



**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 27 April 2012**

**9309/12  
ADD 4**

**SOC 317  
ECOFIN 370  
EDUC 99  
JEUN 37  
COMPET 221  
MI 272**

**COVER NOTE**

---

from: Secretary-General of the European Commission,  
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 20 April 2012

to: Mr Uwe CORSEPIUS, Secretary-General of the Council of the European  
Union

---

No Cion doc.: SWD(2012) 95 final

---

Subject: Commission Staff Working Document  
on exploiting the employment potential of the personal and household services  
Accompanying the document  
Communication from the Commission to the European Parliament, the  
Council, the European Economic and Social Committee and the Committee of  
the Regions  
Towards a job-rich recovery

---

Delegations will find attached Commission document SWD(2012) 95 final.

Encl.: SWD(2012) 95 final



EUROPEAN COMMISSION

Strasbourg, 18.4.2012  
SWD(2012) 95 final

**COMMISSION STAFF WORKING DOCUMENT**

**on exploiting the employment potential of the personal and household services**

*Accompanying the document*

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**Towards a job-rich recovery**

{COM(2012) 173 final}  
{SWD(2012) 90 final}  
{SWD(2012) 92 final}  
{SWD(2012) 93 final}  
{SWD(2012) 96 final}  
{SWD(2012) 97 final}  
{SWD(2012) 98 final}  
{SWD(2012) 99 final}  
{SWD(2012) 100 final}

# COMMISSION STAFF WORKING DOCUMENT

on exploiting the employment potential of the personal and household services

*Accompanying the document*

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**Towards a job-rich recovery**

## TABLE OF CONTENTS

1.	INTRODUCTION .....	3
2.	DEFINING AND MEASURING PERSONAL AND HOUSEHOLD SERVICES....	4
3.	LABOUR MARKET AND POLICY CHALLENGES .....	10
4.	THE WAY FORWARD .....	15

**Disclaimer:** *This document is a European Commission staff working document for information purposes. It does not represent an official position of the Commission on this issue, nor does it anticipate such a position.*

## 1. INTRODUCTION

To create job opportunities in times of fiscal consolidation and help bring the 20-64 employment rate to 75% by 2020<sup>1</sup>, the Annual Growth Survey 2012 emphasised the need for Member States to give priority to "developing initiatives that facilitate the development of sectors with the highest employment potential, including in the low-carbon, resource-efficient economy ("green jobs"), in the health and social services sector ("white jobs") as well as in the provision of other services to the individuals and households and in the digital economy"<sup>2</sup>. As part of the Europe 2020 strategy, the flagship initiative "An Agenda for New Skills & Jobs"<sup>3</sup> aims to contribute to the achievement of the 2020 targets through better skills upgrading, anticipation and matching.

Activities that contribute to well-being of families and individuals at home such as care services and housework services have an important job-creation potential. Home care services form part of "white jobs" together with healthcare services and residential care activities, while housework services are at the border of this category. Demand for care and household services is expected to increase due to an important trend population ageing in all Member States, combined with the expected decline of the number of potential carers within the family circle.

In policy debates in many Member States, personal and household services are often mentioned as a possible answer to the following issues:

- **Better work-life balance**, achieved through increased externalization of daily tasks made at home as well as of child and elderly care. Accessible and affordable care services are also an important precondition for increasing female participation in the labour market.
- **Creation of job opportunities** for the relatively low-skilled, in particular as far as housework services are concerned, at a low cost for public finance by encouraging the provision of housework services in the formal economy rather than in the shadow economy. Job creation is also a factor in considering the cost of different options for long term care.
- **Improvement in the quality of care**, thanks to a workforce having the right skills and benefitting from good working conditions, subject to quality controls on the service providers.

Moving these services from the shadow to the formal economy will also contribute to the creation and growth of micro- and SMEs and given that many of these services are provided by self-employed persons and small and medium-sized undertakings.

Even though employment in personal and household services falls under Member State responsibility, a common reflection is useful as all Member States face the same challenges. Sharing good practices, analysis and experiences could contribute to find right answers to the problems currently existing in this area of the economy but also to the future needs arising from demographic developments. In compliance with the principle of subsidiarity, Commission services submit this document for debate to all stakeholders, in particular national authorities, social partners, service users and providers.

---

<sup>1</sup> [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm)

<sup>2</sup> [http://ec.europa.eu/europe2020/reaching-the-goals/monitoring-progress/annual-growth-surveys/index\\_en.htm](http://ec.europa.eu/europe2020/reaching-the-goals/monitoring-progress/annual-growth-surveys/index_en.htm)

<sup>3</sup> <http://ec.europa.eu/social/main.jsp?langId=en&catId=958>

## 2. DEFINING AND MEASURING PERSONAL AND HOUSEHOLD SERVICES

For the purpose of this document, the term "personal and household services"(PHS) covers a broad range of activities that contribute to well being at home of families and individuals: child care (CC), long term care (LTC) for the elderly and for persons with disabilities, cleaning, remedial classes, home repairs, gardening, ICT support, etc.

Based on statistical information available, we can only indicate an approximation of the NACE<sup>4</sup> coverage of PHS and the magnitude of formal employment in this area which is estimated at 7.5 million.

