



Social Services Europe

SSE Feedback on the Roadmap for the Action Plan on Social Economy

“The Social Economy Action Plan: maximizing the potential of not-for-profit social services?”

[Social Services Europe](#) (SSE) represents over 200,000 primarily not-for-profit organisations. Our members include the European Council for Non Profit Organisations (CEDAG), the European Association of Service Providers for Persons with Disabilities (EASPD), the European Platform for Rehabilitation (EPR), Eurodiaconia, the European Federation of National Organisations Working with the Homeless (FEANTSA), the Red Cross EU Office and Caritas Europa, each a network in its own right with many member organisations operating on a public and private level.

Social Services Europe welcomes this consultation with civil society and social economy actors and the opportunity to submit our feedback to the roadmap, which we hope will be taken into consideration in the upcoming Action Plan on Social Economy.

The Definition of Social Economy

The Roadmap for a European Action Plan for Social Economy defines the social economy as encompassing “a variety of businesses, organisations and legal forms. They share the objective of systematically putting people first and producing a positive impact on local communities. The social economy business model aims at reinvesting most of the profits back into the organisation and/or a social cause and have a participatory/democratic form of governance”.

Under this definition, social service providers make up a significant proportion of the social economy in most, if not all EU Member States. As illustrated later in this paper, across most European Union Member States, social service providers are largely not-for-profit organisations, which can take the form of not-for-profit associations (in Belgium, for instance¹), cooperatives (in Italy for instance), mutuals (in France for instance²) and foundations (in Bulgaria for instance³). Very often, in the same country, social service providers can take the form of not-for-profit (the four types just mentioned & others), private for-profit and public; with all three coexisting. As will be explained later, the not-for-profit social service providers are the dominant form of social service provision in Europe. Being mostly not-for-profit, and often with a participatory/democratic form of governance, not-for-profit social services also have business models in line with the social economy definitions.

However, it must be noted that social service providers differ in several ways to many social enterprises, active for instance in the field of employment of persons with support needs, primarily in relation to the fact that they do not generally operate on the open market and tend to have a close relationship or partnership with public authorities who are the main funders, both directly and indirectly.

The Importance of Not-For-Profit Social Service Providers

Not-for-profit social service providers are key players in Europe’s social economy, especially in terms of job creation, social impact, social innovation and social entrepreneurship. In many cases, they are the predominant players in terms of workforce, income and number of organisations. They have a crucial role as strategic partners in the implementation of the European Pillar of Social Rights, and in the EU’s socio-

¹ [Krachtig anders in Brussel | Hubbie](#)

² <https://www.centredelagabrielle.fr/>

³ <https://www.icss-bg.org/?lang=en>

economic recovery from the COVID-19 pandemic, in providing and delivering essential social services for communities across Europe, especially for those most at risk of poverty and social exclusion. The COVID19 pandemic has demonstrated even more how essential social services are to the quality of life of millions.

