# 19. Social services disrupted: changing supply landscapes, impacts and policy options

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## INTRODUCTION

The aim of the COST Action IS1102 *SO.S. COHESION – Social services, welfare states and places* and this book was to gain a better understanding of the restructuring processes that have invested social services throughout Europe over the last thirty years. As pointed out by Anttonen (Chapter 17, in this volume), although social services may have acquired – at least in principle – a stronger foothold in national legislation and social policy agendas, their status has remained weak compared to other welfare benefits and to services such as education and health, a feature that has made them particularly vulnerable to recent processes of re-definition, rescaling and cuts. Despite the great diversity observed in the restructuring of different services, in different countries and regions as covered in this book, a number of common trends do emerge, which in turn point to a number of similar consequences, albeit with different intensities depending on context. We – the editors and contributors of this book – contend that this restructuring has brought about a generalised 'disruption' in the public provision of social services as we knew it, in its norms, relations and actors.

In this last chapter, I briefly recapitulate the main changes in the public provision of social services as highlighted in this book, stressing continuities and discontinuities in national trajectories, as well as convergence and divergence among countries. I then focus on the main impacts of changes and their 'disruptive' character, which represent key challenges for the goal of a socially inclusive Europe. Finally, I address the policy implications of these challenges.

## 1. A DIVERSE LANDSCAPE OF CHANGES

Over the last thirty years, the supply landscape of social services in Europe has changed. As the literature suggests and the illustrations presented in this book confirm, there is still enormous diversity in features and processes among countries and social service fields, owing to different welfare state traditions, policy designs and restructuring emphases. And yet, the chapters in this book also highlight a number of common trends across places and services. As stressed by Mätzke (Chapter 18, in this volume), three partly overlapping trends stand out, confirming the hypotheses raised earlier in the book (Martinelli, Chapter 1, in this volume).

First, a generalised *disengagement* of the state from the provision of in-kind services has taken place, both in quantitative and qualitative terms. In some countries, the quantitative retrenchment has generally occurred in a 'hidden' form, i.e. through reduced coverage, increased targeting, greater co-payments and/or reduced amounts of services per user. In the countries most hit by the financial crisis of 2008, austerity measures have meant an actual withdrawal of public support in many services. These trends are especially observed in care for older people (Kröger and Bagnato; Kubalčíková et al.; Deusdad, Lev et al., in this volume) and in services for the social inclusion of other vulnerable groups (Häikiö et al.; Mas Giralt and Sarlo; Brokking et al., in this volume), although with different intensity across places. In some countries, e.g. Spain, this withdrawal has even occurred in services such as childcare (Deusdad, Javornik et al., in this volume), which are generally expanding in Europe. In qualitative terms, there has been a generalised disengagement of the state from the *direct provision of services,* in favour of both outsourcing and cash transfers (Leibetseder et al.; Kröger and Bagnato, in this volume).

Secondly, there has been a *vertical re-articulation of responsibility* within the state, generally in the direction of a greater responsibilisation of local governments. Again, this process has occurred with varying intensity and timing, depending on contexts. Some places (such as the Nordic countries or the UK) had a longer tradition of local autonomy, whereas others (such as some Southern or Eastern European countries) experienced decentralisation of authority over social services more recently (Sabatinelli and Semprebon; Kubalčíková et al., in this volume). A key aspect for understanding the consequences of these (new) multilevel governance arrangements is the degree of funding and regulation retained by the central level. As many cases presented in this volume witness, in the absence of financial redistribution mechanisms and centralised regulation, local responsibility can easily turn into highly differentiated 'local welfare systems' (Sabatinelli and Semprebon, in this volume), thereby undermining the universalistic principle of equal access to services, independently of place (Martinelli, Chapter 1, in this volume). In many places where local governments were unable – or ceased – to respond to social needs, bottom-up initiatives came about, involving third sector and civil society organisations and attempting to compensate for the void left by the state (Häikiö et al.; Mas Giralt and Sarlo; Brokking et al., in this volume).

Thirdly, and strongly related to the above processes, there has been a *horizontal re-shuffling of responsibility*, with a reduction of the direct involvement of the state and an increase in the role of private service providers, both non-profit and for-profit, often but not always with some form of public support and regulation (subcontracting, accreditation). In many countries, the introduction of market principles in public services and the opening to for-profit suppliers – the 'marketisation' process described by Meagher and Szebehely (2013) and Anttonen and Karsio (in this volume) – have significantly altered the traditional role of the state. In some of these countries, an important role has been conferred to non-profit providers, leading in some instances to a 're-communitarisation' of services (Leibetseder et al., in this volume). In many places, especially Southern countries, the retrenchment of public provision has also triggered forms of 're-familisation' (Kröger and Bagnato; Deusad, Lev et al.; Deusdad, Javornik et al., in this volume). Overall, a complexification – and often fragmentation – of the supply landscapes has been observed (Bode; Leibetseder et al., in this volume).

