

# The public service sector in the EU needs investment. The crisis has shown that its role is crucial



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# The role of public services during the COVID-19 pandemic was crucial for maintaining the socio-economic stability in Europe. But at the same time, the biggest health crisis in the history of the EU revealed many weaknesses of the public sector, especially its underfunding and staff shortages.

A detailed diagnosis of the problem and solutions were discussed by the participants of the conference "Towards a strong European public service agenda: How to (re)build a social Europe after Covid-19?" organized by the European Confederation of Independent Trade Unions (CESI) and the European Policy Centre (EPC) think tank under the media coverage of EURACTIV.pl.

The COVID-19 pandemic has not only been a major challenge for health care systems in EU member states, but also a severe problem to national economies. In the current crisis, the most vulnerable social groups were particularly affected.

It was shown once again how important the role of public services and social support offered by the member states and EU institutions is. But also, how many weaknesses there are still in this sector, such as underfunding, underinvestment, lack of appropriate skills among workers and, finally, too little coordination of activities.

**Klaus Heeger**, Secretary General of CESI, opened the debate, referring to the need to invest in the services of the public sector: <u>"Covid-19 exposed the structural weaknesses of the public sector. Now it's time to put public services at the core of our policies! We need to invest in the facilities, equipment and staff of public services!"</u>

He also expressed his <u>concerns that the difficult economic situation would cause austerity and a reduction</u> in the investments in <u>public services</u>: <u>"The fiscal buffer must be restored in a way that it will not harm the</u> <u>investment in public services</u>" he stressed.

# Public sector workers risked the most during the pandemic

**Barbara Kauffmann**, Director for Employment and Social Governance at the European Commission, stressed that public service workers – from nurses, nursing home staff to social affairs department staff – had proved crucial during the pandemic for maintaining not only the economy but also the well-being of EU societies. "All these achievements required substantial efforts and often could not be done without close contact" she said.

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She added that the crisis has taught us several lessons for the future, including the need to strengthen the public service sector. "We need to think more about people and their needs. We also have seen how important and challenging it is to accelerate the digital and green transitions. Keep in mind that all these aspects are linked" she pointed out. She also underlined the importance of the European Pillar of Social Rights, a document signed by the European Parliament, the European Commission and the Council of the European Union at the Social Summit for Fair Jobs and Growth in Gothenburg, Sweden, which foresees actions to improve the enforcement of EU citizens' existing rights in areas such as equal opportunities and access to employment, fair working conditions or social protection and inclusion. The package provides guidance to the member states on the direction of their legislation.

The representative of the European Commission also pointed out that although it appears that the COVID-19 crisis has not contributed to an increase of poverty in the EU, it must be considered that there are some vulnerable groups that have been strongly affected by the pandemic.

However, she assured that the European Recovery and Resilience Facility (RRF) has enough resources not only for social purposes, but also for the improvement of sectors such as health, social care and other public services.

"Member states were encouraged to involve social partners in the design of national recovery plans. We will definitely call on them to improve the involvement in the future." stated Kauffmann.

She also recalled that in March the EC presented an action plan for the Pillar of Social Rights, which was approved by the leaders of member states at the Porto Social Summit in May. It sets the targets of increasing employment among people aged 20-64 to 78 per cent by 2030, ensuring that at least 60 per cent of adult citizens have access to vocational training every year and reducing the number of people affected by poverty and social exclusion by at least 15 million.

### Will the EU run out of public service workers?

There is an ongoing debate in the European Union about how to value the work of those in the front line, even during crises such as the COVID-19 pandemic.

Tadas Leončikas from the European Foundation for the Improvement of Living and Working Conditions (Eurofound) mentioned the example of Ireland, the country where Eurofound is based. "It was discussed whether a bonus or an extra leave would be an appropriate intervention. Measures like that have been adopted in a number of member states already. All of us remember the emotional moments of people applauding health care workers or other protective services at the early days of the pandemic. But at this moment in time, indeed, it is important to look beyond that and see what structural changes are important so that both services themselves and societies at large become more resilient." said the Eurofound expert.