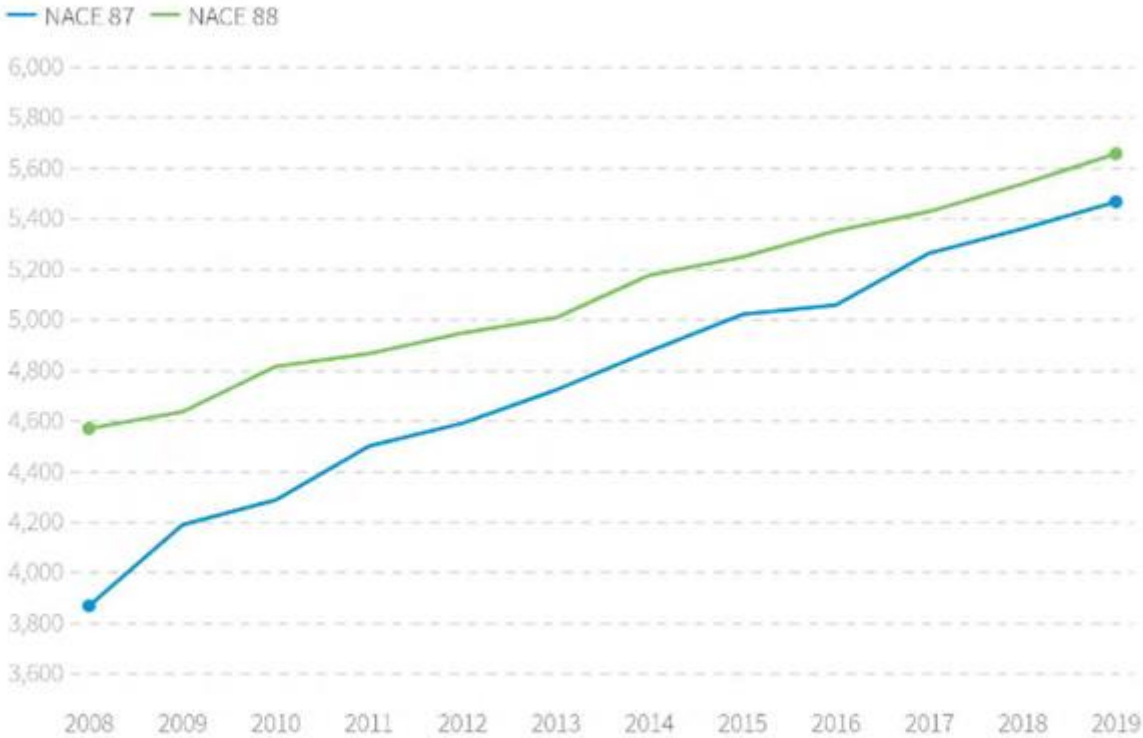
Despite the significance of social service providers as a distinct, though overlapping, subgroup of social economy actors, Social Services Europe is disappointed to note that no specific mention of them is made in the roadmap. Given the significant size, scope and impact of the social services sector in the EU’s social economy, we call on the Commission to ensure that social service providers are recognised as important actors in the Action Plan and are supported legally, politically and financially with tailored initiatives addressing the challenges facing not-for-profit social service providers and taking into consideration the recommendations presented in this paper.

Job Creation

The Roadmap for the Social Economy Action Plan highlights the important role social economy organisations play in job creation. This is very much the case for social service providers, who represent a sector employing over 11.5 million employees across the EU27 & UK, corresponding to 6% of the total EU workforce; most of whom are employed by not-for-profit social services who are part of the country’s social economy.

A recent [report by Eurofound](#) shows that social services are also one of Europe’s biggest job creators with hundreds of thousands of new jobs created each year (See table below – Figure 9). This job growth is expected to continue as highlighted in the [Action Plan for the European Pillar of Social Rights](#) which recognises that “growth potential in health and social care (is) estimated at 8 million job openings in the next 10 years”; with the social care sector being part of the broader social services sector.

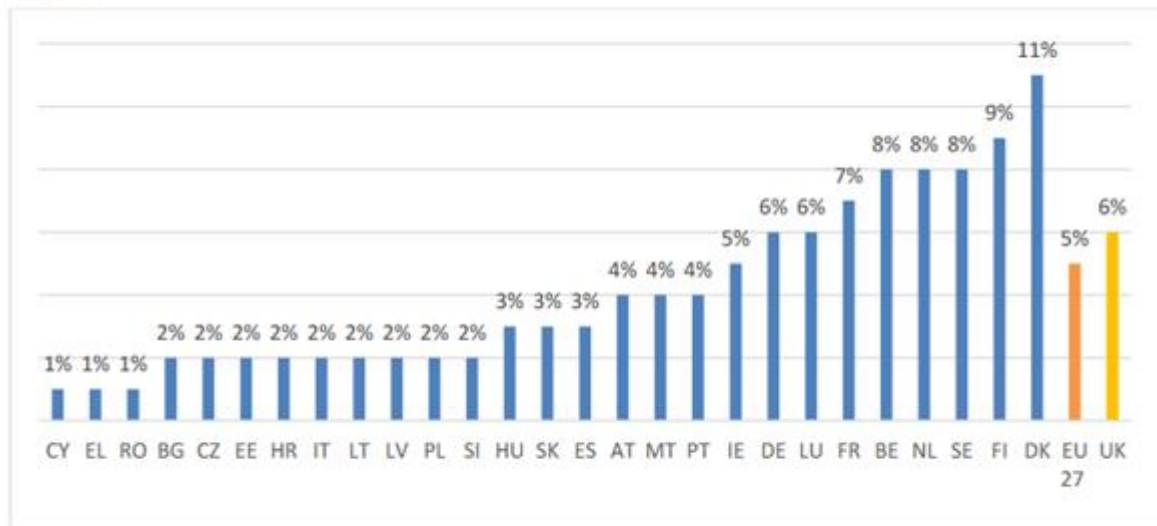
Figure 9: Growing trend in employment in the social services sector (NACE 87 and 88) in the EU (in thousands), 2008–2019