Among the questions we raised at the beginning of our COST Action and in this book, were whether continuities or discontinuities could be observed in national and regional trajectories and whether some sort of convergence is occurring among European social service systems. We have no clear-cut answers, but many chapters in this book have provided salient indications. With regard to national trajectories, evidence from the Action confirms that in the 1990s all welfare systems have been affected by the so-called neo-liberal 'turn', although the timing and extent of this change of tack, away from state monopoly and in the direction of a greater reliance on the market, were conditioned by pre-existing welfare models. This shift marks a clear discontinuity with the preceding Keynesian 'regime' (Martinelli, Chapter 1, in this volume), hence a path-breaking moment, albeit tempered by path-dependent resiliences. This discontinuity and path-dependence are quite evident in Nordic countries, where despite a significant marketisation process in the care for older people, the social democratic universalistic principles somewhat hold their ground (Anttonen and Karsio, in this volume). In Continental countries, the neo-liberal turn is also discernible in the 'complexification' of the supply structure, albeit this is the family of countries where discontinuities are less evident and path-dependency stronger (Bode, in this volume). The neo-liberal restructuring of social services is less of a discontinuity in the liberal UK, albeit here too, many 'Beveridgean' social services that had been established in the Keynesian period had already been discontinued or re-sized in the 1980s and 1990s (Newman, 2001; Clarke, 2010). For both the Mediterranean and the Central and Eastern European countries the neo-liberal turn does not really represent a discontinuity, since these 'latecomer' countries (Martinelli, Chapter 1) began establishing or enlarging their public provision of social services already during the neo-liberal regime in the 1990s, adopting New public management (NPM), outsourcing and cash transfers as preferential mechanisms from the start (CAP Martinelli and Sarlo, 2012; Kröger and Bagnato; Deusdad, Javornik et al., in this volume).

Whether the financial crisis of 2008 represents a discontinuity is less clear. In some cases, the crisis only accelerated restructuring trends that were already in motion (retrenchment, marketisation), such as in the Nordic countries (Anttonen and Karsio, in this volume) or in the Liberal ones (CAP Yeandle, 2014). In other cases, it has determined a veritable path-breaking 'shock', dramatically interrupting pre-existing trends. This is certainly the case of Southern European countries, where the 'catching up' process observed with the establishment of many social services in the 1990s and early 2000s was abruptly interrupted by the crisis and the subsequent austerity measures. In many instances, such measures involved a reduction or even discontinuation of newly established universalistic programmes and services – an 'end of illusion' (Leon and Pavolini, 2014, p. 13) which brought the state back to a somewhat residual role.

Thus, in what concerns convergence and divergence, the picture appears contradictory. On the one hand, until 2008, there has definitely been a convergence among European countries, which blurred their national and regional specificities and their positioning in one welfare family or other. This convergence was made of two different but complementary trends: an 'upward' convergence, whereby Southern European countries such as Italy, Spain, Portugal or Greece had 'caught-up' with the Nordic universalistic ideal-type by enlarging their public supply of social services; and a 'downward' convergence, characterised by a weakening of that universalistic ideal-type, precisely in the Nordic countries that first had pursued it. On the other hand, after the financial crisis of 2008 a new divergence trend is taking shape. After decades of relative convergence among European social models, a new North–South divide is growing as a consequence of the hardship and cuts in social spending brought about by the crisis in Southern European countries and the austerity measures imposed by the EU Fiscal compact, as confirmed also by recent comparisons of social justice and social spending indicators in Europe (SIM, 2014; 2015).

## 2. THE IMPACTS OF RESTRUCTURING AND THE 'DISRUPTION' OF SOCIAL SERVICES

Most of the analyses in this volume were rather negative when assessing the implications of the changes they observed in the organisation and delivery of social services (for a summary, see Mätzke, Chapter 18, in this volume). In what follows, these impacts are briefly summarised, according to the five perspectives our COST Action brought forward to analyse the restructuring of social services (Introduction, in this volume): (a) cost efficiency/satisfaction for users; (b) democratic governance; (c) social and territorial cohesion; (d) labour market conditions for care workers; (e) gender.

