Social investment in long-term care

by Geoff Ellis

More people now reach an age where declining health make them dependent on help from others. Only a few EU countries provide extensive, publically financed care for these frail older people. In many countries, most care is provided on an unpaid, informal basis by family members, most of whom are women.

While rising life expectancy increases the need for long-term care (LTC), the availability of informal care is likely to decline. People have fewer children and increasing numbers of young adults move away in search of work. Despite efforts to extend or restore older people's autonomy and independence, the need for formal care is expected to increase.

LTC provision has often been seen as a cost rather than part of community social capital. Rewards for investment in LTC have not been easily measured or quantified. However, developments in social protection policies have led to changes in perspective. In 2013 the European Commission launched its Social Investment Package (SIP), and this was followed by a Staff Working Document, *Long-term Care in Ageing Societies* and, more recently, a report *Adequate Social Protection for Long-Term Care Needs in an Ageing Society*.

Social investment

A new study led by PSSRU is investigating social investment in LTC for older, frail people across Europe. The project – Social Protection Innovative Investment in Long-Term Care (SPRINT) – is financed under the European Commission's Horizon 2020 programme for a period of three years and will examine the social and economic costs and benefits in care provision.

SPRINT is an attempt to give meaning to the concept of social investment as applied to LTC provision. Its objectives include developing policies for improving productivity in care delivery, creating a means of assessing the social costs and benefits of different ways of providing LTC, and showing how provision can achieve social benefits.

It has eleven detailed aims to assess, evaluate and improve LTC, ranging from the identification of the current landscape of organisation and resourcing of LTC, to the creation of a model of investment in LTC that emphasises social innovation. Underlying these aims is the core concept of social returns on investment (SROI).

SROI seeks to take account of all costs and benefits – not just those in a monetary form – and to recognise the wide variety of stakeholders who experience these. SROI also takes into account unintended outcomes – both positive and negative – and therefore provides an accountability that is absent in many other evaluations.

LTC is a good example of a subject for which very broad costs and benefits need to be considered. Reducing public costs of provision is likely to result in increased private costs via informal carers. Even in Scandinavian countries, stricter needs-testing is being applied to limit public expenditure. One consequence of severely limited or practically non-existent social care provision is low employment among middle-aged and later middle-aged women.

It can be argued that improving social care provision might produce significant social returns, including:

1. preventing those having to take up care responsibilities leaving paid employment, and so ceasing to contribute taxes and social contributions;
2. avoiding a depreciation of the human capital of such people and enhancing labour supply, and so reducing inflationary pressures;
3. providing higher productivity of care provision by the use of more professional care workers, and so contributing to an improved allocation of labour resources;
4. enhancing the wellbeing of people with caring responsibilities by removing tensions between work and family responsibilities or improving their social inclusion through participation in work; and
5. facilitating the integration of people outside the labour market into paid employment, with benefits similar to items 1-3 above.

Gender dimension

Because women make up the majority of both the informal and formal care workforce, SPRINT's examination of the social costs and benefits of particular approaches to LTC provision have a strong gender dimension. Furthermore, because formal care work might be a means of retaining older people in the labour market, it can contribute to the broad intention of realising "sustainable pension schemes".

SPRINT does not attempt to carry out a remapping of LTC provision within Europe. Rather, it seeks to take account of different approaches, ranging from universal to minimal provision and considering all gradations between. The project will explain what resources are employed and evaluate the costs and benefits of each approach, drawing on SROI methodology.

Uncertainty often surrounds who is actually paying for LTC because care is financed less frequently by single national government agencies and more often by local authorities and local health services. In addition, voluntary organisations play a role, some people finance their own care (or their families pay for it for them) and a few have access to special insurance policies. What is more, there is often a lack of clarity about what constitutes health and what constitutes care services. All this makes inter-country comparisons troublesome.

For instance, Eurostat (and European Commission) data, which show differences in public expenditure as a percentage of GDP, show LTC costs of between 3.6 percent in Sweden and 0.2 percent in Cyprus, although neither capture all costs nor pretend to. In the first country, much – but by no means all – care provision is socialised; in the latter, almost all care is carried out by family members or is privately financed. However, if the input of family members were to be valued – and if self-payments to migrant semi-formal care workers were taken into account – cross-country differences might be very much smaller, and the ordering of countries might be very different.

Common terrain

SPRINT will try to develop a method for conducting such debates in a more comprehensive ('holistic') and more creative manner. At the very least, it can transform an argument where "soft" social concepts are pitted against "hard" financial metrics into one which establishes a common terrain. There is genuine scope for a concentrated attempt to develop the social investment concept and to apply it to LTC.

The consequences of the economic crisis have forced EU Member States to concentrate on the achievement of fiscal sustainability. In times of tightening budgets and fiscal austerity, innovative approaches to tackling traditional social problems are frequently ignored. Yet it is at such times – when many EU economies are struggling to provide for basic welfare and social services – that innovative ways of considering costs and benefits can make the greatest difference.

By developing an appropriate methodology, proposing reforms at policy level and delivering assessment tools, SPRINT will provide the means for considering fresh approaches and comparing options. It will also help critical actors understand the implications of layered financing structures and how these can be adapted to draw new resources from new sources.

SPRINT is by any account an ambitious project, but it draws on a wide consortium of expertise in social policy, LTC, social impact and social economy. It has ambitious plans to achieve impact. We hope you will be hearing plenty more about SPRINT in the following years. At the outset the focus is on awareness. It is hoped that improved and wider understanding and, most important, effective action will follow.

The SPRINT consortium consists of 12 participants from 11 EU countries. The project is led at LSE, and includes six other universities: Roskilde, Denmark; Vadybos, Lithuania; Porto, Portugal; Piraeus, Greece; Fulda, Germany; and Seged, Hungary. Other partners are the Institute of Labour and Social Affairs (IPISS), Poland; the National Institute for Health and Welfare (THL), Finland; the Social Value Network, UK; and the Gruppo Cooperativa, Italy. Signosis Sprl, Belgium is the project management partner.

For further information visit the SPRINT website or contact the project manager, Alan Glanz.

About the author

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