CC and LTC for the elderly and for people with disabilities are social services, often provided by social economy actors, and play an essential role in maintaining social cohesion. They are generally considered as being of general interest and are often financed from public budgets. At EU level, policy coordination on the provision of these social services takes place within the Open Method of Coordination on Social Protection and Social Inclusion<sup>5</sup>. As far as LTC is specifically concerned, the Social Protection Committee adopted a special report on LTC in April 2008 and launched a further reflection on avenues worth exploring with regard to LTC challenges. Moreover, CC and LTC, together with other services of general interest, have been the object of a debate concerning the application of internal market and competition rules: in this context, the Commission made in December 2011 a set of proposals which allow strengthening social considerations in public procurement, and has put forward a new, simplified state aid regime<sup>6</sup>. Finally the Commission has promoted the development within the Social Protection Committee of a voluntary European Quality Framework for social services<sup>7</sup> which should serve as a reference for defining, assuring, evaluating and improving the quality of these services.

Personal and household services have a number of interesting characteristics from the point of view of employment policy:

- Low import content (activities produced locally), implying low import loss in case of public intervention;
- High employment content, implying a potentially important effect on job creation in case of public support;
- Varying levels of technical skills requirements (possibilities of “do it yourself” in some areas, higher requirements in the case of care), but generally a need for a decent level of e-skills and good relational and social skills;
- Low productivity in some of the tasks involved, but a potential for indirect productivity increases if clients of PHS are able to focus more on their own, higher-productivity work;

---

<sup>4</sup> These activities cover several NACE sectors or parts thereof , especially NACE Rev.2, 88 (social work activities without accommodation), 97 (activities of households as employers of domestic personnel), 96 (other personal service activities), 82.99 (other business support services) and 78 (activities linked to employment).

<sup>5</sup> <http://ec.europa.eu/social/main.jsp?catId=755&langId=en>

<sup>6</sup> See specific State aid rules on Services of General Economic Interest in: [http://ec.europa.eu/competition/state\\_aid/overview/public\\_services\\_en.html](http://ec.europa.eu/competition/state_aid/overview/public_services_en.html). See also Communication on social services of general interest 'Implementing the Community Lisbon programme: Social services of general interest in the European Union', COM(2006) 177, 26 April 2006; Communication on "Services of general interest, including social services of general interest: a new European commitment", COM(2007) 725 final of 20 November 2007; First and Second Biennial Reports on social services of general interest (SEC(2008) 2179 of 2 July 2008 and SEC(2010) 1284 of 22 October 2010); Guide to the application of the European Union rules on state aid, public procurement and the internal market to services of general economic interest, and in particular to social services of general interest, SEC(2010) 1545 final of 7.12.2010; Communication "A Quality Framework for Services of General Interest in Europe", COM(2011) 900 of 20 December 2011.

<sup>7</sup> SPC/2010/10/8 final.

- Given the predominance of undeclared workers in these sectors, public intervention is not likely to trigger a shift of employment from other sectors;
- A growing need for these services due to population ageing and to the need to increase female participation in the labour market. PHS activities help to improve work-life balance as well as earn back effects via an increase of working hours or a return on the job market.

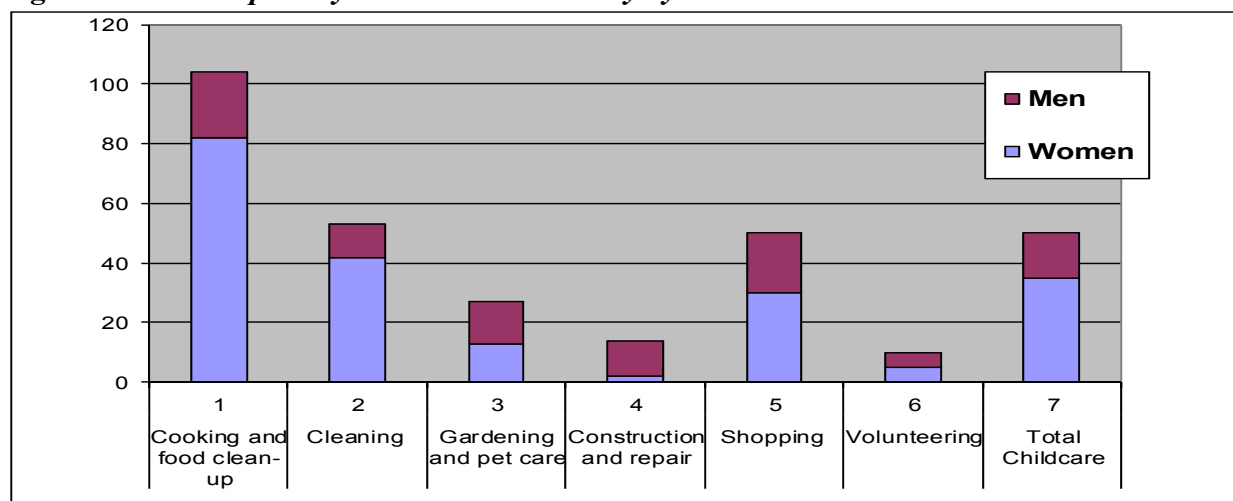
Traditionally PHS are provided by and within the household, mostly by women. Parts of these tasks have been progressively externalised outside the house (catering, laundering, day nursery and institutions for elderly) or inside the home to external workers directly or indirectly employed by the household. As mentioned above, public authorities have also been involved in the organisation and financing of LTC and CC as tools of social policies.