In what concerns the *cost and quality of services*, a major goal of the top-down restructuring of social services implemented since the 1980s has been cutting down public expenditures, while at the same time also allegedly reducing bureaucracy, diversifying the service supply and enhancing users' choice and satisfaction (Martinelli, Chapter 1, in this volume). However, even though the introduction of NPM, the shift to outsourcing, and the liberalisation of the service 'market' might have reduced public expenditures in some social services,[1] the majority of the chapters in this book attest that these changes have seldom increased the quality of services and users' choice, and when this has occurred it has only concerned the richer users. This is certainly due to the fact that together with organisational changes many countries also had to cut services or curb their growth. But other reasons lie in the very new supply mechanisms. As stressed by Anttonen (Chapter 17, in this volume), care involves a range of diverse and complementary activities that need to be integrated and personalised. NPM, in contrast, has involved a sort of 'Taylorisation' of the care process, by subdividing, standardising and quantifying tasks. Many case studies highlight that recent trends in home care services – in Denmark as in Calabria – have involved a reduction in the *range* of services offered and in the *time* allotted to each task per user (Kröger and Bagnato, in this volume), with a loss of personalisation and human contact, which is not very different from the bureaucratic and undifferentiated provision the reforms wished to overcome. Moreover, as will be stressed in the next paragraph, the pluralisation of supply has not necessarily increased users' choice.

In what concerns *governance*, the restructuring of the last thirty years has significantly changed both the vertical and the horizontal governance of social services. Vertical and horizontal 'subsidiarity' (Kazepov, 2010) were meant to increase the accountability of the state and the involvement of users and civil society in the organisation and production of social services, thereby contributing to making them more responsive to local needs and users' demands. In reality, the impacts of both trends have not fulfilled these promises. Barring a few exceptions, far from empowering users and communities, the vertical subsidiarity or decentralisation process, coupled with the cutting of financial resources from the central level, as has happened in the UK, Italy or Spain (Sabatinelli and Semprebon; Deusdad, Javornik et al., in this volume), has featured a 'blame avoidance' strategy (Pierson, 1994) and has placed severe pressures on local governments, third-sector organisations and families to compensate for such cuts and keep up provision. The horizontal subsidiarity or 're-mix' process (see Leibetseder et al., in this volume) has created a fragmentation of authority in place of the old system that was prevailingly financed and produced by the state. This generalised 'complexification' of the supply structure has not necessarily reduced bureaucracy and increased choice. In many places – especially rural places or small cities – the state monopoly has simply been substituted by a private monopoly. Furthermore, complexity has often reduced accessibility (which depends on the efficacy of information) and accountability (which depends on the degree of transparency) (Diamond and Liddle, 2012). This is especially the case for the most vulnerable groups (older people, minorities) and those who do not have the support of a family or a tutor to actually make choices, change supplier and/or file claims. Finally, these complex systems are not necessarily efficient, as they require higher coordination capabilities, which are not always available (Rhodes, 2007; Bode, in this volume).

Under the rubric of *governance*, the role of (socially innovative) local initiatives should also be addressed. As several chapters in this book show (Häikiö et al.; Weinzierl et al.; Mas Giralt and Sarlo; Brokking et al., in this volume), a great variety of 'local welfare initiatives' have developed throughout Europe to face unanswered social needs, most often based on community and voluntary organisations, with very uneven levels of support from local, national and EU public institutions or no support at all. The problem with these bottom-up initiatives – all too easily labelled 'socially innovative' in mainstream literature – is that they mostly emerge to *substitute* for missing or retrenching public services, with limited empowering and transformative impacts, let alone a sustainable horizon (Martinelli, Chapter 1; Häikiö et al.; Brokking et al., in this volume). Only in the initiatives for the inclusion of Roma (Weinzierl et al., in this volume) has this transformative potential manifested itself, also because of the involvement and financial help from the state and the establishment of a multilevel governance.

In what concerns *social and territorial cohesion*, most Action case studies and chapters in this book are quite straightforward in their assessment. Although achieving an 'inclusive' Europe is a major aim of the European social policy agenda and the Europe 2020 strategy (Gómez-Barroso et al., in this volume), there is strong evidence of growing exclusionary processes throughout Europe, both social (i.e. based on income, age, gender or origin) and territorial (i.e. among neighbourhoods, cities, regions and nations) (see also SIM, 2014; 2015). These exclusionary processes – which undermine the very principle of universalism to which many social services aspired when they were established (Martinelli, Chapter 1, in this volume) – are a most direct result of the restructuring of social services and the cutbacks that have occurred in many places.