Source: Eurostat

The significant variations in proportions of the national workforce employed in the social services sector range from 1% in Cyprus, Greece and Romania to 11% in Denmark. This points to the huge growth potential of the social services sector as an employment tool.

Figure 10: Proportion of the national workforce employed in the social services sector (NACE 87 and 88), 2019



Source: Network of Eurofound Correspondents' national contributions to this study, 2019

The Eurofound report also highlights the very considerable role of not-for-profit providers within the social services sector with data showing that not-for-profit providers are the dominant legal form in Belgium, Germany, Holland, Cyprus, Spain, France, Italy, Luxembourg, the Netherlands, and Portugal. In other words, not-for-profit providers are the dominant form of employer in social services in the countries with the largest workforce. It is also important to note that not-for-profit social service provision exists – and is very often growing – in all European Member States.

It is therefore clear that social services are some of the biggest employers in Europe, have significant job creation potential and are very often not-for-profit and therefore make up a large part of the European Union's social economy sector.

However, despite the significant job creation potential, many social service providers struggle with staff shortages, with recruitment and retention of the workforce becoming increasingly challenging. This is primarily due to difficulties in attracting and retaining workers, especially young workers and male workers as carers. **The biggest issue at stake here is the underfunding of social services, in particular since 2008.** This is why the European Pillar of Social Rights Action Plan recommends Member States to “invest in the health and care workforce, improving their working conditions and access to training”.

The main issues regarding the recruitment and retention of the workforce relate to:

- Over reliance on women/insufficient targeting of men as a workforce due to traditionally being a feminised sector
- Poor wages, with pay for social services workers being on average 21% less than the average national earnings ([Eurofound, 2021](#))
- Difficult working conditions, including psychological risks, stress at work and physical work
- Insufficient staffing levels, training and career paths
- Urban/rural divide
- Views of the sector
- Insufficient social dialogue, especially in Central and Eastern Europe

These issues are widely accepted as the main reasons behind staff shortages, including in reports by [Eurofound](#), [OECD](#), [EASPD](#) and [Joint Declarations](#) between the sector's Social Partners at EU level: Federation of European Social Employers and the European Federation of Public Service Unions.

Social Impact

The Roadmap for a European Action Plan for Social Economy states that social economy organisations put people first and produce a positive impact on local communities. Not-for-profit social services do just that insofar as they exist only as a “[means to facilitate the active participation of all in the community](#)”. That is their sole purpose and if the social need were to disappear, so would the need for social support.

In this regard, social services provide essential care and support to millions of people in Europe, helping older persons, persons with disabilities, children and young people at risk, people at risk of poverty, homeless persons, migrants, women experiencing gender violence and people suffering from domestic violence, and many others to live better, healthier, longer and more active lives. Most importantly, they help people to enjoy their human rights. Social services also provide essential help to family or other carers, contributing to their employment and work-life balance opportunities. They are extremely important to tackling gender inequalities given the disproportionate share of women in providing family care. [Social Services are essential to the implementation of the European Pillar of Social Rights](#).

