Future for social services of general interest

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The European Parliament adopted a resolution on the future of social services of general interest (SSGI).

Parliament recalls that the provision of universally available, high-quality, accessible and affordable SSGI within the meaning of the Commission's 2007 communication on services of general interest can therefore be regarded as an essential pillar of the European social model and as the basis for a good quality of life and for the achievement of EU employment, social and economic objectives. In this context, it reaffirms the importance of SSGI and proposes a framework to strengthen their quality and efficiency.

Fundamental Rights and Universality: SSGI encompass statutory and complementary social security schemes and universally available services provided directly to the person, aiming to **enhance the quality of life of all**. They play a preventative, social cohesion and inclusion role and deliver on fundamental rights as proclaimed in the European Charter of Fundamental Rights and the European Convention for the Protection of Human Rights and Fundamental Freedoms. In this context, Parliament urges the Member States to **maintain the availability** of accessible, affordable, high quality social services as during the period of fast economic growth, and to guarantee **non-discriminatory access** to these services regardless of gender, income, race or ethnic origin, religion or beliefs, disability, age, sexual orientation or employment conditions. It calls on the Member States to ensure the availability, within policies geared to achieving a work-life balance, of accessible, affordable, good-quality, diversified forms of care services for children as described in the Barcelona objectives.

Parliament emphasises that, where SSGI are concerned, the **subsidiarity principle** must take precedence over internal market rules. SSGI are funded mainly by the Member States, as they fall primarily within their field of competence. It considers, nevertheless, that the European Union can play an important role and assist Member States in their modernisation and adjustment to new conditions. It also regrets the trend of liberalisation in the sector and, in an amendment adopted in plenary, it stresses the importance of conducting, as a matter of urgency, an assessment of the social consequences and impact on people's lives of liberalisation measures in sectors that are essential to social progress.

Economic contribution: noting that SSGI must not be defined by their economic impact, Parliament confirms that SSGI make a major economic contribution in terms of jobs, economic activity and purchasing power and that the health and social services sector accounts for 5% of economic output and employs 21.4 million people. It calls on regional and local authorities to play a role in defining, financing, providing and attributing SSGI within the framework of Member States' social service and social protection systems: it is estimated that the local and regional government sector is worth 15.9% of EU-27 GDP, with local government alone accounting for 12.9%, and its social protection expenditure accounting for 3% of GDP (EUR 378.1 billion). National, regional and local authorities should extend the application of Public-Private Partnerships in the area of SSGI in order to increase their efficiency and availability.

Social contribution: Parliament highlights the need to promote a policy of social progress, ensuring universal access to high-quality public services, with special consideration for disadvantaged groups, such as single mothers, women, elderly people, children, migrants and those with any kind of disability. It stresses that it is **inappropriate for public funds allocated to SSGI to be used otherwise than to fulfil the objectives of the service**. The legitimate objective of profit maximisation which underlies private commercial provision of commercial services conflicts unacceptably with the principles and objectives of SSGI. In the event that Member State authorities choose to use indirect delivery of SSGI, the general interest must be protected, and they should, while ensuring quality, innovation, efficiency and cost effectiveness, support social economy enterprises, where any surplus is reinvested in the service and in

innovation, and encourage them to operate as providers. It recalls the traditional role of the state as provider of social services of general interest, yet considers that opening up this sector to private service providers will enhance the accessibility and quality of services and increase consumer choice. Overall, Parliament reaffirms its commitment to modern, high-quality SSGI, which are a means of giving effect to many of the values embodied in the European project.

Regulatory constraints on delivery of SSGI: in Parliament's view, the national, regional and local authorities engaged in providing or mandating SSGI need **legal certainty** for their services and expenditures. It considers that it is neither efficient nor democratically acceptable that current interpretation of legislation results in the ECJ being continually asked to adjudicate on the limits of single market rules with regard to SGI, including SSGI, which is a clear indication of the lack of legal certainty. This aspect has been the subject of a long-standing and ongoing stakeholder dialogue and Parliament **calls on the Commission finally to take action**.