In what concerns *social* exclusion, the 'horizontal' opening of public provision to private suppliers, especially for-profit ones, together with the introduction of other market mechanisms such as co-payments and vouchers, is creating a *stratification* of (publicly supported) social services, whereby richer people can access more diversified and better quality services and poorer people only have access to basic ones or must resort to family support. In this regard, it is useful to recall what Scharpf predicted in 2002 (p. 657), should competition prevail over social cohesion in EU strategies and should the social service 'market' become fully open to commercial providers. In his forecast, even Nordic states would:

> evolve into a very 'American' future through a vicious circle: once well-to-do clients gravitated towards private, but publicly subsidised, 'premium' services, financial constraints would reduce the comparative attractiveness of public providers that would still need to serve the poorer neighbourhoods and 'unprofitable' rural areas [. . .]. Just as is true of education and health care in the United States, the result could then be a two-class system where tax-financed public institutions could provide no more than minimal services for those who cannot afford to pay for private day care, school, health insurance, or long-term care for the elderly.[2]

In what concerns *territorial* exclusion, this is mostly a consequence of the 'vertical' reorganisation of responsibility, which in many instances has attributed the production of social services to local authorities, without guaranteeing a parallel redistribution of resources, thereby giving rise to widely differentiated 'local welfare systems'. In other words, the new social service systems that are being implemented no longer seem to aspire to providing universal access. Access is instead becoming increasingly a function of users' ability to pay and local authorities' ability to mobilise sufficient resources.

In what concerns the *labour market* of care and social work, the disengagement of the state is in many countries indirectly contributing to lowering the level of professional training and contractual protection of the workers engaged in social services (especially care for older people),[3] which in turn reverberates on the quality of the services provided. The quality of services depends, in fact, very much on the training of service workers, their salary, working conditions, benefits and job security. The shift to a system with a plurality of service producers and the growing involvement of private providers – often not adequately regulated – has in many places led to a lowering of the training requirements and a worsening of the contractual conditions of private care workers (Cunningham, 2008), compared to public social workers. There has been, in other words, a process of deskilling, segmentation, 'casualisation' and, therefore, demotivation of such workers. This trend was observed in many case studies, especially in Southern European countries where labour regulation is weak and an informal labour market of caregivers has developed (Kröger and Bagnato; Deusdad, Lev et al., in this volume). It is also occurring in some Continental European countries (Bode, in this volume), although not (yet) in Nordic countries.

Finally, in what concerns *gender*, the restructuring of social services is deeply affecting the societal and labour market position of women, who are both users and providers of social services. In this regard, contradictory trends are observed across services and countries. On the one hand, strong forms of re-familisation are observed, especially in care for older people, which often imply an increased care burden on women. On the other hand, in some countries and places increased public responsibility and a relative expansion of services have been observed in what concerns early childhood education and care, especially after the Barcelona Council (Morgan, 2013; Ciccia and Bleijenbergh, 2014), which encourage de-familisation.

As already stressed by Mätzke (Chapter 18, in this volume), all these impacts configure a generalised 'disruption' in the established norms, relations among and roles of actors involved in providing social services. The key dimensions of this disruption can be summarised as follows:

- A de-alignment between aims and strategies (sometimes even legislation) concerning social services, on the one hand, and reality, on the other – or 'implementation gap' (SIM, 2015).
- A mismatch between (growing) demands – social needs – and a (shrinking) supply of public social services, which is eroding the principle of universal social rights and restoring social stratification and territorial differentiation.
- A fragmentation – often leading to disconnection and 'disorganisation' (Bode, in this volume) – in the service supply structure, which reduces quality, access and accountability.

- A disconnection in multilevel governance, especially between the central and the local government levels, which puts excessive pressures and expectations on the 'local' and on 'socially innovative' initiatives.
- A disruption of some national trajectories (especially in 'latecomer' countries) and an interruption in the convergence observed between Southern European countries and the rest of Europe.
- A displacement of the state, which is abdicating its historic mission, both in general and with regard to social services: from provider and guarantor of social rights and justice, thereby steering the market and supporting redistributive mechanisms, the state is transforming into a 'commissioner' or 'enabler' of market-led provision, with reduced compensatory power.

## 3. ASSESSING POLICY OPTIONS

What does all this imply for policy? In this final section I explore the policy implications of the empirical evidence and analyses presented in the volume. Rather than set forth *policy recommendations*, which are liable to reproduce the customary calls for more resources, more recognition, more room for manoeuvre, more of everything that populate so many social policy debates, I will explore the potential effects – whether intended or unintended – of different concrete *policy options*, as they have emerged from the discussion in this book. Many such options can be construed as alternatives – 'either/or' – but in practice they are often complementary. The *effects* of each option, though, are quite different and it is these differences I wish to highlight. What does each of these policy options involve in terms of users' satisfaction, democracy, social and territorial cohesion, working conditions, gender, and/or role of the state? The agenda for inclusive, universalistic and empowering social service designs described by Mätzke (Chapter 18, in this volume) provides the normative benchmark against which this evaluation is performed.

### Central or Local Responsibility

A first key choice is which *government level* should be responsible for social services: the central (national or federal) or the local (generally municipal) level. This choice never features a pure alternative ('either/or'), since a 'vertical' division of responsibility has always existed among government levels for the four main *functions* (funding; regulation; coordination, planning and monitoring; production and delivery) involved in every social service system (Martinelli, Chapter 1, in this volume). Moreover, in many places responsibilities are also assigned to some meso-level, such as *Bundesländer*, regions, cantons or departments. In any case, depending on the configuration of the vertical division of authority, we can have more or less *centralised* or *decentralised* systems.