This social impact is demonstrable through the contribution of social services to at least 10 principles of the European Pillar of Social Rights (notwithstanding their role as employers):

- Principle 01 –Social services assist in the achievement of inclusive education, training and life-long learning by supporting all people to have access to such opportunities.
- Principle 02 –Social services support gender equality by providing care and support to enable parents or family members, often women, the choice to work if they wish to.
- Principle 03 –Social services support equal opportunities by helping all people to access employment, social protection, education and access to goods and services.
- Principle 04 –Social services assist in active support to employment by providing personalised, continuous and consistent support to help disadvantaged persons onto the labour market.
- Principle 09 –Social services support work-life balance by providing care services to those who need it.
- Principle 11 –Social services provide childcare and support to children by providing childcare services to those who need it, as well as additional support for disadvantaged children and/or families.
- Principle 17 –Social services support the inclusion of people with disabilities by providing services that enable people with disabilities to participate in society and in the labour market.
- Principle 18 –Social services support the provision of long-term care by providing quality, community-based long-term care services to people who need it.
- Principle 19 –Social services assist the provision of housing and assistance for the homeless by providing support services for homeless people.
- Principle 20 –Social services help to increase access to essential services by helping disadvantaged people access such services.

The implementation of these principles is conditional on the ability of social service providers to provide quality services supported by adequate funding, sufficient staffing levels and underpinned by innovative design and implementation that maximize the positive transformative power of social interventions.

Yet there has been a significant funding gap in the social services sector in most if not all countries, with many services experiencing the challenges of short-term contracts. The underfunding that preceded the pandemic meant waiting lists in some cases and many social services suffering under financial pressure. **The contribution social services make towards positive social impact is dependent on a supportive social services ecosystem, and more broadly, a social economy ecosystem, which provides the right legal, political and financial frameworks that can maximise the sector's impact.**

Social Innovation

The Roadmap on the Social Economy Action Plan states that “social economy organisations usually operate at a local level, contributing to social innovation and inclusion”. [Not-for-profit social services have a strong tradition of innovation](#) and are constantly searching for ways to provide better quality, more effective and sustainable services. This way of working stems from the need to develop new strategies, concepts, principles and partnerships in order to meet existing social needs and respond effectively to new ones. Indeed, social innovation is at the heart of the existence of social services and comes back to their sole purpose to provide support to people in the best possible way.

Broadly speaking, social innovation in social services can be described as the process by which new responses to social needs are developed in order to deliver better social outcomes and address new social challenges.

In our experience, social innovation can be composed of four main elements:

1. Identification of new or unmet social needs
2. Development of new solutions in response to these social needs
3. Evaluation of the effectiveness of new solutions in meeting social needs
4. Scaling up of effective social innovations.

Social innovation is often misunderstood and used to describe almost any social intervention. In our view, social innovation needs to meet at least the following criteria:

- **Novelty:** although innovation is not necessarily something completely new, it must be innovative with regard to the user, context or application. Innovation may involve applying existing ideas in new contexts, overcoming sectoral boundaries or combining existing ideas in new ways.
- **Improvement:** Social innovations must meet social needs more effectively than pre-existing alternatives.
- **Sustainability:** Social innovation must be environmentally, economically and organisationally sustainable. This means it must provide long-term solutions and not produce negative externalities.

The need for cost effectiveness is often cited as one of the key drivers of social innovation. Social Services Europe recognizes the need to provide cost-effective social policies and services and acknowledges that the efficient use of financial resources is one important element of innovation. However, it must be underlined that this is a secondary consideration to the positive impact on and empowerment of beneficiaries. A measure which saves money but reduces the quality of outcome for service users cannot be considered social innovation. Furthermore, the lower quality of responses to social needs are likely to lead to increased public expenditure elsewhere by pushing people into crisis situations.

Over the last decade (or more), social service providers have generally had to focus on cost-effectiveness and on minimizing overall expenditure in social services in many European countries due to lack of financial resources, as previously mentioned. One aspect of this which merits more discussion is how the austerity measures have significantly hindered social innovation in social services with public authorities focusing on the more traditional forms of care and support resulting in social service providers focusing on survival rather than on innovation and impact. Expectations change and new needs and models emerge that should lead to adaptations of social services. If services are already struggling to operate, they will not be able to

easily afford and make necessary transitions; to adapt or innovate to continue to meet the needs and expectations of stakeholders and support the fulfilment of rights.