## 2.1. Provision of PHS within the household

OECD<sup>8</sup> estimates show that adult household members in European Member States of the OECD spend on average **2.5 hours per day on housework and care**. Women are much more involved (3.5 hours) compared to men (1.5 hours) (see figure 1). The largest part of unpaid work are routine housework tasks (cooking, cleaning, gardening and home maintenance) and care activities.

Assuming that the 331 million of EU population aged 15-65 (active and inactive) each spend 2.5 hours per day on housework and care, this represents +/- 830 million hours/day of household work in the EU or nearly 100 million full time equivalents. The externalisation of some of these activities could represent an important source of new jobs (self-employment, creation or development of SMEs).

**Figure 1: Minutes per day devoted to the activity by men and women**



Source: "Society at a Glance 2011-OECD social indicators"<sup>9</sup>

In addition, a Eurofound report<sup>10</sup> from 2011 concluded that about 80% of time spent caring for people with disabilities or dependent elderly persons is provided by informal care providers especially from within the same household, or among friends and neighbours, with no impact on public spending. Even though an informal care provider may receive informal

<sup>8</sup> Society at a Glance 2011-OECD social indicators, pages 12 & 22. OECD

<sup>9</sup> A distinction can be made between: physical care, educational and recreational childcare and travel related to any of the two other categories, e.g. driving a child to school, to a doctor or to sport activities

<sup>10</sup> <http://www.eurofound.europa.eu/publications/htmlfiles/ef1093.htm>

payments from the person receiving care, this does not correspond to an employer-employee relationship.

However, the increase of the female employment rate (from 51.2% in 1997 to 58.2% in 2010) implies less time spent at home, and a need to re-think informal household-based care for children and the elderly as well as housework. Also, increasing divorce rates<sup>11</sup> may reduce traditional household support to the elderly. The data available for the period 1970-2007 shows that this trend is common across Europe, with certain differences among a number of Member States. At the EU level, the absolute divorce rate<sup>12</sup> has grown from 0.9% in 1970 to 2.1% in 2007, with peaks in Austria, Belgium, Germany, Denmark, Finland, Luxembourg, Netherlands, Sweden and the UK.

The Second European Quality of Life Survey-Family life and work<sup>13</sup> emphasized that the feeling of an excessive workload due either to professional or family obligations leads to a substantial reduction in life satisfaction. Also the Fifth European Working Conditions Survey<sup>14</sup> showed that almost one fifth of European workers are having difficulties achieving a satisfactory work-life balance. Women who are gainfully employed full time outside their home experience work-life conflict and tend to be less satisfied with life than women who work solely at home. Since female employment is an important part of our economic prosperity, better conditions should be put in place to contribute to a better work-life balance and support women's labour market participation.

A good coverage of childcare facilities is crucial for further increasing women employment rates and meeting the employment headline target agreed in the framework of Europe 2020<sup>15</sup>. In the case of childcare facilities, expenditure should also be seen as an investment in the future. Quality childcare can help develop the skills and learning capacities of young children (especially disadvantaged ones). In general, families have a choice between using the services of a day nursery, paying someone to take care of their children individually at home, involving family members or taking care themselves. The choice will depend on the price of the services and on the availability of places. Consequently, their choice will impact on the employment rate. Overall, the lack of formal CC or LTC might be compensated by informal arrangements which support participation in formal employment of the users, but not of the providers.

## **2.2. Public authorities' support to childcare and long-term care**

At Member States level, public authorities support CC and LTC in line with social policy objectives, as these services play an essential social inclusion role and are a precondition for increasing female participation in the labour market. Public intervention in the organisation and financing of CC and LTC aims at ensuring the right for all to have access to high-quality services, independently of wealth or income, as well as the long-term sustainability of the delivery systems.

Public authorities either provide the services directly or support their provision by private providers (either profit or non-profit), while having to ensure compliance with EU State aid rules. Often care at home for the elderly, among whom the incidence of impairments or

---

<sup>11</sup> Demography report 2010 page 68: <http://ec.europa.eu/social/BlobServlet?docId=6824&langId=en>

<sup>12</sup> The ratio of the number of divorces during the year to the average population in that year (Eurostat).

<sup>13</sup> Second European Quality of Life Survey: Family life and work, Eurofound (March 2010)

<sup>14</sup> Fifth European Working Conditions Survey 2010: <http://www.eurofound.europa.eu/pubdocs/2010/74/en/3/EF1074EN.pdf>

<sup>15</sup> "Progress on equality between women and men", Commission Staff Working Document, to be published

disabilities is higher, and for people with disabilities needs to be complemented by housework services.

Public authorities can also support the demand of CC and LTC through dependents allowances (e.g. in Germany, Italy and France), family allowances or tax reduction on the costs incurred for care services<sup>16</sup>.

### Care for the elderly

LTC services are necessary for people who depend on help to carry out daily activities such as getting up, eating, bathing, dressing, going to bed, or using the toilet. LTC is delivered either informally (see previous section) or formally by care assistants. Formal care is given at home or in institutions (such as care centres and nursing homes) and generally a part of the cost is supported by public authorities.

