual and Social Activities Non Profit Organization (BG);
- Foundation SOR (NO);
- Hand in Hand Foundation (HU);
- Institut National de Jeunes Sourds (FR);
- Karin dom foundation (BG);
- Lebenshilfe Kärnten (AU);
- Lebenshilfe Salzburg gGmbH (AU);
- Mutualité Française Anjou-Mayenne (FR);
- Nottingham Community Housing Association (UK);
- Open the Windows (MK);
- Pameijer (NL);
- Prosocial g GmbH (GER);
- Psychological Support (BG);
- Slezska diakonie (CZ);
- SOFT Tulip (NL);
- Soncek (SI);
- Tartu Maarja Tugikeskus (Supportorganisatsioon) NPO (EE);
- Theotokos Foundation (GR) ;
- UNAPEI (FR);
- Dutch Association of Healthcare Providers for People with Disabilities – VGN (NL);
- Vlaams Welzijnsverbond (BE).

The vast majority of these organisations are private – nonprofit bodies, except for *CUDV Draga Ig* and *l'Institut National des Sourdes* which are a Public Organisation at a national level.

About two thirds of the organisations are single agencies, the rest are national networks.



The fields of activity are varied within the broad area of disability: from rehabilitation, to child care, to housing, to services for people with learning disabilities.

Field of activity	Organisations involved
Disability care	12
Intellectual disability	4
Learning Disability	3
Habilitation & vocational training services for children & young adults with intellectual disabilities	2
Visual and hearing impairment	2
capacitybuilding abroad	1
children rehabilitation and social integration	1
Dawn Sindrom	1
Developing staff competence. Information. Research. Rights.	1
Housing with Care & Support	1
mental health care and psychiatry	1
Rehabilitation	1
sheltered workshops and group homes for adults with disabilities	1
assistive technology for persons; e-access	1

DEFINITIONS OF FUNDING SYSTEMS

For the purpose of this questionnaire, we used the following definitions. They can be distinguished in systems that finance the service providers in a **DIRECT WAY**, as:

Public procurement: procedure for awarding contracts for services provided by a public authority. Suppliers submit an offer in response to a request for tenders issued by a public authority.

Licensing/ concessions: right to provide a service granted by a public authority to an external service provider.

Subcontracting: contract between a public authority and an external provider by which the authority “externalizes” the provision of a service – full or partial.

In-house: Services provided directly by the public authority. In this case, the authority is responsible both for the financing and the provision of the service.

Public-public partnership: Partnership between two public authorities to fund and deliver a service.

Public-private partnerships: Partnership between the public and private sector for the purpose of delivering a project or service that may come in a variety of different legal or contractual forms. They refer to co-operative relationships between public authorities and private organisations to fulfill policy functions. Partnerships differ from contracting-out to the extent that they involve sharing both responsibility and risks, and involve co-financing.

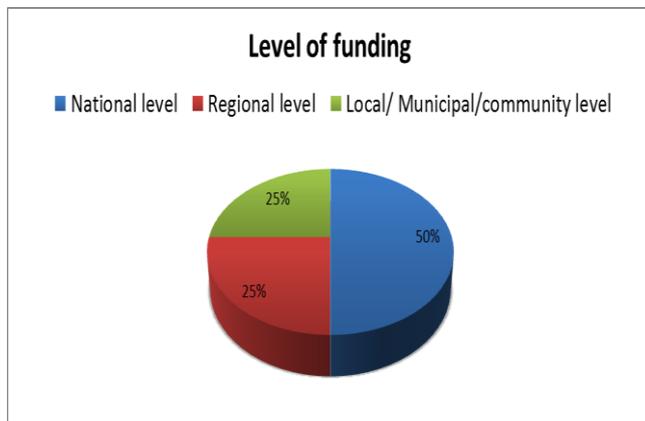
There are also systems that finance the users, funding the service providers in an **INDIRECT WAY**, as:

Voucher system: Service cheques that allow people to buy services and choose their own providers. They can be described as coupons worth a certain monetary value, earmarked for a specific purpose, to be used exclusively to purchase a specific service.

