



# **Public social services in crisis: challenges and responses**

From 2008-2014: a response from  
ESN members

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## Introduction

For the past six years, the crisis has been affecting public services across Europe. Monitoring how the crisis has impacted upon public social services provision has been an important part of the work undertaken by the European Social Network (ESN) in the framework of our programme of mutual learning and policy implementation.

We started our work on the impact of the crisis in 2009 with the workshop '[Changing priorities: managing social services in times of crisis](#)'. In 2012-2013, we visited our members in Greece, Ireland, Portugal and Spain, where we could see the scale and depth of social emergency for ordinary people in these three countries, which were particularly affected by the economic crisis.

In 2014, ESN published the working paper '[Responding to the economic crisis and austerity](#)' which assessed the challenges faced by a number of European countries as well as the opportunities available to reform and improve social services in the framework of the economic and financial crisis.

This paper provides data and figures on how the crisis has had an impact on public social service provision from 2008 to 2014 in the following countries: Bulgaria, Greece, Hungary, Ireland, Italy, Latvia, Portugal and Spain.

## EU context

In 2010, the EU and its Member states committed themselves to “smart, sustainable and inclusive growth” through the Europe 2020 Strategy. The strategy includes targets to lift 20 million people out of poverty and social exclusion, to reduce early school-leaving and to raise employment levels to 75% for 20-64 year-olds. The European Commission (EC)'s [2015 Annual Growth Survey](#)<sup>1</sup> states that ‘welfare systems should play their role to combat poverty and foster social inclusion’ and advocates ‘growth-friendly fiscal consolidation’.

The 2015 Annual Growth Survey states that thanks to fiscal consolidation *'there has been a decrease in the number of countries with excessive deficit procedures'*. However, it omits to mention that fiscal austerity has also had detrimental economic and social impact across a number of countries. ESN's visits to [Greece](#), [Ireland](#), [Portugal](#) and [Spain](#) revealed that a high price has been paid through instituting cuts too deep and too fast to social protection systems. The result has been that important progress made over the past 10 years before the crisis has actually been rolled back due to fiscal consolidation policies.

The EC's 2014 [annual report on 'Employment and Social Developments in Europe'](#) shows that poverty and social exclusion in the EU worsened during the crisis with little sign of improvement so far.

The report singles out factors likely to affect the sustainability of economic growth such as:

- rising unemployment rates

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<sup>1</sup> The Annual Growth Survey sets broad priorities which will be addressed during the European Semester. The European Semester is a yearly cycle of policy coordination between the European Commission and the Member States to reach the Europe 2020 Strategy targets. For further information on the European Semester process, please see: [http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm)

- increasing numbers of young people not in education, employment or training (NEETs)
- declining household disposable income
- increased risk-of-poverty among the working-age population
- rising inequality

The report also underlines the role of social protection expenditure as an important tool for people to exit poverty. In most EU Members states, public social spending increased at the beginning of the crisis and played a significant role in improving gross household disposable income. However, the role of social spending was weakened by the end of 2010 due to phasing-out social entitlements and the introduction of fiscal consolidation measures that reduced the level or duration of benefits.

The European Commission's country reports on structural reforms in countries with 'Economic Adjustment Programmes' agreed by the Troika<sup>2</sup> and national governments did not cover the impact of social work and care services and their relation to poverty and social exclusion. Instead, they focused on basic welfare benefits, employment and health systems. As a consequence, more focused social services such as income support, mental health, housing, social care and employment support were neglected. Paradoxically, these focused services are key to addressing the roots of poverty, and unfortunately what has been overlooked here is the contribution that these services actually make to national and local economies.

## Public social services in Member States

The ability of local and regional public social services to react to increasing needs, poverty and social exclusion was challenged during the crisis. ESN members reported an increasing demand for welfare benefits and social services, particularly by people who did not need assistance before the crisis. At the same time, people with disabilities, people with mental health problems, frail older people, vulnerable children and families have been increasingly affected by restrictions in eligibility criteria and therefore service accessibility. The information included in this paper is based on the responses to a questionnaire provided by ESN members in the following countries: Bulgaria, Greece, Hungary, Ireland, Italy, Latvia, Portugal and Spain.

The methodology that we used for writing this paper is described below. ESN drafted a questionnaire in order to help members assess how the crisis had an impact on their services between 2008 and 2014. The questionnaire addressed a number of key topics, namely new service users' profiles, budget reductions, workforce changes, increases in social benefits recipients, challenges and reforms in public social services.