In his opinion, in order to carry out such changes well, it is necessary to understand how public services fit into the broader economic context and how they differ from other sectors. Leončikas pointed out that the

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"According to the Commission's calculations, <u>as much as 45 per cent of jobs in the EU could not be done</u> remotely. Services such as health, personal care and other essential services are a big part of that segment of employment. In addition to that, a number of these occupations are rather in a low wage area. They were more vulnerable to loss of income or limitations to income during the pandemic." said Eurofound expert.

He stressed that this aspect should be taken into account when planning to increase the future resilience of the public service sector to crises. Some member states are already experiencing a shortage of staff working in public services.

Leončikas pointed out that Eurofound's analysis showed that the biggest decline in employment was in the occupational groups where wages are the lowest, and this also applies to many professions in public services, and, above all, public administration and education. "Although everybody was expecting an increase of employment in health care services, because the pandemic was primarily a health care crisis, there was only modest growth in this sector. And we all know that many countries tried different measures such as redeployment." he added.

This situation is therefore a huge challenge, as employment in health and social care in the EU will have to increase by 11 million people by 2030 to meet the demands of an ageing population (according to a study by the Joint Research Centre, a think-tank of the European Commission).

# Need for a better regulation of remote work

The President of the CESI Expert Commission 'Public Administrations' Otto Aiglsperger pointed out that labour law was not adapted to the situation that occurred during the COVID-19 pandemic, which forced many people to work from home.

"There have been lots of new laws that were decided on national and international level in a very short time. The new laws need to be implemented. The issue of public services is very important here. In some areas working from home was a very good possibility to get the work done, but it is not possible in jobs like, for example, the police, nurses and carers. There are some things that need to be done in direct contact and these people had often much more work than before." said the CESI expert.

He pointed to police officers, who were on standby in case they had to secure the numerous and often spontaneous street demonstrations.

According to Aiglsperger, some changes will remain, as some people will combine working in the office with working from home, and video conferencing has already become part of our reality, although it will not always replace face-to-face meetings.

"But this also has its positive aspects. Fewer long-distance trips or simple commutes will reduce CO2 emissions and help meet climate goals. In addition, the ability to connect from anywhere in the world will

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He also stressed that there is a need for more staff in the public sector and for long-term strategies in this area. "Workers in this sector need to be both well-trained and compensated. I appeal to both the European Union and the governments of the member states. <u>We will all benefit from a strong public service sector</u>, because it strengthens the whole economy" noted Aiglsperger.

# Public services are not only public

The Secretary General of SGI Europe, **Valeria Ronzitti**, insisted that by public services she means not only those provided to citizens by state or local government institutions, but also private ones. "The employees of the latter need the attention of the EU and national policy makers. They have tried to provide all their services regardless of the serious difficulties that have arisen and many of these services have been in growing demand." she added.

And she stressed that <u>"the situation can be summed up in one word – underinvestment</u>". "We have been calling for more public investments since 2008, the time of the financial crisis. Member states are making the mistake of underinvesting in those services." said Ronzitti.

She also argued that it was underinvestment that made member states be unable to respond quickly and effectively enough to that violent crisis. "The current COVID-19 pandemic crisis is a demonstration of this problem. But it must also be said that our association members have worked very hard to keep providing 24/7 access to their services." said SGI Europe Secretary General.

She also pointed out that although during the pandemic everyone understandably focuses mainly on health care, social assistance or education, basic services related to the so-called natural infrastructure should not be forgotten either. "It's about providing energy, water. Maintaining transportation during the pandemic was extremely important for those who could not perform their duties remotely. In the city of Nantes in France, public transportation was there for health care workers, free of charge, to bring them to work and back home." said Ronzitti.

She also said that there is a need, at both European and national level, for long-term solutions to improve public services.

### More communication with social workers

Heather Roy, Board Member in Social Services Europe, spoke about the great challenges for social services during the pandemic. She highlighted <u>not only underinvestment but also staff shortages in the sector of social services.</u>

"It was quite clear that we couldn't replace staff who had to go into quarantine, because there were no funds to do that. There is no spare money in the provision of social services. There is not any secret money tree that we can take money from when we have a crisis " she said

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And she added that it appeared that local, regional and national authorities were not adequately prepared to deal with the current crisis. "Many members of our organization were getting conflicting instructions and that led the staff to be completely confused, upset and unsure if they were doing the right thing." she said.