Digitalisation can also be a form of social innovation, insofar as it supports the aforementioned criteria. As highlighted [by the Joint Paper on Digitalisation in Social Services by the Social Employers and EPSU](#): “The transformative impact of digitalisation is only just coming to the fore in social services provision but developments are increasingly gaining pace. Some of the effects of digitalisation are already visible”, in particular since the beginning of the COVID-19 pandemic which has accelerated the transition.

Some positive opportunities from the process of digitalisation include:

- The improvement of current and the creation of new services
- Promoting independence, quality of life and wellbeing
- Enabling social service professionals to work from any base at any time
- Increasing the attractiveness of the sector
- Recruitment
- Better managed workload
- Protecting and empowering the workforce and;
- Use of simulators for education programmes

Yet, it also comes with challenges, including:

- New ways of working
- Data management
- Digital skills
- Funding gap
- Uneven and unequal spread of new technologies
- New partnerships
- Lack of research

It is important that the Action Plan for the Social Economy acknowledges these long-standing challenges regarding social innovation and digitalisation, and addresses them to enable social service providers to deliver high-quality and accessible services.

Social Entrepreneurship

The Roadmap for a European Action Plan for Social Economy rightly remarks that social economy organisations and enterprises allow “workers and citizens to come up with innovative bottom-up initiatives and to pursue social and environmental objectives”.

Social entrepreneurship is at the heart of not-for-profit social service provision. The creation and development of social services usually comes as part of the social innovation process where an individual or group of individuals identify new or unmet social needs, develop new solutions to these needs and then

organise a process (organisational, financial, staffing, etc) through which the new solutions can best meet the social needs. This is social entrepreneurship.

Social entrepreneurship can be done either by an independent initiative, by a citizen, by a group of citizens or it can be by professionals and managers in social service providers as a way to respond to new social needs or a new way to respond to existing social needs.

Both processes – either by independent individuals or employed staff – are social entrepreneurship and both must be supported. **It is therefore crucial to support social entrepreneurship in already well established organisations, such as publicly-funded social service providers, as well as in social start-ups.**

The Impact of COVID-19

The COVID-19 crisis has, simultaneously, emphasised the need for social service provision and the essentiality of social services, as well as laid bare the systemic challenges social services face. The harsh reality is that social service providers need special attention and specific funding to ensure that they will be able to continue to play their essential role, supporting millions of people in Europe to live better, healthier, longer and more active lives, including the most vulnerable and furthest behind.

Social service providers are facing a severe threat to their financial sustainability, whilst dealing with an increased demand for social support. They have also struggled to access the necessary protection materials for their workers in response to the pandemic or have had to buy them at very high prices. Many of them have also struggled to adapt the delivery of their services due to the restrictions and are unable to guarantee the same quality of service as before with less income and reduced staff.

Recommendations

Based on the previously mentioned challenges and adding to the suggestions already made in the roadmap, Social Services Europe recommends the European Commission includes the following initiatives in the Action Plan for Social Economy:

- 1. Foster a supportive ecosystem for the growth of all forms of social economy in Europe, with effective legal, political, and financial dimensions. This ecosystem should include stronger models of cooperation between different social economy actors,** including social service providers, social economy enterprises, the private sector, civil society and national authorities, to foster innovation, create quality job opportunities, encourage active participation, generate social impact and increase social entrepreneurship at the local level.
- 2. Develop an EU Recommendation on the definition of the Social Economy, ensuring specific reference to not-for-profit social services;** as well as a series of supportive EU measures (guidance on State Aid, Public Procurement, VAT, Recovery and Resilience Facility, EU Funds, InvestEU, etc). Special attention should be shown towards ensuring that not-for-profit organisations are not discriminated against, as compared to for-profit and public enterprises.
- 3. Increase the visibility, recognition and significance of the social economy sector** through better research, monitoring, evaluation and communication. A permanent monitoring, mapping and evaluation system of social economy actors would enable regular, up-to-date and comparable data⁴ on the number of social economy actors, their different sources of revenue, and the added value of the sector's social, economic and environmental impact (including its contribution to national, EU and international goals on gender equality, social inclusion, the fight against poverty, the green and digital transitions, decent work etc⁵). This data should be made visible in "satellite accounts" in official European and national statistics⁶.