Some Member States have had reasonably comprehensive care services at home in place for many years and the LTC needs of the population are fully covered within the formal system. In other Member States that have more family-oriented welfare traditions, comprehensive approaches to long-term care have started to develop only relatively recently. In contrast, large numbers of people do not receive formal care services and rely exclusively on informal care in other Member States<sup>17</sup>.

### Child care

The needs of families and the offer of child-minding vary with the age of children (maternity/parental leave, time between maternity/parental leave and entry into compulsory schooling, and during compulsory schooling). An affordable and accessible quality CC provision is extremely important for working parents. Throughout Europe, however, the availability, quality and affordability of CC differ extensively. The European Union Statistics on Income and Living Conditions (EU-SILC) data indicate that some Member States have extensive formal arrangements (including pre-school education), whereas others rely more on other arrangements (such as childminders and/or family, friends or neighbours). In the age category 0–2 years, the use of formal CC arrangements varies from 73% in Denmark to only 2% in the Czech Republic and Poland<sup>18</sup>. In the framework of the Strategy for equality between men and women, the Commission will report on the Member States' performance with regard to childcare facilities.

The demand for CC is influenced by the participation rate of parents in the labour market (mothers), the actual part-time number of hours worked, the levels of unemployment, the length of parental leave, the opening hours of school and the availability of alternatives like grand-parents and/or other informal arrangements<sup>19</sup>.

---

<sup>16</sup> In France additional benefits of taxes reductions have been put in place for elderly care (personal allocation of autonomy - APA) and for child care until 3 years old according to the revenue of parents (allocation for young children - APJE).

<sup>17</sup> Extract of the report of the project "Living independently at home: reforms in organisation and governance of European home care for older people and people with disabilities in 9 European countries " LIVINDHOME:  
<http://www.sfi.dk/livindhome-7284.aspx>

<sup>18</sup> Review of 30 European countries, 2009 <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=545&furtherNews=yes>

<sup>19</sup> Early Childhood Education and Care: Providing all our children with the best start for the world of tomorrow, COM(2011) 66 final



### 2.3. Provision of PHS by undeclared workers

Without public support, formal employment in PHS is quite costly for the majority of the population and the formal market (see 2.2) for PHS is quite limited. Hence, a noticeable part of PHS is provided informally by undeclared workers. This is clearly due to the difference between the net wage of the user and the cost of the service provider for activities that the user can realise him or herself.

Due to its nature, undeclared work is very difficult to estimate. Only a limited number of studies have been conducted to shed light on the extent of undeclared work in the EU. A special Eurobarometer (n°284) on "Undeclared work in the European Union"<sup>20</sup> based on a direct survey with interviews of 26,755 EU citizens aged 15 and older living in the 27 EU Member States was published in October 2007. In the survey the definition of undeclared work was not restricted to work carried out for money but comprised also work done in return for payment in kind. According to the survey, 11% of the EU27 population admitted that they have bought goods or services connected with undeclared work. Among them, 17% of buyers said they bought household services (e.g. gardening, house cleaning, child and elderly care) and 8% personal services (e.g. hairdressing or private teaching), which represents 7.7 million and 3.5 million individuals respectively.

If we take these figures into account and factor in that we have more or less 410 million individuals aged 15 years or older in Europe, it is possible to conclude that 45.1 million<sup>21</sup> people used undeclared work. Since undeclared workers do not typically work full-time<sup>22</sup>, the potential number of undeclared workers in the household services is estimated at 1 million. This is a conservative estimate taking into account the probability of under-reporting in surveys on undeclared work.

However, this Eurobarometer-based projection may underestimate the real situation. In fact, recent data from Germany and Italy<sup>23</sup> alone seem to exceed this estimation. Germany is one of the Member States with the highest level of informal employment in private homes as it is assumed that 90-95% of these activities in private homes are rendered informally. This figure includes informal employment of irregular migrants as well as informal work performed by neighbours, friends and acquaintances. Informal work is especially widespread in the households of elderly people with at least 500,000 to 600,000 informal domestic workers. Italy has also a large share of informal employment in private households where most of the domestic work is carried out by irregular immigrants. The actual number of migrant care workers (called "badanti"<sup>24</sup>) is unknown, due to the nature of the phenomenon. However, their number is estimated between 0.7 and 1 million which is far higher than the workers in the formal care sector<sup>25</sup>.

---

<sup>20</sup> [http://ec.europa.eu/public\\_opinion/archives/ebs/ebs\\_284\\_en.pdf](http://ec.europa.eu/public_opinion/archives/ebs/ebs_284_en.pdf)

<sup>21</sup> This is the number of the users of undeclared work, e.g. 11% out of 410 million.

<sup>22</sup> On the basis of an average number of 200 hours/year/undeclared worker (around 1/8th of the average working time of a full time worker)

<sup>23</sup> <http://www.iwak-frankfurt.de/documents/brochure/april2011.pdf>

<sup>24</sup> Mainly migrant women often co-habiting with a dependant older person and often working in the grey market, with no residence permit.

<sup>25</sup> <http://www.iwak-frankfurt.de/documents/brochure/april2011.pdf>

## 2.4. Public support to the PHS supply in order to fight against the undeclared work

Taking into account the importance of undeclared work in the PHS sectors, public authorities can consider intervening with the aim of encouraging the provision of PHS in the formal economy. This intervention can cover both care activities and housework activities.