The actual *production and delivery* of social services occurs at the local level by necessity, usually at the municipal, county or district level, since services require close proximity to end users. The *coordination, planning and monitoring* function is generally either local, shared between the central and the local, such as for example in Sweden, or between the meso- (regional, departmental) and the local, as in Italy. But the two functions that really matter in the vertical division of responsibility within the state are *funding* and *regulation*, as they more directly bear on the state's universalistic commitments.

Theoretically, a fully decentralised system of social services, i.e. a system where each region or locality is responsible for all four functions, would inherently involve territorial differentiation in the availability of social services, since the extent to which regional or local governments would be able to invest in these services would depend on the wealth (tax base), legislative framework, planning, and production capabilities of the local institutions and actors of each place. Such a fully decentralised system would by default defeat the principle of universal social citizenship that is implied – albeit generically – in the constitution of many European countries, i.e. the principle of equal rights to social services *independently of place* within the boundaries of the national state. To mitigate territorial differences, national governments can deploy two mechanisms. First, they can ensure some degree of *financial redistribution*, whereby regions and localities can count on financial resources independently of their fiscal levying capacity and rich places subsidise poor places. Secondly, they can try to ensure basic levels of entitlements in all places by establishing a common *regulatory framework* that defines minimum quantity and quality standards for services, access criteria for users, minimum requirements for providers, etc. Both these 'equalising' mechanisms – in the funding and regulation of social services – can only be ensured by the *central* level, whatever is the division of responsibility in the other two functions.

The actual equalising impact of the above mechanisms, if in place, obviously depends on the capabilities of the central state to *implement* financial redistribution and *enforce* national regulation. But even in a context of equalised financial resources and homogeneous regulation, a relevant role is then played by the meso- and local governments in charge of organising and producing services. These governments may have *different levels of institutional capital* and/or make *different organisational choices*, thereby yielding different service outcomes. In other words, even within the same financial and regulatory context, the liberalisation and diversification that has been encouraged in organisational and delivery arrangements (see below), is bound to produce a differentiated social service landscape.

The empirical evidence gathered in the Action and in this book corroborates much of the above scenarios. The decentralisation or expansion of responsibility for the planning and delivery of social services at the local level has often occurred without ensuring either balanced or adequate resources – and in some cases even reducing central funding to municipalities, such as in Italy and England in the last ten years – thereby putting undue pressures on the poorest local governments and jeopardising their capability to provide services. In Italy, in particular, the full decentralisation of authority in what concerns the regulation, planning and production of social services that occurred in 2001, with little and decreasing central financial redistribution, has contributed to further accentuate the already existing regional differences (CAP Martinelli and Sarlo, 2012; Kazepov and Barberis, 2013).

**Cash or Services**

Another major policy option concerns the choice between cash transfers (i.e. the strategy of 'cash-for-care')[4] and in-kind services. Cash-for-care transfers include a variety of tools such as cash *allowances* for users (e.g. people who are not self-sufficient) or caregivers (family members providing informal care) or '*personal budget*' or *vouchers*, more or less 'earmarked', to be spent for purchasing services, often from a range of more or less regulated/accredited providers. They have become quite fashionable among policy-makers for various reasons.

From the ideological point of view cash transfers neatly fit the goal of enhancing users' choice, since the beneficiaries of cash transfers can in principle choose among a variety of services and/or providers and find the solution that best responds to their needs. How far this freedom of choice reaches, however, depends on financial and regulatory conditions, such as the entity of the allowance; the number of suppliers among which it is possible to choose; the degree of differentiation among suppliers and customisation of services; the availability of information concerning suppliers and services. An important aspect is whether cash transfers are truly universalistic (a flat allowance for all), are means-tested and/or are targeted to specific needs/ groups. In the latter two cases, regulation and 'gate-keepers' play a major role in determining access.

Another key reason that explains policy-makers' preferences for cash transfers is the lower *operational* burden for the state: cash transfers require less organisational effort than providing in-kind services. In fact, the growth of cash transfers – in countries where no supply of public services existed – or the shift to cash transfers – in many places where a public provision already existed – most often aimed at lowering operational costs and/or direct public employment.

Cash transfers do not necessarily involve a reduction in public expenditures, since public support remains. They nonetheless involve a disengagement of the state from coordination and production, which are conferred to the market, the community or the family, within a more or less regulated framework. Thus, the preference for – or the shift to – cash transfers, might entail the dangers of social stratification and territorial differentiation (hence a loss of universalism as defined in Chapter 1), since access to the same quality of service will depend on the generosity of the benefit and the users' capability to top it up with their own resources, as well as on the characteristics of the local supply. Choice might be greater, but only for some users.

