



FINANCING LONG-TERM CARE A Social Services Perspective



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ABOUT THE EUROPEAN SOCIAL NETWORK (ESN)

The **European Social Network (ESN)** represents the voice of public social services as employers, managers, funders, planners, providers, and inspectors of social services in Europe.

ESN inspires social services leaders to improve the lives of people in the community through the development and exchange of knowledge to improve policy and practice in public social services, including all support and community-based services fighting poverty, promoting social inclusion and autonomy, child protection, protection of people with disabilities, care and support for older people, homeless people, as well as people and families in disadvantaged socio-economic situations.

ABOUT THIS BRIEFING

This briefing is based on discussions from the **European Social Network's 2025 Long-term Care Workshop** organised on 7 April 2025 in Warsaw, Poland.

The meeting brought together 95 social services leaders, researchers, and policymakers from 24 European countries. They discussed how social services can respond to four key challenges for the sustainable provision of long-term care (LTC):

1. attracting and retaining a sufficient workforce; 2. responding to increasing financing needs; 3. transforming the system to community-based provision; and 4. ensuring good-quality service while having limited resources.

This briefing will focus on the financing challenge, summarising lessons learned on creating financially viable long-term care systems.

On the one hand, it describes how long-term care is financed and funded across different levels of government in Europe; on the other, it explains how changes to the design of funding mechanisms, service planning and delivery can lead to more efficient public spending for LTC.

The insights shared in this briefing have been collected from workshop contributions of social services managers and practitioners, researchers at the **WHO**, the **European Centre for Social Welfare**, the **OECD**, the **Global Observatory of Long-Term Care** and policy makers from the **European Commission**. Their insights have been complemented by findings of desk research.

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INTRODUCTION



Sustainable financing is critical to securing high-quality, affordable long-term care (LTC), especially given projected demographic changes.

Over the past 20 years, long-term care expenditure as a share of National Gross Domestic Product has increased in many European countries ([Eurostat, 2019](#)). This trend is expected to continue, with public expenditure on long-term care in EU member states projected to grow from 1.6% to 2.7% of GDP by 2060, representing an increase of almost 70% ([European Commission, 2016](#)).

In its current care strategy, the European Union encourages member states to mobilise funds and make cost-effective use of adequate and sustainable funding for long-term care, and pursue policies conducive to the sustainable funding of long-term care services that are coherent with the overall sustainability of public finances ([Council of the EU, 2022](#)).

The following briefing gathers recommendations to EU, national, and local decision makers on what they can do to mobilise funds make more cost-effective use of available funds and what systemic changes they can induce to make our LTC systems more financially viable.

WHAT IS THE FINANCING OF LTC?

Financing includes mobilising, directing, and managing resources for LTC. Mobilisation draws on sources such as social insurance contributions, taxes, out-of-pocket co-payments, private insurance, and unpaid care. ([Doetter F., et al, 2025](#)).

Decision-makers at different government levels can adapt resource mobilisation, allocation, and management to address rising long-term care-related costs. In the following, we will present evidence and recommendations for adapting resource generation, allocation, and management to create more financially sustainable long-term care systems across levels of government.

KEY LEARNINGS AND RECOMMENDATIONS ON HOW TO HANDLE THE FINANCING CHALLENGE

1. SEE INVESTMENT IN LONG-TERM CARE AS AN INVESTMENT IN THE ECONOMY

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We are increasingly understanding the costs of under-investment in long-term care, in terms of unnecessary hospitalisations, the true costs of family care, particularly where people are forced to leave their jobs, and the lost opportunities for prevention and rehabilitation.

”



Adelina Comas Herrera,
Director, Global Observatory of Long-Term Care, Care Policy and Evaluation Centre, London School of Economics and Political Science, United Kingdom

While many governments fear committing additional public funding to care, particularly in the current challenging climate, we see that countries that spend a higher share of their Gross Domestic Product on LTC do not seem at any risk of bankruptcy as a result.