Direct payments: Cash payments given to the service users in lieu of community care services that they have been assessed as needing; they are intended to give users greater choice in their care.

Personalised budgets: Allocation of funding given to the users after an assessment, and which should be sufficient to meet their assessed needs. Users can either take their personal budget as a direct payment or leave the public authority with the responsibility to commission the services, or a combination of the two.

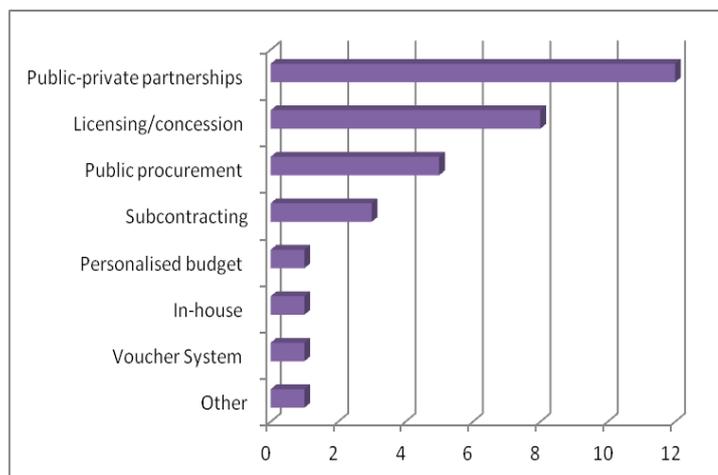
HOW ARE ORGANISATIONS FUNDED?



This section provides an overview of the funding systems used by the organisations who participated in the survey, with particular attention given to the advantages and the disadvantages of each system and their effects on the quality of service and the freedom of choice for people with disabilities.

Funding systems are decided at national level for 50% of the organisations, at regional level and at a local level for 25% in both cases.

Most of the respondents are funded by **public-private partnerships** (38%), followed by **licensing/concessions** (25%), **public procurement** (16%), **subcontracting** (10%) and **voucher system, personalised budget, and in-house system** are the main financing stream for only one respondent each, moreover in one case the provider couldn't identify any specific funding system.



From this first table, we can notice that in our sample most of the services providers are funded in a direct way, the only example of indirect funding is the voucher system, used as the main funding system only by one provider.

1. Public-private partnerships (12 answers)

Advantages of this funding system

Opinions on this funding stream are **not homogeneous**: from a very negative judgment for Romania where the respondent stated that no advantages can be highlighted, to more positive points of view.

In some cases public-private partnership is seen as **a direct, knowledge based system**, sensitive to a range of needs that is **transparent**, encourages accountability and is **outcome-based**. Moreover, it allows **interaction** with the managing authorities and even joint planning, giving the services an opportunity to influence the political agenda.

Some respondents also mentioned that this model **can be combined with additional sources of financing**, which helps compensate lower public funds. For example, it gives the possibility to apply

for European funding streams such as ESF, giving the opportunity to develop innovative tools and systems in the social care area.

Disadvantages of this funding system

The described situation of **Romania** for the non-profit social services sector is dramatic: at one hand the right to ask for funds at local level and at regional level is guaranteed, but on the other hand some services that can't be funded neither from local nor from regional authorities. Thus, non-profit organisations have to negotiate with local and regional authorities in order to obtain funding. Once financial support is obtained, the passage from the funding declaration to the effective transfer of money is also difficult. The reason of this is identified in the fact that local authorities consider the support to public social services (expensive residential services) as the main priority. Therefore **service providers are permanently in crisis** even when services are more qualitative and more according with European trends than public social services.

More **in general**, the main concern of NGOs is the common **short-term duration** of the grants. It influences negatively the possibility to establish a concrete annual budget, preventing the possibility of long term planning which is necessary to ensure good quality, predictable, sustainable services.

Other disadvantages are the **competitiveness** it generates between service providers instead of cooperation, the limited resources that are not shared between organisations. This system is also described as **complex** (France) and not transparent and **unclear** (Hungary).

