



EUROPEAN POLICY BRIEF 1

sprint

Social Protection Innovative Investment
in Long-Term Care

The SPRINT project aims to explain and implement the concept of social investment (SI) as applied to long-term care (LTC) provision.

Research outcomes have contributed to the formulation of policy recommendations on the potential for SI in resourcing LTC provision and how care for older people might be delivered in a way that is both efficient and effective.

This Policy Brief outlines findings from SPRINT research.

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INTRODUCTION

Failure to provide adequate and sustainable support for older people with long-term care (LTC) needs may in the longer term involve higher costs for individuals and for society as a whole. For example, a lack of adequate LTC services can put disproportionate pressure on women, who in many societies can be predominantly responsible for family care responsibilities, often with the result of reduced paid employment and a detrimental impact on retirement income and wealth.

Given the significant fiscal pressures on the LTC and wider welfare systems in most EU-countries, the social investment (SI) approach could provide a framework for improving the sustainability of LTC systems, whilst helping individuals and families to maximise their life opportunities and wellbeing. In the context of LTC for older people, key objectives include helping individuals to maintain their independence with a high quality of life, continuing to live in their own homes wherever possible and interacting socially within a supportive community. Instead of viewing LTC simply as a cost, SI policies aim to identify worthy investments in LTC that deliver a proven social impact by reflecting their costs and benefits for the State as well as for individuals and their families.

This Policy Brief draws together SPRINT research assessing the applicability of the SI analytical framework to LTC and drawing key recommendations for its successful implementation in the area.

EVIDENCE AND ANALYSIS

Findings from the SPRINT project indicate that such a framework can be implemented if a number of developments take place.

Define the concept of SI in the context of LTC

Clarity about the meaning of SI in the LTC context is crucial to fulfilling its potential. As the European Commission defines it, SI is about investing in people through policies designed to strengthen people's skills and capacities, supporting them to participate fully in employment and social life. Although European countries do not have a common definition set out in law, LTC can be defined as the organisation and delivery of a broad range of services and assistance to people with a reduced degree of functional capacity, physical or cognitive, and who are consequently dependent for an extended period of time on help with basic activities of daily living, such as washing and dressing. SPRINT has developed the following definition of SI in LTC:

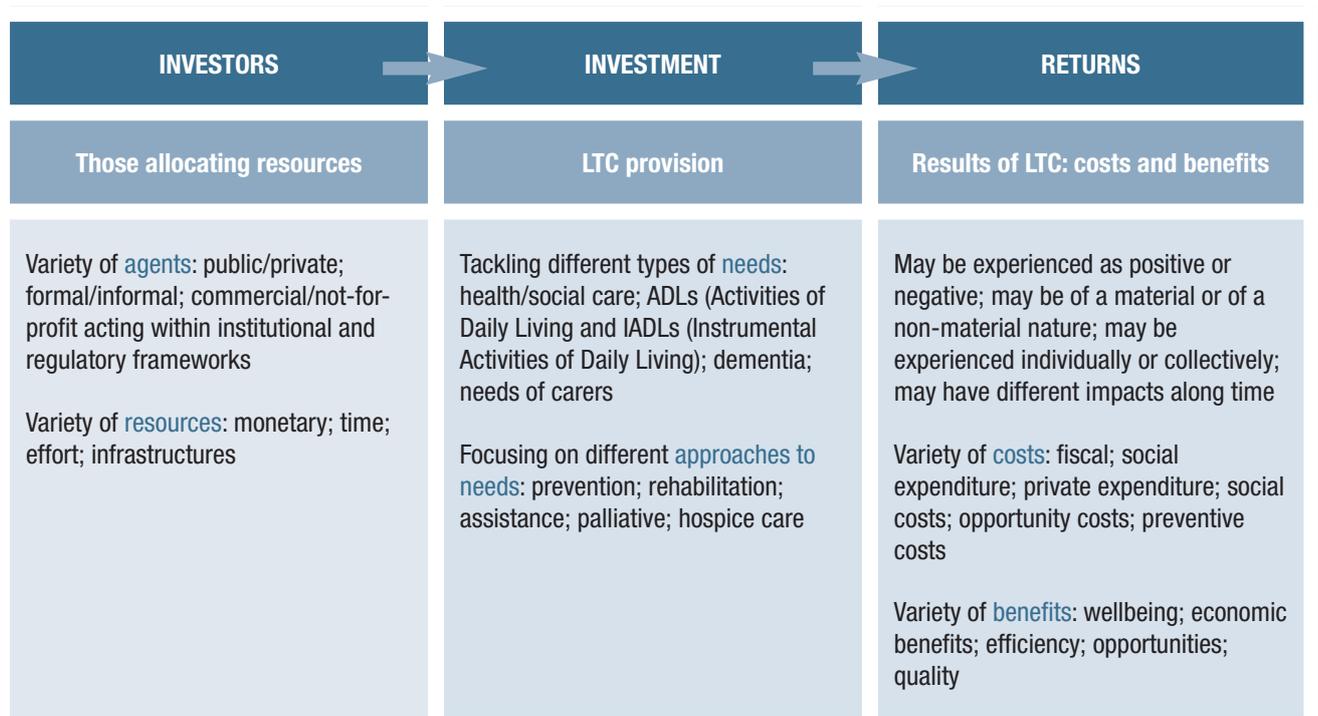
Welfare expenditure and policies that generate equitable access to care to meet the needs of ageing populations, improve quality of life, increase capacities to participate in society and the economy, and promote sustainable and efficient resource allocation.