A strong focus on costs in social services and care often overlooks the positive economic effects (i.e., high employment gains, as this is a labour-intensive area) and the positive social effects. These must be taken into account in sustainable financing ([Federal Ministry for Social Affairs, Health Care and Consumer Protection](#); Austria, 2025).

Public investment in LTC not only promotes economic growth by creating jobs in the health and social protection sectors but also fosters a diverse, locally based workforce. Additionally, it alleviates the ‘implicit tax’ on informal caregivers - mainly women - by easing their caregiving duties, which allows more to join the workforce. Effective policies and investments can boost national economies’ productivity by enabling informal caregivers to re-enter or remain in employment, enhancing their work–life balance, and matching their skills with labour market demands ([Cylus et al. 2025](#)).

2. RAISE & ALLOCATE RESOURCES MORE EQUITABLY AND EFFICIENTLY

TAP INTO DIFFERENT FINANCING SOURCES

Long-term care costs are funded through a mix of social security contributions, taxes, public and private insurance, and direct copayments. The OECD recommends expanding funding sources for LTC systems beyond social security contributions and income taxation ([OECD, 2024](#)).

Don't only rely on social security contributions

For instance, countries with a high share of LTC funding from social security contributions on wages may partially finance these costs through other taxes, such as capital gains taxes or earmarked LTC taxes, to avoid a heavy reliance on social security contributions on wages. Exploring private contribution options and pre-funding mechanisms, such as through specific funds or insurance mechanisms, is also considered ([ebd](#)).

Earmark funds available for long-term care

“ Use earmarked social-insurance contributions (where appropriate) and taxes to finance LTC for greater transparency. ”



**Pietrangelo De Biase,
Policy Analyst, OECD**

If taxpayers know how their social and tax contributions are used, they may be more willing to accept the higher financial burden, as they can relate to the purpose of funding people's care.

ALLOCATE FUNDS WHERE THEY ARE SPENT

Funding LTC is spread across national, regional, and local levels. OECD data show that, on average, sub-national governments spend about 30% of total public expenditure on long-term care. At the same time, they directly fund about 25% of expenditure from their own resources. Even though there is a larger variety, for instance in Denmark, over 90% of expenditure is spent at the local level. In Italy, Sweden and Spain, at least 75% of LTC expenditure is spent by regional and local governments. However, in France, Hungary and Ireland, more than 90% of LTC spending is provided at the national level ([De Biase, P., S. Dougherty, 2023](#)).

In countries where long-term care funding is decentralised, subnational governments tend to have greater tax autonomy, meaning that LTC funding decentralisation is often combined with decentralisation of taxing power ([De Biase, Pietrangelo, Sean Dougherty, 2023](#)).

However, financing LTC mainly through local taxes can lead to territorial inequalities, as some localities raise more revenue than others; therefore, there are often national mechanisms to equalise revenue ([Comas-Herrera, A., 2020](#)).

“

Avoid unfunded mandates: match responsibilities with adequate, predictable transfers indexed to LTC cost growth (which outpaces GDP), and ensure transfer formulas reflect the sector's higher inflation.

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**Pietrangelo De Biase,
Policy Analyst, OECD**

Given projected growth in LTC spending, subnational governments will need to partially bear the cost burden and will require additional financial resources. Central governments can address projected increases in needs by either establishing local needs-based financial distribution systems and earmarking funds for local authorities' long-term care expenses or allowing increased local tax-raising authority.

If, on the contrary, central governments cut LTC funding to address fiscal imbalances, it could adversely affect local authorities' budgets. For instance, in the UK, this has already happened, leading local authorities to depend more on local revenue sources to fund long-term care. Over ten years, social care spending by English local authorities increased from just over 50% to 80% of their total spending capacity, leaving less funding for other duties ([House of Lords, 2024](#)).

“

We need funding systems that enable local governments and agencies to take a population-based approach to plan and deliver preventative health and social care services to support people in ageing well and respond to changes in their needs.