Effects of this funding system on the quality of services

The **opinions** about the effect of this funding stream on the quality of services are **very diversified**: a respondent mentioned that **quality depends only on the funding allocated rather than on how this is done**, while another said that the **austerity plans are affecting the quality of services**, still others mention that the **funding system has no influence on the quality** of services provided as the services providers are focused on qualitative services regardless of the funding strategies.

We can in any case identify **two main trends** in terms effects on the quality of services provided. On the one hand, organisations funded through public-private partnerships recognize the **possibility to focus on a specific targeting of resources and the possibility to focus on strategic planning of services**. In this way, quality is increasingly measured in terms of outcomes rather than of inputs only (e.g. Ireland), with positive results in terms of improving competence among care workers (e.g. Norway). On the other hand, **some organisations can mainly focus on administrative or financial aspects**, while they haven't yet had the opportunity to develop indicators to actually measure the quality of services (e.g. Hungary).

Freedom of choice for people with disabilities/ their role in choosing their support system

Answers to this question vary, from the case of Romania where specialised services are insufficient if related to the persons in need to the case of France, where the law on disability ensures the freedom of the user on his/her support by specialised services.

It seems that freedom of choice for service users isn't determined only by the way in which services are funded, but also by the overall running of the health/social care system or by administrative and/or structural procedures or by organizational attitudes. In any case, **most of the respondents** mention that **freedom of choice for the user is advocated and promoted**, and that support is provided to people to choose the best service for them.

2. Licensing/concession (8 answers)

Advantages of this funding system

The highlighted advantages of this funding system are the **possibility to apply for additional funding**, e.g. through participation in European projects, a higher continuity for services, compared to public procurement and freedom for the services providers.

Moreover, for example in France since 2010 funding of services is organised around call for projects. When such a call is issued, it is guaranteed that there will be matching funding.

Disadvantages of this funding system

The main disadvantage of this funding system is, once more, **insecurity about funding**: financing is guaranteed for the **short-term period** only (corresponding to one year in most of the cases), making it very **difficult to plan for the long term** or offer guarantees on the continuity of services to the users, concessions terms sometimes are too short to be useful in realize a good service. This condition generates a **lack of systematic budget-planning**, also caused by **irregularity in payments** to the service providers. In some cases there are also **territorial discrepancies** in the way the national resources are distributed at regional and local level

Moreover **complex and stringent rules** leave little space for management decision, for example about the qualification of staff, everything is regulated. The **lack of basic fund** is hindering investments on training of staff and research, with consequences on the quality of services.

From the users perspective **clients are not free to choose the service provider they want**, they have to go to the service with a license and a free place.

In **France**, new procedures have been introduced recently that organize funding of services on the basis of **calls for projects**. Even though it is still too early to fully assess the impact of this new procedure some **drawbacks** are already foreseen: **privatization; competition between not-for-profit providers; hastily prepared projects**, given the short deadline to answer the calls for proposals; **increased administrative burden, decrease in innovation** because of “standardized” calls.

Effects on the quality of services

Some associations have reported **increased workload** for the staff given the need to submit project/ funding applications on a regular basis, thus **diverting resources form caring responsibilities**. Working on reduced budgets also affects negatively the quality of the service that can be provided. Nevertheless, it has been also remarked that quality of services is not only related to the funding system, but in the first place to the amount of money services providers get to give quality care.

Freedom of choice for people with disabilities/ their role in choosing their support system

In some countries, **persons with disabilities don't have freedom of choice regarding their support services** – this is the case mainly in **Bulgaria** and **Slovenia**, while in **France** and the **Czech Republic** this freedom is guaranteed, at least to a certain extent, because persons with disabilities can also receive a **personal budget** (Czech Republic) or **vouchers for personalised services** (France), which allows them to have a say in the choice of service.

In **Belgium** persons have the choice to **ask a personal assistance budget if they are organising their support at home**. They cannot go to a service provider with a personal assistance budget to buy 'services in kind' (except in a small experiment), or they can go to a service-in kind. At the moment persons have little choice in reality. They have to go to the service provider with a license and an

open place and there are long waiting lists for both systems, so these persons waiting for support have no choice.