Moreover, cash transfers – especially when they are not targeted or 'earmarked' – tend to reproduce gender inequality, as gendered social norms prevail when families have a choice about how to spend cash transfers for the care of people who are not self-sufficient or small children. In many instances – such as in the case of unemployed women – cash transfers that are not earmarked end up supporting the household, rather than being used to purchase the needed services and support women's access to the labour market.

Finally, in many countries cash transfers have encouraged the development of a market of *privately hired caregivers*. The type of market and its social impacts depend very much on national regulation (see Van Hooren, 2012, for a comparison of Italy, the UK and the Netherlands). In Mediterranean countries – but increasingly also in other European ones – it is a rather unregulated and informal market, which thrives for the larger part on often undocumented immigrant women originating from both Eastern European and extra-European countries, who live with the family, are not specifically trained as caregivers and, because of their fragile legal status, often suffer exploitative working conditions.

Italy is a good illustration of the intended and unintended consequences of the choice of cash transfers. In the 1980s the national government established a cash allowance for non-self-sufficient adults (*Indennità di accompagnamento*), which ended up being the main form of support for older people. Being targeted to non-self-sufficiency, but not means-tested (the same monthly allowance of close to EUR 500 is granted to every qualifying person), it reinforces social stratification since richer beneficiaries can top up their allowance and purchase better services. Moreover, since the allowance is not earmarked, i.e. there is no control on how it is spent, it reproduces gendered roles as it is very often used to support the income of the family taking care of the beneficiary. Alternatively, it supports the expansion of the informal market of privately hired caregivers, i.e. immigrant – often undocumented – women (the so-called *badanti*) (Van Hooren, 2010; NNA, 2015).

**Outsourcing or Direct Public Provision**

The decision to provide in-kind public services – as opposed to cash transfers – can be implemented in two ways: mobilising public structures and personnel to produce services or paying private organisations – whether for-profit or non-profit – to do it.

The preference for *outsourcing* was ideologically inspired by the wish to introduce competition among providers, hence increasing the quality of services and – here as well – users' choice. In practice, the preference has also been driven by the more pragmatic goals of either 'slimming' the rather expensive and often bureaucratic public apparatuses (in places where direct public provision existed) or quickly setting up a publicly 'supported' service supply (in places where such a direct provision did not exist). The first goal has clearly been pursued in many Nordic countries and localities, which have moved from direct to outsourced public provision (Anttonen and Karsio; Kröger and Bagnato, in this volume). The second goal has been pursued in 'latecomer' countries and regions, such as in Southern and Eastern Europe, which did not have a tradition of – and the institutional capital necessary for – direct provision of services, or wished to get away from an inefficient and/or qualitatively inadequate state provision (CAP Martinelli et al., 2014; CAP Bagnato et al., 2014; Kubalčíková et al., in this volume).

The impacts of outsourcing depend, again, on the level of public funding, the degree of regulation, and the type of providers involved. The level of public support clearly affects the quality and the differentiation of services: in many cases the public component only covers basic services, whereas additional/optional services require the payment of user fees which are contingent on the purchasing power of users, thus opening the way to a stratification of supply. The regulation of outsourcing concerns the accreditation and selection of providers (e.g. via competitive tenders or direct conferment) and the level of public monitoring. Both strongly influence the quality of services and the extent of users' choice. Particularly important is whether providers are for-profit or non-profit. The former behave according to a profit-maximising logic, which is no guarantee of meeting users' needs. There is evidence that the drive to contain costs in order to remain competitive can lead to a standardisation of tasks and a reduction of the time allotted to each task, which lowers the quality of services and runs counter to the goal of providing better customised and integrated services (Kröger and Bagnato, in this volume). Non-profit organisations, which used to follow a more 'community' or 'user-centred' logic, are now increasingly pressured to adopt more competitive practices in order to remain on the 'market' (Bode, in this volume). This often means that to maintain their more integrated and user-friendly approach they must rely on unpaid voluntary work. In both types of organisations, especially in Southern countries, there is also evidence of a lowering of training and skill requirements and a worsening of contractual conditions for care workers (Kröger and Bagnato, in this volume). In the end, the strategy of outsourcing public services *can* actually enhance users' choice and improve the efficiency and diversification of services, provided they are sufficiently funded and firmly regulated by the state.

In places where *direct public provision* has resisted, the introduction of new public management (NPM) practices, as well as the 'activation turn', have also brought about changes. The quantification – and monetisation – of needs and services, the standardisation – and often separation – of tasks, the tightening of eligibility criteria and/or the increased conditionality of services, together with the increase in user fees, have in many places determined a fragmentation of the service system, a worsening of access, and a stratification of users. In some cases, there has also been an enhancement of the 'disciplining' dimension of services (Mätzke et al.; Raeymaeckers et al., in this volume).