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**Adelina Comas Herrera,
Director, Global Observatory of Long-Term
Care, Care Policy and Evaluation Centre,
London School of Economics and
Political Science, United Kingdom**

Distribute funds to where they are spent, based on local data

In decentralised systems where subnational governments may face difficulties in fulfilling their responsibilities in long-term care financing, for example, due to weak regional tax revenue, fiscal redistribution through central government mechanisms can mitigate regional differences and help improve fiscal capacity to finance long-term care.

When national governments allocate funds to the local level, it is central to take geographic inequalities into account in the distribution key to address inequalities.

Funding systems should enable local governments and agencies to take a population-based approach to planning and delivering preventive health and social care services to support people in ageing well and to respond to changes in their needs and circumstances.

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Create a dedicated, sustainable long-term funding stream for LTC, which is often under the responsibility of local authorities, so the ecosystem isn't piecemeal and can fund prevention and access before needs escalate.

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Alfonso Lara-Montero,
CEO, European Social Network

- ◆ With its [European Social Services Index](#), ESN has created an instrument that demonstrates how data on social services coverage can be collected at the national level and used to inform recommendations on required investment and policy reforms in social services systems. Such data could be collected and disaggregated at the regional and local levels to identify where funds are most needed. This would help align budget allocations across national, regional, and local levels.
- ◆ At a smaller scale, such data-based allocation of social funds has been tested in the County Council, where the FOKUS PI app combines local data for a quick overview of social indicators and social policy issues, to enhance decision-making on budget allocation ([ESN, 2023](#)).

PROMOTE EFFECTIVE GOVERNANCE & SERVICE INTEGRATION

Ensure good communication & clear distribution of roles between the national and local levels

Depending on a country's system, long-term care costs are funded at different levels and through health care budgets, social care budgets, or a mix of both, which adds to the complexity of LTC funding.

National governments need to ensure effective communication and information exchange with state and local governments to respond to rising local funding needs.

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Clarify roles and reduce overlap across government levels to cut duplication and administrative waste.

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**Pietrangelo De Biase,
Policy Analyst, OECD**

The World Bank states that how services are delivered influences financing requirements, as fragmented or poorly coordinated services require additional resources to address inefficiencies or gaps. This underscores the importance of creating both funding mechanisms and strong oversight and accountability systems to ensure effective use of financial resources across sectors. It also emphasises that service delivery and support must adapt to the changing needs of the population. ([Doetter F., et al, 2025](#))

The OECD recommends reducing overlapping spending between local and national levels, and between health and social care systems, and equipping local authorities with the financial means to fulfil their responsibilities within often-decentralised LTC systems ([De Biase, P., S. Dougherty, 2023](#)).

Investments in more integrated care funding and provision across governance levels and sectors are part of the solution to more sustainable long-term care financing.

Integrated care can be achieved through standardised care needs assessments within social and health care, coordinated record-keeping and sharing, and clear roles and responsibilities for service funding, planning, delivery and evaluation. All this ultimately leads to fewer administrative tasks and duplication of work.

- ◆ In the **United Kingdom**, for instance, investing in digital social prescribing helped reduce healthcare demand by better managing the wider social determinants of health, alleviating the financial costs for the health system ([ADASS, 2023](#)).
- ◆ In the **Netherlands**, social prescriptions have been tested successfully and are part of the reflection on the New Care Deal. GPs, who are solicited by patients who don't have a medical issue, refer them by prescription to skilled social workers. The social worker then assesses needs (loneliness, family support, care needs) and develops a care and support plan with the person. The costs of those social care interventions are covered by health insurance, which can achieve 25–30% savings compared with medical interventions while improving the person's perceived quality of life.
- ◆ In **Catalonia, Spain**, the regional government invests in stronger care integration. The SALUT+ Programme promoted joint visits by professionals from health and social services for people with high care needs, particularly in domiciliary care, reducing task duplication ([ESN, 2023](#)).