3. Public procurement (5 answers)

Advantages of this funding system

This system ensures equal services and access to services to all users regardless of their economic status.

Disadvantages of this funding system

This system seems to have **many advantages for the public authorities**, commissioning and purchasing services since competition is driving down prices, yet this causes, not surprisingly, **very negative consequences on the quality of the services provided**.

The very short terms of the social programs creates difficulties in providing the same quality of life to these people once the program is over.

This system is seen as not encouraging competition for service providers (Slovenia). In The Netherlands it seems **difficult to provide services in different regions**, as contracts are regional the criteria change from a region to another.

Effects of your funding system on the quality of services

An **erosion of the quality of services** is reported as the main consequence of public procurement. There is specifically a **direct impact on care staff**, as most non statutory training has being stopped and support to staff is being minimised as managers have to handle more people. Services are being driven by a delivery of target, with **less attention** being paid to the softer side of **managing people**. All the time the business conversations are not about quality but are about how to deliver more for less.

In **Bulgaria**, nevertheless, **quality of life of service users is getting better**.

There is some hope though that **the importance of quality will be recognized in the future**, also because attention to quality means that services are safe for the users. Recent scandals in the UK, for example, are due to everything being price driven so safe quality services will emerge as a real preference in time, it is hoped.

Freedom of choice for people with disabilities/ their role in choosing their support system

Freedom of choice is **increasingly a reality** especially for new service users or for new services. However this new philosophy is less evident in traditional care services and rejected by services users who have been in the care system for many years.

In The Netherlands almost all organisations providing care for disabled people are able to get a contract. Choice might be restricted by waiting lists and lack of capacity. A lack of incentive for organisations to have overcapacity is signaled. Clients may choose personalised budgets, which ensure more freedom of choice, but recently the rules on personalised budgets have been restricted.

4. Subcontracting (3 answers)

Advantages of this funding system

In one case no advantages are highlighted, in the two other cases **reliability and variety of providers** are the main advantages.

Disadvantages of this funding system

In this system, **“power” stays with authorities and service providers**; it doesn’t allow for individualized service provision, nor a big variety of services giving **very little or no choice at all to service users**. Moreover users have very **little control**: they have a right to a service, but not a right for any "specific" service. If they are not satisfied with the service they receive they usually can do very little to change the service provider.

Finally, also within this system **contracts are signed for the short-term period only**, meaning that there is little or no security in the continuity of service provision and strict controls cause a lot of time consuming bureaucracy work for the staff.

Effects of your funding system on the quality of services

Little value is put **on individualization**; the organisation receives the same fee for all service users ("quiet" ones tend to get less attention). **Quality of Life is not linked to funding** as it’s not too important in this context; what is considered important is the placement in a housing and/ or occupational service.

Moreover, **public cuts in funding of services endanger their quality**.

Freedom of choice for people with disabilities/ their role in choosing their support system

Answers are homogeneous in stating that **freedom of choice for the user is not guaranteed**. Especially people with learning disabilities have hardly a say in choosing their service: they do have the right to receive services but not a specific service of their choice. They mostly have the choice between "take it or leave it". In Germany the welfare agency decides which support is necessary for the person with disabilities.

5. Voucher System (1 answer)

Advantages of this funding system

Provided that the cost calculations underpinning the system are done correctly, the voucher system gives persons with disabilities the **right to choose the service and the provider they prefer**. It also gives the provider the **possibility to run the service cost-effectively**.

Disadvantages of this funding system

The possibility to run the services adequately rests entirely on the **costs calculations** that rule the voucher system. If they are not done correctly, it won’t be possible to run the services at the expected level of quality.

Effects of your funding system on the quality of services

The funding system describes the “inputs” and “outputs” of the service provision very concretely. In many cases **it is possible to achieve a good quality of life for the users in correlation with an appropriate funding system**. Users can also have a say in terms of the “outputs” they want from a service.

Freedom of choice for people with disabilities/ their role in choosing their support system

Freedom of choice for users is **guaranteed** by this system.

5. In-house (1 answer)

Advantages of this funding system

The in-house model allows the municipality to coordinate services well and to take the local context into account.