The scope and impact of the financial and economic crisis varied across the countries featured in this paper. ESN members in these countries work within the framework of different welfare systems and have different responsibilities. The Agency for Social Assistance in Bulgaria, the Institute for Social Security in Portugal and the Hellenic Agency for Local Development and Local Government in Greece do not manage services directly, but support local authorities and manage European funds or social assistance.

The General Directorate for Social Affairs and Child Protection in Hungary is responsible for developing quality measures, inspecting services and liaising with county offices to provide licenses for childcare centres. Riga City Council in Latvia, the Autonomous Community of

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<sup>2</sup> Committee led by the European Commission with the European Central Bank and the International Monetary Fund, that organised bail-outs to the governments of Greece, Ireland, Portugal and Cyprus.

Galicia in Spain, the Lazio Region in Italy and the Health Service Executive in Ireland, all plan, manage finance and deliver services in one way or another, despite operating at different governance levels.

## New service users

In all questionnaires, an increase in service users was reported. They came from different groups: families with children, young people, people with mental health problems and disabilities and older, dependent people. Members in **Spain, Greece** and **Ireland** reported that they now deal with “new” service users. These are people from the former middle classes, who became unemployed and often find themselves at risk of losing their home. Alongside an increase in service users, child poverty has also been growing, because families may not immediately request help. Therefore, as family income declines, ESN members report that more families take older relatives out of residential care to receive additional financial support from their pensions. In **Hungary**, the number of children and families monitored by child welfare services increased from 190,700 children in 2008 to 200,000 children in 2013. In addition, the number of children in care also increased from 2008 to 2012; from 17,500 to 18,500.

In **Ireland**, all people receiving unemployment benefits have also a ‘medical card’ entitling them to free primary health care services, drugs and treatments. The number of medical card owners has increased significantly by approximately 70%: from 1,338,078 in 2007 to 2,277,845 in 2014. In the **region of Galicia (Spain)**, in 2014 there were 54,000 people eligible for support under the Dependency Act, a legislation that was established in 2007 to provide necessary support for those who fulfilled the criteria because of disability, old age or other vulnerabilities. However, only 37,000 people had access to benefits, which left 17,000 people on the waiting list in 2014.

## Budget reductions

Members in **Spain, Portugal** and **Latvia** reported reductions in their general budget over the last years, but they were able to maintain and in some instances even increased their social services and social protection’s expenditure –mainly due to having to provide services for a higher number of users. However, in **Ireland** and **Greece** members faced reductions in their social services’ budgets.

**Riga City Council** in **Latvia** experienced a drop in their annual budget by 21% in 2009 (from 540 million Lat in 2008 to 427 million Lat in 2009). This was due to a decrease in working population (because of higher unemployment, demographic change and migration), who pay around 80% of their income tax into the municipal budget. In 2010, the municipal budget began to stabilise and increased by 8.3% (from 434 million Lat in 2010 to 470 million Lat in 2011). Although the budget of Riga City Council dropped between 2008 and 2009, the budget for social services, social benefits and administrative costs increased by nearly 26% in 2012 (from 31 million Lat in 2009 to 39 million Lat in 2012). Social services in Latvia experienced the biggest impact of the crisis in 2010 and 2011 when people who became unemployed were no longer covered by nine months of unemployment insurance.

In **Galicia (Spain)**, the general budget decreased by nearly 29% between 2008 and 2014 (from 11,500 million Euro in 2008 to 8,173 million Euro in 2014). National government’s funding to the region in order to support municipalities decreased by 73% (from 8 million Euro in 2008 to 2.1 million Euro in 2014). However, the budget for social services increased

by 24% between 2008 and 2014 (from 404 million Euro in 2008 to 502 million Euro in 2014). This was due to an increase in service users and a relocation of services from health to the social services' budget. However, the national government's funding under the Dependency Act remained the same, although there were more service users' applications, which were considered eligible for support.

In **Portugal**, the budget of the Institute for Social Security, which manages 75% of the social budget and monitors the provision of social services, increased by 6.2% between 2009 and 2013 (from 1.13 billion Euro in 2009 to 1.2 billion Euro in 2013). The annual budget of the **Lazio Region (Italy)** has not changed significantly during the last years, but Lazio has a growing debt problem and shrinking revenues from taxes.