EASE THE FINANCIAL PRESSURE ON PEOPLE USING LTC

Increasing long-term care costs may not only strain public finances but also lead to higher private co-payments, putting people receiving care at risk of financial hardship and possibly pushing them or their carers into poverty.

Without public support for LTC services, between 42% and 95% of the old age population with LTC needs would be at risk of poverty due to high out-of-pocket costs. LTC benefits and services reduce poverty risks by almost 30 percentage points across countries ([OECD, 2024](#)).

According to a recent OECD briefing, in five European countries (Croatia, Italy, Portugal, Slovenia, Spain), out-of-pocket costs for individuals with severe needs exceed 100% of an older person's median income. In 10 European countries, out-of-pocket costs account for more than half of an older person's income, even after receiving public support ([Lena-Nozal A. and Killmeier K., 2023](#)).

In the Netherlands in 2013, private co-payments for care home beds were raised to decrease admissions to care homes and encourage home care. A report indicated that this change increased financial risks for older people who remained in residential facilities for extended periods ([Tenand M., Pieter Bakx P., and Wouterse B., 2021](#)).

The hidden costs of co-payments

Reducing public LTC spending by higher out-of-pocket costs can negatively impact other public budgets – notably those of authorities responsible for providing minimum income, which often are at the local level. When local authorities step in as a last resort to cover co-payments for people who cannot afford them, their budget gets under strain. In Germany, for example, an increasing number of older adults require social support from local authorities because they cannot afford rising copayments ([Deutscher Verein, 2025](#)).

3. SET THE RIGHT FINANCIAL INCENTIVES AND INVEST IN SYSTEM TRANSFORMATION

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Financing incentives can be powerful instruments to drive change and innovation.

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Adelina Comas Herrera,
Director, Global Observatory of Long-Term
Care, Care Policy and Evaluation Centre,
London School of Economics and
Political Science, United Kingdom

SHIFT FINANCING TO PERSON-CENTRED HOME & COMMUNITY CARE

While residential care is a necessary form of care for some people, it is an expensive resource, particularly if of high quality. We need to use it well, and this means ensuring that people who could remain in their own homes with support do so.

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Invest in community-based services because they are more cost-effective than institutional care and reduce future demand for high-cost services.

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Stefania Ilinca,
Technical Officer for LTC, WHO
Regional Office for Europe

Home care services are a key intervention that public authorities can provide to help people age in their own homes despite increasing frailty and care needs. Service integration can further help maintain people’s ability to stay in their homes despite developing frailty, for instance, by better coordinating hospital discharges with follow up recovery at home.

“

Shift financing and provision toward person-centred home / community care to moderate cost growth by helping people age in their own place or home.

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**Alfonso Lara-Montero,
CEO, European Social Network**

However, in many countries, underinvestment in home and community-based care means that unmet needs for nutrition, hydration and continence can lead to health crises and hospitalisations, family carers, especially women may have to leave their paid jobs to cope with long hours of unpaid care provision, and the way care is funded means that it is easier to move to a care home than to obtain home-based care.

“

Expand home care service availability to rebalance spending toward cost-effective community-based settings.

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**Dana Bachmann,
Head of Unit - Social Protection,
European Commission**

- ◆ In **Poland**, an upcoming LTC reform aims to strengthen community care and is expected to reduce the number of nursing home residents by 20-30%. A recent study about the transformational potential of the reform showed that investing in home care support for people with a low level of dependency and without cognitive impairment results in lower public spending on LTC in Poland and increased access to residential settings for people with a higher level of dependency ([Wrotek, M., M. Kalbarczyk, 2025](#)).