Disadvantages of this funding system

It is often **rigid** and financial decisions are taken not considering local needs.

Effects of your funding system on the quality of services

The respondent's organization is obliged to refuse service due to lack of economical means. Respond to all requests becomes impossible.

Freedom of choice for people with disabilities/ their role in choosing their support system

Yes, persons with disabilities can choose the organisation they want, but then too **limited resources** limit the possibility for the service provider to give a support to everyone.

6. Personalised budget (1 answer)

Advantages of this funding system

Some of the social services funded by this system are mostly needed and they are not provided by other service providers.

Disadvantages of this funding system

The respondent's association (from Moldova) provides direct support for people with disabilities based on grants. But they signal a lack of experience in service procurement.

Freedom of choice for people with disabilities/ their role in choosing their support system

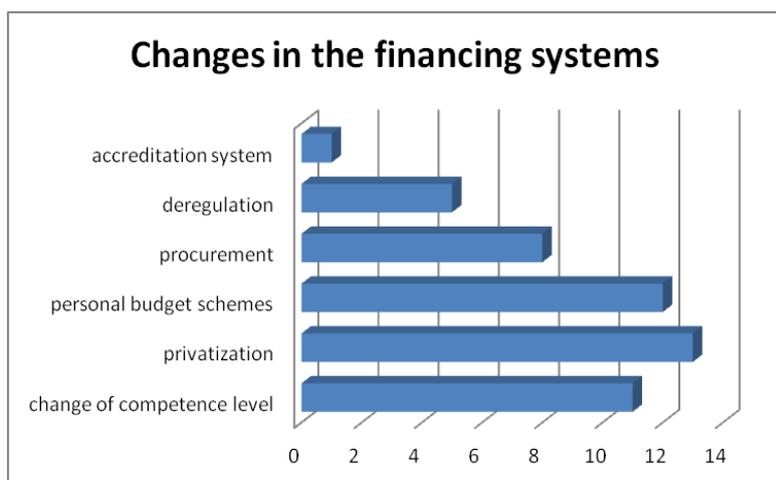
The respondent signals a lack of funding systems.

FUNDING SYSTEMS USED WITHIN COUNTRIES

In each of the countries represented in the survey there is a **variety of funding systems** in use. In some cases, more than one system is “used a lot”, which makes it hard to reach robust conclusions.

In general, the **systems that are most used are licensing/concession and public procurement**: 50% of the respondents mentioned that they are “used a lot”. **Subcontracting** and **public-private** or **public-public** partnerships are also **very common**.

In several countries there are plans to change the legislation affecting financing of social services or



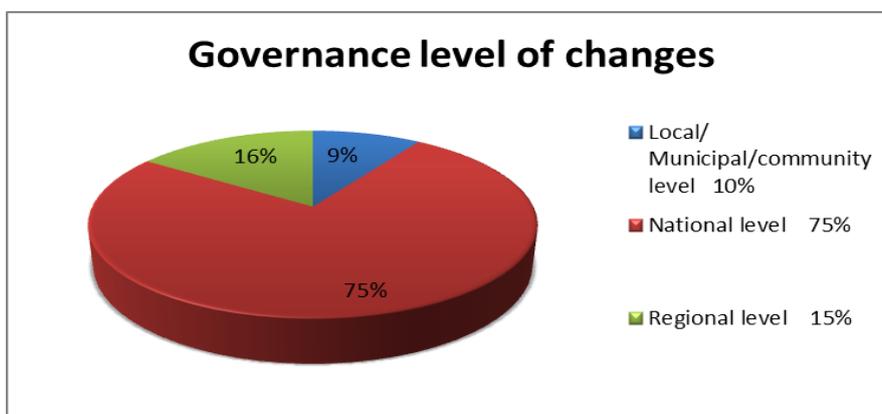
new practices under development. These changes can be combined and go mostly in the direction of increased **privatization**, often combined with **change of competence level**. Also change towards **personal budget schemes** and **procurement** are spread, followed by change towards deregulation.