This could notably take the form of a direct intervention in the price paid by the user via e.g. services vouchers which targeted at specific tasks. The consumer pays only part of the real price (close to the price on the black market) and public authorities pay the difference.

The service voucher is one instrument, among others, that improves solvency of the demand. It is also an interesting tool as it is flexible and easy to use. The latter feature is particularly important for the elderly (dependant or not) who need to get assistance. It also simplifies administrative procedures, allows for a continuous verification to whom it has been distributed, and it favours the development of local business activities. It also enables financial tracing, allowing an easier evaluation of cost and earn-back (see 3.2).

In France the system of CESU vouchers<sup>26</sup>, which households can get from a bank or as a benefit from their employers<sup>27</sup>, aims at creating formal jobs in private households. In 2005 the "Borloo Plan" addressed simultaneously a number of policy issues related to personal services: labour law, social protection legislation, quality control, and organizational issues<sup>28</sup>. As a consequence, between 2005 and 2009, France succeeded in creating 500,000 new jobs subject to social contributions in private households, mainly for groups on the fringes of the labour market. Informal employment could thus be reduced by 70%<sup>29</sup>. There is also the possibility for households to be the direct employer of housework workers with simplified administrative procedures<sup>30</sup>. The market volume for domestic services for the year 2009 was 16 billion Euros. Since 1987, a specific "70+ Rule" has been set out to strengthen the demand of the elderly with the aim that a private household of 70 years or older does not have to pay any social contributions for directly employed workers.

In Germany, several instruments support creating formal employment in this sector, for example the institution of "Mini-jobs", which enables private households to use a simplified procedure for registering their domestic worker ("Haushaltsscheckverfahren"). The latter may earn up to 400 Euros per month and the households as employers profit from reduced tax rates for social security contributions (14.34% flat rate contributions including shares for health pension and accident insurances as the most important articles)<sup>31</sup>.

In Austria<sup>32</sup> informal work in private households is traditionally widespread with the exception of LTC. A legalisation strategy targeting long-term assistance in private households started in 2007 and succeeded in reducing informal (migrant) employment in the households of the elderly by 80% within two years. In other areas of domestic services, most of the work is still performed informally. Austria also launched a voucher system to promote formal employment, however only 1,000 vouchers are sold per year. This could be explained by the

---

<sup>26</sup> CESU voucher (Cheque Emploi Service Universel) <http://www.cesu.urssaf.fr/cesweb/home.jsp>

<sup>27</sup> Concerning the principle of pre-financed service voucher, see "Le cheque-service, un instrument pour le développement des services de proximité", Fondation Roi Baudouin, Belgique, Octobre 1994.

<sup>28</sup> <http://www.travail-emploi-sante.gouv.fr/actualite-presse.42/dossiers-de-presse.46/presentation-du-plan-de.82.html>

<sup>29</sup> See footnote 25

<sup>30</sup> <http://www.fepem.fr/>

<sup>31</sup> See footnote 25

<sup>32</sup> See footnote 25

fact that the cost of this voucher for the household is above the current informal market price for these services.

### 3. LABOUR MARKET AND POLICY CHALLENGES

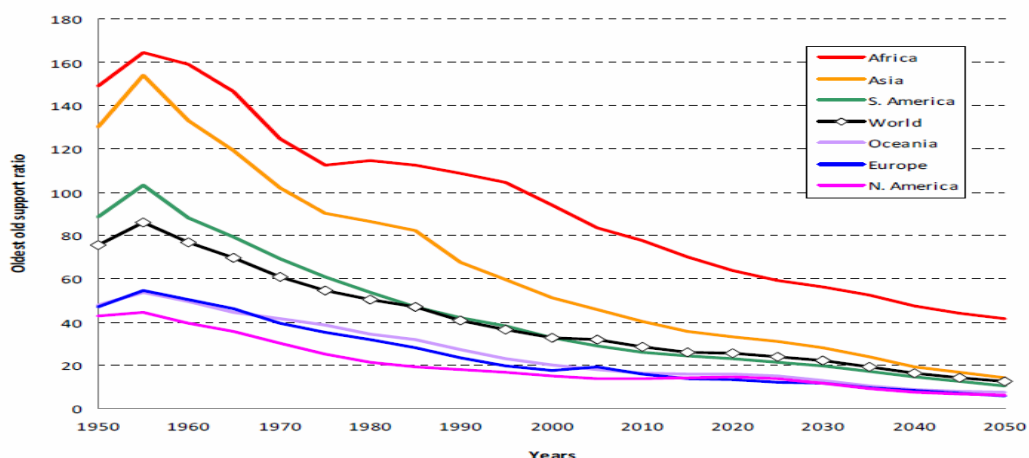
#### 3.1. Better work-life balance

Bringing the employment rate to 75% of the population aged 20-64 by 2020 will require that Member States give particular priority to encouraging women to work and improving the overall work-life balance.

According to recent projections, the number of Europeans aged 65+ will almost double over the next 50 years, rising from 87.5 million in 2010 to 152.6 million in 2060<sup>33</sup>. At the same time the working-age population is starting to decrease, after many decades of continuous increase.