In **Ireland**, the Health Service Executive has faced severe financial challenges over the past 5 years resulting from reductions to its funding base and the implementation of additional saving targets. Between 2008 and 2013, the Health Service Executive's budget was reduced by 3.3 billion Euro or 22%. Additional savings totalling 619 million Euro were required in 2014, which brought the total level of reductions to almost 4 billion Euro over 6 years. Their Mental Health Division, which manages the full range of public secondary care mental health services, had a budgetary decrease of 4.5% (from 800 million in 2008 to 763.8 million Euro in 2014). This challenge comes at a time when the demand for services is increasing every year with an ageing and growing population and an expected increase of chronic disease by 40% by 2020.

In 2011, an administrative reform in **Greece** reduced the number of municipalities from 1,034 to 325 and increased their level of responsibilities. However, according to the Hellenic Agency for Local Development and Local Government, the increase in responsibilities was not matched by an increase in funding. The social services budget provided by the state has been reducing over the past years, and many social services are actually financed by the European Social Fund (ESF). However, ESF co-funded services face difficulties because of reductions in co-funding provided by the state. For example, in 2011 the state provided 57 million Euro for a 6 month ESF co-funded municipal home care project, while in 2012 the provision for the whole year was of 60 million Euro.

## Changes in workforce conditions

In their responses to the questionnaire, members highlighted that both workforce and their salaries have been reduced, which has resulted in de-motivation, lack of morale and migration of those with better skills, among them young people.. In **Ireland**, the workforce of the Social Care Division at the Health Service Executive was reduced by 12% between 2007 and 2014 (2007: 112,245 full-time personnel, 2014 ceiling: 98,938 full-time personnel). The Mental Health Division employs now 9,027 full-time personnel while it employed 9,600 in 2008. In **Bulgaria**, the workforce of the Agency for Social Assistance had decreased by 5% by 2014. The staff's budget of the **Spanish region of Galicia** decreased by 14% between 2008 and 2014 (from 116 million Euro in 2008 to 102 million Euro in 2014).

Members reported recruitment restrictions in **Greece**, where only 20% of retired people get replaced; **Spain**, where only 10% of retired persons get replaced; **Hungary** and **Ireland**. In **Lazio**, new members of staff can only be recruited from other departments from within the regional authority. In **Ireland**, within the Health Service Executive, a number of packages were offered to staff i.e. voluntary redundancy, early retirement and incentivised career breaks. In **Hungary** and **Riga (Latvia)**, there were staff redundancies of administrative and supportive staff. However, in **Riga**, the number of social workers and social assistance workers increased and 20 new case-managers for long-term unemployed were employed in 2011. However, as a result of a reduction in staff's salaries, they also reported that recruiting social workers was becoming challenging.

In the Italian region of **Lazio**, the regional training program was interrupted in 2012 and 2013. In the Mental Health Division of the Health Service Executive in **Ireland**, many non-mandatory training programmes stopped. In **Greece** and **Hungary**, staff training was interrupted, but it is now covered by the ESF. In other cases, there has been an increase in non-traditional forms of training in public administration, such as online training, which increased by 70% in the Spanish region of **Galicia** by 2014.

## Increase in the number of recipients of social benefits

All members reported an increase in the number of recipients of social benefits in the last years. In some cases, the level of social protection remained as it was before the crisis; in others, social benefits were cut or eligibility criteria tightened.

In **Bulgaria**, the number of people who receive social benefits (which are granted by the Agency for Social Assistance) increased by 16.6% between 2008 and 2013 (from 42,804 individuals in 2008 to 49,921 individuals in 2013). However, the number of families receiving child benefits was reduced from 561,977 families to 537,325 families over the same period.

In **Galicia**, there has been a 100% increase in minimum income benefit recipients (financial support for people who are not eligible for any other benefits) since 2009 (from 4,350 people in 2009 to 8,849 people in 2014). This increase correlates with a rise in the number of people who have been long-term unemployed for 12 months or more, since the unemployment benefit is mostly paid for 18 months. Moreover, the demand for benefits is higher than the financial resources of the region and the regional administration needs over 7 months to make the payment once a person has been considered eligible.

In **Greece**, the number of applicants for social security has also been increasing, but funding has been decreasing. There are reductions in pensions and stricter eligibility criteria for benefits for people with disabilities.

In **Riga**, the share of social benefit recipients increased from 8% in 2009 to 12% in 2011, but since 2012 the number has gone down to 10%.

## Challenges for public social services

ESN members underlined that they had to find ways of working with people who had never been in contact with social services. Therefore, they have had to develop new services in order to respond to emerging social needs; for instance, preventing homelessness amongst people who became unemployed, particularly families with children.