Engagement by the SPRINT project with key LTC stakeholders has identified a limited awareness of the concept of SI amongst LTC policymakers, in spite of their support for many of its underlying ideas. The project has therefore developed a conceptual framework setting out the basic elements and steps involved in the application of the SI approach to LTC (Figure 1).

SPRINT has highlighted the diversity of resources and stakeholders involved in the LTC system, including a range of potential public and private investors who fund a wide array of care services. From a SI perspective, a key question is whose contributions and benefits should be measured and included in the assessment of social cost-effectiveness. Interventions do not only impact on the direct recipient of care but also on their families and neighbours, on formal LTC providers, on the State through their impact on the demand for other public services and ultimately on society as a whole. The initial challenge is therefore to identify the range of resources and actors involved in LTC provision so that estimates can be made of the total costs of providing care and the impact (both positive and negative) of different arrangements on different stakeholders.

The second column in Figure 1 highlights variation in the LTC landscape across Europe resulting from different paths of institutional development and from different national preferences, expectations and normative traditions in the field of LTC.

Figure 1: The social investment flow in LTC



The third column addresses the most challenging component of the concept of SI: the measurement of the social impact and assessment of the cost-efficiency of LTC. This assessment should cover costs and benefits at the State/public sector; the societal level; the individual level – care recipients/informal carers; and at the level of formal providers.

Implementing guidance at the EU-level using the definition and framework introduced by SPRINT will help to raise awareness of SI in the LTC area and improve the use of available LTC resources.

Develop legal, regulatory and institutional LTC approaches to provide space for SI

LTC is included in the European Pillar of Social Rights which entitles everyone to affordable LTC services. Although not binding, Principle 18 of the European Pillar of Social Rights stipulates that “everyone has the right to affordable long-term care services of good quality, in particular home-care and community-based services”. While the majority of European countries provide their citizens with a legal entitlement to some form of LTC, there is no EU-wide entitlement to LTC based on international or European law. Most systems' LTC arrangements in the EU involve a common set of actors fulfilling a common set of functions (Figure 2). However, LTC regulations are complex and vary significantly across EU countries. They include (among others) social security laws, health law and laws on social assistance.