With regard to LTC delivery, the reservoir of informal carers will contract over the next years and decades, as a result of higher employment participation of women and older workers. An in-depth analysis of demographic trends over the next decades shows a decline (see figure 2) of the Oldest Old Support Ratio (OOSR: 50-74 / over 85). Recruitment of carers from outside the family will be increasingly important for meeting LTC needs. A recent UK-focused study<sup>34</sup> concluded that the supply of intense informal care to disabled older people by their adult children is unlikely to keep pace with demand in future years.

**Figure 2: Evolution of the Oldest Old Support Ratio - OOSR**



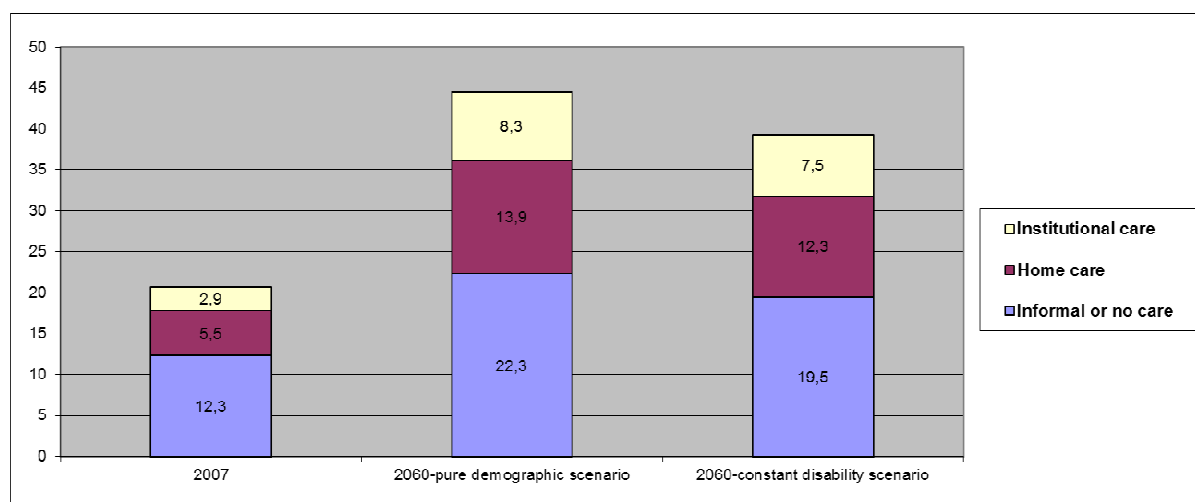
Source: 2008; Pickard et al., 2009

In order to identify the future number of people in need of LTC, a precise analysis is required of factors underpinning LTC needs, such as activity limitations, disability, and diseases or conditions that cause them. Clear and precise connections between all these factors are not always easy to demonstrate. Research has shown that the major driver for LTC needs is disability, the latter being connected with age structure of the population and prevalence of

<sup>33</sup> Ageing Report 2012 page 20: [http://ec.europa.eu/economy\\_finance/publications/european\\_economy/2011/pdf/ee-2011-4\\_en.pdf](http://ec.europa.eu/economy_finance/publications/european_economy/2011/pdf/ee-2011-4_en.pdf)  
<sup>34</sup> Source: 2000/01 and 2001/02 GHS, Government Actuaries Department population and marital status projections, 2001 Census, PSSRU modelling, extracted from Pickard et al., 2009

specific diseases and conditions. Based on this finding and on the demographic trends mentioned above (especially evolution of population above 80), an extrapolation has been made on the potential number of LTC beneficiaries (see figure 3).

**Figure 3: Projected number of beneficiaries in various long-term care settings in the EU-27 according to alternative scenarios**



Source: European Commission/Economic Policy Committee (2009)

In addition to the cost of pension schemes which might be harder to sustain as the size of the active population decreases, ageing will inevitably lead to increasing pressures on governments to provide social services<sup>35</sup>. These changes will lead to a reduction of the household supply and the gap between the need for care and the supply of formal care will increase. As consequences, there is a risk that households hire undeclared workers to help them in these activities to find a solution to their needs.

### 3.2. Potential of job creation with a low cost for public finance

The possibility of a higher public intervention needs to be carefully analysed in respect of its possible impact at increasing the public deficit. Therefore an in-depth analysis is necessary to estimate the real cost of further possible public interventions. As already mentioned, various Member States are already supporting the supply and demand of PHS. Although these systems can seem expensive for the public purse at first, the state gets back part of its intervention via:

- Additional personal taxes/social security contributions and reductions in unemployment benefits related to the job creation (earn-back effects).
- Externalities which are more difficult to quantify, such as better work–life balance, which also contributes to higher competitiveness through less stress, less absenteeism and higher productivity; savings achieved in comparison with costs of alternative solutions (especially for LTC and the possibility for elderly people to stay at home); job creation for the management of the provider; more consumption by the service workers, increasing

<sup>35</sup>

Ageing Report 2009: [http://ec.europa.eu/economy\\_finance/publications/publication14992\\_en.pdf](http://ec.europa.eu/economy_finance/publications/publication14992_en.pdf)

aggregate demand, etc. (indirect earn back effects).