As a result of social expenditure cuts and staff reductions, many people in need of care and support have had limited access to services and benefits. In **Greece**, ESN member –the Hellenic Agency for Local Development and Local Government, emphasized that state funding for municipalities remained inadequate. The growing demand for social services, especially childcare and older people's services, was at odds with the reduction in public expenditure for social services. For example, 78,400 families applied for childcare in 2012, but only 47,900 were granted support. In the Spanish region of **Galicia**, there were cuts to social work programmes focused on reaching out to vulnerable people in the community. In **Ireland**, reductions in acute inpatient, continuing care and rehabilitation services affected mental health services.

In other cases, the crisis impacted upon the price paid out to contractors responsible for providing services outside the public authority, as was the case in **Riga**, where the money

for some contracts was reduced. In **Hungary**, the crisis halted the development of quality guidelines for nurseries. In **Ireland**, reports from the independent service regulator raised concerns about staffing levels, delays in policy implementation and budgetary considerations – Ireland currently spends 5.4% of its health budget on mental health, whilst their policy target is set at 8.4% and the World Health Organisation recommends 12%.

Members have limited access to real-time data to monitor the impact of the crisis. Some organisations are responsible for service quality measurement, which includes performance management, quality assurance, audit, risk management, and lessons learnt from user complaints and adverse events. Demographic details, questionnaires on living conditions, and quantitative data on the number of services provided play a key role in service planning. However, members complained that this data collection might take up to 2 years and that poorly integrated ICT systems between health and social care make it difficult to provide a holistic overview.

## Responses to the crisis

### New services

In all countries, new measures were set up to address immediate needs caused by the crisis. In **Greece**, food banks, homelessness prevention programmes for families, shelters, social groceries, social pharmacies and emergency health care were set up with the help of the European Social Fund. The **Lazio** region in **Italy** also funds more food canteens, shelters, food delivery to homes and social groceries. In **Portugal**, the government funded a social emergency programme including 900 social canteens, which were established in schools and other settings. In 2010, **Riga** set up food banks, which were made accessible for people in need, and between 2,500 and 3,000 people use this service on a daily basis.

In **Ireland**, the Mental Health Division of the Health Service Executive developed services to address increased demand in mental health services such as:

- counselling in primary care (IAPT), which was launched in July 2013
- improved access to “Child and Adolescent Mental Health Services Community Teams”
- inpatient facilities

In **Hungary**, the number of childcare services was increased thanks to EU funding, and 6,000 new places for under 3-year-olds were created in nurseries.

### Shift to community care

The Agency for Social Assistance in **Bulgaria** is one of the main players in the process of deinstitutionalisation and the reform of specialised institutions for older people, and children and adults with disabilities. The government adopted a National Strategy ‘Vision on Deinstitutionalisation for Children’ and an Action Plan for its implementation. ESF has been used for the development of new community based social services for children and the closure of old institutions. In 2008, there were 26 specialised institutions for children with disabilities and 84 institutions for abandoned children. In 2013, there were 24 specialised institutions for children with disabilities and 53 institutions for abandoned children. While in 2008, there were 334 community based social services; this number increased to 412 in 2013.

In Ireland, the reform agenda on social care focuses on home care and community support for older people to avoid hospital admissions and support early discharge. The National

Mental Health Division focuses on promoting community engagement and reducing hospitalisations.

### **Better use of existing resources**

The City Council in **Riga** put an emphasis on structural reforms within the organisation in order to reduce administrative costs. The City Council converted five social offices into one social office that assesses the needs of people and gives access to services. This reduced administrative costs made management easier and provided equal treatment for service users. **Ireland's** strategy for health and care services also aims to minimise the impact on direct service provision by seeking efficiencies in non-service related areas and protecting frontline services.

### **Working in partnerships**

The Autonomous Community of **Galicia** in **Spain** developed a partnership between justice, the region and the municipalities in order to prevent homelessness. The partnership has worked successfully to prevent families from losing their homes. Moreover, they have created a special unit that negotiates with banks and helps families in difficult situations to deal with their mortgages. In **Ireland**, mental health services work in partnership with primary care, voluntary and community agencies to identify people at risk and provide rapid access to services.

### **Co-payment**

The Autonomous Community of **Galicia (Spain)** has introduced a progressive means-tested co-payment for older people in care homes. **Ireland's** National Mental Health Division has developed a balance between free and means-tested services. Acute community services are provided free at the point of use while inpatient charges apply (not applied to detained people) and residential charges remained constant and heavily subsidised. There is also the 'Fair-Deal' nursing home care model, which also involves a co-payment option.