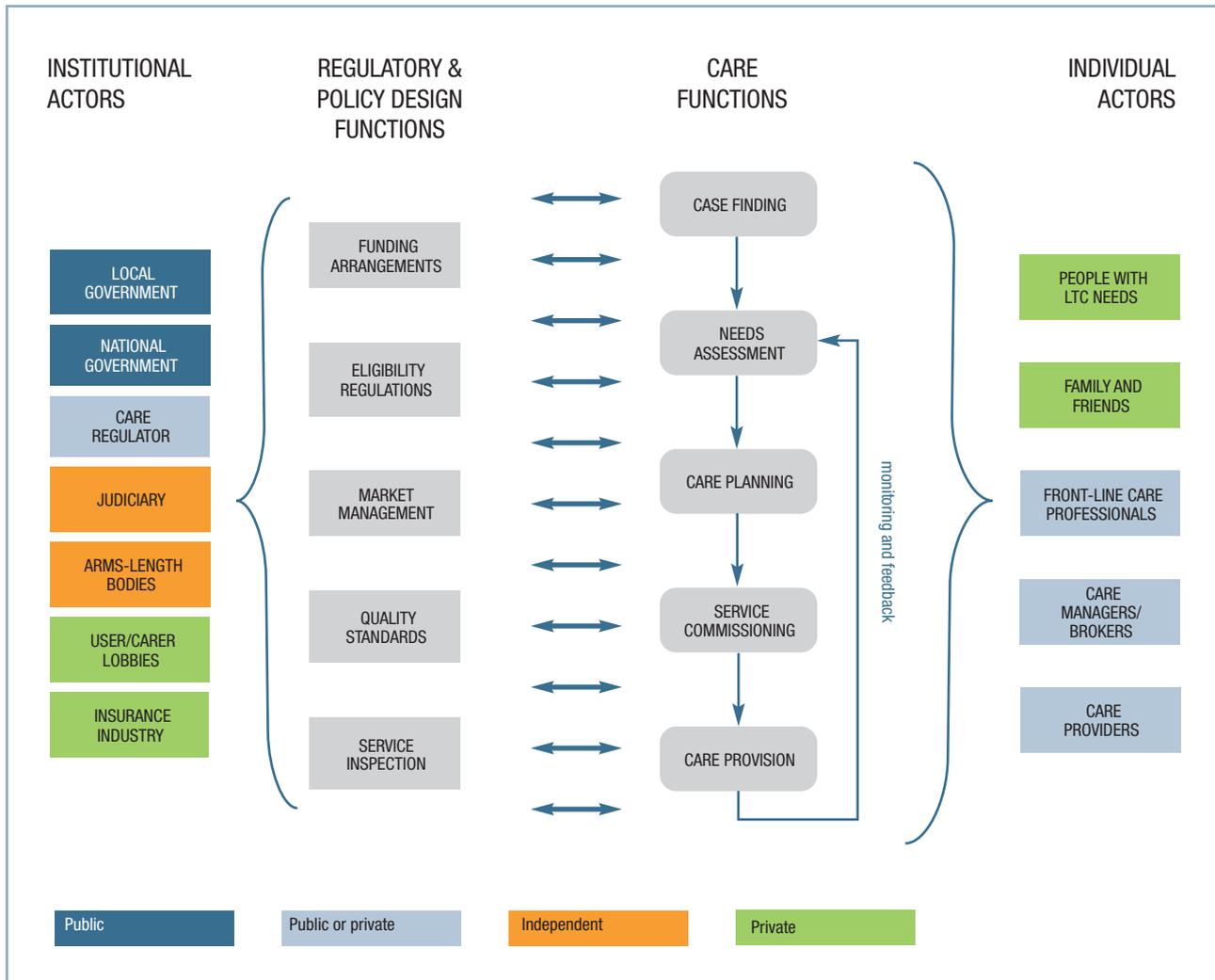
Most EU countries only cover part of LTC costs, and sources and methods of financing LTC are very diverse, combining State, market and civil society resources, and including both monetary and non-monetary contributions. European LTC models range from those with universal financing and large state influence (most Nordic countries), means-testing and market provision (UK), to LTC regimes that focus on the family and informal care (Eastern and Southern Europe of countries). They also vary in terms of the extent of the population they cover and the type and intensity of support they offer.

Using the SI LTC framework highlighted by the SPRINT project would help to identify the potential social benefits derived from greater LTC investment in EU countries, in particular those countries with the least developed LTC systems.

Whereas SI can take place in all care systems, its effectiveness is affected by the extent to which rules and regulations enable or discourage resources from being targeted on those services yielding the greatest returns.

The implementation of the SI approach in LTC is thus strengthened by flexibility in regulations around how care can be funded, which providers can provide services and which services can be used. Facilitating the role of non-profit institutions and strengthening the role of social enterprises - businesses with social objectives and where surpluses are usually reinvested into the business or the community - can further contribute to the social investment infrastructure.