### **Belgian Service Vouchers: a precious source of quantitative data**

Service vouchers in Belgium can be used for activities done at home (cleaning, laundry and ironing, cooking and sewing) and outside the house (shopping, ironing in an ironing atelier, and providing assistance with the transportation of persons under specific conditions). For the time being, these vouchers cannot be used for home repair or gardening. The user pays per hour €7.5 for the service, the real cost is €20.80 and the difference (€13.30) is financed by the RVA/ONEM<sup>36</sup>. In addition to the supplement, governments allow households to deduct their spending on vouchers from their taxable earnings (price after fiscal deductibility = €5.25).

Based on a study<sup>37</sup> realised for the Belgian government, the net cost of intervention of the system is:

**Gross cost     € 1,430,432.704**

**Earn back effects     € 629,734,509**

**Indirect earn back effect     between     € 418,275,083 and 534,575,083<sup>38</sup>**

**Net cost           between     € 382,423,112 and 266,123,112**

According to this report, the user seems ready to pay €8.59 on the black market. In this case, the fiscal deductibility could be suppressed and the price for a service-voucher increased up to €8.59. The net cost for the public authorities becomes equal to €82,478,861 or becomes negative (then a benefit) €-33,821,139. In average, the net cost is €24,328,861 or an intervention of €304 per job (80,000 full time jobs created by the implementation of the service-voucher system). Assuming that cost for users is equal to the price on the black market seems realistic and logical.

The report also shows an interesting impact of the vouchers: 10.4% of the users declared that they could increase their working time/employability as they delegate some tasks with the use of the service vouchers and 0.6% of the users declared that they could enter again the labour market as they can make a paid work instead to spend time for housework. 10.8% of the users declared that without service vouchers they would be obliged to reduce their working time.

Public authorities should have a broad vision of the cost as often the department which invests and the one which receives the benefits are different. This will help to understand the real net cost of the public support given to job creation in this sector. A global view on the beneficiaries is also necessary. For example, the tax reduction mechanism favours high-income families while very low-income families benefit from exemption from co-payments, leaving middle-income families to shoulder a comparatively larger share of the financial burden of the incumbent system<sup>39</sup>.

<sup>36</sup> RVA (Rijksdienst voor Arbeidsvoorziening)/ONEM (Office national de l'emploi)

<sup>37</sup> IDEA CONSULT "Evaluation du régime des titres services pour les services et emplois de proximité 2010": [http://www.ideaconsult.be/index.php?option=com\\_content&view=article&id=48&Itemid=54&projid=277](http://www.ideaconsult.be/index.php?option=com_content&view=article&id=48&Itemid=54&projid=277)

<sup>38</sup> Page 114 of the IDEA report, see footnote 37

<sup>39</sup> EU Expert Group on Gender and Employment Long-Term Care for the elderly. Provisions and providers in 33 European countries

The long-term impact of a stable development of PHS should also be taken into account in considering provision of public financial support to their supply and/or demand.

Simple extrapolations should always be undertaken with care. But in view of previous findings (demography-related needs, elementary occupations, limited net fiscal costs), some basic calculations can be helpful in to illustrating the potential job opportunities that greater support to PHS could trigger EU-wide:

- An extrapolation of the Belgian system to the EU (taking into account the respective size of both populations, simple multiplication by 50) gives a net cost of 1.2 billion euros for 4 million of new jobs in housework services.
- If each person currently employed (215,000,000) externalises only 1 hour/week (compared to the 2.5 hours which adult Europeans on average spend on household work each day, as noted in section 2.1), a potential of almost 5.5 million of new jobs<sup>40</sup> exists.

### 3.3. Quality of services and quality of work

Workers in the PHS sectors are mostly women, mainly working part time, with relatively low skills and often from migrant background. They are often employed directly by families on an irregular basis which may affect quality of service, in particular as far as care services are concerned. To ensure quality services, workers should have a stable employment with a minimum of working hours, the right skills as well as good working conditions. Public intervention could therefore be warranted regarding certain aspects concerning the quality of the services.

#### Quality

The Social Platform<sup>41</sup> in its recommendations "to achieve the quality social and health services" suggest that "quality must be defined at a local level-the closest level to the users of the services". It is important to respect the needs of the user (gender, age, religion, ethnic origin, etc) and training should be provided in this sense.

A project launched by the European Social Network on the changing relationships between financier, provider and user of services for elderly people in Europe<sup>42</sup> suggests that control mechanisms could be put in place to assess and control the quality of the services provided and that Member States should ensure that people who employ irregular migrants are sanctioned in line with Directive 2009/52/EC. This should apply to individual organisations, agencies or services. Quality indicators remain to be developed.

In this context the voluntary European Quality Framework for Social Services mentioned above<sup>43</sup>, is a useful tool to promote CC and LTC quality: it identifies quality principles referring to the characteristics that a social service should have in order to address the multiple needs and expectations of the service user and to various dimensions of service provision (availability, accessibility, affordability, person-centeredness, comprehensiveness, continuity, orientation towards outcomes, respect for users' rights, participation and

---

<sup>40</sup> 215,000,000 hours / 40 h

<sup>41</sup> [http://cms.horus.be/files/99907/MediaArchive/Policies/SocialPlatform\\_Nine\\_Principles\\_EN.pdf](http://cms.horus.be/files/99907/MediaArchive/Policies/SocialPlatform_Nine_Principles_EN.pdf)

<sup>42</sup> <http://www.esn-eu.org/commissioning-for-quality/index.htm>

<sup>43</sup> See section 2 and footnote 7

empowerment, partnership, good governance, good working conditions and working environment/investment in human capital, adequate physical infrastructure). It also suggests operational criteria which might be of help for the monitoring and evaluation of social services quality. Moreover, it articulates methodological elements for developing quality tools (standards or indicators) at national or local level.