- ◆ The **Netherlands** are planning a new reform called ‘The National Long-term Care Deal’ with three guiding premises: **1. do it yourself, if possible; 2. provide it digitally, if possible; and 3. provide it at home, if possible**, which shows that the reform will massively promote the digital and community-based transition of the Dutch LTC system. The goal is to limit the projected LTC spending growth to 500 million in 2030 ([Dutch Government, 2025](#)).
- ◆ In **Spain**, a National Strategy promotes a [new model of community care](#). The EU-funded Rural Care project in Castilla y Leon, Spain, has piloted the expansion of home care in a rural area and has demonstrated the cost-effectiveness of community and home-based long-term care. This pilot programme demonstrated that establishing a home care support system in rural areas can be a financially viable alternative to long-term residential care. The evaluation concluded that, while maintaining older people’s physical and psychological well-being, home care costs were lower than those of residential care ([ESN, 2023](#)).
- ◆ In **Japan**, payments to providers are designed to incentivise certain behaviours, such as, in the case of care homes, promoting modernisation and higher standards of care. (Adelina Comas Herrera, ESN LTC Workshop)

AVOID UNINTENDED EFFECTS OF FINANCING SHIFTS

Shifts of budget responsibilities should not create adverse effects, such as incentives to direct people to less efficient care provision, to make micro-level savings for a certain level of government.

In the Netherlands, due to rising budgetary costs, the central government passed a reform in 2015, allocating parts of long-term care financial management and funding to the municipal level. The reform in the Netherlands introduced the Dutch social health insurance scheme, subsidised by the central government, and two specialised systems, the ‘Long-term Care System’ linked to the social security system and covering mostly care provided in-kind at nursing homes, and the ‘Social Support System’ which includes home care. In the latter, municipalities receive a non-earmarked block grant from the national government to provide home care for older people.

This decentralisation of home care financing in the Netherlands has created an unintended consequence: municipalities have been incentivised to advise people to apply for institutional care, which is funded by the central government, to avoid a negative impact on municipal budgets. Accordingly, experts recently recommended revising those financial incentives for municipalities to improve access to home care and reduce overlap between local and central government responsibilities ([Council of Europe, 2024](#)).

INVEST IN PREVENTION

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Prioritise prevention to delay or avert LTC needs and institutionalisation, easing long-run fiscal pressure.

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Stefania Ilinca,
 Technical Officer for LTC, WHO
 Regional Office for Europe

According to the OECD, efficiency gains in LTC provision (i.e. home care, prevention) are key to financing sustainability. Investment in prevention services is another key step towards cost savings ([De Biase, Pietrangelo, Sean Dougherty, 2023](#)). Promoting healthy lifestyles and delaying the onset of age-related conditions can help reduce the physical and mental decline that comes with ageing.

- ◆ In this vein, the **Netherlands** has recently introduced reforms that allow social care interventions to be reimbursed by public health insurance due to their proven preventative effects on LTC needs ([Heijnders, Miriamen, Jan Joost Meijs, 2020](#)). Social care on prescription is now being implemented in more than 225 municipalities in the Netherlands ([Welzijn op recept, 2026](#)).
- ◆ The community nurse programme, introduced in **Austria** in 2022, seeks to inform people about available care support, promote early intervention and reduce admission to care homes. As part of Austria's Recovery and Resilience Plan, **community nursing** has been rolled out in 120 pilot projects to improve community-based long-term care by providing support to family caregivers and by counselling people and helping them detect needs at an early stage ([Eberle, L, et al., 2025](#)).
- ◆ In **Denmark**, municipalities are obliged to provide preventive home visits to every person aged 82 or older, to detect early signs of physical and mental decline, and provide early support. Those preventive home visits have proven cost-effective in improving people's health and well-being and delaying admissions to care homes ([Council of Europe, 2024](#)).

STRENGTHEN IN THE WORKFORCE – DON'T CUT ON THE WRONG SIDE

Tight finances lead to less competitive wages

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Spending on workforce remuneration and training should be seen as an investment as better retention can mitigate cost escalation from turnover and service failures.