**Institutional Care or Home-based Care**

Another choice that policy-makers face is whether to organise the delivery of services within *specialised institutions* where users live permanently or for long stretches of time (nursing homes, older people residences, LTC centres) or where they come daily (daycare centres), or *at the home of the users* (domiciliary or home-based care).

The advantages of the first form include economies of scale and specialisation, as well as the possibility to integrate in one place several different services (practical care, social care, health care, education, counselling, socialisation, etc.). But, especially in what concerns care for older people, institutional or residential care has come to be questioned. In the wake of the de-institutionalisation movement against mental health institutions, nursing and retirement homes have also been criticised, often on accurate grounds, for their alienating and disempowering effects. As early as the 1980s strategies for developing domiciliary or home-based services were implemented in many countries. In the 1990s, prompted by the rapidly rising numbers of older people and the need to contain public expenditures, these strategies were further supported throughout Europe by official discourses about 'ageing in place', the assumption being that domiciliary care services are less expensive than residential care, while allowing older people to keep living in their own surroundings.

Once again, this is not a pure 'either/or' choice. As revealed in many of our COST Action case studies and stressed repeatedly in this volume, needs – and applications – for care in residential structures remain very high everywhere, since only a portion of the older population can keep living at home, provided they receive adequate domiciliary support. Moreover, as stressed by Anttonen (Chapter 17, in this volume), care presumes different types of complementary services, generally provided by different institutions/suppliers and/or workers – practical help, personal care, medical care, socialisation – which need to be integrated. But this integration proves difficult in the case of home-based care, since different specialised workers must reach a significant number of different users during the work day and do not necessarily interact. Therefore, integration and personalisation of services are not a natural outcome of the home-based strategy: in many cases both users and care workers lament the 'tyranny of the clock' and the fragmentation of the services provided (Kröger and Bagnato, in this volume).

In the end, both institutional and home care have advantages and disadvantages. In the case of users who have some degree of self-sufficiency, domiciliary services can definitely improve – at least in principle – their quality of life and their satisfaction. In reality, however, domiciliary services are often inadequate and very imperfect substitutes for care that in many cases should be institutional. Moreover, home-based services very often require complementary care or organisational support from family members, which is not always available. In the case of people with limited self-sufficiency and no family to rely on, institutional care remains the only option. Residential institutions are – in principle – more conducive to ensure greater integration of services and case management; but in reality, nursing homes, retirement homes and LTC structures remain more often than not vulnerable to mass production and disempowering routines. To overcome these problems, smaller – community-like – structures are encouraged, but in many places, especially where austerity measures are in force, there are no resources to implement them.

To conclude, home-based and institutional care for older people constitute a 'fake' alternative. They respond to different needs and should *both* be provided and expanded. In contrast, in many countries and regions, especially in Southern and Eastern Europe, the implementation of 'de-institutionalisation' and 'ageing in place' strategies means a reduction in the public supply or support of residential care institutions, despite swelling waiting lists, while at the same time inadequate financial resources are allocated to domiciliary services (Kröger and Bagnato; Kubalčíková et al.; Deusdad, Lev et al., in this volume).

## 4. CONCLUSIONS

Beyond the different supply landscapes and policy tools highlighted in this book, the key issue underlying most of the observed restructuring processes is the scarcity of public financial resources available for social services in the face of growing social needs.

This is a structural problem, throughout Europe, driven by concurrent and cumulative processes (see Table 1.1 in Chapter 1 of this volume): the slowdown of growth rates since the 1980s, topped by the financial crisis of 2008, with the ensuing fiscal stress for central and local governments; changes in the industrial structure and labour markets, with rising unemployment, underemployment and 'casualisation' of work; demographic trends (ageing of the population, global migration) and sociocultural changes (rising female activity rates, dual-earning households, single parents). All these trends have broadened the platform of social risks. The neo-liberal austerity measures and deficit management recipes enacted to face these crises and changes, far from easing the problems, have intensified income polarisation, unemployment, poverty and social exclusion, thereby further amplifying social needs, in a perverse vicious circle. In other words, despite the very ambitious goals of 'Europe 2020' and related EU social policy frameworks, which place great emphasis on smart, sustainable and *inclusive* growth, there is a growing gap – an 'implementation gap' (SIM, 2015) – between discourses, strategies and reality, which comes down to the shortage of resources that national states are able or willing to mobilise for social policy and services.