As suggested by the EU Disability High Level Group position paper on social services of general interest, sustainable externalisation of services requires a good quality of care as well as of domestic activities<sup>44</sup>. Binding quality standards and appropriate public control mechanisms are also called for.

## **Skills and training**

The Europe 2020 EU flagship initiative "Agenda for New skills and new jobs" supports initiatives in the Member States to recognise the skills acquired during the delivery of care to dependent relatives.

CC and LTC do not demand as high technical skills as, for instance, professional health services. Therefore they may be attractive to allow people to get a good foothold in the labour market while opening possibilities for later up skilling and possible upgrading. Training opportunities should be available to ensure such up skilling and it should be possible for carers to go through a certification process. In this perspective there is a need to improve the cooperation between the world of work and the world of training<sup>45</sup> in order to foster the recognition of "informal and non formal learning".

The recent Commission Communication on childcare<sup>46</sup> places, for instance, a great emphasis on the need for better qualifications of staff in CC.

In 1996, the European social partners in the cleaning industry have signed a joint memorandum on new sources of employment<sup>47</sup> where they underlined the importance of the skill enhancement and quality of working conditions for the development of cleaning activities at home.

## **Technology**

Externalisation of PHS could improve the productivity of such activities due to better use of technologies and investment in training, as externalisation is usually associated with specialisation.

The CARICT project<sup>48</sup>, steered by the Commission's JRC-IPTS has evaluated systematically and at EU level 52 ICT based practices for domiciliary care in several Member States in terms of impact and cost-efficiency. Inspiring examples could be shared between Member States (e.g. SOPHIA (DE), CAMPUS (IT) and E-Care (IT)). Technology can be used to support training and certification efficiently at a large scale, organise labour markets (e.g. FEPEN

---

<sup>44</sup> <http://ec.europa.eu/social/BlobServlet?docId=4483&langId=en>

<sup>45</sup> Bruges Communiqué: [http://ec.europa.eu/education/lifelong-learning-policy/doc/vocational/bruges\\_en.pdf](http://ec.europa.eu/education/lifelong-learning-policy/doc/vocational/bruges_en.pdf)

<sup>46</sup> [http://ec.europa.eu/education/school-education/doc/childhoodcom\\_en.pdf](http://ec.europa.eu/education/school-education/doc/childhoodcom_en.pdf)

<sup>47</sup> [http://ec.europa.eu/employment\\_social/dsw/public/actRetrieveText.do?id=10713](http://ec.europa.eu/employment_social/dsw/public/actRetrieveText.do?id=10713)

<sup>48</sup> <http://is.jrc.ec.europa.eu/pages/EAP/eInclusion/carers.html#projects>

(FR)), create new opportunities for volunteering, improve attractiveness of work in care, and help carers to balance care and other activities.

Information and Communication Technologies can enable distance and self-learning for caregivers with significant time and mobility constraints to attend regular face-to-face courses due to their care duties (e.g. City and Guilds – Learning for Living; Caring with Confidence in the UK, Coidanet in Spain, Aspasia in Italy)<sup>49</sup>. ICT can also support large-scale certification of competences.

#### **4. THE WAY FORWARD**

Given the foreseeable impact of demographic evolution on our societies, European labour markets need to become more inclusive and the employment rate needs to rise. PHS offer significant opportunities in this respect, allowing to improve work-life balance, increase productivity and bring undeclared work into the official labour market.

With the present document, the Commission services invite all stakeholders to comment on possible actions to address the issue of promoting new jobs in the PHS sectors. In particular, views are sought on:

- Ways to improve measurement and monitoring of the employment levels in PHS, taking into account the impact of the on-going crisis, loss of purchasing power, labour market exclusion issues and the potentially positive effect on the creation or growth of SMEs;
- The utility of developing sharing of experiences, especially concerning the tools used or planned to support the PHS with a specific attention to the cost effectiveness and to the reduction of undeclared work;
- Ways of ensuring quality services and jobs (skill needs, working conditions), including possibly through development quality standards;
- Other ways to ensure greater professionalisation of PHS jobs.

The present document commits only the Commission's services involved in its preparation. The text is prepared as a basis for comment and does not prejudge the final form of any decision to be taken by the Commission.

**Responses can be sent to [empl-household-services@ec.europa.eu](mailto:empl-household-services@ec.europa.eu)**

Alternatively, for those without web access, responses can be sent by post to:

European Commission  
Directorate-General for Employment, Social Affairs & Inclusion  
Discussion on Personal and household services  
Unit C2  
Rue Joseph II 2 - 1040 Brussels - Belgium

**Deadline for responding: 15 July 2012**

---

<sup>49</sup> Kluzer S., Redecker C. and Centeno C. (2010) Long-term care Challenges in an Ageing Society: The role of ICT and Migrants, JRC IPTS Scientific and Technical Report Series, EUR 24382 EN available at: <http://ipts.jrc.ec.europa.eu/publications/pub.cfm?id=3299>