Economic and budgetary policy: Parliament emphasises that SSGI are an indispensable investment for Europe's economic future, and that they are under severe pressure in some Member States as a result of the economic and banking crises and government austerity programmes, which are resulting in **even greater demand for them**. Parliament believes that in order to guarantee delivery of high-quality SSGI, Member State governments need to provide for an adequate financial framework for SSGI, which guarantees continuity of services with stable financing. Parliament notes that Member States need new income.

Deficiencies in the regulatory framework for SSGI: there is a broad European consensus that SSGI are essential to the well-being of our peoples and an efficient economy and that while there has been some progress in addressing the difficulties that arise for providers in the delivery and development of SSGI from the application of EU rules to such services, there is no consensus so far within or between the Commission and the Council on the implementation of further practical measures to overcome the obstacles identified by stakeholders. Parliament emphasises that it is for Member States and local authorities freely to decide how SSGI are funded and delivered, so as to ensure that their social objectives are achieved. Parliament also calls on the Commission to take the necessary steps, based on impact assessments at national and EU level, to introduce proposals for European statutes for associations, mutual societies and foundations, which would enable them to operate on a transnational basis.

State aid: Parliament calls for the introduction of **differentiation in the rules** and for a revision of the criteria for calculating compensation of public service obligations that take account of, among other things, social criteria and the social added value of these services. It calls for clarification of basic principles on the control of state aid to enhance legal certainty and transparency for clarity of concepts such as 'act of entrustment' and 'public authorities' and for the introduction of differentiation in the rules. It calls on the Commission to reassess the appropriate level of the *de minimis* threshold applicable to SSGI and to propose a system which takes into account Member State GDP in calculating the *de minimis* threshold, so that a specific *de minimis* threshold can be calculated for each Member State, thus preventing distortions of competition caused by the existence of a uniform, EU-wide threshold. It points out that neither the sector, the status of an entity carrying out a service nor the way in which it is funded determines whether its activities are deemed **economic or non-economic**, but rather the **nature of the activity itself** and its preventive effect.

In a series of amendments adopted in plenary, Parliament rejects all of the proposals regarding public procurement put forward by the Committee responsible (simplification of rules regarding public procurement so that SGI obligations can be efficiently and effectively fulfilled and for **alternatives to public procurement** for the delivery of SGI).

Initiative to Advance Reform: in the context of the revision already under way of public procurement and state aid rules, Parliament urges the Commission to undertake a programme of reform, adaptation and

clarification to support and recognise the specific non-market characteristics of SSGI, to ensure full conformity not only with single market provisions but also with the social obligations of the Treaties. The plenary is of the view (in contrast to the committee responsible) that **a compulsory framework for certain categories of SSGI is not a central issue at this time**. It proposes the establishment of a high-level multi-stakeholder working group which is open, flexible and transparent, broadly representative of stakeholders and focused on achieving reforms such as the policy initiatives. This working group shall be co-chaired by the European Parliament and the Commissioner responsible for Social Affairs. This group would i) seek to achieve broad consensus on steps to clarify legal obscurities and ambiguities regarding SSGI; ii) evaluate whether European single market regulations which impact negatively on SSGI provision need to be redesigned; iii) examine how the Member States, when defining social services of general interest, can take account of gender-specific services; iv) consider how Member States can develop forms of home help including support for elderly and vulnerable persons, by both men and women, and reduce the negative employment and pension impact on those who take care of dependent family members.

European Voluntary Quality Framework: Parliament urges Member States to use the VQF to draw up or improve existing monitoring and quality accreditation systems as appropriate for each Member State. It considers that the VQF principles could be used to help define service quality criteria for application to revised public procurement rules for tendering and contracts, including subcontracts. Lastly, it proposes that further improvement of the VQF should include reference to funding and service provider status.

It should be noted that the plenary rejected a proposal for an alternative resolution put forward by the Greens/EFA political group.