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Kai Leichsenring,
Executive Director, European Centre for
Social Welfare Policy and Research

If the recruitment, retention, and training of staff fall short, people's needs cannot be met efficiently, and the likely consequences include increased hospitalisations, premature transitions into costly residential care, and increased pressure on informal carers. Gaps in workforce planning, recruitment, and training can lead to avoidable costs across the health and social protection sectors, undermining the economic sustainability of LTC systems ([World Bank, 2025](#)).

Public authorities may be inclined to control costs by cutting workforce remuneration. A Eurofound report ([2021](#)) found that, across all EU member states, the average hourly earnings of social services workers were 21% below the average for all workers. The sector already has difficulties attracting staff. Therefore, addressing inefficiencies by cutting care worker wages is not an option. Instead of realising salary cost savings, public funders of care should invest in care workers' wages to improve the sector's competitiveness and help service providers attract more people.

- ◆ To ensure adequate funding of the workforce in certain moments of high demand, ADASS - a membership organisation for those working in adult social care in **England** - recommends the establishment of workforce funds, as it was done in 2020 with the UK Workforce Capacity Fund for adult social care, which provided a ring-fenced grant of GBP 120 million to local authorities to recruit additional social care professionals and provide financial support to social care providers with recruitment gaps ([UK Government, 2020](#)).

FOSTER VOLUNTEER WORK

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Expenditure growth can be moderated through investment in prevention and community and volunteer networks.

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Pietrangelo De Biase,
Policy Analyst, OECD

Strengthening the involvement of the wider community can help reduce pressure on long-term care services, both in terms of financial and human resources. Volunteers can make a key contribution to delivering non-statutory community support, including prevention, active ageing, basic personal and household services, and early needs detection. To foster volunteering, local authorities can partner with local organisations and NGOs to reach both potential volunteers and beneficiaries of volunteer activities. Investments in volunteer coordinators or online platforms have proven to be a central lever for steering community activation.

- ◆ The **City of Hamburg, Germany**, for instance, established a Volunteering Agency to connect people and associations in need of volunteers with those seeking opportunities to help others. In this way, community support can be enhanced, and community participation for older people is facilitated, as many volunteers are older people themselves ([ESN, 2022](#)).
- ◆ **Belgian municipalities** have invested in digital connection between citizens by promoting the [hoplr app](#). This digital platform has been fully integrated into social services in certain municipalities, and social workers engage with citizens via the app through verified accounts.

PROMOTE BARRIER-FREE PUBLIC AND PRIVATE SPACES

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We need investment in housing and environments that enable people to live and be part of their communities.

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Adelina Comas Herrera,
 Director, Global Observatory of Long-Term
 Care, Care Policy and Evaluation Centre,
 London School of Economics and
 Political Science, United Kingdom

Governments at all levels should invest in accessible housing and public spaces that enable people to live and participate in their communities despite their frailties. The more people can live independently despite reduced mobility, the less burden there is on the formal long-term care system, as they won't need to move to residential care or need assistance in their homes, for instance, to do their groceries.

Local authorities can invest in adapting the built environment to improve accessibility for people with limited mobility, particularly older adults. These modifications can be made to urban structures and infrastructure, including through specialised housing and transportation solutions. They can also influence the design of homes for seniors with mobility challenges.

- ◆ The **Casa aberta programme** in the city of **Lisbon, Portugal**, helps older people financially with the adaptation of their own homes to increased mobility limitations. Adaptations covered by the project are, for example, a) replacements of bathtubs with shower trays, b) installations of handrails in common spaces such as staircases in buildings, c) placement of hand-bars in bathrooms and the widening of indoor passages for wheelchairs.
- ◆ The **City of Helsingborg**, in partnership with **Lund University** in **Sweden**, has developed Dementia Friendly Helsingborg, which is an initiative enabling people with dementia to independently access and participate in outdoor environments such as public parks. Allowing people with dementia to continue accessing public spaces is intended to improve and maintain their health and to support their participation in local communities. Taking a co-production approach, the project involved people with dementia in the design and planning of urban areas accessible and adapted to their needs ([Council of Europe, 2024](#))
- ◆ In the **City of Weesp** in the **Netherlands**, a whole neighbourhood has been designed for people with dementia and adapted to their needs.