Figure 2: Key actors and functions in the LTC system



Advanced, centralised systems could accommodate SI as a development of bureaucratic administrative decisions; a fragmented system relying on a multiplicity of actors could apply the SI approach as a coordinating mechanism and a framework for planning cooperation across LTC stakeholders. Systems heavily reliant on informal care could deliver better quality of care using SI; in formal systems SI could aid synergies between State and civil society.

Arguably, the variability in laws and regulations – and the resulting differences in LTC systems – can be an obstacle for the free movement of persons and services. This variability also emphasises the importance of avoiding a “one size fits all” approach to investment in LTC. SI could provide a flexible framework for evaluating solutions tailored to national LTC arrangements.

LTC as an attractive option

The systematic assessment of the range of social benefits and costs of LTC investment opportunities in SPRINT’s proposed framework for the application of SI in the LTC area could yield three types of impact:

1. **Economic effects:** such as increased economic activity, employment and efficiency improvements;
2. **Social impacts:** mostly intangible effects experienced by those receiving or delivering care – physical, psychological, and cognitive health, as well as subjective wellbeing; and
3. **Reductions of risks:** which address both financial and social components – e.g. catastrophic care payments, frequently due to extreme dependency, or equivalently unmet care needs if financial resources (formal or informal) are missing.

SPRINT’s research identified the range of criteria identified by potential LTC investors as important when assessing social investments in LTC (Figure 3). Some of the criteria are complementary, but some can be in ‘competition’ with one another.

Figure 3: Criteria for assessing social investment in LTC, from the perspective of different investors

INVESTORS	ECONOMIC RETURN		SOCIAL IMPACTS				RISKS	
	Employment effects	Efficiency improvements	Physical health	Psychological health	Cognitive health	Subjective wellbeing	Financial	Social
Older person		✓	✓	✓	✓	✓	✓	✓
Family/friends	✓	✓	✓	✓	✓	✓	✓	
Informal carers	✓	✓	✓	✓	✓	✓	✓	✓
National/local governments	✓	✓	✓	✓	✓	✓	✓	✓
Insurance industry	✓	✓					✓	
Third sector organisations	✓	✓	✓	✓	✓	✓	✓	✓
Business care sector		✓					✓	

In order for investors to appreciate the net positive return of LTC services, it is important to present robust evidence of successful social investments in LTC across countries. This requires a set of validated and accepted metrics of costs and benefits. A key challenge for the comparison of costs and benefits and the assessment of cost-effectiveness of LTC intervention is how to aggregate/monetise outcomes so they can be compared with costs.

SPRINT research highlights interesting examples of current investment approaches in LTC which would warrant further investigation as to their social cost-effectiveness. In the UK, Social Impact bonds (SIBs) represent a form of outcomes-based commissioning that rewards the provision of care depending on their outputs, that explicitly ensures that payments are linked to results. The UK also has a social investment incentive scheme which entitles investors to claim 30% tax relief on the amount invested (capped at £1m) within the tax year of the investment. In Italy, where the family assumes the greatest part of responsibility for LTC, low public provision and autonomy for civil society has led to third sector organisations – social cooperatives – meeting the needs of users of LTC services more effectively, and they also can benefit from economies of scale and are users of assistive and other technologies. SPRINT research also used the SI framework to illustrate the analysis of the potential cost-effectiveness of support for informal carers such as vouchers for care leave or respite care along the lines of schemes in Finland and Belgium, and of investment in assistive technology.

POLICY IMPLICATIONS AND RECOMMENDATIONS

1. Very few stakeholders in the LTC area understand the concept of SI. The definition and framework developed by the SPRINT project could be used to raise awareness of the potential for SI in the LTC sector, and to introduce a common evaluation framework across countries..
 2. There is no common vocabulary or standards for LTC across European countries. Further emphasis on Principle 18 of the European Pillar of Social Rights might support the development of a common definition of LTC. This would enhance opportunities for learning across Member States.
 3. Promoting the exchange of evidence about best practice by private, public and social enterprises across Member States would encourage the take-up of the SI approach and encourage innovation in the LTC system.
 4. Given the variability in the configuration of European LTC models, the implementation of the SI approach is likely to require different national approaches which recognise the local regulatory framework, cultural expectations and availability of resources.
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Further publications	http://sprint-project.eu/research-content
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