### **Lack of prevention approaches**

Our members, particularly those in **Greece** and **Spain**, reported that the crisis made it impossible to develop services focused on prevention and they have had to focus on emergency interventions.

### **Service users' involvement**

In **Ireland**, the review 'Value for Money and Policy Review in Disability Services' foresees a change in governance, funding and service delivery that support people with disabilities to live the lives of their choice. In mental health services, there is a very active "Service User - Family Members" system in place that includes training, engagement, advocacy, academic programmes, dialogue and peer advocacy in service management at local and national level.

## Conclusion

For the past six years, the economic crisis has had a significant impact across Europe, where many countries have implemented austerity policies in light of decreasing budgets. Although thanks to fiscal consolidation there has been a decrease in the number of countries with excessive deficit procedures, fiscal austerity has had a detrimental economic and social impact across a number of countries' social protection systems. The crisis has increased financial distress and debt levels among households, exacerbated poverty and social exclusion, weakened social ties and led many families and individuals to rely on informal support.

The role of health and social services is essential for building more resilient societies, particularly when it comes to cushioning the impact of the economic crisis. A high price has been paid by instituting cuts too deep and too fast to social protection systems. This has resulted in a real risk that these measures would engender a return to a traditional model of social assistance and would result in important progress which was made between the end of the nineties up to 2007 actually being rolled back.

Some members tried to find ways to react to decreasing revenue and increasing demand and to keep the same eligibility criteria and accessibility of services. Most had to concentrate on emergency measures, while access to services and benefits and eligibility criteria were tightened. However, the crisis has also been an opportunity to move towards change in terms of re-thinking the role of social services, seeking efficiency gains and addressing the roles and responsibilities of people and the state.

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## **Annex I: Questionnaire: Impact of the crisis on public social services**

### **Your organisation**

1. What services does your organisation provide?

2. Do you contract/ finance some of your services? If so, which ones?

3. What is the annual budget for social services/social assistance within your organisation today?

What was the annual budget in 2008?

4. What is your number of staff?

What was your number of staff in 2008?

### **Impact of crisis**

1. Since the beginning of the crisis in Europe in early 2008 until 2013, has there been an impact on the budget for social services/social assistance in your organisation?

changes in revenue (forms of income such as tax, income from property). If so- please indicate.

changes in capital assets (debt, capital investments etc.) If so- please indicate.

changes in property assets (estate, buildings, etc) If so- please indicate.

other, please indicate

2. Has there been an impact on staff since 2008 to 2013?

staff redundancies. If so- please indicate.

recruitment stops. If so- please indicate.

changes in staff training. If so- please indicate.

other, please indicate

3. Has there been a change of the demand for services and benefits since the beginning of the crisis?

change in numbers of service users (e.g. number of children, children with disabilities, older people, people with disabilities) If so -please indicate.

change in number of social benefit receivers. If so -please indicate.

4. From 2008 to 2013, have there been changes in the profile of service users (such as “new” services users: people who haven’t used services before the crisis)? If so, what have been the main factors causing any changes in the profile of service users (e.g. unemployment, increased housing problems, rise in indebtedness, more family breakdown, etc.)?

5. From 2008 to 2013, have there been changes in the problems social services face? If so, please describe.

6. Do you have the instruments to monitor the impact of the crisis on those currently using social services and on the wider population?

If yes, please describe what instruments you are using.

If no, please describe why.

### **Responses to crisis**

1. Have you been able to keep the same service strategy as before the crisis? If not- were there changes in

Reductions in services. If so- please give examples.

Creation of new services (such as welfare assistance and emergency support). If so- please give examples.

Change of service provision. If so please give examples.

More co-payment/self-funded services. If so please give examples.

Change in eligibility criteria (e.g. change of access to services only for those with higher needs). If so please give examples.

Changes in staff expenditure.

Changes in planned investments (e.g. buildings). If so please give examples.

Other changes, please describe

2. Is your organisation able to respond to the challenges caused by the economic crisis and demographic change in an efficient and effective way through

a better use of existing resources

focus on prevention

involvement of service users

working in partnerships with other sectors or neighbouring municipalities

contracting services

shift from residential to community care

more engagement in communities

other, please indicate

If not, please describe why

3. Is your organisation able to prove which interventions/policies are effective and efficient?

If so, please describe the impact of two examples from two different service user groups (children and families, mental health, disability, elderly) they have had.

If not- please describe why

4. How efficient do you think your services were before the crisis?

5. In your opinion, how did the changes caused by the economic crisis and demographic change affect citizens in your area?