



25 January 2011

### **THE FUTURE FOR SOCIAL SERVICES OF GENERAL INTEREST HEARING EUROPEAN PARLIAMENT EMPLOYMENT COMMITTEE 25 JANUARY 2011**

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Important role of Social Services of General Interest (SSGI)

- Both public and private employers play an important role in provision of social services. As part of this, they take account of quality, cost-effectiveness and efficiency.
- Social services have an important role in terms of social cohesion and combating poverty and social exclusion.
- They have to be adaptable to respond to emerging social needs, e.g. demographic change.
- Access to social services is a key complement to active inclusion in the labour market and to higher levels of employment. Services can act as direct support for integration into the workforce or complement this process, e.g. social security schemes and health services.
- It is important to combine accessibility and quality with efficiency, to ensure financial sustainability particularly in times of budget constraints. Both aspects are raised in 6 December Employment Council conclusions and the Recommendations of the 3<sup>rd</sup> Forum on SSGI (October 2010).

Current economic context

- The crisis has led to a deterioration of member state economies, increasing debt and budget deficits.
- There is a challenge today due to the deterioration in public finances and adjustments are needed to bring public debt levels down.
- The recovery is consolidating now and the priority should be to reinforce this and to ensure that public finances are robust.
- This is the best way to ensure that social services continue to be provided in an effective and sustainable manner.
- Exit strategies must be combined with entry strategies, focusing on reforms that enhance growth.
- We therefore support the emphasis in member states on fiscal consolidation and efforts to increase economic growth.
- Public Private Partnerships are the primary tool to make public services more cost-effective and efficient which is of particular importance in a time when resources are scarce. It is fundamental to create a culture that facilitates the setting up of PPPs.
- The crisis has shown the limits of the current Stability and Growth Pact for enforcing discipline. Important steps have been taken, but economic governance needs to be improved.



### Member state competence

- It is not possible to precisely define SSGI at EU level. They are defined by public authorities in the member states, often at local level taking into account the particularities of the local situation.
- It is also normal that there is no legislative definition of Services of General Interest (SGI) or the idea of 'General Interest' at EU level. Again, this is defined differently by member states.
- As stated in the Recommendations of the 3<sup>rd</sup> Forum on SSGI, implementation of current EU rules is the issue. Not the rules themselves. We agree that there is a need for further clarification of the rules and their application to SSGI, however this is best done through guidance and collaboration between member states.
- The question of whether a social service is economic or non-economic should be decided on a case-by-case basis. It is not clear cut from one sector to another and depends on the nature of the activity.
- For these reasons, we do not believe that EU legislative measures are appropriate or necessary in this field. This includes the recommendation of the 3<sup>rd</sup> Forum on SSGI to create a legislative instrument on SSGI or defining through legislation common references for the organization and financing of the tasks carried out by SSGI.
- I would also like to recall the 6 December Employment Council conclusions, which do not foresee legislative measures in this area.

### Measures at EU level

- This is not to say that measures cannot be taken at EU level and in fact, we already have some tools at our disposal.
- The EU's role should continue to be ensuring better understanding and application of EU rules.
- Mechanisms are in place for this, e.g. the Commission's Interactive Information Service. Public authorities can also use the European Commission's Guide on the application of EU State aid, public procurement and internal market rules to services of general economic interest and, in particular, to social services of general interest.
- The Single Market Act also foresees further tools in this area.
- The EU should continue to promote exchanges of best practices between the Member States, ensuring dialogue in the framework of the Social Protection Committee (SPC). Social Partners should be included in these reflections.
- We also now have the Voluntary Quality Framework for SSGI developed by the SPC. This can assist public authorities in the member states.
- The framework has the right focus. It expresses commonly shared values and aims to develop a common understanding of social services quality, as well as facilitate the exchange of experiences and good practices.
- We support that the framework in its overarching principles points to the need to combine accessibility and availability with affordability.