While the EU 'Fiscal compact' conditions the ability of many a state to allocate national resources to social policy, especially in countries most hit by the crisis, the EU resources made available through its Cohesion policy and Structural and investment funds do not manage to make any real difference (Gómez-Barroso et al., in this volume). First, the amounts of resources mobilised are far from sufficient, especially in regions characterised by an accumulated deficit in social services. Secondly, these resources are mostly for investment in social infrastructure and not for operating costs. But most importantly, aid is couched in the same competitive ideology that permeates the overall restructuring of social services, as it is generally provided through the same bidding procedures that are implemented for the outsourcing of public services. In this system, institutions, providers and places are pitted against each other and the stronger bidders are implicitly favoured, independently of actual needs. Moreover, aid is granted on a 'project' basis, thereby providing only short-term financial support, which is out of sync with the structures and the time frame of needs.

In the face of the above apparently unsolvable conundrum, I will conclude making a double plea for a change of paradigm, i.e. for reversing the way we think about social services and especially about two seemingly unavoidable directions of social policy design. The first plea calls for a reversal of the idea that social services are a mere redistributive mechanism aiming to ensures social justice – hence a 'cost' – and for (re)considering them as key *economic activities*. Not only because they contribute to lowering the costs of reproduction of labour, thereby sustaining the accumulation process; not only because they represent a productive investment, as postulated by the 'social investment' strategy, which contributes to lowering future costs; but most importantly because they can act as a Keynesian mechanism and contribute to relaunching domestic demand and economic growth. This view is timidly supported in a number of academic and policy circles. An 'Opinion' of the European Economic and Social Committee (EESC, 2014), for example, in rejecting one-sided austerity policies, has recently called for a counter-cyclical 'stimulus' programme and for excluding social investment from the calculation of net governments' deficit under the EMU fiscal rule. It also underlines the enormous employment and stabilisation potential of such a programme.

The second plea calls for a reversal of the idea that the market is inherently better than the state. As is becoming increasingly evident, the current directions of change in social services are undermining two key dimensions of Mätzke's 'progressive agenda' (Chapter 18, in this volume): *universalism* and *empowerment*. But they are also falling short of achieving the very aim of many neo-liberal reforms, i.e. *efficiency* and *choice.* Market-inspired or market-led reforms do not seem to be able to ensure the greater efficiency of the service system that the market ideology promises (at least not in the long run), nor do they seem to increase users' choice (at least not for everybody). The idea of choice, which was promoted from below by a number of social movements in the 1980s, has been appropriated by the neo-liberal strategy which equates users' choice with 'customers' choice'. But the latter choice is inevitably confined to the richer users, while at the same time neo-liberal reforms are further reducing the already limited universalistic dimension some of these services had attained in the past. Neither do these reforms create spaces for real users' empowerment, except when they self-produce services that have been curtailed. This means that we have to re-think – 're-invent' (Martinelli, 2012) – the *role of the state* and creatively re-assert its *steering* role, not only to compensate for, but also to prevent market failures.

I should also stress that, despite the overall gloomy picture presented in this book, which focused on services for especially vulnerable groups in society, the last ten or fifteen years have also witnessed important progress in the public provision of some services, such as childcare, and the blooming of many instances of experimentation and social innovation – within the public realm and outside it. These practices have contributed to bring forward users' empowerment, user-centred provision, choice, and self-determination, although they have not always been able to deploy their full transformative potential in terms of upscaling and institutionalisation. This is one more reason why, rather than leaving free rein to the logic of profit, the state should recover its role of 'guardian' and 'enhancer' of social citizenship, innovation and accumulation, ensuring that the market does not undermine itself by creating social and territorial inequalities. It is only within a renewed state commitment – at all scales – to both welfare *and* development that choice can be granted *together with* universal access and that social innovation at the local level can fulfil its potential for empowerment and change, instead of improperly and inadequately substituting for retrenching public services.

This reversal of the way we should think about the role of the state apparently clashes with the globalisation imperatives, in the name of which national sovereignty has been sacrificed and a race to the bottom is being passively accepted. The question then become 'which' state. We certainly cannot go back to the old national welfare state. But this should not hold us back from exploring new regulatory architectures, at a supra-national scale but involving multilevel governance, that would not fully give in to market logics and would recover the goal of a more balanced distribution of wealth.

## NOTES

1. There are actually many examples to the contrary, such as in the case of childcare in the UK, the cost of which has skyrocketed with privatisation (Mätzke et al.; Deusdad, Javornik et al., in this volume).
2. In fact, marketisation also pre-empts Esping-Andersen's notion that in a universalistic public system all benefit and all feel obliged to pay (1990).
3. This especially applies to the social component of care for older people, whereas the training requirements and contractual conditions of the health component are still regulated to a greater extent.

4. I am here considering only cash transfers geared to purchase services and not income support benefits, such as unemployment benefits or other.

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