Some of the respondents signal that **change of competence level**

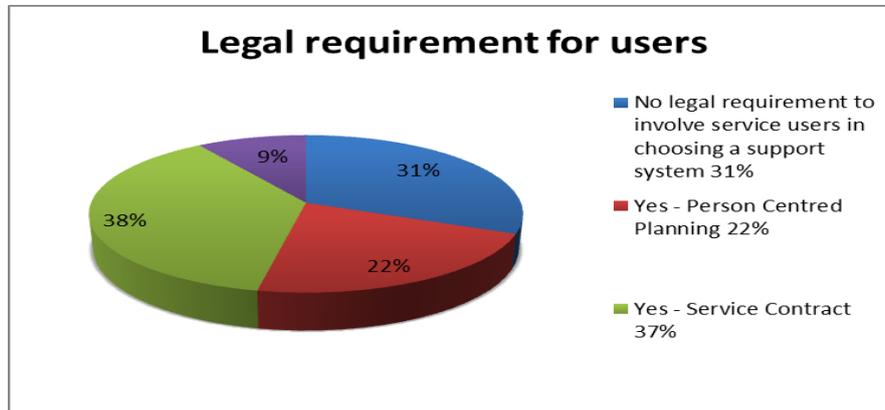
are **not accompanied by** the necessary **funds transfers** from Central government to regional / local authorities.

Other respondents signaled the fact that the main change is towards a **massive cut of funding**, due to austerity measures.

These changes are discussed mostly at national level, as shown in the graph below:



In several cases there are legal requirements to involve service users and ensure they can express a choice about the support system they receive:



SUPPORT OF THE NEEDS OF THE WHOLE FAMILY

The overview about the attention to the families is not positive at all. **Only 21% of the respondents gave an affirmative answer without further specification.**

Most of the respondent gave not clear cut answers, in some cases the needs of the family are considered if the family makes a request, or there are funds for families, but distinct from services for people with disabilities in general. Some observed that unless the needs of the service user and their family are critically low they do not meet the increasingly demanding eligibility criteria (England). There might be some support in terms of benefits but not in terms of social services. It has also been pointed out that the innovative services for family carers exist, but they're threatened by the cuts due to the crisis affecting Europe.

In **Romania** the system takes into account **more the family than needs and rights of the service users**. About personal assistance of persons with disabilities members of the family were encouraged to become personal assistants, without any professional or educational requirements. These persons aimed at increasing the income of the family, more than providing qualitative services. In 2009-2010, because of the crisis, local authorities fired them and gave to persons with disability an allowance for hiring a personal assistant, but with an amount that corresponds to 50% of the minimum wage in the country. In this situation, family members continue to be personal assistant of persons with disability, but without any official recognition.

28% of the organisations replied that the needs of the family are not taken into account at all.

CONCLUSIONS

Even though the number of answers to the questionnaire didn't allow us to have a complete perspective about the funding systems in different countries and organisations, some conclusions can be drafted.

Apparently **no system has been seen as totally positive**, with many difficulties common to different funding systems.

The change made in the last years to **boost competition** together with the **financial crisis** has created **difficulties to the service providers in maintaining a good quality of the services offered**. In most of the cases the **quality of services has decreased**, the **working conditions have got worse** and the **possibility of choice** for the users has **decreased** as well. When this situation didn't affect the quality of the services, is because of the voluntary work of people, (that in our opinion cannot represent the solution of the problem).

The **only exception** seems to be the **voucher system** that is not free from **risks** though. The key point of this system is **calculation of costs** of services that if **incorrect**, can affect in a negative way the quality of services. Nevertheless, if the calculation is correct, voucher system can provide quality-effective services and freedom of choice to users. This system is not widespread though. We have only one example of association that uses this system, and the countries overview shows only a minority of countries uses it.

What could improve quality of services working conditions for staff:

- **Shift from only economic perspective to quality-effectiveness**
- **Long term perspective in the drafting of social policies and in funding**
- **Stable legal frameworks in funding**
- **cooperation of service providers and of users in the drafting of social policies**
- **No more cuts to social funds**
- **More investment on innovative services**

Irene Bertana
5 May 2012