She also reported that the development of successive solutions by local or national authorities led to situations in which social workers were not up to date with the situation. "This lack of communication resulted precisely from a lack of preparation for a crisis situation," she noted.

### Investment in public services must be smart

The Brussels-based think-tank European Policy Centre has taken a closer look at the state of the public services in the EU in its report "Well performing public services for a fair and resilient European society". Coauthor of the study **Mihai Palimariciuc** reported that the analysis confirmed not only the need to subsidize this sector, but also to implement innovations in it, including digital ones.

"The investment has been one of the big highlights of the report. Even in the services, where we saw an increase in spending, such as health care, we did see, at the same time, a decrease in investment" said the EPC expert.

As he added, the pandemic has actually led to a decrease in the availability of medical services, which was particularly visible in Southern and Eastern Europe. He pointed to Bulgaria and Cyprus as primary examples.

"There is a lack of resources for prevention and preventive care, so most people there only receive medical care in hospitals, which puts additional stress on the health service. So you can see that we need smartly directed investments to where they will become most effective for the whole system" emphasized Palimariciuc.

"If health problems are detected earlier, people won't need to use hospitals and that will reduce hospital occupancy and increase availability for more seriously ill people. The problem of the lack of prevention and then lack of life-saving equipment was seen very clearly during the pandemic in my home country – Romania" noted the EPC analyst. He added that it is necessary to increase governmental assistance, which may happen if the EU provides more funds directed to these purposes.

In turn, **Peter Urlich** from the European Commission's Joint Research Centre (JRC) said that the unit where he works prepared brief recommendations for policy makers at the beginning of the pandemic, which were based on previous research and analysis.

According to the JRC's findings, the pandemic demonstrated a lack of digital solutions in the public sector. "In the public sector our main goal should be the creation of public value for citizens. This must be at the heart of its operations. The digital transformation of this sector should therefore be complete. <u>We cannot be satisfied with simply putting the bureaucracy online. We need to see that as an opportunity to rethink</u>

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However, he pointed out a serious challenge that emerged in conversations with public service sector employees or representatives of ministries and officials. It is the lack of sufficient support from key policy makers. <u>"Such reforms will not succeed without the backing from the top.</u> And it seems to me that those elected officials might not always understand what's going on. That's why we recommended that they get involved." explained Urlich.

The JRC's 12 recommendations include creating dynamic strategies, investing in people rather than technology, creating reusable solutions, staying in touch with stakeholders, increasing interoperability and fostering a culture of innovation.

### The EU must show more social solidarity

The Romanian MEP Dragoș Pîslaru, a member of the European Parliament's Committee on Employment and Social Affairs, summarised the debate and stressed on the importance of the Recovery and Resilience Facility.

He also assessed that <u>if the European Union wants to strengthen the social contract with its citizens, it must,</u> <u>at the same time, strengthen the public service sector, as it is the one that significantly helps in building</u> <u>confidence in the European project</u>.

"As 2020 was the year of the greatest social and economic challenge of the Union, 2021 is the year of the greatest opportunity for the European Union to become more resilient. It goes without saying that the pandemic has exposed all our vulnerabilities. We must therefore work on building cohesion – social, territorial, and regional cohesion. This is also an example of Europe's power and strength. Now the EU must also show solidarity. The new social contract must be more inclusive." said the member of the liberal MEP faction "Renew Europe".

Meanwhile, Chief Executive at the European Policy Centre **Fabian Zuleeg** pointed out that the public service sector was already in a difficult situation before the COVID-19 pandemic. "From demography changing labour markets to public finances and fiscal consolidation. These have all been important structural challenges in recent years that have created many inequalities. <u>Therefore, there is a need for change and a new approach to the social contract, health care, education or digitization</u>. The pandemic has further exacerbated many of these." said the expert.

But he also asserted that it can be seen as an opportunity to show how important the public service sector is and how much added value it brings. "It can be our advantage in the new global situation. But we need, so to speak, more Europeanization of this topic. We need to cooperate more, both on rebuilding and increasing resilience, and on implementing the Pillar of Social Rights." he stressed.

<u>The participants agreed that spending on public services is not simply about spending money, but an</u> <u>investment in the stable and sustainable development of EU societies.</u>

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