The **Hogeweyk Neighbourhood** opened in 2009 and is the world's first 'dementia village'. It comprises 23 houses, each offering seven different lifestyles, designed to reflect the most common Dutch home environments ([E.P. Mendez, 2022](#)).

PROVIDE STABLE FUNDING INSTEAD OF ONE-OFF PAYMENTS

Local leaders need confidence to plan long-term and invest in prevention, early intervention, innovation, and people, rather than always having to firefight. This will comprise a mix of base funding (statutory fixed) and additional innovation / pilot funding.



**Alfonso Lara-Montero,
CEO, European Social Network**

Adequate and predictable funding enables consistent services and support delivery. It helps build trust in relationships among funders, commissioners, and providers of care. And can avoid transactional costs associated with frequent provider changes and establishing collaboration between organisations involved in care.

- ◆ For instance, **Swindon City Council, United Kingdom**, has learned that if the public buyer and the provider enter a long-lasting partnership that enables long-term planning on both sides and includes feedback loops, this can lead to quality improvement over time. In Swindon, such long-lasting partnerships with lead providers are fostered by using multiannual contracts of 7 to 10 years ([ESN, 2021](#)).

INVEST IN DIGITALISATION

Tap into the potential of digital transformation and provision.



**Georgia Chimbani,
Corporate Director, Health and Adult
Social Care, Tower Hamlets Borough,
London, United Kingdom**

Investment in **digitalisation** can make LTC provision more effective by enabling easier communication between providers and the coordination of interventions. Investing in technology-enabled care and assistive devices increases independence by enabling individuals to stay in their homes with support available as needed ([ADASS, 2023](#)).

Virtual or digital visits through tablets or cameras enable remote check-ins, allowing care staff to monitor and support citizens efficiently while maintaining personal engagement. Smartphone-based digital lock systems can replace physical keys, saving time, reducing administrative work, and improving emergency access. Automated medical dispensers ensure timely medication, while reducing unnecessary visits, and support independent living. Personal alarm systems for falls or emergencies enable quick interventions that can prevent the need for extensive care after a fall while reassuring people to continue living in their homes ([ACE, 2025](#)).

- ◆ The **Galician government, Spain**, has, with the support of EU funds, invested in a large-scale digital transformation programme, which has integrated social and healthcare services through an advanced digital ecosystem covering five key areas: clinical support, operational management, telecare, health data integration, and analytics. Early results show faster admission notifications (60% improvement), greater access to health data (80% improvement), fewer errors, and stronger frailty prevention through increased follow-ups and multidisciplinary evaluations ([ESN, 2025a](#)).
- ◆ The **Swedish government** has allocated SEK 20 million to the Swedish Association of Local Authorities and Regions for the Assistive Technology Competence Centre to support municipalities in their digitisation of the support systems and increase the use of assistive technology in people's homes ([Sweden, 2024](#)).
- ◆ In **Malaga, Spain**, regional and local authorities are using EU funds to develop an innovative model of home care, which incorporates the installation and testing of new technologies and the development of their control systems, installing equipment in test homes and training end users ([ESN, 2025b](#)).

Investments in the digitisation of a labour-intensive service like LTC can help moderate rising costs while making more efficient use of in-person care where it is most needed. Digitalisation, as shown in the telecare example, can also help detect urgent situations more quickly, reducing the time a person is left at home without emergency care and lowering the risk of requiring severe long-term care after a fall. Digital support and telecare can also help people feel safer at home despite increasing care needs, giving them and their relatives confidence that moving to a care home may not be required.

SUPPORT INFORMAL CARERS

A lack of long-term care services, due to insufficient coverage or affordability constraints, shifts the financial burden and care responsibilities to relatives and partners of people with care needs. This may, at first glance, appear to avoid costs for public authorities, but at second glance, it does not come for free.