⁴ [The role of social economy in the creation of jobs and in the implementation of the European Pillar of Social Rights | European Economic and Social Committee \(europa.eu\)](#)

⁵ [*SEE Policy-Paper SE-ACTION-PLAN 2021 EN.pdf \(socialeconomy.eu.org\)](#)

⁶ [UN TSE Sector Handbook Project \(UNHB\) | Johns Hopkins Center for Civil Society Studies \(jhu.edu\)](#)

4. **Consolidate and strengthen a permanent and structured dialogue between the EU and social economy actors**, including social service providers, to regularly assess the barriers to their development and to support the sharing of good practices and mutual learning.
5. Launch a **Campaign for Jobs in the Social Economy**, including targeted measures to raise the attractiveness of jobs in the Social Economy field and highlighting the job creation potential of the social services sector, in particular for men.
6. Propose an **initiative on social services of excellence** (including long-term care) to set a framework for policy reforms to guide the development of **sustainable and resilient social services** that ensure better access to **quality services** for those in need; including through supportive EU policies (guidance on State Aid, Public Procurement, VAT, Recovery and Resilience Facility, EU Funds, InvestEU, Green Deal, etc)
7. **Under the EU's Agenda for Skills and the Pact for Skills, support social economy actors, including social service providers, in their provision of training for staff and volunteers.**
8. **Ensure that the EU's taxation policy favours the development of social economy (and not-for-profit social services) and encourages Member States to take relevant steps.**
9. **Promote & facilitate socially responsible public procurement in Europe** through binding social and environmental clauses in all EU tenders and public contracts, as well as encouraging Member States to include binding social and environmental clauses in all their public contracts.
10. Promote & facilitate the use of State Aid to support not-for-profit social services, including in the recovery from the COVID-19 pandemic and building resilience. Ensure that social economy organisations are not discriminated against in the use of State Aid.
11. Establish a **High Level Group on Social Innovation**, to lay the ground for an EU initiative supporting social innovation throughout the EU, in particular for not-for-profit social services
12. Promote **social dialogue in the social economy**, including social services and create a European sectoral social dialogue committee for social services.
13. **Ensure that social economy actors, including social service providers, are sufficiently equipped with the materials and resources needed (such as PPE) to carry out their services and activities in the face of the current pandemic.**
14. **Strengthen the Expert Group on social economy and social enterprises** and ensure a stronger role is given to not-for-profit social services in line with the extent of their contribution to the Social Economy.
15. **Ensure that more EU Funds are made available to support innovation in the social economy either by earmarking support in existing funds or by creating dedicated funding strands. To help social services recover from the crisis, create a short-term European Emergency Fund for Social Services**, which would allow the EU to directly support the provision of and access to social services during the pandemic.
16. **Improve access to specific EU funding for and sustainable investment in the social services sector** through the ESF+, the Recovery and Resilience Facility and InvestEU to ensure the resilience of social services and enable them to fulfil their essential role in society.

Conclusion

In the context of the EU's socio-economic recovery from the COVID-19 pandemic, the implementation of the European Pillar of Social Rights and in ensuring fair and just green and digital transitions, the EU must maximise the potential of the social economy sector and its actors, particularly those with a proven social and environmental added value. This context offers an opportunity for a paradigm shift towards an economy of wellbeing that puts people first and values the relevance of the social economy sector. With the right legal, political and financial support, social economy actors, and especially social service providers, can play a crucial role in this recovery and the EU's social and green agendas.

SSE therefore urges the Commission to develop a Social Economy Action Plan that: acknowledges the importance of social service providers as actors in the social economy; and that supports and promotes all social economy actors as strategic partners at local, regional, national and EU level, especially in terms of job creation, social impact, social innovation and social entrepreneurship.