Estimates from the Netherlands, for instance, indicate a substantial annual societal cost of informal care, ranging from EUR 17.5 billion to EUR 30.1 billion, depending on the valuation approach. These costs are equivalent to 2.15% and 3.71% of Dutch GDP in 2019 ([E., Saif, et al. 2024](#)).

Informal carers, often women, often drop out of the labour market or reduce working hours, with negative effects on the economy's workforce, social security contributions, and creating increasing demand for publicly funded income support. Long career interruptions prevent informal carers from contributing to their future pensions and increase the risk of poverty at pension age. Many informal carers experience higher stress, and, in the long run, physical or mental health issues can appear, leading to a snowball effect on public health and social expenses required to cater for the increased care needs of carers.

Provide access to respite care

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Formally support informal carers to avoid unsustainable cost shifting to families!

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**Stefania Ilinca,
Technical Officer for LTC, WHO
Regional Office for Europe**

Most people are cared for in their homes by informal carers and relatives. Reducing the burden on carers can prevent people from needing to be taken into the professional care system.

To relieve carers from physical and mental stress, it is crucial to have community-based support services and respite care in place. Setting up community-based care services and respite care for carers is a key investment to relieve pressure on the care system ([Deutscher Verein, 2025](#)).

- ◆ The **Municipality of Esbjerg** in **Denmark** has developed a specific strategy to support informal carers through a ‘relatives’ advisor’, who supports them with all support services available, such as respite care. ([ESN, 2022](#))

Recognise carers’ economic contribution

Informal carers report negative impacts on their paid labour participation, finances, and physical and mental health, especially if they provide intensive care (more than 20 hours per week) or care for someone with strong cognitive limitations (i.e., dementia). It is important to recognise their contribution to the economy and ensure their financial security.

- ◆ **France**, for instance, has introduced several measures to strengthen informal carers and counter adverse effects on their employment, income and pensions: 1. a caregiver leave (Congé Proche Aidant, CPA), 2. a daily caregiver allowance (Allocation Journalière Proche Aidant, AJPA), and 3. A Caregiver Retirement Insurance (Assurance Vieillesse des Aidants, AVA) (Article 25 of the LFRSS No. 2023-270 for 2023). Recipients of the caregiver allowance will automatically accumulate pension credits with the general social security system ([Direction générale de la cohésion sociale, 2025](#)).
- ◆ In **Flanders, Belgium**, municipalities and provinces provide caregiver allowance (*Mantelzorgpremie*) to those taking care of relatives with care needs. Each local authority sets its own eligibility requirements and the amount allocated to the caregiver.

EARMARK FUNDS FOR QUALITY ASSURANCE

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Spending on workforce remuneration and training should be seen as an investment as better retention can mitigate cost escalation from turnover and service failures.

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Kai Leichsenring,
Executive Director, European Centre for
Social Welfare Policy and Research

Financial pressures can lead to reduced care quality to save costs, especially during crises. National governments should establish earmarked financing mechanisms to support continuous quality improvement and innovation, thereby raising the efficiency of service provision. Costs for quality assurance systems should be part of the financing arrangements between authorities and service providers.

SOURCE EU FUNDING FOR SERVICES' MODERNISATION, SYSTEM REFORM AND LOCAL PILOTS

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Leverage EU funding instruments - notably ESF+ and Recovery and Resilience Plans - to finance community-based capacity, workforce measures and digitalisation

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**Dana Bachmann,
Head of Unit - Social Protection,
European Commission**

The EU provides many funding opportunities for long-term care, targeting different investment priorities in accordance with the specific regulations of the various funding programmes, which include the European Regional Development Fund (with priority focus on non-residential family- and community-based services), the European Social Fund plus, and its Employment and Social Innovation strand, the Just Transition Fund, Horizon Europe, EU4Health Programme, the Digital Europe Programme, technical support to improve the capacity of national authorities to design, develop and implement reforms through the Technical Support Instrument and the Recovery and Resilience Facility.

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